

PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2025

NEW ISSUE
BANK QUALIFIED

BOOK ENTRY ONLY
MOODY'S RATING "Aa1"

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is: excludable from gross income for federal income tax purposes and is not a preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is exempt from State of Minnesota income tax, to the same extent as set forth in the preceding sentence with respect to federal income tax, and is not a specific preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986. For a more detailed description of such opinions of Bond Counsel, see "Tax Matters" herein.

CITY OF LAKE ELMO, MINNESOTA

\$2,185,000*

General Obligation Improvement Bonds, Series 2025A

Dated Date: Date of Delivery (Estimated to be August 14, 2025)

**Interest Due: Each February 1 and August 1
Commencing August 1, 2026**

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2027	\$155,000	____%	____%	____	2/1/2032	\$225,000	____%	____%	____
2/1/2028	195,000	____	____	____	2/1/2033	230,000	____	____	____
2/1/2029	205,000	____	____	____	2/1/2034	240,000	____	____	____
2/1/2030	210,000	____	____	____	2/1/2035	250,000	____	____	____
2/1/2031	215,000	____	____	____	2/1/2036	260,000	____	____	____

The General Obligation Improvement Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by the City of Lake Elmo, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 429 and 475, as amended. Proceeds of the Bonds will be used to finance the City's 2025 street improvement projects and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the City and are payable from special assessments levied against benefited properties and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2027. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2026. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be U.S. Bank Trust Company, National Association, St. Paul, Minnesota.

Proposals: Tuesday, July 15, 2025 at 10:00 A.M., Central Time

Award: Tuesday, July 15, 2025 at 7:00 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$2,157,687.50 (98.75%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. A Good Faith Deposit (the "Deposit") in the amount of \$43,700, in the form of a federal wire transfer payable to the order of the City, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

* Preliminary, subject to change.



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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS ESTIMATED TO BE AUGUST 14, 2025.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERS MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER(S). NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER(S).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12, THE INFORMATION INCLUDED IN THE PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL BY THE ISSUER AS OF ITS DATE AND IS ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS, EXCEPT FOR THE OMISSION OF THE OFFERING PRICE(S), INTEREST RATE(S), SELLING COMPENSATION, AGGREGATE PRINCIPAL AMOUNT, PRINCIPAL AMOUNT PER MATURITY, DELIVERY DATE, RATING(S), OTHER TERMS OF THE ISSUE DEPENDING ON SUCH MATTERS, AND THE IDENTITY OF THE UNDERWRITER(S).

SUMMARY OF OFFERING

City of Lake Elmo, Minnesota \$2,185,000 * General Obligation Improvement Bonds, Series 2025A (Book-Entry Only)

AMOUNT -	\$2,185,000*							
ISSUER -	City of Lake Elmo, Minnesota (the “City” or the “Issuer”)							
AWARD DATE -	July 15, 2025							
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920							
TYPE OF ISSUE -	General Obligation Improvement Bonds, Series 2025A (the “Bonds” or the “Issue”)							
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Improvement Bonds, Series 2025A (the “Bonds”) are being issued by the City of Lake Elmo, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429 and 475, as amended. Proceeds of the Bonds will be used to finance the City's 2025 street improvement projects and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from special assessments levied against benefited properties and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.							
DATE OF ISSUE -	Date of Delivery (Estimated to be August 14, 2025)							
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 1, 2026, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).							
MATURITIES* -								
	2/1/27	\$155,000	2/1/30	\$210,000	2/1/33	\$230,000	2/1/35	\$250,000
	2/1/28	195,000	2/1/31	215,000	2/1/34	240,000	2/1/36	260,000
	2/1/29	205,000	2/1/32	225,000				
REDEMPTION -	The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.							
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.							
PAYING AGENT/REGISTRAR -	U.S. Bank Trust Company, National Association, St. Paul, Minnesota							
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). <u>Bank Qualified Tax-Exempt Obligations</u> - The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.							
LEGAL OPINION -	Kutak Rock LLP, Minneapolis, Minnesota (“Bond Counsel”)							
BOND RATING -	The City received an underlying rating of “Aa1” from Moody’s Investors Service (“Moody’s”). See <i>Bond Rating</i> herein for additional information.							
CLOSING -	Estimated to be August 14, 2025							
PRIMARY CONTACTS -	Clarissa Hadler, Finance Director, City of Lake Elmo, Minnesota 651-747-3909 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964							

* Preliminary, subject to change.

CITY OF LAKE ELMO, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials

<u>Name</u>	<u>City Council</u>	
	<u>Position</u>	<u>Term Expires</u>
Charles Cadenhead	Mayor	01/01/2029
Nick Dragisich	Council Member	01/01/2029
Jeff Holtz	Council Member	01/01/2029
Nick Kragness	Council Member	01/01/2027
Matt Hirn	Council Member	01/01/2027

Primary Contacts

Nicole L. Miller	City Administrator
Clarissa Hadler	Finance Director
Sarah Sonsalla	City Attorney

BOND COUNSEL

Kutak Rock LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

\$2,185,000*

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2025A

CITY OF LAKE ELMO, MINNESOTA
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE:

Proposals (also referred to herein as “bids”) will be opened by the City’s Finance Director, or designee, on Tuesday, July 15, 2025, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the Issuer’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Tuesday, July 15, 2025 at 7:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to PublicSale@northlandsecurities.com
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4945, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Tuesday, July 15, 2025. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

Neither the Issuer nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the Issuer to purchase the Bonds regardless of the manner in which the Proposal is submitted.

BOOK-ENTRY SYSTEM

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer through U.S. Bank Trust Company, N.A., St. Paul, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial

* The Issuer reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The Issuer will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be August 14, 2025)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended. Proceeds will be used to finance the City’s 2025 street improvement projects, and to pay costs associated with the issuance of the Bonds. The Bonds are payable from special assessments against benefited properties and additionally secured by ad valorem taxes on all taxable property within the City. The full faith and credit of the Issuer is pledged to their payment and the Issuer has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing August 1, 2026, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

MATURITIES

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$155,000	2032	\$225,000
2028	195,000	2033	230,000
2029	205,000	2034	240,000
2030	210,000	2035	250,000
2031	215,000	2036	260,000

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST RATES

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

**ESTABLISHMENT OF ISSUE PRICE
(HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)**

The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf

of the Issuer by the Issuer's Municipal Advisor and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Issuer shall promptly so advise the winning bidder. The Issuer may then determine to treat the initial offering price to the public as of the award date of the Bonds as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the "Hold-the-Offering-Price Rule"). Bids will not be subject to cancellation in the event that the Issuer determines to apply the Hold-the-Offering-Price Rule to the Bonds. **Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test"), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price

of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Notes: Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,*
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public).*
- (3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership or another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.*

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

The Issuer reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the Issuer and shall be at the sole discretion of the Issuer. The successful bidder may not withdraw or modify its Proposal once submitted to the Issuer for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

OPTIONAL REDEMPTION

Bonds maturing on and after February 1, 2034 are subject to redemption and prepayment at the option of the Issuer on February 1, 2033 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or

in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the Issuer and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

DELIVERY

Delivery of the Bonds will be within thirty-five days after award, subject to an approving legal opinion by Kutak Rock LLP, Bond Counsel. The legal opinion will be paid by the Issuer and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

TYPE OF PROPOSAL

Proposals of not less than \$2,157,687.50 (98.75%) and accrued interest on the principal sum of \$2,185,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Clarissa Hadler, Finance Director
3880 Laverne Ave. N.
Lake Elmo, Minnesota 55042

A good faith deposit (the "Deposit") in the amount of \$43,700 in the form of a federal wire transfer (payable to the order of the Issuer) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the Issuer may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The Issuer will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the Issuer. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the Issuer scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The Issuer's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The Issuer will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the Issuer determines to have failed to comply with the terms herein.

INFORMATION FROM SUCCESSFUL BIDDER

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the Issuer agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

FULL CONTINUING DISCLOSURE UNDERTAKING

The Issuer will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the Issuer, and notices of certain material events, as required by SEC Rule 15c2-12.

BANK QUALIFICATION

The Issuer will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BOND INSURANCE AT UNDERWRITER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the Issuer has requested and received a rating on the Bonds from a rating agency, the Issuer will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The Issuer reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: June 17, 2025

BY ORDER OF THE LAKE ELMO CITY COUNCIL

/s/ Clarissa Hadler
Finance Director

Additional information may be obtained from:
Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Telephone No.: 612-851-5900

EXHIBIT A

(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [UNDERWRITER] to purchase the Bonds.

(b) [UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: _____, 2025

(ISSUE PRICE CERTIFICATE – HOLD THE PRICE)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Initial Offering Price of the Bonds.***

(a) [UNDERWRITER] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms.***

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____), or (ii) the date on which [UNDERWRITER] has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the City of Lake Elmo, Minnesota.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: _____, 2025

AUTHORITY AND PURPOSE

The General Obligation Improvement Bonds, Series 2025A (the “Bonds” or the “Issue”) are being issued by the City of Lake Elmo, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429 and 475, as amended. Proceeds from issuance of the Bonds will be used to finance the City's 2025 street improvement projects and to pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

The Bonds are valid and binding general obligations of the City and are payable from special assessments levied against benefited properties and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount.

Sources and Uses of Funds

Following are the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount of Bonds	<u>\$ 2,185,000*</u>
Total Sources of Funds:	<u>\$ 2,185,000</u>

Uses of Funds

Deposit to Project Fund	\$ 2,100,000
Costs of Issuance/Underwriter's Discount	84,426
Rounding Amount	<u>574</u>
Total Uses of Funds:	<u>\$ 2,185,000</u>

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

Moody's Investors Service has assigned a rating of “Aa1” to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised,

* Preliminary, subject to change.

suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Exemption, Bank Qualification and Loss of Tax Exemption

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

The Bonds are designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Code, and the Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the Issuer in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

Pending Federal and State Tax Legislation

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Factors Beyond Issuer's Control

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

DESCRIPTION OF THE BONDS

Details of Certain Terms

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be August 14, 2025), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2027. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2026. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder

of the Bonds. See “Book-Entry System” in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Individual purchasers (“Beneficial Owners”) of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).

Registration, Transfer and Exchange

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

Optional Redemption

The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the City. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City of Lake Elmo takes no responsibility for the accuracy thereof.

FULL CONTINUING DISCLOSURE

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to a resolution awarding the Issue and a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City on or before Bond closing, the City has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, relating to the City to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix B.

To the best of its knowledge, the City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Certificate* herein for additional information.

The City has implemented disclosure policies and procedures to be followed by the City in relation to the financial disclosures and reportable events for which the City must provide notice to the MSRB's Electronic Municipal Market Access system. The City has retained a Dissemination Agent for its continuing disclosure filings.

UNDERWRITER

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$_____ less the Underwriter's discount of \$_____, plus the original issue premium of \$_____.

MUNICIPAL ADVISOR

The City has retained Northland Securities, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

Northland Securities, Inc., is a subsidiary of Northland Capital Holdings, Inc. First National of Nebraska, Inc., is the parent company of Northland Capital Holdings, Inc. and First National Bank of Omaha.

FUTURE FINANCING

The City does not anticipate the need to issue any additional general obligation debt within the next three months.

BOND RATING

The City received an underlying rating of “Aa1” from Moody’s Investors Service (“Moody’s”). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of Moody’s and any explanation of the significance of this rating may be obtained only from Moody’s. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

LITIGATION

As of the date of this Official Statement, the City is not aware of any threatened or pending litigation that questions the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

CERTIFICATION

The City will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The City has always promptly met all payments of principal and interest on its indebtedness when due.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Kutak Rock LLP, Minneapolis, Minnesota (“Bond Counsel”) as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

TAX MATTERS

General Matters

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, to the same extent as set forth in the preceding sentence with respect to federal income tax, and is not a specific preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Minnesota or any other state or jurisdiction.

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The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

A copy of the form of opinion of Bond Counsel is attached as Appendix B.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity, constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bank Qualified. The City has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2025 (excluding certain private activity and refunding bonds) and that it has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions’ interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Backup Withholding

An owner of Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

CITY OF LAKE ELMO, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

Lake Elmo, situated in Washington County, is located just a few miles east of St. Paul and is part of the Seven County Metropolitan Area. Access is provided via Interstate Highway 94, State Highway 36, as well as numerous Washington County Roads. In addition, Interstate Highway 694 lies just a mile west of the City. Union Pacific Railroad provides railway freight transportation through the City.

Area

16,000 Acres
(25.00 Square Miles)

Population

2000 Census	6,863	2020 Census	11,335
2010 Census	8,069	2025 City Estimate	14,033

Labor Force Data¹

Comparative average labor force and unemployment rate figures for 2025 (through April) and year-end 2024 are listed below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	<u>April 2025</u>		<u>2024</u>	
	<u>Civilian</u> <u>Labor Force</u>	<u>Unemployment</u> <u>Rate</u>	<u>Civilian</u> <u>Labor Force</u>	<u>Unemployment</u> <u>Rate</u>
Washington County	150,912	3.0%	150,237	2.7%
Minneapolis - St Paul - Bloomington MSA	2,081,442	3.3	2,070,359	2.9
Minnesota	3,148,301	3.7	3,130,380	3.0

Income Data²

Comparative income levels are listed below for the City, the State of Minnesota and the United States.

	<u>City of Lake Elmo</u>	<u>State of Minnesota</u>	<u>United States</u>
Median Family Income	\$176,198	\$111,492	\$96,922
Per Capita Income	78,683	46,957	43,289

City Government

Lake Elmo, incorporated in 1926, is a Minnesota Statutory City with an Optional Plan A form of government. It has a mayor elected at large for a four-year term and four council members also elected at large for four-year terms. The professional staff is appointed and consists of an Administrator, Planning Director, Finance Director, Clerk, Consulting Attorney, and Consulting Engineer. As a rapidly growing city, Lake Elmo has been contracting with a third-party consultant to audit department operations and structure to make sure the City is properly planning for the long term.

¹ Source: Minnesota Department of Employment and Economic Development.

² Source: 2019-2023 U.S. Census Bureau.

Municipal Enterprise Services

Municipal enterprise services provided by the City include the water utility system, the sewer utility system and the storm sewer utility system.

Comprehensive Plan

Following public engagement, the City Council adopted and the Metropolitan Council approved the 2040 Comprehensive Plan in 2019.

The Comprehensive Plan included policies, goals and calculations of land use needs for the City based upon growth projections for population, households and employment. The Comprehensive Plan identifies the general areas in the City where commercial, residential and open space land uses will be allowed and provides plans, objectives and policies indicating how the growth areas will be provided with City services including roads, sewer and water utilities and parks and open spaces. Property owners may request future land use map amendments to align with the types of projects they are interested in developing. Since adoption of the 2040 Comprehensive Plan, the City has approved 14 future land use map amendments.

Bargaining Units/Labor Contracts

The labor unions representing certain City employee groups are shown below.

<u>Employee Group</u>	<u>Contract Expiration Date</u>
International Union of Operating Engineers, Local 49	12/31/2026

Employee Pension Programs

The City employs 64 people, 34 full-time and 30 part-time. The pension plan currently covers 34 of the City’s employees.

The City participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the City to fund the current service pension cost as it accrues. Defined retirement benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly “PERF”) and PEPFF. That report may be obtained at www.mnpera.org, or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2024. The City was required to contribute 7.50% for Coordinated Plan GERF members. PEPFF members were required to contribute 11.80% of their annual covered salary in 2024. The City was required to contribute 17.70%. City Contributions to GERF and PEPFF have been as follows:

<u>Year</u>	<u>Amount</u>
2024 (unaudited)	\$287,981
2023	207,837
2022	182,057
2021	168,020
2020	136,781

Paid-on-call firefighters of the City are eligible for pension benefits through membership in the Statewide Volunteer Firefighter (SVF) Plan administered through Minnesota Public Employees Retirement Association. This plan provides retirement and survivor benefits for paid-on-call firefighters who serve a municipal fire department or an independent nonprofit firefighting corporation. The SVF Plan is governed by Minnesota Statutes Chapter 353G.

The SVF retirement benefit is a lump-sum benefit plan. To collect the retirement benefit, paid-on-call firefighters must be at least 50 years old and vested. The current vesting schedule for the plan is 40% of the benefit at 5 years to 100% of the benefit at 20 years. Lump-sum benefits are based on the number of years of service in good standing multiplied by the fire department's benefit level multiplied by the vesting percentage earned. The current benefit level is \$8,000 per year of service.

Postemployment Benefits Other Than Pensions (OPEB)

The City provides post-employment insurance benefits to certain eligible employees through its OPEB plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The Retiree Health Plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Total OPEB Liability

	<u>December 31, 2023</u>
Total OPEB Liability beginning of year	\$ 96,581
Changes for the year:	
Service Cost	\$ 14,941
Interest	1,987
Changes in assumptions	(17,298)
Benefit Payments	(7,086)
Net Change in OPEB Liability	(\$ 7,456)
Net OPEB Liability	<u>\$ 89,125</u>

Additional information regarding the City's OPEB obligations is provided in the City's Annual Comprehensive Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with reference to Note 5.

Estimated Cash and Investment Balances as of April 30, 2025 (unaudited)

Fund

General Fund	\$ 12,700,242
Special Revenue Funds	39,169
Debt Service Funds	5,073,449
Enterprise Funds	17,183,896
Capital Projects Funds	<u>9,634,456</u>
Total:	\$44,631,211

General Fund Budget Summary

	2024 Budget	2024 Unaudited	2025 Budget
Revenues:			
Property Taxes	\$5,998,212	\$5,976,975	\$5,588,958
Licenses and Permits	933,580	1,020,800	1,011,995
Intergovernmental	269,555	330,712	276,320
Revenue			
Charges for Services	617,000	699,587	623,000
Fines and Forfeits	30,000	33,926	30,000
Investment Earnings	80,000	378,768	83,200
Miscellaneous	210,903	262,306	338,342
Transfers In	0	0	0
Total Revenues	\$ 8,139,250	\$8,703,074	\$7,951,815
Expenditures:			
General Government	\$1,532,285	1,446,975	\$1,941,609
Public Safety	3,966,202	3,709,526	4,107,501
Public Works	1,084,960	1,799,811	1,215,818
Recreation	451,975	496,013	687,513
Transfers Out	1,103,828	0	0
Total Expenditures	\$ 8,139,250	\$7,452,325	\$7,952,441
Revenues Over (Under)			
Expenditures	0	1,250,749	(626)
Beginning Fund Balance			
(January 1)	\$ 8,920,580	\$ 8,920,580	\$ 10,171,329
Ending Fund Balance			
(December 31)	\$ 8,920,580	\$ 10,171,329	\$10,170,703

Residential Development

There are 5,518 housing units in Lake Elmo; 4,552 are owner-occupied, 556 are rented, and 410 are vacant. The average home value is \$626,807, with 1,535 homes built in 2010 or later, and 205 built in 1939 or earlier (Source: Washington CDA). In addition, there have been 183 single-family homes constructed within the past sixteen months. The average permit value of the homes constructed within the past sixteen months was approximately \$453,758.

The City continues its strong residential development and growth and is diversifying housing stock with more townhome and multifamily options. At the end of 2024, the City approved final plats for a 48-unit townhouse development, Royal Golf 6th Addition, which includes 46 single family homes, and Roers a 190-unit apartment building. Also, in 2024 a preliminary plat was approved for Highpointe Crossing that includes 65 single family homes.

Concept plan applications have been submitted for the Limerick development, which proposes 67 single-family homes, 221 townhouses, 271 apartment units, and 120 senior living units, and Inwood 8th Addition, which includes 148 townhomes and 123 apartment units.

Commercial/Industrial Development

Beginning in 2014, development along the I-94 designated commercial corridor commenced with the building of a Medical Center and a Convenience Store. Recent commercial and industrial developments include 2 multi-tenant buildings on the northeast corner of Hudson Boulevard and Lake Elmo Avenue, a Tesla dealership, a DQ restaurant and the Gardner School daycare. Construction has started on Bridgewater Village in the Old Village area which consists of four commercial lots and two future residential outlots. Milestones Daycare was also completed in 2024. The City owns land located on County Road 14 and Ideal Avenue (Former 3M property - 180 acres) and completed an AUAR for the entire property. The AUAR is a planning tool that local governments can use to understand how different development scenarios affect the environment of their community before the development occurs. The land is currently for sale and expected to be developed in the near future with primarily commercial/industrial uses.

Future Development

The City has created an orderly planned mixed-use development along the three-mile section of I-94 on the City's southern border. The development features corporate headquarters, commercial ventures and medical complexes. The area has been tailored to accommodate the heavy daily traffic (90,000 Average Daily Traffic) and high visibility near that sector of the community, as well as future new residential developments. Currently, the City is in various stages of plat review with numerous national and local homebuilders. Lake Elmo's proximity to a large retail concentration in nearby Woodbury and high growth areas in western Wisconsin has made the City's in-fill availability attractive to businesses. In 2025, Independent School District No. 834 (Stillwater) started construction on the new Lake Elmo Elementary School on the corner of Lake Elmo Ave and 10th St and they will begin expansion of Oakland Middle School.

The City has been undertaking a downtown improvement project. This is a \$12 million-dollar cooperative project led in partnership, for some phases, with Washington County and covers full reconstruction of streets, upgrading the existing water system, installation of a new sewer system and a storm water drainage system. In addition to bringing municipal sewer to downtown businesses, the project brought municipal sewer to the current Lake Elmo Elementary School location. This infrastructure project is helping to make infill development in the downtown economically feasible. The last phase of this multi-phase venture began in 2023.

The northern border of the City features Minnesota State Highway 36, which has seen significantly higher traffic flow since 2017 after the completion of a new federally funded bridge linking Wisconsin and Minnesota. Development along Highway 36 is expected to spur approximately 250 – 300 new housing starts in Lake Elmo due to its convenience and proximity to St. Paul and downtown Minneapolis.

Building Permits

Building permits issued for the past five years and to date in 2025 are as follows:

<u>Year</u>	<u>New Commercial/ Industrial Number of of Permits</u>	<u>New Residential Number of Permits</u>	<u>Total Number of Permits</u>	<u>Total Permit Valuation</u>
2025 (as of 4/30)	9	99	108	\$85,961,916
2024	5	84	89	91,751,000
2023	3	167	170	53,589,100
2022	6	200	206	143,910,997
2021	5	297	302	140,813,000
2020	12	337	349	152,605,482

Banking/Financial Institutions

Lake Elmo Bank provides banking and financial services within the community.

Education

The City is served by three school districts: ISD No. 622, North St. Paul-Maplewood-Oakdale; ISD No. 832, Mahtomedi; and ISD No. 834, Stillwater. The primary district is Independent School District No. 834, Stillwater.

Major/Leading Employers¹

The following are some of the major/leading employers within the City and surrounding communities:

<u>Name</u>	<u>Product/Service</u>	<u>Number of Employees</u>
3M Company (Maplewood)	Offices/Research	10,000
Anderson Corporation (Bayport)	Window Manufacturing	5,000
ISD No. 622 (North St. Paul-Maplewood-Oakdale)	Public Education	1,911
Woodwinds Health Campus (Woodbury)	Medical Services	1,473
Washington County (Stillwater)	County Government	1,386
ISD No. 834 (Stillwater)	Public Education	1,194
Long Term Care Insurance Advisors (Stillwater)	Insurance	1,001
HealthEast Care/St. John's Hospital (Maplewood)	Medical Services	973
Presbyterian Homes/Boutwells (Oak Park Heights)	Assisted Living	500
Bureau of Engraving, Inc. (Maplewood)	Printers	500

Largest Taxpayers²

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2024/2025 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$37,635,595)³</u>
Continental 483 Fund LLC	Residential	\$ 892,543	2.37%
CSIM Bently Village Owner LLC	Residential	358,909	0.95
Dakota Upreit LP	Commercial	322,274	0.86
Bremer Financial Services	Commercial	269,196	0.72
Crossroads East LLC	Commercial	260,432	0.69
11190 Hudson Blvd Lake Elmo LLC	Commercial	228,926	0.61
Xcel Energy	Utility	228,178	0.61
MLL High Pointe LLC	Commercial	221,980	0.59
Eagle Point Medical Building LLC	Commercial	189,250	0.50
HOA Hotels LLC	Residential	<u>159,698</u>	<u>0.42</u>
		<u>\$ 3,131,386</u>	<u>8.32%</u>

¹ Sources: Data Axle Reference Solutions and the City. Includes part-time and seasonal employees.

² As reported by Washington County.

³ Before powerline and fiscal disparities adjustments.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called “estimated market value”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

Taxable Market Value

The “taxable market value” is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

Market Value Exclusion

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$30,400 at \$76,000 of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or more, there is no valuation exclusion.

Sales Ratio

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

Economic and Indicated Market Value

“Economic market value” and “indicated market value” reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the “full value” of property for taxation, after the deduction of legislative exclusions.

Net Tax Capacity

Property taxes are calculated on the basis of the “net tax capacity value”. Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

Tax Cycle

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per \$100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

Levy Limits

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies “to pay the costs of the principal and interest on bonded indebtedness” and “to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota” are designated special levies and can be levied in addition to the amount allowed by levy limitations.

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The following is a partial summary of these factors:

Property Tax Classifications

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2022/ 2023</u>	<u>2023/ 2024</u>	<u>2024/ 2025</u>
1a	<u>Residential Homestead</u> : First \$500,000	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 [†]	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$1,890,000	0.50		
	Over \$1,890,000	1.00		
	First \$2,150,000		0.50	
	Over \$2,150,000		1.00	
	First \$3,500,000			.50
	Over \$3,500,000			1.00
2b	<u>Non-Homestead Rural Vacant Land</u> ¹	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 [†]	1.50	1.50	1.50
	Over \$150,000 [†]	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead</u> (Single Unit)			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> [†]			
	(Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational</u> [†]			
	Non-Commercial (Cabin): First \$500,000*	1.00	1.00	1.00
	Over \$500,000*	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000	.75	.75	.25
	Over \$100,000	.25	.25	.25

[†] Subject to the state general property tax.

* Exempt from referendum market value-based taxes.

¹ Homestead remainder & non-homestead; includes minor ancillary structures.

CITY OF LAKE ELMO, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION¹

Valuations

	<i>Estimated Market Value 2024/2025</i>	<i>Net Tax Capacity 2024/2025</i>
Real Property	\$ 3,372,005,300	\$ 37,281,319
Personal Property	17,776,300	354,276
Less 10% of Tax Capacity of 200KV Power lines	---	(105)
Fiscal Disparities ²	---	
(Contribution to Pool)	---	(1,687,608)
Distribution from Pool	---	<u>1,761,776</u>
Total Adjusted Valuation	<u>\$ 3,389,781,600</u>	<u>\$ 37,709,658</u>

Valuation Trends (Real and Personal Property)

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2024/2025	\$3,516,445,794	96.53%	\$3,389,781,600	\$3,324,534,800	\$37,635,595	\$37,709,658
2023/2024	3,427,499,086	94.83	3,245,534,500	3,186,775,200	36,027,920	36,260,575
2022/2023	3,073,350,803	95.68	2,938,652,300	2,862,780,200	31,949,109	32,024,473
2021/2022	2,603,157,743	88.23	2,294,929,700	2,231,230,900	24,756,691	24,732,545
2020/2021	2,207,110,225	94.21	2,075,112,100	2,009,618,900	22,349,589	22,273,817

Breakdown of Valuations

2024/2025 Tax Capacity, Real and Personal Property (before powerline and fiscal disparities adjustments):

Residential Homestead	\$ 25,674,075	68.22%
Agricultural	625,056	1.66
Commercial & Industrial	4,232,667	11.25
Public Utility	7,166	0.02
Railroad	89,518	0.24
Residential Non-Homestead	6,425,839	17.07
Seasonal	226,998	0.60
Personal Property	<u>354,276</u>	<u>0.94</u>
Totals:	<u>\$ 37,635,595</u>	<u>100.00%</u>

¹ Property valuations, tax rates, and tax levies and collections are provided by Washington County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

² Fiscal Disparities Law

The 1971 Legislature enacted a “fiscal disparities law” which allows all the Twin City Metropolitan Area Municipalities to share in commercial/industrial growth, regardless of where the growth occurred geographically. Forty percent (40%) of every metropolitan municipality’s growth in commercial/industrial assessed valuation is pooled then redistributed to all municipalities on the basis of population and per capita valuation after the tax increment and fiscal disparity adjustments.

Tax Capacity Rates

Tax capacity rates for a City resident within Independent School District No. 834 (Stillwater), for the past five-assessable/collection years have been as follows:

<i>Levy Year/ Collection Year</i>	<i>2020/21 Tax Capacity Rates</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>	<i>2024/25 Tax Capacity Rates</i>
Washington County	27.244%	27.526%	23.621%	21.987%	23.841%
City of Lake Elmo	23.638	30.546	24.064	24.631	26.845
ISD No. 834, Stillwater	17.278	19.502	17.143	22.033	23.407
Washington County CDA	1.289	1.287	1.093	1.024	1.120
Metro Council	0.628	0.630	0.537	0.590	0.572
Metro Mosquito	0.379	0.361	0.390	0.301	0.331
Transit District 509	1.139	1.056	0.912	0.809	0.972
Valley Branch Watershed District	4.074	3.747	2.977	2.575	2.567
Regional Rail Authority	<u>0.156</u>	<u>0.149</u>	<u>0.122</u>	<u>0.109</u>	<u>0.112</u>
Totals:	<u>75.825%</u>	<u>84.804%</u>	<u>70.859%</u>	<u>74.059%</u>	<u>79.767%</u>
<i>Market Value Rates:</i>	<i>2020/2021</i>	<i>2021/2022</i>	<i>2022/2023</i>	<i>2023/24</i>	<i>2024/25</i>
ISD No. 834 (Stillwater)	0.16639%	0.18306%	0.15162%	0.14128%	0.15231%

Tax Levies and Collections¹

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 3/1/2025</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2024/2025	\$10,078,359		In Process of Collection		
2022/2024	8,890,043	\$8,860,502	99.67%	\$8,860,502	99.67%
2022/2023	7,816,012	7,786,616	99.62	7,812,591	99.96
2021/2022	7,461,190	7,434,009	99.64	7,460,840	99.99
2020/2021	5,281,635	5,256,703	99.53	5,281,386	99.99

¹ The 2024/2025 property taxes are currently in the process of collection/reporting and no updated figures are available from Washington County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit¹

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of July 2, 2025:

2024/2025 Estimated Market Value	\$ 3,389,781,600
Multiplied by 3%	x <u>.03</u>
Statutory Debt Limit	<u>\$ 101,693,448</u>

Less outstanding debt applicable to debt limit:

\$1,970,000 G.O. Capital Improvement Plan Refunding Bonds, Series 2010B	\$ 65,000
\$940,000 G.O. Equipment Certificates of Indebtedness, Series 2018A	340,000
\$4,055,000 G.O. Bonds, Series 2019A	335,000
\$22,555,000 G.O. Improvement, CIP and Refunding Bonds, Series 2021A	<u>9,655,000</u>
Total debt applicable to debt limit	\$ 10,395,000
Legal debt margin	<u>\$ 91,298,448</u>

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¹ Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of \$1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than \$1,000,000 are not subject to the statutory debt limit.

CITY OF LAKE ELMO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE SOLELY FROM TAXES
(As of July 2, 2025)

Purpose:	G.O. Bonds Series 2017A	G.O. Equipment Certificate of Indebtedness, Series, 2018A	G.O. Bonds, CIP & Refunding Series 2019A	G.O. Improvement, Bonds, Series 2021A		
Dated:	6/8/2017	10/16/2018	10/24/2019	12/7/2021		
Original Amount:	\$270,000	\$940,000	\$700,000	\$11,110,000		
Maturity:	15-Jan	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL
Interest Rates:	2.50%	2.70%	2.00-3.00%	1.75-3.00%	PRINCIPAL:	PRIN & INT:
2025	\$0	\$0	\$0	\$0	\$0	\$117,062
2026	30,000	110,000	80,000	495,000	715,000	940,264
2027	35,000	115,000	80,000	510,000	740,000	943,939
2028	0	115,000	85,000	530,000	730,000	912,321
2029	0	0	90,000	540,000	630,000	792,544
2030	0	0	0	555,000	555,000	700,219
2031	0	0	0	575,000	575,000	706,863
2032	0	0	0	585,000	585,000	706,713
2033	0	0	0	595,000	595,000	706,388
2034	0	0	0	605,000	605,000	705,888
2035	0	0	0	545,000	545,000	635,144
2036	0	0	0	555,000	555,000	634,144
2037	0	0	0	565,000	565,000	632,944
2038	0	0	0	575,000	575,000	631,544
2039	0	0	0	590,000	590,000	634,894
2040	0	0	0	600,000	600,000	632,619
2041	0	0	0	610,000	610,000	629,763
2042	0	0	0	625,000	625,000	631,641
	\$65,000	\$340,000	\$335,000	\$9,655,000	\$10,395,000	\$12,294,889
	(1)	(2)	(3)	(4)(5)		

NOTE: 60% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

- (1) This schedule represents a portion of the \$6,235,000 General Obligation Bonds, Series 2014A, dated July 15, 2014, consisting of \$2,125,000 backed by special assessments; \$3,385,000 backed by net revenues of the municipal sewer and water utility systems; and \$725,000 backed by ad valorem taxes (equipment portion).
- (2) This schedule represents a portion of the \$9,045,000 General Obligation Bonds, Series 2017A, dated June 8, 2017, consisting of \$4,295,000 backed by special assessments, \$270,000 backed by ad valorem taxes and \$4,480,000 backed by revenues.
- (3) This schedule represents a portion of the \$4,055,000 General Obligation Bonds, Series 2019A, dated October 24, 2019, consisting of \$2,160,000 backed by special assessments, \$700,000 backed by ad valorem taxes and \$1,195,000 backed by revenues.
- (4) This schedule represents a portion of the \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A, dated December 7, 2021, consisting of \$11,110,000 backed by ad valorem taxes, \$4,565,000 backed by special assessments, and \$6,310,000 backed by sewer and water revenue.
- (5) A portion of these bonds current refunded the January 1, 2022 through January 1, 2034 maturities of the Economic Development Authority of the City of Lake Elmo's Taxable Public Project Leases Revenue and Limited Tax Bonds, Series 2018A on December 20, 2021 at a price of par plus accrued interest.

CITY OF LAKE ELMO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS & TAXES
(As of July 2, 2025, Plus This Issue)

Purpose:	G.O. Bonds, Series 2014A	G.O. Bonds, Series 2015A	G.O. Bonds, Series 2016A	G.O. Bonds Series 2017A	G.O. Bonds Series 2019A	
Dated:	07/15/14	07/15/15	06/01/16	6/8/2017	10/24/2019	
Original Amount:	\$2,125,000	\$1,490,000	\$2,690,000	\$4,295,000	\$2,160,000	
Maturity:	15-Jan	15-Jan	15-Jan	15-Jan	1-Feb	
Interest Rates:	2.00-3.50%	2.00-2.50%	2.00%	2.50%	2.00-3.00%	
2025	\$0	\$0	\$0	\$0	\$0	2025
2026	150,000	165,000	285,000	455,000	220,000	2026
2027	155,000	0	290,000	465,000	225,000	2027
2028	155,000	0	0	480,000	235,000	2028
2029	160,000	0	0	0	240,000	2029
2030	165,000	0	0	0	245,000	2030
2031	0	0	0	0	0	2031
2032	0	0	0	0	0	2032
2033	0	0	0	0	0	2033
2034	0	0	0	0	0	2034
2035	0	0	0	0	0	2035
2036	0	0	0	0	0	2036
2037	0	0	0	0	0	2037
2038	0	0	0	0	0	2038
	\$785,000	\$165,000	\$575,000	\$1,400,000	\$1,165,000	
	(1)	(2)	(3)	(4)	(5)	

General Obligation Debt Payable from Special Assessments & Taxes Continued

Purpose:	This Issue						
	G.O. Improvement, CIP & Refunding Bonds, Series 2021A	G.O. Improvement, Abatement & Utility Revenue Bonds, Series 2022A	G.O. Improvement, Utility Revenue Bonds, Series 2023A	G.O. Improvement & Water Revenue Bonds, Series 2024A	G.O. Improvement Bonds, Series 2025A		
Dated:	12/7/2021	8/16/2022	7/6/2023	8/15/2024	8/14/2025		
Original Amount:	\$4,565,000	\$3,895,000	\$3,410,000	\$4,195,000	\$2,185,000		
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL
Interest Rates:	1.75-3.00%	3.00-5.00%	4.00-5.00%	4.00-5.00%		PRINCIPAL:	PRIN & INT:
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$326,919
2026	275,000	215,000	285,000	335,000	0	2,385,000	3,094,928
2027	280,000	230,000	300,000	350,000	155,000	2,450,000	3,078,446
2028	290,000	240,000	315,000	370,000	195,000	2,280,000	2,822,948
2029	300,000	250,000	330,000	385,000	205,000	1,870,000	2,333,646
2030	305,000	265,000	345,000	405,000	210,000	1,940,000	2,328,038
2031	315,000	275,000	365,000	425,000	215,000	1,595,000	1,911,303
2032	320,000	285,000	380,000	445,000	225,000	1,655,000	1,906,795
2033	330,000	295,000	400,000	470,000	230,000	1,725,000	1,914,183
2034	335,000	305,000	420,000	495,000	240,000	1,795,000	1,922,969
2035	340,000	315,000	0	515,000	250,000	1,420,000	1,494,596
2036	345,000	325,000	0	0	260,000	930,000	967,678
2037	355,000	335,000	0	0	0	690,000	704,803
2038	0	160,000	0	0	0	160,000	162,800
	\$3,790,000	\$3,495,000	\$3,140,000	\$4,195,000	\$2,185,000	\$20,895,000	\$24,970,049
	(6)	(7)	(8)	(9)			

NOTE: 91% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

- (1) This schedule represents a portion of the \$6,235,000 General Obligation Bonds, Series 2014A, dated July 15, 2014, consisting of \$2,125,000 backed by special assessments; \$3,385,000 backed by net revenues of the municipal sewer and water utility systems; and \$725,000 backed by ad valorem taxes (equipment portion).
- (2) This schedule represents a portion of the \$2,815,000 General Obligation Bonds, Series 2015A, dated July 15, 2015, consisting of \$1,490,000 backed by special assessments; \$1,195,000 backed by net revenues of the municipal sewer and water utility systems; and \$130,000 backed by ad valorem taxes.
- (3) This schedule represents a portion of the \$9,545,000 General Obligation Bonds, Series 2016A, dated June 1, 2016, consisting of \$2,690,000 backed by special assessments and \$6,855,000 backed by net revenues of the municipal water and storm water utility systems.
- (4) This schedule represents a portion of the \$9,045,000 General Obligation Bonds, Series 2017A, dated June 8, 2017, consisting of \$4,295,000 backed by special assessments, \$270,000 backed by ad valorem taxes and \$4,480,000 backed by revenues.
- (5) This schedule represents a portion of the \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A, dated December 7, 2021, consisting of \$11,110,000 backed by ad valorem taxes, \$4,565,000 backed by special assessments, and \$6,310,000 backed by sewer and water revenues.
- (6) This schedule represents a portion of the \$22,555,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A, dated December 7, 2021, consisting of \$11,525,000 backed by ad valorem taxes, \$4,565,000 backed by special assessments, and \$6,465,000 backed by net sewer and water revenues.
- (7) This schedule represents a portion of the \$12,495,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A, dated August 16, 2022, consisting of \$3,895,000 backed by special assessments, \$1,010,000 backed by an abatement levy, and \$7,590,000 backed by net utility revenues.
- (8) This schedule represents a portion of the \$5,410,000 General Obligation Improvement and Utility Revenue Bonds, Series 2023A, dated July 6, 2023, consisting of \$3,410,000 backed by special assessments and \$2,000,000 backed by net utility revenues.
- (9) This schedule represents a portion of the \$4,665,000 General Obligation Improvement and Water Revenue Bonds, Series 2024A, dated August 15, 2024, consisting of \$4,195,000 backed by special assessments and \$470,000 backed by net water revenues.

CITY OF LAKE ELMO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS
(As of July 2, 2025)

Purpose:	<div style="border: 1px solid black; padding: 5px; text-align: center;"> G.O. Improvement, Abatement & Sewer Revenue Bonds, Series 2022A </div>			
Dated:	08/16/22			
Original Amount:	\$1,010,000			
Maturity:	1-Feb			
Interest Rates:	3.00-5.00%	TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
2025	\$0	\$0	\$18,725	2025
2026	90,000	90,000	125,200	2026
2027	95,000	95,000	125,575	2027
2028	95,000	95,000	120,825	2028
2029	100,000	100,000	120,950	2029
2030	110,000	110,000	125,700	2030
2031	115,000	115,000	125,075	2031
2032	120,000	120,000	125,400	2032
2033	120,000	120,000	121,800	2033
	\$845,000	<u>\$845,000</u>	<u>\$1,009,250</u>	
	(1)			

NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS WILL BE RETIRED WITHIN TEN YEARS.

(1) This schedule represents a portion of the \$12,495,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A, dated August 16, 2022, consisting of \$3,895,000 backed by special assessments, \$1,010,000 backed by an abatement levy, and \$7,590,000 backed by net utility revenues.

CITY OF LAKE ELMO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of July 2, 2025)

Purpose:	G.O. Water Revenue Crossover Re- funding Bonds, Series 2012A	G.O. Bonds, Series 2014A	G.O. Bonds, Series 2015A	G.O. Bonds, Series 2016A	G.O. Bonds, Series 2017A	
Dated:	08/01/12	07/15/14	07/15/15	06/01/16	6/8/2017	
Original Amount:	\$4,035,000	\$3,385,000	\$1,195,000	\$6,855,000	\$4,480,000	
Maturity:	1-Dec	15-Jan	15-Jan	15-Jan	15-Jan	
Interest Rates:	2.00-2.50%	2.00-3.50%	2.00-3.00%	2.00%	2.50-3.00%	
2025	\$310,000	\$0	\$0	\$0	\$0	2025
2026	305,000	240,000	85,000	470,000	300,000	2026
2027	325,000	245,000	85,000	475,000	300,000	2027
2028	340,000	250,000	85,000	485,000	310,000	2028
2029	335,000	260,000	90,000	490,000	315,000	2029
2030	325,000	265,000	90,000	505,000	325,000	2030
2031	0	0	95,000	510,000	335,000	2031
2032	0	0	0	520,000	345,000	2032
2033	0	0	0	0	360,000	2033
2034	0	0	0	0	0	2034
2035	0	0	0	0	0	2035
2036	0	0	0	0	0	2036
2037	0	0	0	0	0	2037
2038	0	0	0	0	0	2038
2039	0	0	0	0	0	2039
	\$1,940,000	\$1,260,000	\$530,000	\$3,455,000	\$2,590,000	
	(1)	(1) (2) (4)	(1) (2) (5)	(1) (2) (3) (6)	(1) (2) (3) (7)	

General Obligation Debt Payable from Revenues Continued

Purpose:	G.O. Bonds, Series 2019A	G.O. Improvement, CIP & Refunding Bonds, Series 2021A	G.O. Improvement, Abatement & Utility Revenue Bonds, Series 2022A	G.O. Improvement Utility Revenue Bonds, Series 2023A	G.O. Improvement & Water Revenue Bonds, Series 2024A			
Dated:	10/24/2019	12/7/2021	8/16/2022	7/6/2023	8/15/2024			
Original Amount:	\$1,195,000	\$6,310,000	\$7,590,000	\$2,000,000	\$470,000			
Maturity:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	2.00-3.00%	1.75-3.00%	3.00-5.00%	4.00-5.00%	4.00-5.00%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	\$0	\$0	\$310,000	\$672,947	2025
2026	75,000	425,000	410,000	100,000	25,000	2,435,000	3,120,706	2026
2027	80,000	440,000	425,000	105,000	25,000	2,505,000	3,115,113	2027
2028	80,000	450,000	450,000	115,000	25,000	2,590,000	3,121,225	2028
2029	80,000	455,000	470,000	120,000	25,000	2,640,000	3,089,875	2029
2030	80,000	455,000	495,000	125,000	25,000	2,690,000	3,054,994	2030
2031	85,000	470,000	520,000	130,000	30,000	2,175,000	2,459,047	2031
2032	90,000	470,000	545,000	135,000	30,000	2,135,000	2,357,738	2032
2033	90,000	480,000	565,000	145,000	30,000	1,670,000	1,842,313	2033
2034	95,000	485,000	580,000	145,000	35,000	1,340,000	1,472,019	2034
2035	95,000	300,000	600,000	155,000	35,000	1,185,000	1,282,163	2035
2036	0	305,000	615,000	160,000	35,000	1,115,000	1,177,975	2036
2037	0	310,000	635,000	165,000	40,000	1,150,000	1,178,116	2037
2038	0	0	0	175,000	40,000	215,000	220,900	2038
2039	0	0	0	0	40,000	40,000	40,800	2039
	\$850,000	\$5,045,000	\$6,310,000	\$1,775,000	\$440,000	<u>\$24,195,000</u>	<u>\$28,205,928</u>	
	(1) (2) (3) (8)	(1) (2) (9)	(1) (2) (10)	(1) (2) (11)	(1) (12)			

NOTE: 85% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

- (1) These bonds are payable from net revenues of the municipal water utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (2) These bonds are payable from net revenues of the municipal sewer utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (3) These bonds are payable from net revenues of the municipal storm water utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (4) This schedule represents a portion of the \$6,235,000 General Obligation Bonds, Series 2014A, dated July 15, 2014, consisting of \$2,125,000 backed by special assessments; \$3,385,000 backed by net revenues of the municipal sewer and water utility systems; and \$725,000 backed by ad valorem taxes (equipment portion).
- (5) This schedule represents a portion of the \$2,815,000 General Obligation Bonds, Series 2015A, dated July 15, 2015, consisting of \$1,490,000 backed by special assessments; \$1,195,000 backed by net revenues of the municipal sewer and water utility systems; and \$130,000 backed by ad valorem taxes.
- (6) This schedule represents a portion of the \$9,545,000 General Obligation Bonds, Series 2016A, dated June 1, 2016, consisting of \$2,690,000 backed by special assessments and \$6,855,000 backed by net revenues of the municipal water and storm water utility systems.
- (7) This schedule represents a portion of the \$9,045,000 General Obligation Bonds, Series 2017A, dated June 8, 2017, consisting of \$4,295,000 backed by special assessments, \$270,000 backed by ad valorem taxes and \$4,480,000 backed by revenues.
- (8) This schedule represents a portion of the \$4,055,000 General Obligation Bonds, Series 2019A, dated October 24, 2019, consisting of \$2,160,000 backed by special assessments, \$700,000 backed by ad valorem taxes and \$1,195,000 backed by revenues.
- (9) This schedule represents a portion of the \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A, dated December 7, 2021, consisting of \$11,110,000 backed by ad valorem taxes, \$4,565,000 backed by special assessments, and \$6,310,000 backed by sewer and water revenues.
- (10) This schedule represents a portion of the \$12,495,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A, dated August 16, 2022, consisting of \$3,895,000 backed by special assessments, \$1,010,000 backed by an abatement levy, and \$7,590,000 backed by net utility revenues.
- (11) This schedule represents a portion of the \$5,410,000 General Obligation Improvement and Utility Revenue Bonds, Series 2023A, dated July 6, 2023, consisting of \$3,410,000 backed by special assessments and \$2,000,000 backed by net utility revenues.
- (12) This schedule represents a portion of the \$4,665,000 General Obligation Improvement and Water Revenue Bonds, Series 2024A, dated August 15, 2024, consisting of \$4,195,000 backed by special assessments and \$470,000 backed by net water revenues.

Indirect Debt*

<i>Issuer</i>	<i>2024/2025 Tax Capacity Value⁽¹⁾</i>	<i>2024/2025 Tax Capacity Value in City⁽¹⁾</i>	<i>Percentage Applicable in City</i>	<i>Outstanding General Obligation Debt</i>	<i>Taxpayers' Share of Debt</i>
Washington County	\$ 508,753,421	\$ 37,709,658	7.41%	\$ 99,350,000	\$7,361,835
ISD No. 622 (North St. Paul-Maplewood-Oakdale)	146,721,829	7,958,254	5.42	401,455,000	21,758,861
ISD No. 832 (Mahtomedi)	38,217,876	857,057	2.24	36,255,000	812,112
ISD No. 834 (Stillwater)	176,704,546	28,894,347	16.35	158,990,000	25,994,865
S. Washington Watershed	233,590,073	4,879,918	2.09	1,675,000	35,008
Valley Branch Watershed	90,767,975	31,840,968	35.08	5,205,000	1,825,914
Metropolitan Council	6,330,160,332	37,709,658	0.60	5,025,000 ⁽³⁾	30,150
Metro Transit	5,538,527,403	37,709,658	0.68	173,480,000 ⁽⁴⁾	<u>1,179,664</u>
				<i>Total Indirect Debt:</i>	<u><u>\$58,998,409</u></u>

(Remainder of page intentionally left blank)

* Only those jurisdictions with outstanding bond indebtedness are shown. Debt figures do not include non-general obligation debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness. Debt listed is as of July 2, 2025, unless otherwise noted.

(1) Tax Capacity Value is after tax increment deduction and fiscal disparity adjustments.

(3) Metropolitan Council has \$5,025,000 of general obligation debt outstanding as of December 31, 2024. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes \$1,166,500,000 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

(4) Metropolitan Transit has \$173,480,000 of property tax supported general obligation debt outstanding as of December 31, 2024. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District. This amount excludes \$227,150,000 of general obligation debt payable from revenues.

General Obligation Debt

Bonds secured by tax levies	\$ 10,395,000
Bonds secured by special assessments (includes this Issue)	20,895,000
Bonds secured by tax abatement	845,000
Bonds secured by water/sewer revenues	<u>24,195,000</u>
Subtotal	\$ 56,330,000
Less bonds secured by water/sewer revenues	(<u>24,195,000</u>)
<i>Direct General Obligation Debt</i>	32,135,000
Add taxpayers' share of indirect debt	<u>58,998,409</u>
<i>Direct and Indirect Debt</i>	<u>\$ 91,133,409</u>

Facts for Ratio Computations

2024/2025 Economic Market Value (real and personal property)	\$3,516,445,794
Population (2025 estimate, per City)	14,033

Debt Ratios Excluding Revenue-Supported Debt

	<i>Direct Debt</i>	<i>Indirect Debt</i>	<i>Direct and Indirect Debt</i>
To Economic Market Value	0.91%	1.68%	2.59%
Per Capita	\$2,290	\$4,204	\$6,494

APPENDIX A

Form of Legal Opinion

\$2,185,000
City of Lake Elmo, Minnesota
General Obligation Improvement Bonds
Series 2025A

We have acted as bond counsel to the City of Lake Elmo, Washington County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement Bonds, Series 2025A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$2,185,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

2. The principal of and interest on the Bond are payable special assessments and ad valorem property taxes, but if necessary for the payment thereof additional ad valorem property taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is excludable, to the same extent, from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes and is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. The opinion set forth in the preceding sentences is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or

sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated August __, 2025 at Minneapolis, Minnesota.

APPENDIX B

Form of Continuing Disclosure

\$2,185,000
City of Lake Elmo, Minnesota
General Obligation Improvement Bonds
Series 2025A

CONTINUING DISCLOSURE CERTIFICATE

August __, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Lake Elmo, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2025A (the “Bonds”) in the original aggregate principal amount of \$2,185,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Improvement Bonds, Series 2025A, issued by the Issuer in the original aggregate principal amount of \$2,185,000.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final Official Statement, dated _____, 2025, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Lake Elmo, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means _____, _____, _____.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Economic and Financial Information – “Valuations,” “Tax Capacity Rates,” and “Tax Levies and Collections”
2. Summary of Debt and Debt Statistics

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this

Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF LAKE ELMO, MINNESOTA

Mayor

City Clerk

APPENDIX C

City's Financial Statements

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2024. The complete financial report for the year 2024 and the prior two years are available for inspection at the Lake Elmo City Hall and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.

City of Lake Elmo, Minnesota

Annual Comprehensive Financial Report

For The Year Ended December 31, 2024

Prepared by:
Finance Department



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INTRODUCTORY SECTION



June 23, 2025

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

Minnesota Statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), under the guidance of the Governmental Accounting Standards Board (GASB), and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lake Elmo, MN for the fiscal year ended December 31, 2024.

This report consists of management's representation concerning the finances of the City of Lake Elmo. Consequently, management assumes full responsibility for the completeness, accuracy and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Lake Elmo has established a thorough internal control system designed to both protect the City's assets from loss, theft and misuse, and to compile all necessary information for the preparation of the City of Lake Elmo's financial statements in conformity with GAAP and GASB. As a management team, we assert that the financial statements will be free from material misstatement and that the financial report is reliable in all material respects.

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

A "Single Audit" designed to meet the special needs of a federal grantor agency was not performed for the year ended December 31, 2024 as the City did not participate in any programs that required this additional independent audit.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is included to complement the MD&A and should be read in conjunction with it. The City of Lake Elmo's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Lake Elmo was incorporated in 1926 and is a statutory city in the State of Minnesota six miles east of St. Paul Minnesota. Located in Washington County, it covers 25 square miles and has an estimated 2024 population of 14,033, which represents 5,206 households.

The mission of the City of Lake Elmo is to provide planned, quality public services consistent with the City's character in a fiscally responsible manner in partnership with our community.



Policy-making and legislative authority are vested in a governing council consisting of an elected Mayor and four council members. Per Minnesota State Statute, the governing council is responsible for passing ordinances, adopting an annual budget, appointing committees and hiring both the city's administrator and attorney. The City Administrator is responsible for carrying out the policies and ordinances of the governing council and overseeing the day-to-day operations of the city. The Council is elected on a non-partisan basis. The Mayor serves a four-year term and council members serve a four-year staggered term, with two of these positions elected every two years. The Mayor and the Council are elected at-large.

The City of Lake Elmo provides a full range of Services including fire protection services, construction and maintenance of streets and infrastructure; recreational facilities; and water, sanitary sewer and storm water utility services. The City contracts with the Washington County Sheriff's Department for police services.

The annual budget serves as the foundation for the City of Lake Elmo's financial management and fiscal stewardship. City departments and agencies of the City submit their requested budget to the City Administrator and the Finance Director to compile a preliminary balanced budget for submission to the City Council. The preliminary balanced budget is presented to the City Council in September each year so that the preliminary property tax levy can be submitted to Washington County by the annual due date. The preliminary property tax levy may be decreased but not increased. The 2024 Adopted Budget and final property tax levy was required to be adopted by and submitted to Washington County by December 28, 2023. Included in the City annual budget process is the compilation of a Capital Improvement Plan which allows for strategic planning of City infrastructure and equipment needs while maintaining a reasonable level of debt and a strong unassigned fund balance. Annual budget appropriations are adopted for the General Fund, Debt Service Funds, and Capital Funds. Quarterly budget to actual comparison reports are provided to the City Council to keep them apprised of the financial performance of the City.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Lake Elmo operates.

LOCAL ECONOMY

Lake Elmo is home to numerous businesses that are leaders in their respective industries. New residential developments platted since 2014 numbering approximately 3,243 dwelling units have been approved.

In 2024 and early 2025, the city saw continued interest in residential and commercial growth. Projects started in earlier years continue, including:

- Royal Golf 5th Addition – 43 New Single-Family Homes
- Royal Golf 6th Addition – 46 New Single-Family Homes
- Northstar 1st Addition – 107 New Single-Family Homes
- Easton Village 6th and 7th Addition – 27 New Single-Family Homes
- At Home Apartments – 40 Twin homes
- Bridgewater Bank
- Gardner Daycare
- Amira - 146 senior rental apt building
- Carmelite Church is under construction
- Remodel and new accessory building at Royal Park Golf Clubhouse

The mission of the City of Lake Elmo is to provide planned, quality public services consistent with the City's character in a fiscally responsible manner in partnership with our community.



And new applications for building and development continue to come in. Some of which include:

- Bridgewater – 3 Commercial lots and a future apartment site
- Clear Lake – 22 Single-Family Homes
- Prairie Sky – 30 Two-Family Homes
- Lake Elmo Elementary School
- Oakland Middle School Addition
- Limerick Village - 67 single-family unattached homes, 221 townhomes, 271 apartment units, and 120 senior living unit.
- Roers– 190-unit apartment building
- Inwood 8th - 148 townhomes and a 123-unit apartment building
- Highpointe Crossing – 65 Single-Family Homes

Further, the following commercial building projects were fully completed in 2024:

- Drake Development - Tesla, Dairy Queen
- Milestones Daycare
- DeMontreville Convent
- Jesuit Retreat house

The City's highway infrastructure continues to make Lake Elmo a desirable residential location. Rapid growth is further reflected in 2023 population estimates of 14,033 or an increase of 24% since the 2020 census.

New housing starts in 2024 numbered 84 with a total permit value of \$36,946,000 and an average home value of \$439,833. There was one apartment building with 146 units valued at \$32,920,000.

There were 5 new commercial construction projects in 2024, and a number of remodels and expansions. All these new starts have been built in 2024 or will be finished in 2025, which will greatly strengthen the existing tax base of the City.

LONG TERM FINANCIAL PLANNING

Total unassigned General Fund balance as of December 31, 2024 was 129% of the next year's general fund expenditures and other financing uses. Although the State Auditor recommends maintaining a level of 35% - 50%, the City has consistently exceeded that rate, showing the City's financial strength.

In 2023, the City moved from a 5-year to a 10-year Capital Improvement Plan ("CIP"). The City's 10-year CIP serves as the foundation for long-term financial planning. Funding needs for capital replacements are reflected in tax levies for the street renewal and general fund asset replacements. Funding needs for capital infrastructure in the enterprise funds are funded through user fees in those funds.

During 2017, Moody's Investors Service increased the City's long-term debt rating to Aa1, and reaffirmed this rating in 2022, 2023, and 2024. In their assessment of the City, Moody's noted the following:

- Very strong financial position
- Full value per capita and resident income levels exceed the median for similarly rated peers nationally

Projections for the next 5 years indicate that property tax contributions, user fees and investment income will continue to grow based on planned development and expansion within the City.

The mission of the City of Lake Elmo is to provide planned, quality public services consistent with the City's character in a fiscally responsible manner in partnership with our community.



RELEVANT FINANCIAL POLICIES

Trends of the past decade, changes in state tax law, and recent legislation indicate that the City will have a greater reliance on property taxes as a source of financing for city operations in the future and less reliance on the intergovernmental revenues (federal and state) and building permit fees. Changes in state tax law over the past decade have resulted in funding changes for both schools and local governments. The elimination of the homestead and agricultural credit aids program, and large cuts in both local government aid and the market value homestead credit programs resulted in revenue losses to the City. In addition, as the City continues toward full development, we anticipate future decreases in building permit revenues.

MAJOR INITIATIVES

2024 was again an extremely robust year for the City due to continuation of on-going infrastructure upgrades, projects, as well as oversight of the on-going residential and commercial development activity.

Some of the 2024 infrastructure projects included the following:

- Municipal sewer lines were extended along the city's western border to serve new development on the 180 acres the city received in a settlement with 3M in 2019. The new area will provide business/industrial, commercial and low-density housing options. An RFP will be issued in 2025 for the sale of the land to a qualified developer.
- The City continued work on several expedited water main projects to bring water to neighborhoods with PFAS contamination at no cost to the city or residents due to grants from the MPCA. These projects have included water main extensions, road construction and in some cases the extension of sewer. The Stillwater Boulevard (CSAH 14) Trunk Watermain Improvements were completed in 2024 using 100% 3M Settlement grant funds
- Use of Park Dedication fees to continue to make improvements to existing and new parks. 2024 Improvements included additional Pickleball courts in both Pebble Park and Tablyn Park, new playground structures in Pebble Park and DeMontreville Park, and expanding the parking lot at Tablyn Park. Volleyball courts were also added to Pilot Park and Carriage Station Park.
- As part of the City's street capital improvement program, neighborhood street and drainage improvements were completed in Carriage Station and along Jamaca Court. In 2025, street and drainage improvements are being constructed in Judith Mary Manor, Prairie Hamlet, Rolling Hills Estates, Teal Pass Estates, Lake Elmo Vista and Irish Court N.
- Also as part of the City's street capital improvement program, the 2024 Collector Roadway Improvements were constructed, including Hudson Boulevard, from Inwood Avenue (CSAH 13) to Julia Avenue; 15th Street from Inwood Avenue (CSAH 13) to Oakdale/Lake Elmo city limits; and 30th Street, from Village Parkway to Lisbon Avenue.

AWARDS AND ACKNOWLEDGEMENTS

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

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate is valid for one year only.

The mission of the City of Lake Elmo is to provide planned, quality public services consistent with the City's character in a fiscally responsible manner in partnership with our community.



The City of Lake Elmo is pleased to present its Annual Comprehensive Financial Report, which will be submitted to the Government Finance Officers Association (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting for its financial reports for the fiscal year ended December 31, 2024. The preparation of this report would not have been possible without the efficient and dedicated services of the personnel of the City of Lake Elmo. Further, we would like to express our appreciation to all members of the organization who assisted in contributing to the preparation of the report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of management of the City of Lake Elmo's finances.

Respectfully submitted,

Nicole Miller
City Administrator

Clarissa Hadler
Finance Director

The mission of the City of Lake Elmo is to provide planned, quality public services consistent with the City's character in a fiscally responsible manner in partnership with our community.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Elmo
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

**CITY OF LAKE ELMO, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CITY COUNCIL

Term Expires

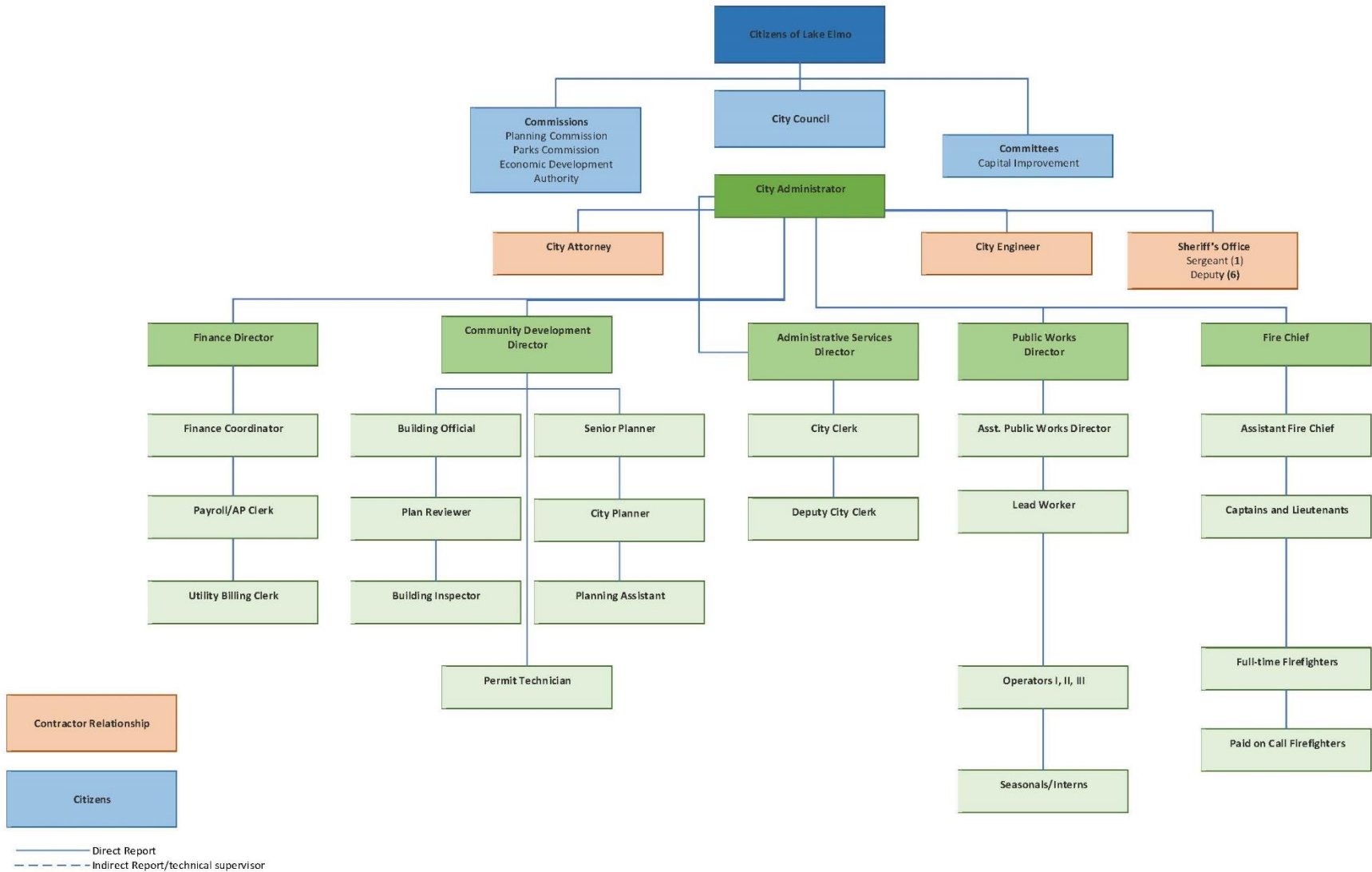
Charles Cadenhead	Mayor	January 1, 2025
Katrina Beckstrom	Council Member	January 1, 2025
Nick Dragisich	Council Member	January 1, 2025
Matt Hirn	Council Member	January 1, 2027
Jeff Holtz	Council Member	January 1, 2025

APPOINTED CITY OFFICIALS

Nicole Miller	City Administrator	Appointed
Clarissa Hadler	Finance Director	Appointed
Nina Kraemer	Finance Coordinator	Appointed
Julie Johnson	City Clerk	Appointed



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



**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lake Elmo, Minnesota

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and supplemental schedules, and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of indebtedness has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025 on our consideration of the City of Lake Elmo'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 the City of Lake Elmo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Elmo's internal control over financial reporting and compliance.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

June 23, 2025

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Our discussion and analysis of the City of Lake Elmo's financial performance provides an overview of the City's financial activities for the year ended December 31, 2024. Please read it in conjunction with the independent auditor's report on page 11 and the City's financial statements, which begin on page 26.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Lake Elmo exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$203,027,516 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$32,649,732.
- The City's total net position increased \$32,331,958 as a result of this year's operations.
- As of the close of the current fiscal year, the City of Lake Elmo's governmental funds reported a combined ending fund balance of \$24,381,058, which is an increase of \$3,695,622 in comparison with the prior year. The overall unassigned fund balance is \$9,336,906.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$10,324,572, which is 151 percent of total 2024 General Fund expenditures and 130 percent of budgeted 2025 General Fund expenditures. The City's Fund Balance policy is to maintain an unassigned fund balance in the General Fund of an amount that is not less than 50 percent to 60 percent of the next year's budgeted expenditures of the General Fund.
- In the City's business-type activities, revenues increased \$5,825,346 (38.07 percent) and program expenses increased \$564,889 (7.47 percent). These changes are discussed in greater detail throughout the following pages.
- Total cost of all of the City's governmental activities' departments increased \$2,625,023 (or 14.60 percent) in aggregate.
- The City's General Fund generated more revenue than budgeted of \$1,007,512, excluding transfers in from other funds. Expenditures were less than budgeted by \$377,766, excluding transfers to other funds. See additional details on page 73.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 26 and 27) 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 start on page 28. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

USING THIS ANNUAL REPORT (Continued)

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 17. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities 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, deferred outflows/inflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by large private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position (assets plus deferred outflows, less liabilities plus deferred inflows) 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 its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, costs associated with current and future construction projects, and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including the fire, public works, parks, and planning and zoning departments, along with general administration. Property taxes, special assessments, licenses, permits and fees, and State aids finance most of these activities.
- **Business-type Activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and storm sewer systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's funds begins on page 20. The fund financial statements begin on page 28 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council may establish 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, and other money. The City's two kinds of funds (governmental and proprietary) use different accounting approaches.

- **Governmental Funds** - Most of the City's basic services are reported in governmental funds, which 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 you 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 following the governmental fund financial statements.
- **Proprietary Funds** - When the City charges customers for the services it provides, 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 proprietary 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.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE

The City's combined net position increased \$32,331,958 from a year ago. 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
Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 34,849,746	\$ 31,241,789	\$ 24,775,850	\$ 25,155,915	\$ 59,625,596	\$ 56,397,704
Net Capital Assets	104,806,610	87,653,206	110,083,564	99,382,500	214,890,174	187,035,706
Total Assets	139,656,356	118,894,995	134,859,414	124,538,415	274,515,770	243,433,410
Deferred Outflows of Resources	1,209,375	1,100,857	73,516	116,538	1,282,891	1,217,395
Current Liabilities	4,890,355	5,122,759	1,443,233	2,213,887	6,333,588	7,336,646
Noncurrent Liabilities	35,907,834	34,161,649	27,665,367	29,627,608	63,573,201	63,789,257
Total Liabilities	40,798,189	39,284,408	29,108,600	31,841,495	69,906,789	71,125,903
Deferred Inflows of Resources	2,708,949	2,687,021	155,407	142,323	2,864,356	2,829,344
Net Position:						
Net Investment in						
Capital Assets	71,683,376	54,209,637	82,708,847	69,826,808	154,392,223	124,036,445
Restricted	15,985,561	11,658,502	-	-	15,985,561	11,658,502
Unrestricted	9,689,656	12,156,284	22,960,076	22,844,327	32,649,732	35,000,611
Total Net Position	<u>\$ 97,358,593</u>	<u>\$ 78,024,423</u>	<u>\$105,668,923</u>	<u>\$ 92,671,135</u>	<u>\$203,027,516</u>	<u>\$170,695,558</u>

The net position of the City's governmental activities increased by \$19,334,170 (24.78 percent). Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased by \$2,466,628 compared to the prior year.

The net position of the City's business-type activities increased by \$12,997,788 (14.03 percent) from the prior year. Such increase can be attributed primarily to the capital contributions of infrastructure assets that were received from private developers during the year.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE (Continued)

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
REVENUE						
Charges for Services	\$ 3,109,811	\$ 2,280,874	\$ 3,072,782	\$ 3,343,405	\$ 6,182,593	\$ 5,624,279
Operating Grants and Contributions	542,462	1,102,707	100,000	-	642,462	1,102,707
Capital Grants and Contributions	17,900,192	9,895,930	17,238,838	11,353,274	35,139,030	21,249,204
Property Taxes	8,905,064	7,822,031	-	-	8,905,064	7,822,031
Franchise Taxes	86,955	68,884	-	-	86,955	68,884
Intergovernmental	102,914	246,056	10,470	46	113,384	246,102
Investment Earnings (Losses)	1,050,711	1,137,908	704,216	604,235	1,754,927	1,742,143
Other	8,079	46,528	-	-	8,079	46,528
Total Revenues	31,706,188	22,600,918	21,126,306	15,300,960	52,832,494	37,901,878
PROGRAM EXPENSES						
General Government	1,513,163	1,220,552	-	-	1,513,163	1,220,552
Public Safety	3,853,006	3,228,801	-	-	3,853,006	3,228,801
Public Works	5,376,826	4,627,872	-	-	5,376,826	4,627,872
Parks and Recreation	848,199	526,835	-	-	848,199	526,835
Economic Development	7,074	-	-	-	7,074	-
Interest and Other Charges	881,870	815,944	-	-	881,870	815,944
Water	-	-	3,946,949	3,982,238	3,946,949	3,982,238
Sewer	-	-	2,996,505	2,524,280	2,996,505	2,524,280
Storm Sewer	-	-	1,185,064	1,057,111	1,185,064	1,057,111
Total Expenses	12,480,138	10,420,004	8,128,518	7,563,629	20,608,656	17,983,633
Increase (Decrease) in Net Position Before Transfers/Other Items	19,226,050	12,180,914	12,997,788	7,737,331	32,223,838	19,918,245
Gain (Loss) on Disposal of Assets	108,120	(221,202)	-	-	108,120	(221,202)
Capital Asset Transfers	-	(420,482)	-	420,482	-	-
Change in Net Position	19,334,170	11,539,230	12,997,788	8,157,813	32,331,958	19,697,043
Net Position - Beginning of Year	78,024,423	66,485,193	92,671,135	84,513,322	170,695,558	150,998,515
Net Position - End of Year	\$ 97,358,593	\$ 78,024,423	\$105,668,923	\$ 92,671,135	\$203,027,516	\$170,695,558

The City's total revenues increased by \$14,930,616 (39.39 percent). The total cost of all programs and services increased by \$2,625,023 (14.60 percent). Our following analysis separately considers the operations of governmental and business-type activities.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY AS A WHOLE (Continued)

Governmental Activities

Revenue for the City's governmental activities increased by \$9,105,270 (40.29 percent). This increase in revenue is primarily due to an increase in revenues from capital grants and contributions, resulting from significant contributions of infrastructure from developers during 2024. The City also received supplemental aid from the State in the current year. Total expenses increased \$2,060,134 (19.77 percent), primarily due to increased expenses for public safety and public works costs. Such changes in expenses have been reviewed in greater detail below.

Table 3 presents the cost of each of the City's programs - general government, public safety, public works, parks and recreation, economic development, and Interest and Other Charges - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. Activities (net of capital outlay which is excluded from Table 3) were generally comparable to the prior year as operations remained fairly consistent with the prior year, with the exception of:

- Public safety net cost of services increased \$1,202,174 primarily due to an increase in personnel costs and building inspection fees, along with a decrease in corresponding State aid.
- Gross costs for public works did increase by \$748,954, primarily due to additional depreciation expense being recognized for large capital asset infrastructure recently placed into service. However, on a net basis, public works cost of services decreased \$7,282,824, due to an increase in revenues recognized from contributed infrastructure previously discussed.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	\$ 1,513,163	\$ 1,220,552	\$ 1,040,302	\$ 672,353
Public Safety	3,853,006	3,228,801	2,164,688	962,514
Public Works	5,376,826	4,627,872	(12,834,720)	(5,551,896)
Parks and Recreation	848,199	526,835	(282,730)	241,578
Economic Development	7,074	-	(41,737)	-
Interest and Other Charges	881,870	815,944	881,870	815,944
Totals	<u>\$ 12,480,138</u>	<u>\$ 10,420,004</u>	<u>\$ (9,072,327)</u>	<u>\$ (2,859,507)</u>

Business-type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$5,825,346 (38.07 percent) and program expenses increased by \$564,889 (7.47 percent). The increase in revenues is due primarily to an increase in contributions of infrastructure from developers during 2024. Additionally, revenues from water and sewer access fees also increased significantly from those of the prior year. The increase in expenses is due largely to an increase in depreciation expense being recognized in 2024, due to various projects being finalized and placed into service. Additionally, the City incurred additional costs related to sewer utilities.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS

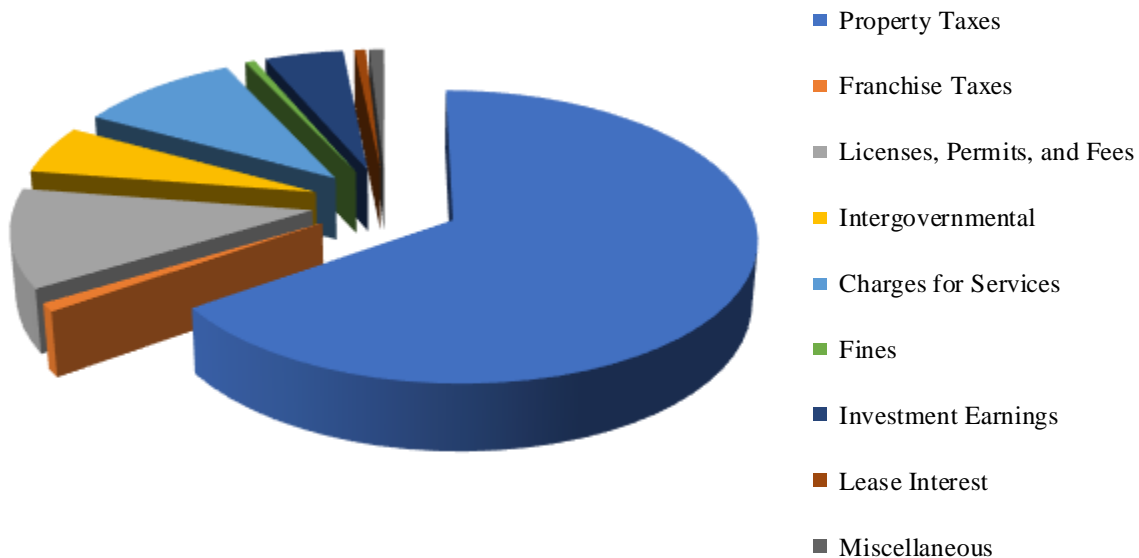
Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet on page 28) reported a combined fund balance of \$24,381,058. This is an increase of \$3,695,622 from the prior year. Operations were comparable to the prior year, with the exception of an increase in property taxes, intergovernmental revenues, and charges for services (park dedication fees). Additionally, the City incurred fewer capital outlay expenditures, due to the City Hall and Fire Station building project being completed in 2024. Financial information specific to the governmental funds is detailed on the following page. Such information was derived from the fund financials.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
General	\$ 10,324,572	\$ 8,920,580	\$ 1,403,992

The fund balance of the General Fund increased by \$1,403,992 compared to 2023. Details of the General Fund's revenues and expenditures are displayed below:

General Fund Revenues

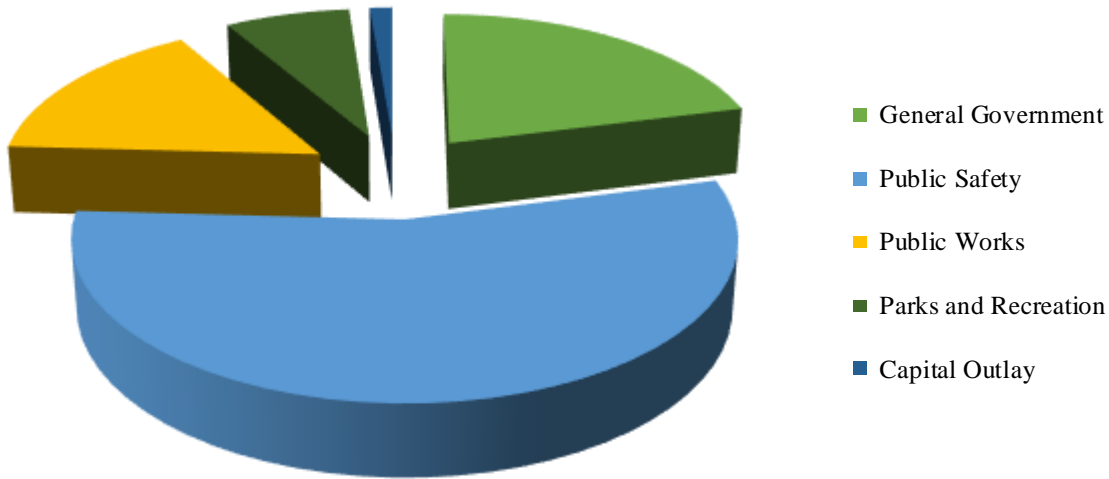


The City received the majority of its funding in the General Fund in the form of grants and funding received from property taxes (65.35 percent), licenses, permits, and fees (11.16 percent), charges for services (9.98 percent), and other governmental agencies (5.48 percent). Overall, the City's General Fund revenues were comparable to the prior year, with the exception of property taxes that increased as planned with the 2024 levy.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS (Continued)

General Fund Expenditures



A significant portion of the City's General Fund expenditures are used for public safety (54.84 percent). Remaining expenditures are used primarily for public works (15.64 percent) and general government (21.02 percent). Expenditures are comparable to the prior year.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
Debt Service	\$ 5,678,193	\$ 5,026,712	\$ 651,481

The Debt Service fund balance increased as a result of an increase in property tax and assessment revenue, which exceeded the principal and interest payments.

2024 Street & Utility Improvement	\$ 368,438	\$ (56,882)	\$ 425,320
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The 2024 Street & Utility Improvement fund balance increased due to the City receiving bond proceeds during the year in relation to their 2024A G.O. Improvement Bond issuance, which exceeded the capital expenditures to-date for the 2024 Street and Utility Improvements project.

Hudson Blvd Imp-Seg A-InwdHdrr	\$ 1,219,181	\$ (53,827)	\$ 1,273,008
---------------------------------------	--------------	-------------	--------------

The Hudson Blvd Imp-Seg A-InwdHdrr fund balance increased due to the City receiving the 2024A G.O. Improvement Bond proceeds and supplemental aid from the State, which exceeded the capital expenditures to-date for the Hudson Blvd. Improvements project.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

THE CITY'S FUNDS (Continued)

General Fund Budgetary Highlights

The City's General Fund generated more revenue than budgeted of \$1,007,512, excluding transfers in from other funds. Expenditures were less than those budgeted by \$377,766, excluding transfers to other funds. Budgetary deviations were mostly distributed across departments, but resulted most significantly from state aid and investment earnings being more than anticipated and expenditures for building inspections being less than anticipated.

Proprietary Funds

As the City completed the year, its business-type activities reported a combined net position of \$105,668,923. This is an increase of \$12,997,788 from the prior year. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31,		Increase (Decrease)
	2024	2023	
Water	\$ 56,335,050	\$ 50,291,225	\$ 6,043,825

The Water Fund net position increased due to an increase in connection fees, as well as revenues being recognized in relation to infrastructure assets conveyed to the City by local developers, \$3,608,962 of which was recognized in this fund.

Sewer	\$ 31,014,704	\$ 27,604,510	\$ 3,410,194
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The Sewer Fund net position increased due to the City receiving developer contributed infrastructure during the year, \$3,230,468 of which was recognized in this fund. Connection fees in the Sewer Fund also increased \$932,200 from that of the prior year.

Storm Sewer	\$ 18,319,169	\$ 14,775,400	\$ 3,543,769
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The Storm Sewer Fund net position increased due to the City receiving developer contributed infrastructure during the year, \$3,998,524 of which was recognized in this fund.

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had a net investment of \$214,890,174 in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, IT subscriptions, roads, and water, sewer, and storm sewer infrastructure. This amount represents a net increase of \$27,854,468 (14.89 percent) from last year. More detailed information about the City's capital assets is presented in Note 2.C. to the financial statements.

Significant capital asset activity from throughout the year included the following:

- Developer contributions of infrastructure exceeded \$25.6 million in total.
- Costs incurred during the year for the Stillwater Blvd. (CSAH 14) Trunk Watermain Improvements project exceeded \$2.6 million.
- Costs incurred during the year for the 2024 Street & Utility Improvements project exceeded \$2.3 million.
- Costs incurred during the year for the Hudson Blvd. Improvements project exceeded \$1.9 million.

**Table 4
Capital Assets Net of Depreciation and Amortization**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,453,979	\$ 3,453,979	\$ 3,668,869	\$ 3,668,869	\$ 7,122,848	\$ 7,122,848
Construction In Progress	2,858,374	18,614,757	611,693	11,204,477	3,470,067	29,819,234
Buildings	17,538,068	2,814,305	-	-	17,538,068	2,814,305
Other Improvements	2,092,035	2,092,035	-	-	2,092,035	2,092,035
Machinery and Equipment	7,239,442	6,923,964	765,746	83,657	8,005,188	7,007,621
Infrastructure	71,624,712	53,754,166	104,953,716	84,425,497	176,578,428	138,179,663
IT Subscription	-	-	83,540	-	83,540	-
Totals	<u>\$ 104,806,610</u>	<u>\$ 87,653,206</u>	<u>\$ 110,083,564</u>	<u>\$ 99,382,500</u>	<u>\$ 214,890,174</u>	<u>\$ 187,035,706</u>

Debt

At year-end, the City had \$62,066,968 in gross debt versus \$62,093,296 last year (a decrease of 0.04 percent), as shown in Table 5. See additional information regarding these issuances in Note 2.D. to the financial statements.

**Table 5
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
G.O. Improvement Bonds	\$ 31,535,000	\$ 29,860,000	\$ 26,270,000	\$ 28,115,000	\$ 57,805,000	\$ 57,975,000
G.O. Equipment Certificates	450,000	555,000	-	-	450,000	555,000
G.O. Tax Abatement Bonds	930,000	1,010,000	-	-	930,000	1,010,000
Unamortized Bond Premium	1,534,390	1,321,965	1,016,299	1,082,925	2,550,689	2,404,890
Subscription Liabilities	-	-	88,418	-	88,418	-
Compensated Absences	191,197	110,115	51,664	38,291	242,861	148,406
Totals	<u>\$ 34,640,587</u>	<u>\$ 32,857,080</u>	<u>\$ 27,426,381</u>	<u>\$ 29,236,216</u>	<u>\$ 62,066,968</u>	<u>\$ 62,093,296</u>

**CITY OF LAKE ELMO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- An update to the City's long-range financial management plan was completed in 2023 and now includes inflated averages for capital expenses such as roads and equipment in the 5-10 year horizon. The City is projected to have small annual increases in its tax rate over the next 10-year period while still meeting current service needs, adding a public works position, and funding capital needs while maintaining a fund balance above the City's policy of 50-60% of next year's expenses.
- The City's Long-Range Financial Management Plan for Utilities was updated in early 2025. For 2025, water and sewer rates were increased by 10% and stormwater rates had no increase.
- Market interest rates on investments have fallen slightly in 2024 and 2025. The City is holding various investments that were purchased prior to 2022 that have lower rates of return due to the aforementioned increases. As a result, these investments have some unrealized losses that would only be recognized if the City had to sell them before maturity. The City has sufficient cash and does not anticipate selling before maturity.
- The City is currently exploring sites for two new wells. These wells will need a treatment plant for PFAS which will be funded by 3M settlement dollars. These efforts are likely to take two to three years to complete. Previously expected funding for trunk main extensions have since been discontinued, which slowed the growth of the water and sewer funds.
- With its proximity to Minneapolis/St. Paul downtown area, easy access from a number of state highways, exceptional recreational offerings and low tax rate, Lake Elmo remains an attractive area for new residents and businesses. The City is seeing an increase in development interest for multi-family housing as well as from commercial and business/industrial developers. There remain hundreds of acres available for development in both the downtown area as well as along the I-94 corridor. The Stillwater Area School District (ISD 834) recently broke ground on a new Elementary School and expansion of the existing Middle School in Lake Elmo, increasing the student capacity at both schools and providing improved facilities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at 3880 Laverne Avenue North, Lake Elmo, Minnesota 55042.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 28,531,867	\$ 17,576,688	\$ 46,108,555
Property Taxes Receivable	107,450	-	107,450
Assessments Receivable	3,853,119	4,938,307	8,791,426
Accounts Receivable	36,173	870,552	906,725
Interest Receivable	90,950	64,976	155,926
Due from Other Governments	5,004	1,325,327	1,330,331
Leases Receivable	1,568,508	-	1,568,508
Capital Assets Not Being Depreciated/Amortized	6,312,353	4,280,562	10,592,915
Capital Assets Being Depreciated/Amortized (Net)	98,494,257	105,803,002	204,297,259
Net Pension Asset	656,675	-	656,675
TOTAL ASSETS	139,656,356	134,859,414	274,515,770
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	1,209,375	73,516	1,282,891
LIABILITIES			
Accounts Payable	1,240,016	464,954	1,704,970
Salaries Payable	48,346	29,941	78,287
Construction Contracts Payable	320,084	-	320,084
Deposits Payable	2,509,232	-	2,509,232
Due to Other Governments	-	50,488	50,488
Payroll Deductions and Employer Contributions	25,391	-	25,391
Unearned Revenue	318,300	575,000	893,300
Accrued Interest Payable	428,986	322,850	751,836
Compensated Absences Payable:			
Due Within One Year	143,398	38,748	182,146
Due After One Year	47,799	12,916	60,715
Bonds and Subscriptions:			
Due Within One Year	2,965,000	2,424,872	5,389,872
Due After One Year	31,484,390	24,949,845	56,434,235
Net OPEB Liability:			
Due After One Year	47,176	14,816	61,992
Net Pension Liability:			
Due After One Year	1,220,071	224,170	1,444,241
TOTAL LIABILITIES	40,798,189	29,108,600	69,906,789
DEFERRED INFLOWS OF RESOURCES			
Pensions	1,261,384	155,407	1,416,791
Leases	1,447,565	-	1,447,565
TOTAL DEFERRED INFLOWS OF RESOURCES	2,708,949	155,407	2,864,356
NET POSITION			
Net Investment in Capital Assets	71,683,376	82,708,847	154,392,223
Restricted for:			
Debt Service	9,010,313	-	9,010,313
2024 Street & Utility Improvement	368,438	-	368,438
Hudson Blvd Imp-Seg A-InwdHdrr	1,219,181	-	1,219,181
Park Dedication	3,185,344	-	3,185,344
Heritage Farms Street & Utility Improvements	242,783	-	242,783
City Hall / Fire Station Bldg Project	1,462,461	-	1,462,461
Tamarack Farm Estates Street Improvements	128,269	-	128,269
2022 Street Improvements	368,772	-	368,772
Unrestricted	9,689,656	22,960,076	32,649,732
TOTAL NET POSITION	<u>\$ 97,358,593</u>	<u>\$ 105,668,923</u>	<u>\$ 203,027,516</u>

See accompanying notes.

**CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,513,163	\$ 391,056	\$ 81,805	\$ -	\$ (1,040,302)	\$ -	\$ (1,040,302)
Public Safety	3,853,006	1,563,841	124,477	-	(2,164,688)	-	(2,164,688)
Public Works	5,376,826	60,485	250,869	17,900,192	12,834,720	-	12,834,720
Parks and Recreation	848,199	1,094,429	36,500	-	282,730	-	282,730
Economic Development	7,074	-	48,811	-	41,737	-	41,737
Interest and Other Charges	881,870	-	-	-	(881,870)	-	(881,870)
Total Governmental Activities	12,480,138	3,109,811	542,462	17,900,192	9,072,327	-	9,072,327
Business-Type Activities:							
Water	3,946,949	1,522,996	-	8,270,173	-	5,846,220	5,846,220
Sewer	2,996,505	876,248	100,000	4,970,000	-	2,949,743	2,949,743
Storm Sewer	1,185,064	673,538	-	3,998,665	-	3,487,139	3,487,139
Total Business-Type Activities	8,128,518	3,072,782	100,000	17,238,838	-	12,283,102	12,283,102
TOTALS	<u>\$ 20,608,656</u>	<u>\$ 6,182,593</u>	<u>\$ 642,462</u>	<u>\$ 35,139,030</u>	9,072,327	12,283,102	21,355,429
General Revenues:							
Property Taxes					8,905,064	-	8,905,064
Franchise Taxes					86,955	-	86,955
Intergovernmental					102,914	10,470	113,384
Investment Earnings (Losses)					1,050,711	704,216	1,754,927
Gain (Loss) on Sale of Assets					108,120	-	108,120
Miscellaneous					8,079	-	8,079
Total General Revenues					10,261,843	714,686	10,976,529
CHANGE IN NET POSITION					19,334,170	12,997,788	32,331,958
NET POSITION - BEGINNING OF YEAR					78,024,423	92,671,135	170,695,558
NET POSITION - END OF YEAR					<u>\$ 97,358,593</u>	<u>\$ 105,668,923</u>	<u>\$ 203,027,516</u>

**CITY OF LAKE ELMO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

			Capital Project Funds			
			2024 Street & Utility Improvement Fund	Hudson Blvd Imp- Seg A-InwdHdrrx Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Fund	Fund	Funds	Funds
ASSETS						
Cash, Cash Equivalents, and Investments	\$ 12,115,282	\$ 5,657,531	\$ 473,134	\$ 2,075,949	\$ 8,209,971	\$ 28,531,867
Property Taxes Receivable	107,450	-	-	-	-	107,450
Assessments Receivable	66,113	3,767,197	-	-	19,809	3,853,119
Accounts Receivable	4,063	-	-	-	32,110	36,173
Interest Receivable	42,437	14,571	31	2,539	31,372	90,950
Due from Other Governments	5,004	-	-	-	-	5,004
Due from Other Funds	920,627	-	-	-	-	920,627
Leases Receivable	1,568,508	-	-	-	-	1,568,508
TOTAL ASSETS	\$ 14,829,484	\$ 9,439,299	\$ 473,165	\$ 2,078,488	\$ 8,293,262	\$ 35,113,698
LIABILITIES						
Accounts Payable	\$ 283,913	\$ -	\$ 104,727	\$ 772,848	\$ 78,528	\$ 1,240,016
Salaries Payable	48,346	-	-	-	-	48,346
Payroll Deductions and Employer Contributions	25,391	-	-	-	-	25,391
Construction Contracts Payable	-	-	-	86,459	233,625	320,084
Deposits Payable	2,509,232	-	-	-	-	2,509,232
Due to Other Funds	-	-	-	-	920,627	920,627
Unearned Revenue	68,300	-	-	-	250,000	318,300
Total Liabilities	2,935,182	-	104,727	859,307	1,482,780	5,381,996
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Property Taxes	56,052	-	-	-	-	56,052
Special Assessments	66,113	3,761,106	-	-	19,808	3,847,027
Leases	1,447,565	-	-	-	-	1,447,565
Total Deferred Inflows of Resources	1,569,730	3,761,106	-	-	19,808	5,350,644

CITY OF LAKE ELMO, MINNESOTA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

			Capital Project Funds			
			2024 Street & Utility Improvement Fund	Hudson Blvd Imp- Seg A-InwdHdx Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund				
FUND BALANCES						
Restricted	\$ -	\$ 5,678,193	\$ 368,438	\$ 1,219,181	\$ 5,387,629	\$ 12,653,441
Committed	-	-	-	-	27,239	27,239
Assigned	-	-	-	-	2,363,472	2,363,472
Unassigned	10,324,572	-	-	-	(987,666)	9,336,906
Total Fund Balances	<u>10,324,572</u>	<u>5,678,193</u>	<u>368,438</u>	<u>1,219,181</u>	<u>6,790,674</u>	<u>24,381,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 14,829,484</u>	<u>\$ 9,439,299</u>	<u>\$ 473,165</u>	<u>\$ 2,078,488</u>	<u>\$ 8,293,262</u>	<u>\$ 35,113,698</u>

**CITY OF LAKE ELMO, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balances - Governmental Funds \$ 24,381,058

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 the governmental funds:

Capital Assets	\$ 129,550,071	
Accumulated Depreciation	<u>(24,743,461)</u>	
Capital Assets (Net)		104,806,610

Long-term liabilities are not due and payable in the current period and, therefore,
are not reported as liabilities in the governmental funds Balance Sheet:

Bond Principal Payable	(32,915,000)	
Bond Premium, Net of Accumulated Amortization	(1,534,390)	
Compensated Absences	<u>(191,197)</u>	
		(34,640,587)

The net OPEB liability represents the present value of projected unfunded future
postemployment benefits other than pensions, as determined by an actuary as
of the most recent measurement date. Such liability and related balances do not
represent the impending use of current financial resources and, therefore, are
not reported in the governmental funds:

Net OPEB Liability		(47,176)
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The net pension asset/liability and related deferred outflows/inflows represent
the allocation of pension obligations to the City. Such balances are not reported
in the governmental funds:

Net Pension Asset	656,675	
Net Pension Liability	(1,220,071)	
Deferred Outflows - Pensions	1,209,375	
Deferred Inflows - Pensions	<u>(1,261,384)</u>	
		(615,405)

Interest on long-term debt is recognized as an expenditure when due and payable
in the governmental funds. Therefore, interest is not accrued in the governmental
funds Balance Sheet, but is accrued in the Statement of Net Position:

(428,986)

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

Property Taxes Receivable	56,052	
Special Assessments Receivable	<u>3,847,027</u>	
		<u>3,903,079</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 97,358,593</u>
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CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Capital Project Funds				Formerly Major Funds			
			2024 Street &					
	General Fund	Debt Service Fund	Utility Improvement Fund	Hudson Blvd Imp-Seg A-InwdHdrrx Fund	City Hall / Fire Station Bldg Project Fund	2023 Street Improvements Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 5,977,668	\$ 2,923,830	\$ -	\$ -			\$ -	\$ 8,901,498
Franchise Taxes	86,955	-	-	-			-	86,955
Special Assessments	-	1,114,353	-	-			1,160	1,115,513
Licenses, Permits, and Fees	1,020,801	-	-	-			-	1,020,801
Intergovernmental	500,860	-	-	1,436,000			390,044	2,326,904
Charges for Services	912,893	-	-	-			1,094,429	2,007,322
Fines	55,286	-	-	-			-	55,286
Investment Earnings (Losses)	444,440	149,678	205	17,041			375,534	986,898
Lease Interest	63,813	-	-	-			-	63,813
Miscellaneous	84,046	-	-	-			23,559	107,605
TOTAL REVENUES	<u>9,146,762</u>	<u>4,187,861</u>	<u>205</u>	<u>1,453,041</u>			<u>1,884,726</u>	<u>16,672,595</u>
EXPENDITURES								
Current:								
General Government	1,437,156	-	-	-			-	1,437,156
Public Safety	3,749,563	-	-	-			-	3,749,563
Public Works	1,069,092	-	530	296			431,554	1,501,472
Parks and Recreation	492,788	-	-	-			-	492,788
Economic Development	-	7,035	-	-			39	7,074
Capital Outlay	88,888	-	1,924,908	2,031,217			2,703,050	6,748,063
Debt Service:								
Principal	-	2,705,000	-	-			-	2,705,000
Interest and Other Charges	-	916,406	38,924	26,293			8,690	990,313
TOTAL EXPENDITURES	<u>6,837,487</u>	<u>3,628,441</u>	<u>1,964,362</u>	<u>2,057,806</u>			<u>3,143,333</u>	<u>17,631,429</u>
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	2,309,275	559,420	(1,964,157)	(604,765)			(1,258,607)	(958,834)

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Capital Project Funds				Formerly Major Funds			
			2024 Street & Utility Improvement Fund	Hudson Blvd Imp- Seg A-InwdHdrrx Fund	City Hall / Fire Station Bldg Project Fund	2023 Street Improvements Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund						
OTHER FINANCING SOURCES (USES)								
Sale of Assets	\$ -	\$ -	\$ -	\$ -			\$ 109,573	\$ 109,573
Bond Issuance	-	92,061	2,201,722	1,730,226			170,991	4,195,000
Premium on Bond Issuance	-	-	187,755	147,547			14,581	349,883
Transfers In	67,910	-	-	-			1,473,193	1,541,103
Transfers Out	(973,193)	-	-	-			(567,910)	(1,541,103)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(905,283)</u>	<u>92,061</u>	<u>2,389,477</u>	<u>1,877,773</u>			<u>1,200,428</u>	<u>4,654,456</u>
NET CHANGE IN FUND BALANCES	1,403,992	651,481	425,320	1,273,008			(58,179)	3,695,622
FUND BALANCES - BEGINNING (As Previously Reported)	8,920,580	5,026,712	-	-	1,448,996	287,830	5,001,318	20,685,436
ADJUSTMENTS AND RESTATEMENTS								
Adjustment - Change in Major Funds	-	-	(56,882)	(53,827)	(1,448,996)	(287,830)	1,847,535	-
FUND BALANCES - BEGINNING (As Adjusted)	<u>8,920,580</u>	<u>5,026,712</u>	<u>(56,882)</u>	<u>(53,827)</u>	<u>-</u>	<u>-</u>	<u>6,848,853</u>	<u>20,685,436</u>
FUND BALANCES - ENDING	<u>\$ 10,324,572</u>	<u>\$ 5,678,193</u>	<u>\$ 368,438</u>	<u>\$ 1,219,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,790,674</u>	<u>\$ 24,381,058</u>

CITY OF LAKE ELMO, MINNESOTA
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 3,695,622

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital Outlay Capitalized - Capital Assets	\$ 6,474,992	
Depreciation Expense	(4,161,486)	
Capital Assets Acquired via Trade-in	5,000	
Capital Assets Acquired via Developers	14,841,351	
Loss on Disposal of Assets	<u>(6,453)</u>	
		17,153,404

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts below detail the effects of these differences in the treatment of long-term debt and related items:

Bond Principal Repayments	2,705,000	
Bond Issuance	(4,195,000)	
Premium on Bond Issuance	(349,883)	
Amortization of Bond Premium	<u>137,458</u>	
		(1,702,425)

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due:

(29,015)

Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period:

Property Taxes	3,566	
Special Assessments	<u>170,773</u>	
		174,339

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated Absences		(81,082)
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Certain liabilities do not represent the impending use of current resources. Therefore, the change in such liabilities and related deferrals are not reported in the governmental funds:

Net OPEB Liability and Deferred Outflows/Inflows of Resources	18,598	
Net Pension Asset/Liability and Deferred Outflows/Inflows of Resources	<u>104,729</u>	
		<u>123,327</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 19,334,170</u>
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CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Water Fund	Sewer Fund	Storm Sewer Fund	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 4,185,778	\$ 11,958,161	\$ 1,432,749	\$ 17,576,688
Assessments Receivable	61,263	333,160	22,532	416,955
Accounts Receivable	301,106	223,955	345,491	870,552
Interest Receivable	17,420	42,363	5,193	64,976
Due from Other Governments	1,325,327	-	-	1,325,327
Total Current Assets	5,890,894	12,557,639	1,805,965	20,254,498
Noncurrent Assets:				
Capital Assets Not Being Depreciated/Amortized	4,258,682	21,880	-	4,280,562
Capital Assets Being Depreciated/Amortized (Net)	59,689,860	27,504,356	18,608,786	105,803,002
Assessments Receivable	392,733	4,127,204	1,415	4,521,352
Total Noncurrent Assets	64,341,275	31,653,440	18,610,201	114,604,916
TOTAL ASSETS	70,232,169	44,211,079	20,416,166	134,859,414
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	45,461	18,553	9,502	73,516
LIABILITIES				
Current Liabilities:				
Accounts Payable	434,477	28,951	1,526	464,954
Salaries Payable	11,177	6,369	12,395	29,941
Due to Other Governments	-	50,488	-	50,488
Unearned Revenue	575,000	-	-	575,000
Accrued Interest	144,531	159,625	18,694	322,850
Compensated Absences	23,979	9,467	5,302	38,748
Bonds Due Within One Year	1,254,872	950,000	220,000	2,424,872
Total Current Liabilities	2,444,036	1,204,900	257,917	3,906,853
Noncurrent Liabilities:				
Compensated Absences	7,993	3,156	1,767	12,916
Bonds Due After One Year	11,242,208	11,908,877	1,798,760	24,949,845
Net OPEB Liability	9,072	3,864	1,880	14,816
Net Pension Liability	141,308	55,592	27,270	224,170
Total Noncurrent Liabilities	11,400,581	11,971,489	1,829,677	25,201,747
TOTAL LIABILITIES	13,844,617	13,176,389	2,087,594	29,108,600
DEFERRED INFLOWS OF RESOURCES				
Pensions	97,963	38,539	18,905	155,407
NET POSITION				
Net Investment in Capital Assets	51,451,462	14,667,359	16,590,026	82,708,847
Unrestricted	4,883,588	16,347,345	1,729,143	22,960,076
TOTAL NET POSITION	<u>\$ 56,335,050</u>	<u>\$ 31,014,704</u>	<u>\$ 18,319,169</u>	<u>\$ 105,668,923</u>

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund	Sewer Fund	Storm Sewer Fund	Totals
OPERATING REVENUES				
Charges for Services	\$ 1,517,017	\$ 869,151	\$ 657,030	\$ 3,043,198
OPERATING EXPENSES				
Wages and Benefits	377,288	221,325	126,124	724,737
Materials and Supplies	196,660	27,097	10,831	234,588
Repairs and Maintenance	63,358	28,864	23,153	115,375
Professional Services	167,667	131,631	58,161	357,459
Insurance	24,606	14,308	4,117	43,031
Utilities	133,870	794,270	957	929,097
Miscellaneous	48,754	26,704	14,135	89,593
Depreciation and Amortization	2,595,622	1,422,605	911,665	4,929,892
TOTAL OPERATING EXPENSES	<u>3,607,825</u>	<u>2,666,804</u>	<u>1,149,143</u>	<u>7,423,772</u>
NET OPERATING INCOME (LOSS)	(2,090,808)	(1,797,653)	(492,113)	(4,380,574)
NONOPERATING INCOME (EXPENSE)				
Intergovernmental	6,600	2,596	1,274	10,470
Investment Earnings (Losses)	191,005	457,855	55,356	704,216
Miscellaneous	5,979	107,097	16,508	129,584
Interest and Other Charges	(339,124)	(329,701)	(35,921)	(704,746)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(135,540)</u>	<u>237,847</u>	<u>37,217</u>	<u>139,524</u>
CHANGE IN NET POSITION PRIOR TO CONTRIBUTIONS AND TRANSFERS	(2,226,348)	(1,559,806)	(454,896)	(4,241,050)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions:				
Capital Contributions from Private Sources	3,608,962	3,230,468	3,998,524	10,837,954
Special Assessments	10,552	158,632	141	169,325
Intergovernmental	2,991,659	-	-	2,991,659
Connection Fees	1,659,000	1,580,900	-	3,239,900
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>8,270,173</u>	<u>4,970,000</u>	<u>3,998,665</u>	<u>17,238,838</u>
CHANGE IN NET POSITION	6,043,825	3,410,194	3,543,769	12,997,788
NET POSITION - BEGINNING OF YEAR	<u>50,291,225</u>	<u>27,604,510</u>	<u>14,775,400</u>	<u>92,671,135</u>
NET POSITION - END OF YEAR	<u>\$ 56,335,050</u>	<u>\$ 31,014,704</u>	<u>\$ 18,319,169</u>	<u>\$ 105,668,923</u>

**CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Fund	Sewer Fund	Storm Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,442,722	\$ 821,327	\$ 606,186	\$ 2,870,235
Cash Paid to Suppliers	(518,791)	(1,032,154)	(113,549)	(1,664,494)
Cash Paid to Employees	(447,514)	(248,285)	(128,213)	(824,012)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	476,417	(459,112)	364,424	381,729
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and Intergovernmental	6,600	2,596	1,274	10,470
Other Receipts from Customers	5,979	107,098	16,508	129,585
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	12,579	109,694	17,782	140,055
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection Fees	1,529,800	1,444,100	-	2,973,900
Special Assessments	212,886	669,148	40,836	922,870
Intergovernmental and Other	1,348,274	-	-	1,348,274
Purchases of Capital Assets	(4,332,455)	(523,301)	(202,361)	(5,058,117)
Payments on Bond Principal	(1,150,000)	(950,000)	(215,000)	(2,315,000)
Payments on Subscription Liabilities	(4,235)	-	-	(4,235)
Proceeds from Debt Issuance	499,270	-	-	499,270
Cash Paid for Interest and Other Charges	(384,994)	(397,494)	(43,737)	(826,225)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,281,454)	242,453	(420,262)	(2,459,263)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	185,759	444,008	53,533	683,300
Net Change in Cash and Cash Equivalents	(1,606,699)	337,043	15,477	(1,254,179)
Cash and Cash Equivalents - Beginning of Year	5,792,477	11,621,118	1,417,272	18,830,867
Cash and Cash Equivalents - End of Year	\$ 4,185,778	\$ 11,958,161	\$ 1,432,749	\$ 17,576,688

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund	Sewer Fund	Storm Sewer Fund	Totals
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ (2,090,808)	\$ (1,797,653)	\$ (492,113)	\$ (4,380,574)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	2,595,622	1,422,605	911,665	4,929,892
Changes in Assets, Liabilities, and Deferrals:				
Accounts Receivable	(48,513)	(29,768)	(29,483)	(107,764)
Special Assessments	(25,782)	(18,056)	(21,361)	(65,199)
Accounts Payable	116,124	(9,013)	(2,195)	104,916
Due to Other Governments	-	(267)	-	(267)
Salaries Payable	(15,661)	(6,691)	6,004	(16,348)
Compensated Absences	5,932	4,055	3,386	13,373
Net OPEB Liability	(6,258)	(1,439)	(838)	(8,535)
Net Pension Liability	(90,280)	(36,471)	(17,120)	(143,871)
Deferred Outflows of Resources - Pensions	27,634	10,648	4,740	43,022
Deferred Inflows of Resources - Pensions	8,407	2,938	1,739	13,084
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 476,417</u>	<u>\$ (459,112)</u>	<u>\$ 364,424</u>	<u>\$ 381,729</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contribution of Capital Assets from Private Sources	<u>\$ 3,608,962</u>	<u>\$ 3,230,468</u>	<u>\$ 3,998,524</u>	<u>\$ 10,837,954</u>
Change in Capital Assets Due To Changes in Related Payables	<u>\$ (272,612)</u>	<u>\$ (85,155)</u>	<u>\$ -</u>	<u>\$ (357,767)</u>
Right-Of-Use Capital Assets Acquired via IT Subscription Arrangement	<u>\$ 92,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,653</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lake Elmo (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The City has a mayor-council form of government that is governed by an elected mayor and four-member council. The City provides the following services: water, sewer, and storm sewer utilities, recreation, public improvements, public safety, planning and zoning, and general administrative services.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the primary governmental unit of the City of Lake Elmo, Minnesota.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has the following blended component unit:

Economic Development Authority of the City of Lake Elmo

The Economic Development Authority (EDA) of Lake Elmo is an entity legally separate from the City. The EDA provides services solely to the City of Lake Elmo and the City Council appoints the EDA's board members. Therefore, the EDA has been reported as a blended component unit of the City. The EDA does not issue its own separate financial statements.

The financial activity of the Authority is performed by the City of Lake Elmo and treated as routine City business.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Affiliated Organizations

The Lake Elmo Firefighters Relief Association (the Association) is organized as a non-profit organization, legally separate from the City, to provide pension and other benefits to its members in accordance with Minnesota Statutes. Its board of directors is appointed by the membership of the Association and not by the City Council and the Association issues its own set of financial statements. All funding is conducted in accordance with applicable Minnesota Statutes, whereby State aids flow to the Association, and the Association pays benefits directly to its members. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity. The City's portion of the costs of the Association's pension benefits is included in the general fund under public safety.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds (of which the City has none). The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by proprietary funds. Ad valorem taxes and special assessments are used for the payment of principal and interest on the City's indebtedness.

The *2024 Street & Utility Improvement Fund* is a capital project fund used to account for financial resources related to the street & utility improvement project that initiated in 2023.

The *Hudson Blvd Imp-Seg A-InwdHdrrx Fund* is a capital project fund used to account for financial resources related to the Hudson Blvd. improvement project that initiated in 2023.

The City reports the following major proprietary funds:

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

The *Sewer Fund* accounts for revenues and costs associated with the City's sewer system.

The *Storm Sewer Fund* accounts for costs associated with the City's storm sewer system. These costs are financed by the storm sewer surcharge.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

The City reports the following nonmajor governmental fund types:

The *Special Revenue Funds* account for funds received by the City with a specific purpose.

The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of capital projects (other than those financed by proprietary funds).

Changes in Financial Reporting Entity

The following funds were reported as major funds in the prior year, but shifted to a nonmajor fund presentation during the year ended December 31, 2024:

- City Hall / Fire Station Bldg Project Fund
- 2023 Street Improvements Fund

Additionally, the 2024 Street & Utility Improvement and Hudson Blvd Imp-Seg A-InwdHdrr Funds were presented as nonmajor funds in the prior year, but have now met the requirements for major fund presentation.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the *economic resources* measurement focus as defined in the second bullet point below. In the fund financial statements, the *current financial resources* measurement focus or the *economic resources* measurement focus is used as appropriate:

- All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.
- The government-wide financial statements and proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the *accrual* basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

In the fund financial statements, governmental funds are presented on the *modified accrual* basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting.

1.D. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Funds, and occasionally other funds. The appropriated budget is prepared by fund, function, and department. The City of Lake Elmo’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

1.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, deferred outflows, liabilities, and deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statements of Net Position, “cash, cash equivalents, and investments” includes all demand, savings, and money market savings accounts for the City, as well as certain investments discussed below. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand, savings, money market savings accounts, and highly liquid investments. All investments allocated to the Proprietary Funds have original maturities of 90 days or less and are therefore considered to be cash equivalents.

Investments

Investments are stated at their fair value as determined in accordance with the fair value hierarchy. Short-term investments are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Certificates of deposit are stated at cost, plus accrued interest, which approximates fair market value.

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

See Note 2.A. for additional information related to Cash, Cash Equivalents, and Investments.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

(Continued)

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to good and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities, as well as interfund receivables and payables between funds within business-type activities, are eliminated in the Statement of Net Position. See Note 2.E. for details of interfund transactions, including receivables and payables at year-end.

Prepaid Expenditures/Expenses

Prepays, if any, represent expenditures/expenses paid during the current year to be recognized in future periods.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable and not deemed necessary at year end. Major receivable balances for the governmental activities include taxes, special assessments and amount due from other governments. Business-type activities report utility charges and assessments as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, assessments, other intergovernmental revenues, fines, and charges for services since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and assessments compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year end.

Leases Receivable

Lease receivables are determined based on future lease payments to be received under each corresponding lease agreement over the lease term, discounted using the interest rate applied to the leasing arrangement. If not defined in the lease agreement, implicit interest rates are determined based on the estimated incremental borrowing rate. Collections under the leasing arrangements are recorded as a reduction to the corresponding lease receivable, as well as lease interest revenues.

Upon initial execution of lease, a corresponding deferred inflow of resources balance is recorded. This balance is amortized on a straight-line basis over the term of the lease, resulting in the recognition of lease revenues.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of one year.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY
(Continued)

The range of estimated useful lives by type of asset is as follows:

Buildings	10-50 years
Other Improvements	10-20 years
Machinery and Equipment	2-25 years
Infrastructure	5-20 years

Government-wide Statements

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation/amortization reflected in the Statement of Net Position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Accounts Payable

Payables in the governmental and proprietary funds are composed almost entirely of payables to vendors.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (paid) during or upon separation from employment. Based on the criteria, PTO, compensatory leave, and sick leave balances accumulated by City employees qualify for liability recognition as compensated absences. The liability for compensated absences is reported as incurred in the proprietary fund and government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Debt

The accounting treatment of long-term debt and other long-term debt obligations depends on whether the liabilities pertain to governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, but also includes various other obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

(Continued)

Postemployment Benefits Other Than Pensions (OPEB)

Under the provisions of the various employee and union contracts, the City provides health insurance coverage for varying lengths of time if certain age and minimum years of service requirements are met.

Net Pension Asset/Liability

The net pension asset represents the Lake Elmo Firefighters Relief Association's net pension asset as of the most recent actuarial measurement date. The net pension liability represents the City's allocation of its pro-rata share of the net pension liabilities of the Statewide pension plans administered by the Public Employees Retirement Administration (PERA).

PERA

For purposes of measuring the net pension asset and liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This element represents a consumption of net assets that applies to future periods and, therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statements of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net assets that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. A previously discussed, the City reports deferred inflows of resources in both the governmental fund Balance Sheet and the government-wide Statement of Net Position in relation to its leasing activities. The City also reports property taxes and special assessments as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available. In addition, the City reports deferred inflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of pension funds in which City employees participate.

See Notes 3 and 4 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – The portion of net position for which use is constrained by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY
(Continued)

Unrestricted – Remaining balance of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to consider restricted net position to its depletion before unrestricted net position is applied.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned, or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. There are no nonspendable fund balances at December 31, 2024.

Restricted – That portion of fund balance which is not available for appropriation, or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, which is the highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned – Amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated the power to assign fund balances to the City Administrator and/or the Finance Director.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The City strives to maintain a minimum unassigned fund balance in the General Fund of an amount that is not less than 50% to 60% of the next year’s budgeted expenditures of the General Fund.

See Note 2.F. for additional disclosures.

Proprietary Fund Financial Statements

Proprietary fund equity is classified the same as in the government-wide statements, as described on the previous page.

1.G. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

Under state law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Washington County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.G. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

The City certifies its levy to the County each year in December, for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for taxes not received within 60 days after year end in the fund financial statements.

Special Assessments

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

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Within the government-wide financial statements, the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

Program Revenues

Program revenues reported in the government-wide financial statements include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and noncapital financing or investing activities.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.G. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Capital Outlay
	Debt Service
Proprietary Fund - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, as well as all interfund transfers between individual proprietary funds, have been eliminated. See additional information at Note 2.E.

1.H. RECLASSIFICATIONS

Certain amounts from 2023 have been reclassified to conform to the 2024 presentation in the Management's Discussion and Analysis section.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures/expenses.

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100 percent if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States Government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- Time deposits insured by any federal agency.

Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At December 31, 2024, the City's deposits, including certificates of deposit, were not exposed to custodial credit risk. The City's deposits were sufficiently covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

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

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United State of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors for similar debt securities in active markets; equity securities are valued using fair value per share for each fund for identical equity securities in inactive markets. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs for similar certificates in active markets. Securities classified as Level 3 have limited trade information, these securities are priced using the last trade price or estimated using recent trade prices.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment balances at December 31, 2024 are as follows:

Investment Type	S & P's Credit Rating	Fair Value Level	Fair Value	Investment Maturities (in Years)		
				Less Than 1	1 - 5	6 - 10
Money Market Funds	N/A	N/A	\$ 1,157,483	\$ 1,157,483	\$ -	\$ -
U.S. Government Bonds	AA+ to AAA	Level 2	6,258,074	1,032,101	5,225,973	-
Municipal Bonds	A to AAA	Level 2	10,288,535	511,407	7,769,914	2,007,214
Brokered Certificates of Deposit	NR	Level 2	<u>2,036,399</u>	<u>878,369</u>	<u>1,158,030</u>	<u>-</u>
Totals			<u>\$ 19,740,491</u>	<u>\$ 3,579,360</u>	<u>\$ 14,153,917</u>	<u>\$ 2,007,214</u>

The investments of the City are subject to the following risks:

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments. The City's policy to minimize credit risk includes limiting investing funds to those allowable under Minnesota Statute 118A, annually appointing all financial institutions where investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.
- Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy requires its brokers to be licensed with the appropriate federal and state agencies. A minimum capital requirement of \$10,000,000 and at least five years of operation is mandatory. Investments in securities are held by the City's broker-dealers. The securities at each broker-dealer are insured \$500,000 through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts.
- Concentration of Credit Risk is the risk associated with the magnitude of the City's investments (considered five percent or more) in the investments of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policy allows no more than 5 percent of the overall portfolio to be invested in a single issuer, except for the securities of the U.S. Government, or a maximum of 25 percent with any individual counter party in an external investment pool. At December 31, 2024, the City did not have a significant concentration of credit risk.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy states that extended maturities may be utilized to take advantage of higher yields; however no more than 25 percent of total investments should extend beyond five years and in no circumstance should any extend beyond ten years. The City's investment portfolio is structured so that securities mature to meet cash requirements for ongoing operations.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits and Investments Summary

A reconciliation of cash and investments as shown on the Statements of Net Position for the City follows:

Carrying Amount of Deposits	\$ 26,368,064
Investments	<u>19,740,491</u>
 Total	 <u><u>\$ 46,108,555</u></u>
 <i>Government-wide</i>	
Cash, Cash Equivalents, and Investments	 <u><u>\$ 46,108,555</u></u>

2.B. LEASE RECEIVABLES

The City has executed various arrangements under which the City leases property to external parties. A summary of the pertinent terms for these leasing arrangements, as well as the corresponding lease receivables, is presented below:

Governmental Activities

Description	Original Amount	Total Annual Lease Payment	Interest Rate(s)	Maturity Date	Remaining Amount
Wireless Site Lease	\$ 548,874	\$2,500 - \$55,902	5.50%	11/30/2047	\$ 547,901
Wireless Site Lease	696,030	\$27,987 - \$55,425	3.25%	6/30/2043	647,217
Land Lease	400,078	\$21,012 - \$31,847	3.25%	12/31/2043	<u>373,390</u>
Total Governmental Activities Lease Receivables					<u><u>\$ 1,568,508</u></u>

During the year ended December 31, 2024, the City recognized revenues from leasing activities under the arrangements above within governmental activities in the amount of \$155,831.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. CAPITAL ASSETS

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

	Balance at 01/01/24	Additions	Disposals	Transfers	Balance at 12/31/24
<i>Governmental Activities</i>					
Capital Assets not Being					
Depreciated or Amortized					
Land	\$ 3,453,979	\$ -	\$ -	\$ -	\$ 3,453,979
Construction In Progress	<u>18,614,757</u>	<u>5,350,199</u>	<u>-</u>	<u>(21,106,582)</u>	<u>2,858,374</u>
Total Capital Assets not Being					
Depreciated or Amortized	22,068,736	5,350,199	-	(21,106,582)	6,312,353
Capital Assets Being Depreciated					
and Amortized					
Buildings	4,330,670	-	-	14,813,929	19,144,599
Other Improvements	3,621,479	242,023	-	423,064	4,286,566
Machinery and Equipment	10,503,903	887,770	(723,265)	50,056	10,718,464
Infrastructure	<u>68,427,205</u>	<u>14,841,351</u>	<u>-</u>	<u>5,819,533</u>	<u>89,088,089</u>
Total Capital Assets Being					
Depreciated and Amortized	86,883,257	15,971,144	(723,265)	21,106,582	123,237,718
Less: Accumulated Depreciation					
Buildings	(1,516,365)	(90,166)	-	-	(1,606,531)
Other Improvements	(1,529,444)	(136,441)	-	50,056	(1,615,829)
Machinery and Equipment	(3,579,939)	(565,839)	716,812	(50,056)	(3,479,022)
Infrastructure	<u>(14,673,039)</u>	<u>(3,369,040)</u>	<u>-</u>	<u>-</u>	<u>(18,042,079)</u>
Total Accumulated Depreciation	<u>(21,298,787)</u>	<u>(4,161,486)</u>	<u>716,812</u>	<u>-</u>	<u>(24,743,461)</u>
Total Capital Assets Being					
Depreciated and Amortized, Net	<u>65,584,470</u>	<u>11,809,658</u>	<u>(6,453)</u>	<u>21,106,582</u>	<u>98,494,257</u>
Capital Assets, Net	<u>\$ 87,653,206</u>	<u>\$ 17,159,857</u>	<u>\$ (6,453)</u>	<u>\$ -</u>	<u>\$ 104,806,610</u>

Depreciation is charged to governmental activities as follows:

General Government	\$ 18,899
Public Safety	205,720
Public Works	3,785,497
Parks and Recreation	<u>151,370</u>
Total Depreciation Expense	<u>\$ 4,161,486</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. CAPITAL ASSETS (Continued)

	Balance at 01/01/24	Additions	Disposals	Transfers	Balance at 12/31/24
<i>Business-Type Activities</i>					
Capital Assets not Being Depreciated or Amortized					
Land	\$ 3,668,869	\$ -	\$ -	\$ -	\$ 3,668,869
Construction In Progress	11,204,477	3,999,413	-	(14,592,197)	611,693
Total Capital Assets not Being Depreciated or Amortized	14,873,346	3,999,413	-	(14,592,197)	4,280,562
Capital Assets Being Depreciated and Amortized					
Machinery and Equipment	413,699	700,937	-	-	1,114,636
Infrastructure	106,520,024	10,837,955	-	14,592,197	131,950,176
IT Subscription	-	92,653	-	-	92,653
Total Capital Assets Being Depreciated and Amortized	106,933,723	11,631,545	-	14,592,197	133,157,465
Less: Accumulated Depreciation					
Machinery and Equipment	(330,042)	(18,848)	-	-	(348,890)
Infrastructure	(22,094,527)	(4,901,933)	-	-	(26,996,460)
Less: Accumulated Amortization					
IT Subscription	-	(9,113)	-	-	(9,113)
Total Accumulated Depreciation and Amortization	(22,424,569)	(4,929,894)	-	-	(27,354,463)
Total Capital Assets Being Depreciated and Amortized, Net	84,509,154	6,701,651	-	14,592,197	105,803,002
Capital Assets, Net	\$ 99,382,500	\$ 10,701,064	\$ -	\$ -	\$ 110,083,564

2.D. NONCURRENT LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Debt Detail

General Obligation Bonds and Certificates

The City of Lake Elmo issues general obligation bonds and certificates to finance the acquisition and construction of major capital facilities and infrastructure throughout the City. General obligation bonds and certificates have been issued for both activities pertaining to governmental and business-type operations. All bonds are direct obligations of the City and pledge the full faith and credit of the City.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES (Continued)

As of December 31, 2024, the long-term debt of the financial reporting entity, excluding compensated absences payable and the net pension and OPEB liabilities, consists of the following:

Description	Original Issue Amount	Interest Rates	Final Maturity Date	Balance Outstanding
<i>Governmental Activities</i>				
General Obligation Improvement Bonds:				
GO Refunding Bonds, Series 2010B	\$ 1,970,000	1.00 - 3.20%	2025	\$ 190,000
GO Improvement Bonds, Series 2014A	2,850,000	2.00 - 3.50%	2030	930,000
GO Improvement Bonds, Series 2015A	1,620,000	2.00 - 3.00%	2026	325,000
GO Improvement Bonds, Series 2016A	2,690,000	2.00 - 2.00%	2027	855,000
GO Improvement Bonds, Series 2017A	4,565,000	2.50 - 2.50%	2028	1,940,000
GO Improvement Bonds, Series 2019A	2,860,000	2.00 - 3.00%	2035	1,795,000
GO Improvement Bonds, Series 2021A	15,675,000	1.75 - 3.00%	2042	14,195,000
GO Improvement Bonds, Series 2022A	3,895,000	3.00 - 5.00%	2038	3,700,000
GO Improvement Bonds, Series 2023A	3,410,000	4.00 - 5.00%	2034	3,410,000
GO Improvement Bonds, Series 2024A	4,195,000	4.00 - 5.00%	2039	<u>4,195,000</u>
Total General Obligation Improvement Bonds				31,535,000
General Obligation Equipment Certificates:				
GO Equipment Certificates, Series 2018A	940,000	2.70 - 2.70%	2028	450,000
General Obligation Tax Abatement Bonds:				
GO Tax Abatement Bonds, Series 2022A	1,010,000	3.00 - 5.00%	2033	<u>930,000</u>
Total Governmental Activities Debt				<u>\$ 32,915,000</u>
<i>Business-Type Activities</i>				
General Obligation Revenue Bonds:				
GO Refunding Bonds, Series 2012A	\$ 4,035,000	2.00 - 2.50%	2030	\$ 1,940,000
GO Improvement Bonds, Series 2014A	3,385,000	2.00 - 3.50%	2030	1,495,000
GO Improvement Bonds, Series 2015A	1,195,000	2.00 - 3.00%	2031	610,000
GO Improvement Bonds, Series 2016A	6,855,000	2.00 - 2.00%	2032	3,910,000
GO Improvement Bonds, Series 2017A	4,480,000	2.50 - 3.00%	2033	2,880,000
GO Improvement Bonds, Series 2019A	1,195,000	2.00 - 3.00%	2035	925,000
GO Improvement Bonds, Series 2021A	6,310,000	1.75 - 3.00%	2037	5,465,000
GO Improvement Bonds, Series 2022A	7,590,000	3.00 - 5.00%	2037	6,700,000
GO Improvement Bonds, Series 2023A	2,000,000	4.00 - 5.00%	2038	1,875,000
GO Improvement Bonds, Series 2024A	470,000	4.00 - 5.00%	2039	<u>470,000</u>
Total Business-Type Activities - GO Bonds				26,270,000
Subscription Liabilities:				
Sensus Analytics	92,653	8.50%	2029	<u>88,418</u>
Total Business-Type Activities Debt				<u>\$ 26,358,418</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES (Continued)

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities, excluding the net pension and OPEB liabilities, for the year ended December 31, 2024:

Type of Debt	Balance 01/01/24	Additions	Deductions	Balance 12/31/24	Amounts Due Within One Year
<i>Governmental Activities</i>					
G.O. Improvement Bonds	\$ 29,860,000	\$ 4,195,000	\$ (2,520,000)	\$ 31,535,000	\$ 2,770,000
G.O. Equipment Certificates	555,000	-	(105,000)	450,000	110,000
G.O. Tax Abatement Bonds	1,010,000	-	(80,000)	930,000	85,000
Unamortized Bond Premium	1,321,965	349,883	(137,458)	1,534,390	-
Compensated Absences	110,115	81,082	-	191,197	143,398
Total	<u>\$ 32,857,080</u>	<u>\$ 4,625,965</u>	<u>\$ (2,842,458)</u>	<u>\$ 34,640,587</u>	<u>\$ 3,108,398</u>
<i>Business-Type Activities</i>					
G.O. Revenue Bonds	\$ 28,115,000	\$ 470,000	\$ (2,315,000)	\$ 26,270,000	\$ 2,385,000
Unamortized Bond Premium	1,082,925	29,270	(95,896)	1,016,299	-
Subscription Liabilities	-	92,653	(4,235)	88,418	39,872
Compensated Absences	38,291	13,373	-	51,664	38,748
Total	<u>\$ 29,236,216</u>	<u>\$ 605,296</u>	<u>\$ (2,415,131)</u>	<u>\$ 27,426,381</u>	<u>\$ 2,463,620</u>

Governmental activity debt is typically funded through the Debt Service Fund. Business-Type activity debt is typically funded through the Water Fund, Sewer Fund, and Storm Sewer Fund.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2024, the estimated annual debt service requirements to maturity, including principal and interest and excluding compensated absences payable and net pension and OPEB liabilities, are as follows:

Years Ending December 31,	Governmental Activities					
	G.O. Improvement Bonds			G.O. Equipment Certificates		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 2,770,000	\$ 937,681	\$ 3,707,681	\$ 110,000	\$ 10,665	\$ 120,665
2026	2,990,000	854,829	3,844,829	110,000	7,695	117,695
2027	2,920,000	754,775	3,674,775	115,000	4,658	119,658
2028	2,700,000	656,328	3,356,328	115,000	1,552	116,552
2029	2,295,000	565,256	2,860,256	-	-	-
2030-2034	10,505,000	1,688,256	12,193,256	-	-	-
2035-2039	5,520,000	449,101	5,969,101	-	-	-
2040-2042	1,835,000	59,022	1,894,022	-	-	-
Totals	<u>\$ 31,535,000</u>	<u>\$ 5,965,248</u>	<u>\$ 37,500,248</u>	<u>\$ 450,000</u>	<u>\$ 24,570</u>	<u>\$ 474,570</u>

Years Ending December 31,	Governmental Activities			Business-Type Activities		
	G.O. Tax Abatement Bonds			G.O. Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 85,000	\$ 39,575	\$ 124,575	\$ 2,385,000	\$ 758,194	\$ 3,143,194
2026	90,000	35,200	125,200	2,435,000	685,708	3,120,708
2027	95,000	30,575	125,575	2,505,000	610,114	3,115,114
2028	95,000	25,825	120,825	2,590,000	531,226	3,121,226
2029	100,000	20,950	120,950	2,640,000	449,875	3,089,875
2030-2034	465,000	32,975	497,975	10,010,000	1,176,096	11,186,096
2035-2039	-	-	-	3,705,000	194,952	3,899,952
Totals	<u>\$ 930,000</u>	<u>\$ 185,100</u>	<u>\$ 1,115,100</u>	<u>\$ 26,270,000</u>	<u>\$ 4,406,165</u>	<u>\$ 30,676,165</u>

Years Ending December 31,	Business-Type Activities		
	Subscription Liabilities		
	Principal	Interest	Total
2025	\$ 39,872	\$ 4,853	\$ 44,725
2026	14,301	3,520	17,821
2027	16,123	2,233	18,356
2028	18,122	784	18,906
Totals	<u>\$ 88,418</u>	<u>\$ 11,390</u>	<u>\$ 99,808</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES (Continued)

Interest expense totals \$1,716,128 in the Statement of Activities (included in Debt Service, Water, Sewer, and Storm Sewer lines). Interest expenditures total \$897,576 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and \$789,537 in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (included in the line Interest and Other Charges).

2.E. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2024:

Major Funds	Transfers Out	Transfers In		
		Major Fund	Nonmajor Capital Project	Total
		General	Funds	
General	\$ 973,193	\$ -	\$ 973,193	\$ 973,193
Nonmajor Funds				
ARPA	67,910	67,910	-	67,910
Vehicle Acquisition Fund	500,000	-	500,000	500,000
	<u>\$ 1,541,103</u>	<u>\$ 67,910</u>	<u>\$ 1,473,193</u>	<u>\$ 1,541,103</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances at year-end are as follows:

Short-Term Balances		Amount	Purpose
Due To Fund	Due From Fund		
General Fund	CSAH 13 Phase 2 Fund	\$ 48,389	Eliminate negative cash
General Fund	Railroad Crossing Improvements Fund	10,001	Eliminate negative cash
General Fund	Old Village Phases 5 & 6 Fund	272,305	Eliminate negative cash
General Fund	CSAH 15 (Manning Ave) Phase 3 Fund (433)	3,525	Eliminate negative cash
General Fund	CSAH 15 (Manning Ave & 30th Street) Fund	14,113	Eliminate negative cash
General Fund	TH36 Lake Elmo Ave Improvements Fund	11,119	Eliminate negative cash
General Fund	Old Village Phase 7 Fund	44,361	Eliminate negative cash
General Fund	CSAH 15 (Manning Ave) Phase 3 Fund (444)	4,027	Eliminate negative cash
General Fund	30th ST N Cap Segmt Improvement Fund	451,629	Eliminate negative cash
General Fund	2025 Street & Utility Improvements Fund	<u>61,158</u>	Eliminate negative cash
Total Short-Term Interfund Balance		920,627	
Government Fund Elimination		<u>(920,627)</u>	
Government-wide Internal Balances		<u>\$ -</u>	

Interfund balances are to be repaid as cash flows become available.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.F. FUND EQUITY

At December 31, 2024, governmental fund equity consists of the following:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund				
Unassigned	\$ -	\$ -	\$ -	\$ 10,324,572
Debt Service Fund				
Restricted for Debt Service	\$ 5,678,193	\$ -	\$ -	\$ -
2024 Street & Utility Improvement Fund				
Restricted for Capital Improvements	\$ 368,438	\$ -	\$ -	\$ -
Hudson Blvd Imp-Seg A-InwdHdrr Fund				
Restricted for Capital Improvements	\$ 1,219,181	\$ -	\$ -	\$ -
Nonmajor Governmental Funds				
Restricted for Park Improvements	\$ 2,185,344	\$ -	\$ -	\$ -
Restricted for the Development of Ball Parks	1,000,000	-	-	-
Restricted for Heritage Farms Street and Utility Improvements	242,783	-	-	-
Restricted for City Hall/Fire Station Project	1,462,461	-	-	-
Restricted for Tamarack Farm Estates Street Improvements	128,269	-	-	-
Restricted for 2022 Street Improvements	368,772	-	-	-
Committed for Lions Park	-	27,239	-	-
Assigned for Economic Development Authority	-	-	12,853	-
Assigned for Vehicle Acquisition	-	-	697,318	-
Assigned for Infrastructure Reserve	-	-	694,028	-
Assigned for City Facilities	-	-	102,867	-
Assigned for Manning and Hudson Future Stoplight	-	-	27,984	-
Assigned for Manning and Highway 36 Interchange	-	-	2,677	-
Assigned for 2023 Street Improvements	-	-	270,602	-
Assigned for 15th Street N Improvement	-	-	60,277	-
Assigned for Fire Equipment & Projects			346,447	
Assigned for Street Maintenance			148,419	
Unassigned	-	-	-	(987,666)
Total Nonmajor Governmental Funds Balance	<u>\$ 5,387,629</u>	<u>\$ 27,239</u>	<u>\$ 2,363,472</u>	<u>\$ (987,666)</u>

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.F. FUND EQUITY (Continued)

Deficit fund balances in individual funds at December 31, 2024 consist of the following:

Nonmajor Governmental Funds	Fund Deficit
CSAH 13 Phase 2 Fund	\$ (48,389)
Railroad Crossing Improvements Fund	\$ (55,451)
Old Village Phases 5 & 6	\$ (272,542)
CSAH 15 Manning Avenue Phase 3 Fund	\$ (3,525)
CSAH 15 Manning Avenue & 30th Street Fund	\$ (14,113)
TH36 Lake Elmo Avenue Improvements Fund	\$ (11,590)
Old Village Phase 7 Fund	\$ (45,563)
CASH 15 (Manning Ave) Phase 3 Fund	\$ (4,100)
30th St N Gap Segmt Improvement Fund	\$ (470,137)
2025 Street & Utility Improvement Fund	\$ (62,256)

Fund deficits are expected to be recovered through future assessments, tax levies, tax increment, or transfers.

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

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

General Employees Retirement Plan (General Plan)

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

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

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

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

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 five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 percent of the highest average salary for each of the first 10 years of service and 1.70 percent for each additional year. Under the Level formula, General Plan members receive 1.70 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

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

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

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.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were \$164,366. 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 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$123,614. The City's contributions were equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$858,774 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 \$22,206.

City's proportionate share of the net pension liability:	\$858,774
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>22,206</u>
Total	<u>\$880,980</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate 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 0.0232 percent at the end of the measurement period and 0.0212 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$72,275 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$595 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$39,513 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 78,853	\$ -
Changes in actuarial assumptions	4,188	304,296
Difference between projected and actual investment earnings	-	211,857
Changes in proportionate share	117,138	79,200
Contributions paid to PERA subsequent to the measurement date	84,063	-
Total Deferred Outflows/Inflows	\$ 284,242	\$ 595,353

The \$84,063 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2025	\$ (208,701)
2026	\$ (46,267)
2027	\$ (74,387)
2028	\$ (65,819)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$585,467 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 0.0445 percent at the end of the measurement period and 0.0244 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$22,318.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

City's proportionate share of the net pension liability: \$585,467

State of Minnesota's proportionate share of the net pension
liability associated with the City 22,318

Total \$607,785

For the year ended December 31, 2024, the City recognized pension expense of \$130,319 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$2,496 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$12,638 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 152,905	\$ -
Changes in actuarial assumptions	328,931	472,367
Difference between projected and actual investment earnings	-	156,628
Changes in proportionate share	324,395	40,839
Contributions paid to PERA subsequent to the measurement date	<u>62,938</u>	<u>-</u>
Total Deferred Outflows/Inflows	<u>\$ 869,169</u>	<u>\$ 669,834</u>

The \$62,938 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 ended December 31,	Pension Expense
2025	\$ 43,493
2026	\$ 113,498
2027	\$ 251
2028	\$ (92,192)
2029	\$ 71,347

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Aggregate Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024, including the amortization of deferred balances, was negative \$15,577.

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	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	<u>25.00%</u>	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0 percent. The 7.0 percent assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0 percent is within that range.

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

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

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

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

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (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:

- There were no changes made to actuarial assumptions during 2024.

Changes in Plan Provisions:

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

Discount Rate

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

Pension Liability Sensitivity

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

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Sensitivity Analysis					
Net Pension Liability (Asset) at Different Discount Rates					
	General Employees Fund			Police and Fire Fund	
1% Decrease in Discount Rate	6.00%	\$	1,875,700	6.00%	\$ 1,383,574
Current Discount Rate	7.00%	\$	858,774	7.00%	\$ 585,467
1% Increase in Discount Rate	8.00%	\$	22,259	8.00%	\$ (69,945)

Pension Plan Fiduciary Net Position

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

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIREFIGHTERS RELIEF ASSOCIATION

Plan Description

Firefighters of the City of Lake Elmo are members of the Lake Elmo Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of the most recent valuation date, membership includes 19 active participants and 11 inactive members who are entitled to future benefits. The plan issues a stand-alone financial statement.

Benefits Provided

Each member who is at least 50 years of age, has retired from the Lake Elmo Fire Department, has served at least 20 years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of \$5,850 for each year of active Fire Department service. Members electing retirement with at least 10 years of service will be eligible for at least 60 percent of this benefit, increasing by 4 percent for each additional year of service up to 20 years.

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum \$5,850 for each year the member was an active member of the City of Lake Elmo Fire Department. A death benefit is also available, which is payable to a survivor.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if State tax law is modified to exclude lump sum distributions from State income tax. The Association qualifies for these benefits.

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 10-year period. The significant actuarial assumptions used to compute the municipal support are specified in Minnesota Statutes. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations).

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIREFIGHTERS RELIEF ASSOCIATION (Continued)

The plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$145,484 in fire state aid, which the City remitted to the Relief Association during the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City did not have a statutorily-required contribution to the plan for the year ended December 31, 2024.

Pension Costs

At December 31, 2024, the City of Lake Elmo reported a net pension asset of \$656,675 for the Firefighters Relief Association's plan. The net pension asset was measured as of December 31, 2023, as determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2024, the City recognized pension expense of negative \$148,544 for the Association. The City also recognized \$118,613, as pension expense (and grant revenue) for State of Minnesota's contributions to the Association during the measurement period.

The following table presents the changes in net pension asset during the measurement period.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance 12/31/22	\$ 708,203	\$ 1,273,445	\$ (565,242)
Service Cost	39,919	-	39,919
Interest on Pension Liability	41,648	-	41,648
Projected Investment Earnings	-	75,039	(75,039)
Contributions (State)	-	118,613	(118,613)
Asset (Gain)/Loss	-	(12,802)	12,802
Benefit Payouts	(47,604)	(47,604)	-
Administrative Fee	-	(7,850)	7,850
Net Changes	<u>33,963</u>	<u>125,396</u>	<u>(91,433)</u>
Balance End of Year 12/31/23	<u>\$ 742,166</u>	<u>\$ 1,398,841</u>	<u>\$ (656,675)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 140,050
Changes in actuarial assumptions	5,248	11,554
Difference between projected and actual investment earnings	<u>124,232</u>	<u>-</u>
Total Deferred Outflows/Inflows	<u>\$ 129,480</u>	<u>\$ 151,604</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIREFIGHTERS RELIEF ASSOCIATION (Continued)

Amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2025	\$ (2,109)
2026	\$ 9,793
2027	\$ 22,692
2028	\$ (17,603)
2029	\$ (17,449)
2030	\$ (17,448)

Actuarial Assumptions

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

Assumptions	Rates
Investment Rate of Return (Discount)	5.75%
Expected Long-Term Rate of Return	5.75%
Salary Increases	2.50%
Interest on Deferred Amounts	0.00%

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

Changes in Plan Provisions:

- There were no changes to plan provisions since the prior valuation.

Changes in Actuarial Assumptions:

- There were no changes to actuarial assumptions since the prior valuation.

Pension Liability Sensitivity

The following presents the City's net pension asset for the Firefighters Relief Association's plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net Pension Asset	\$ (626,641)	\$ (656,675)	\$ (683,882)

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIREFIGHTERS RELIEF ASSOCIATION (Continued)

Plan Investments

Asset Allocation

The long-term expected rate of return on pension plan investments is 5.75 percent. The target allocation and best estimates of geometric real rates of return for each major asset class of the Association's pension fund investments are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	12.00%	2.00%
Fixed Income	28.00%	3.10%
Equities	60.00%	7.90%

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City Hall at 3880 Laverne Avenue North, Lake Elmo, Minnesota 55042.

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City administers a single-employer defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the City's health insurance plan. The OPEB plan has no assets accumulated in a trust that meets the requirements to be netted against OPEB liabilities. As of the most recent actuarial valuation date, there are 27 active employees electing coverage, 3 active employees not electing coverage, and no retirees electing coverage. Benefit and eligibility provisions are established through negotiations between the City and the City's employees. The Plan does not issue a publicly available financial report.

Benefits Provided

At retirement, employees of the City receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group insurance plan. Vesting requirements of three years if hired before July 1, 2010 or five years if hired on or after July 1, 2010 generally apply.

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

Contributions

The City has historically funded these liabilities on a pay-as-you-go basis, in the amounts contractually required to satisfy the benefit terms discussed above. For the year ended December 31, 2024, the City did not make any direct contributions to the plan.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources

At December 31, 2024, the City reported a net OPEB liability of \$61,992 for the City's plan. The net OPEB liability was measured as of December 31, 2023, based on an actuarial valuation as of December 31, 2023.

For the year ended December 31, 2024, the City recognized OPEB expense of negative \$27,133.

In accordance with the Alternative Measurement Method, gains and losses due to experience and assumption changes are recognized immediately. In addition, there were no contributions between the measurement date and reporting date because the City has no retirees and no active employees who were expected to retire during 2024. Therefore, there are no deferred outflows or inflows of resources related to OPEB as of December 31, 2024.

Changes in the Net OPEB Liability

The following table summarizes changes in the net OPEB liability for the year ended December 31, 2024:

Changes in Total OPEB Liability (TOL)	
Balance at January 1st	\$ 89,125
Service Cost	11,395
Interest Cost	3,919
Changes in Assumptions	(56,222)
Differences between Expected and Actual Experience	21,261
Benefit Payments	<u>(7,486)</u>
Balance at December 31st	<u>\$ 61,992</u>

Actuarial Assumptions

The following is a summary of pertinent actuarial assumptions and methods utilized, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
<u>Actuarial Information:</u>	
Valuation Date	December 31, 2023
Measurement Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal level percentage of pay
Actuarial Assets	None
<u>Actuarial Assumptions:</u>	
Discount Rate	3.77%
Inflation	2.50%
Bond Yield	3.77%
Medical Trend Rate	6.90% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.90% in FY2075 and later years
Dental Trend Rate	None

Mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in Plan Provisions:

- There were no changes in plan provisions since the prior valuation.

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bonds rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were added from the 7/1/2023 PERA Police & Fire Plan valuation for new Police & Fire employees.
- The percent of future retirees assumed to elect coverage at retirement changed from 40% to 20% to reflect recent plan experience.

Net OPEB Liability Sensitivity

The following presents the net OPEB liability, calculated using the discount rate disclosed in the preceding section, as well as what the City's net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of Net OPEB Liability at Current Single Discount Rate		
	Rates	Amounts
1% Increase in Discount Rate	4.77%	\$57,130
Current Discount Rate	3.77%	\$61,992
1% Decrease in Discount Rate	2.77%	\$67,360

The following presents the net OPEB liability, calculated using the healthcare cost trend rates disclosed in the preceding section, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Sensitivity of Net OPEB Liability at Current Healthcare Cost Trend Rate	
	Amounts
1% Increase in Healthcare Trend Rates	\$70,342
Current Healthcare Trend Rates	\$61,992
1% Decrease in Healthcare Trend Rates	\$55,122

NOTE 6 OTHER NOTES

6.A. RISK MANAGEMENT

Claims and Judgements

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported. The City's management is not aware of any incurred but not reported claims.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 OTHER NOTES (Continued)

6.B. OTHER EMPLOYEE BENEFITS

The City provides eligible employees future retirement benefits through participation in the Minnesota Deferred Compensation Plan (MNDCP), which is a Section 457 plan administered by the Minnesota State Retirement System. Eligible employees of the City may begin participating in the MNDCP commencing on the date of their employment by electing to have a portion of their pay contributed to the Plan. Certain employees are eligible to receive a City match of employee contributions up to the qualifying amounts set forth in their employment contracts, and there are no vesting requirements related to such contributions. The City's contributions to the plan total \$3,334 for the year ended December 31, 2024.

6.C. COMMITMENTS

During the year, the City entered into various contracts for construction services. At December 31, 2024, remaining commitments related to these projects total \$358,572.

6.D. CONTINGENCIES

The City has received notice from the Minnesota Department of Natural Resources (DNR) indicating that the volume of water being drawn from City wells has exceeded the amount appropriated to the City under the corresponding permit. The City is currently pursuing options for obtaining an increase to this appropriation but may be subject to fines imposed by the DNR. At this time, the range of such fines cannot be reasonably determined.

6.E. SUBSEQUENT EVENTS

Subsequent to year end but prior to the issuance of these financial statements, the City accepted bids for two construction projects, totaling \$2,073,385.

Additionally, the City purchased land for future park lands and ballfields developments in the amount of \$2,930,752. This is partially being funded by a \$2,000,000 interfund loan from the Sewer Fund.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LAKE ELMO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 5,998,212	\$ 5,998,212	\$ 5,977,165	\$ (21,047)
Franchise Taxes	65,000	65,000	86,955	21,955
Gravel Tax	-	-	503	503
Total Taxes	<u>6,063,212</u>	<u>6,063,212</u>	<u>6,064,623</u>	<u>1,411</u>
Licenses and Permits	933,580	933,580	1,020,801	87,221
Intergovernmental Revenue				
State Revenue				
Market Value Credit	-	-	4,651	4,651
Police and Fire Aid	-	-	145,484	145,484
Other State Grants and Aids	216,587	216,587	321,227	104,640
County Revenue				
Other County Grants and Aids	<u>16,756</u>	<u>16,756</u>	<u>29,498</u>	<u>12,742</u>
Total Intergovernmental Revenue	<u>233,343</u>	<u>233,343</u>	<u>500,860</u>	<u>267,517</u>
Charges for Services				
General Government	283,615	283,615	353,936	70,321
Other Public Safety	487,000	487,000	554,104	67,104
Streets and Highways	<u>2,000</u>	<u>2,000</u>	<u>4,853</u>	<u>2,853</u>
Total Charges for Services	<u>772,615</u>	<u>772,615</u>	<u>912,893</u>	<u>140,278</u>
Fines and Forfeitures	30,000	30,000	55,286	25,286
Miscellaneous Revenue				
Investment Earnings (Losses)	80,000	80,000	444,440	364,440
Lease Interest	-	-	63,813	63,813
Refunds and Reimbursements	5,000	5,000	23,702	18,702
Contributions and Donations	11,000	11,000	49,964	38,964
Other Miscellaneous	<u>10,500</u>	<u>10,500</u>	<u>10,380</u>	<u>(120)</u>
Total Miscellaneous Revenue	<u>106,500</u>	<u>106,500</u>	<u>592,299</u>	<u>485,799</u>
TOTAL REVENUES	<u>8,139,250</u>	<u>8,139,250</u>	<u>9,146,762</u>	<u>1,007,512</u>

CITY OF LAKE ELMO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
	Original	Final		
EXPENDITURES				
General Government				
Mayor and Council	\$ 66,121	\$ 66,121	\$ 46,144	\$ (19,977)
Administration and Finance	941,392	940,483	892,505	(47,978)
Other General Government	<u>524,772</u>	<u>521,861</u>	<u>498,507</u>	<u>(23,354)</u>
Total General Government	1,532,285	1,528,465	1,437,156	(91,309)
Public Safety				
Police				
Current	1,310,573	1,308,160	1,305,884	(2,276)
Fire				
Current	1,483,038	1,527,380	1,560,948	33,568
Capital Outlay	65,000	65,000	48,226	(16,774)
Building Inspections				
Current	1,103,590	1,108,812	803,693	(305,119)
Other Public Safety				
Current	<u>69,000</u>	<u>69,000</u>	<u>79,038</u>	<u>10,038</u>
Total Public Safety	4,031,201	4,078,352	3,797,789	(280,563)
Public Works				
Street Maintenance and Storm Sewers	906,959	906,959	892,719	(14,240)
Snow and Ice Removal	97,000	97,000	76,456	(20,544)
Street Engineering	16,000	16,000	34,763	18,763
Street Lighting	65,000	65,000	65,154	154
Capital Outlay - Other	<u>36,500</u>	<u>36,500</u>	<u>40,662</u>	<u>4,162</u>
Total Public Works	1,121,459	1,121,459	1,109,754	(11,705)
Culture and Recreation				
Parks and Recreation				
Current	<u>451,977</u>	<u>486,977</u>	<u>492,788</u>	<u>5,811</u>
TOTAL EXPENDITURES	<u>7,136,922</u>	<u>7,215,253</u>	<u>6,837,487</u>	<u>(377,766)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,002,328	923,997	2,309,275	1,385,278
OTHER FINANCING SOURCES (USES)				
Transfers				
From Other Funds	-	-	67,910	67,910
To Other Funds	<u>(967,328)</u>	<u>(967,328)</u>	<u>(973,193)</u>	<u>(5,865)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(967,328)</u>	<u>(967,328)</u>	<u>(905,283)</u>	<u>62,045</u>
NET CHANGE IN FUND BALANCE	<u>\$ 35,000</u>	<u>\$ (43,331)</u>	1,403,992	<u>\$ 1,447,323</u>
FUND BALANCE - BEGINNING			8,920,580	
FUND BALANCE - ENDING			<u>\$ 10,324,572</u>	

**CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

For the Measurement Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>General Employees Retirement Pension Plan</i>							
2024	0.0232%	\$ 858,774	\$ 22,206	\$ 880,980	\$ 2,013,373	43.8%	89.1%
2023	0.0212%	\$ 1,185,480	\$ 32,703	\$ 1,218,183	\$ 1,728,760	70.5%	83.1%
2022	0.0232%	\$ 1,837,447	\$ 53,688	\$ 1,891,135	\$ 1,776,733	106.4%	76.7%
2021	0.0202%	\$ 862,631	\$ 26,322	\$ 888,953	\$ 1,456,866	61.0%	87.0%
2020	0.0207%	\$ 1,241,060	\$ 38,201	\$ 1,279,261	\$ 1,476,621	86.6%	79.1%
2019	0.0193%	\$ 1,067,054	\$ 33,165	\$ 1,100,219	\$ 1,364,625	80.6%	80.2%
2018	0.0191%	\$ 1,059,590	\$ 34,710	\$ 1,094,300	\$ 1,283,088	85.3%	79.5%
2017	0.0189%	\$ 1,206,564	\$ 15,173	\$ 1,221,737	\$ 1,209,466	101.0%	75.9%
2016	0.0159%	\$ 1,291,001	\$ 16,853	\$ 1,307,854	\$ 1,041,540	125.6%	68.9%
2015	0.0169%	\$ 875,846	\$ -	\$ 875,846	\$ 975,250	89.8%	78.2%
<i>Public Employees Police and Fire Pension Plan</i>							
2024	0.0445%	\$ 585,467	\$ 22,318	\$ 607,785	\$ 596,169	101.9%	90.2%
2023	0.0244%	\$ 421,356	\$ 16,984	\$ 438,340	\$ 301,836	145.2%	86.5%
2022	0.0256%	\$ 1,114,011	\$ 48,633	\$ 1,162,644	\$ 292,842	397.0%	70.5%
2021	0.0165%	\$ 127,363	\$ 5,712	\$ 133,075	\$ 194,379	68.5%	93.7%
2020	0.0171%	\$ 225,396	\$ 5,309	\$ 230,705	\$ 194,511	118.6%	87.2%
2019	0.0193%	\$ 205,468	\$ 2,605	\$ 208,073	\$ 203,030	102.5%	89.3%
2018	0.0163%	\$ 173,741	\$ 1,467	\$ 175,208	\$ 172,287	101.7%	88.8%
2017	0.0100%	\$ 135,012	\$ -	\$ 135,012	\$ 105,846	127.6%	85.4%
2016	0.0090%	\$ 361,186	\$ -	\$ 361,186	\$ 87,111	414.6%	63.9%
2015	0.0090%	\$ 102,261	\$ -	\$ 102,261	\$ 86,600	118.1%	86.6%

CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

For the Fiscal Year Ended December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>General Employees Retirement Pension Plan</i>					
2024	\$ 164,366	\$ 164,366	\$ -	\$ 2,191,547	7.5%
2023	\$ 135,093	\$ 135,093	\$ -	\$ 1,801,240	7.5%
2022	\$ 132,383	\$ 132,383	\$ -	\$ 1,765,107	7.5%
2021	\$ 120,362	\$ 120,362	\$ -	\$ 1,609,407	7.5%
2020	\$ 109,289	\$ 109,289	\$ -	\$ 1,457,195	7.5%
2019	\$ 108,779	\$ 108,779	\$ -	\$ 1,450,387	7.5%
2018	\$ 96,960	\$ 96,960	\$ -	\$ 1,294,100	7.5%
2017	\$ 95,794	\$ 95,794	\$ -	\$ 1,276,944	7.5%
2016	\$ 85,649	\$ 85,649	\$ -	\$ 1,141,987	7.5%
2015	\$ 70,582	\$ 70,582	\$ -	\$ 941,092	7.5%
<i>Public Employees Police and Fire Pension Plan</i>					
2024	\$ 123,614	\$ 123,614	\$ -	\$ 698,384	17.7%
2023	\$ 72,744	\$ 72,744	\$ -	\$ 410,983	17.7%
2022	\$ 49,674	\$ 49,674	\$ -	\$ 280,644	17.7%
2021	\$ 47,658	\$ 47,658	\$ -	\$ 269,254	17.7%
2020	\$ 27,492	\$ 27,492	\$ -	\$ 155,365	17.7%
2019	\$ 39,225	\$ 39,225	\$ -	\$ 231,416	16.9%
2018	\$ 30,990	\$ 30,990	\$ -	\$ 191,350	16.2%
2017	\$ 20,327	\$ 20,327	\$ -	\$ 125,475	16.2%
2016	\$ 13,967	\$ 13,967	\$ -	\$ 86,216	16.2%
2015	\$ 14,257	\$ 14,257	\$ -	\$ 88,005	16.2%
<i>Volunteer Fire Relief Association</i>					
2024	\$ -	\$ -	\$ -	N/A	N/A
2023	\$ -	\$ -	\$ -	N/A	N/A
2022	\$ -	\$ -	\$ -	N/A	N/A
2021	\$ -	\$ 76,608	\$ (76,608)	N/A	N/A
2020	\$ -	\$ 69,975	\$ (69,975)	N/A	N/A
2019	\$ -	\$ 65,533	\$ (65,533)	N/A	N/A
2018	\$ -	\$ 61,147	\$ (61,147)	N/A	N/A
2017	\$ -	\$ 59,136	\$ (59,136)	N/A	N/A
2016	\$ -	\$ 61,166	\$ (61,166)	N/A	N/A

CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
FIREFIGHTERS RELIEF ASSOCIATION
LAST TEN YEARS (Presented Prospectively)

	Measurement Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes in Total Pension Liability (TPL)									
Balance at January 1st	\$ 708,203	\$ 864,850	\$ 775,033	\$ 724,844	\$ 898,899	\$ 681,802	\$ 618,531	\$ 588,689	\$ 714,621
Service Cost	39,919	47,844	46,677	38,225	37,293	28,420	27,727	27,579	28,520
Interest on the TPL	41,648	45,031	43,140	39,743	42,177	36,119	35,544	36,976	37,130
Assumption Changes	-	(15,405)	-	-	-	8,730	-	11,690	-
Plan Changes	-	-	-	-	-	325,127	-	-	-
Actuarial Experience (Gains)/Losses	-	(124,184)	-	(27,779)	-	(80,312)	-	(46,403)	-
Benefit Payments	(47,604)	(109,933)	-	-	(253,525)	(100,987)	-	-	(191,582)
Balance at December 31st	<u>\$ 742,166</u>	<u>\$ 708,203</u>	<u>\$ 864,850</u>	<u>\$ 775,033</u>	<u>\$ 724,844</u>	<u>\$ 898,899</u>	<u>\$ 681,802</u>	<u>\$ 618,531</u>	<u>\$ 588,689</u>
Plan Fiduciary Net Position (PFNP)									
Balance at January 1st	\$ 1,273,445	\$ 1,462,205	\$ 1,280,455	\$ 1,097,917	\$ 1,169,306	\$ 1,279,379	\$ 1,075,446	\$ 963,628	\$ 1,155,598
Fire State Aid	118,613	101,778	80,470	76,608	69,975	65,533	61,147	59,136	61,166
Projected Investment Income	75,039	76,145	68,948	118,822	127,902	(61,227)	156,879	70,101	(48,240)
Gain or Loss	(12,802)	(241,246)	47,138	-	-	-	-	-	-
Total Additions	180,850	(63,323)	196,556	195,430	197,877	4,306	218,026	129,237	12,926
Benefit Payments	(47,604)	(109,933)	-	-	(253,525)	(100,987)	-	-	(191,582)
Administrative Expenses	(7,850)	(15,504)	(14,806)	(12,892)	(15,741)	(13,392)	(14,093)	(17,419)	(13,314)
Total Reductions	(55,454)	(125,437)	(14,806)	(12,892)	(269,266)	(114,379)	(14,093)	(17,419)	(204,896)
Balance at December 31st	<u>\$ 1,398,841</u>	<u>\$ 1,273,445</u>	<u>\$ 1,462,205</u>	<u>\$ 1,280,455</u>	<u>\$ 1,097,917</u>	<u>\$ 1,169,306</u>	<u>\$ 1,279,379</u>	<u>\$ 1,075,446</u>	<u>\$ 963,628</u>
Net Pension Liability (Asset) - December 31st	<u>\$ (656,675)</u>	<u>\$ (565,242)</u>	<u>\$ (597,355)</u>	<u>\$ (505,422)</u>	<u>\$ (373,073)</u>	<u>\$ (270,407)</u>	<u>\$ (597,577)</u>	<u>\$ (456,915)</u>	<u>\$ (374,939)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	188.5%	179.8%	169.1%	165.2%	151.5%	130.1%	187.6%	173.9%	163.7%

Note: The schedule is provided prospectively with the City's fiscal year ended December 31, 2016 (December 31, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF CHANGES IN CITY'S NET OPEB LIABILITY
LAST TEN YEARS (Presented Prospectively)

	Measurement Year Ended December 31,						
	2023	2022	2021	2020	2019	2018	2017
Changes in Total OPEB Liability (TOL)							
Balance at January 1st	\$ 89,125	\$ 96,581	\$ 99,789	\$ 79,303	\$ 73,788	\$ 63,930	\$ 51,220
Service Cost	11,395	14,941	15,989	13,859	9,793	9,525	8,200
Interest on the TPL	3,919	1,987	2,300	2,541	3,101	2,431	2,264
Assumption Changes	(56,222)	(17,298)	(4,833)	5,583	6,912	(2,098)	2,246
Differences Between Expected and Actual Experience	21,261	-	(15,088)	-	(14,291)	-	-
Benefit Payments	(7,486)	(7,086)	(1,576)	(1,497)	-	-	-
Balance at December 31st	<u>\$ 61,992</u>	<u>\$ 89,125</u>	<u>\$ 96,581</u>	<u>\$ 99,789</u>	<u>\$ 79,303</u>	<u>\$ 73,788</u>	<u>\$ 63,930</u>
Covered Payroll for Active Members	<u>\$ 2,146,050</u>	<u>\$ 1,996,038</u>	<u>\$ 1,743,100</u>	<u>\$ 1,455,967</u>	<u>\$ 1,831,326</u>	<u>\$ 1,605,997</u>	<u>\$ 1,483,782</u>
Net OPEB Liability / Covered Payroll	2.9%	4.5%	5.5%	6.9%	4.3%	4.6%	4.3%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 (December 31, 2017 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF CITY OPEB CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

For the Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Other Post-Employment Benefits</i>					
2024	\$ -	\$ -	\$ -	\$ 2,210,432	0.00%
2023	\$ -	\$ -	\$ -	\$ 2,146,050	0.00%
2022	\$ -	\$ -	\$ -	\$ 1,996,038	0.00%
2021	\$ -	\$ -	\$ -	\$ 1,743,100	0.00%
2020	\$ -	\$ -	\$ -	\$ 1,455,967	0.00%
2019	\$ -	\$ -	\$ -	\$ 1,831,326	0.00%
2018	\$ -	\$ -	\$ -	\$ 1,605,997	0.00%
2017	\$ -	\$ -	\$ -	\$ 1,483,782	0.00%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – 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 6.50 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent Joint & Survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent Joint & Survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent 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 percent to 3.00 percent, beginning July 1, 2018.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

- Deferred augmentation was changed to 0.00 percent, 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 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 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 annual increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and the inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2015 Changes

Changes in Actuarial Assumptions

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

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 increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND

2024 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (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 result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual State aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

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 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent 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 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

**CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLAN – FIREFIGHTERS RELIEF ASSOCIATION

2023 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2022 Changes

Changes in Actuarial Assumptions

- The discount rate changed from 5.25 percent to 5.75 percent.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2019 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2018 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- The benefit level increased from \$3,400 to \$5,850 for each year of service.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT PLAN

2024 Changes

Changes in Plan Provisions:

- There were no changes in plan provisions since the prior valuation.

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bonds rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were added from the 7/1/2023 PERA Police & Fire Plan valuation for new Police & Fire employees.
- The percent of future retirees assumed to elect coverage at retirement changed from 40% to 20% to reflect recent plan experience.

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2022 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00 percent to 1.84 percent based on updated 20-year municipal bonds rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2019 PERA General Employees Plan valuation to the rates used in the 7/1/2022 valuation.

Changes in Plan Provisions

- Retiree premiums were updated to current levels.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

2020 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71 percent to 2.75 percent 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. In addition, the medical trend rate adjustments to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans was removed because the tax was repealed.
- Medical per capita claims costs were updated to reflect recent experience.
- Salary increase rates were updated from the rates used in the July 1, 2017 PERA General Employees Plan valuation to the rates used in the July 1, 2019 valuation.
- Mortality rates were updated from the RP-2014 tables to the rates used in the July 1, 2019 PERA General Employees Plan actuarial valuation.
- The inflation assumption was changed from 2.75 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

SUPPLEMENTARY INFORMATION

**CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 39,955	\$ 8,170,016	\$ 8,209,971
Assessments Receivable	-	19,809	19,809
Accounts Receivable	-	32,110	32,110
Interest Receivable	137	31,235	31,372
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 40,092</u></u>	<u><u>\$ 8,253,170</u></u>	<u><u>\$ 8,293,262</u></u>
LIABILITIES			
Accounts Payable	\$ -	\$ 78,528	\$ 78,528
Construction Contracts Payable	-	233,625	233,625
Due to Other Funds	-	920,627	920,627
Unearned Revenue	-	250,000	250,000
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	-	1,482,780	1,482,780
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Special Assessments	-	19,808	19,808
FUND BALANCES			
Restricted	-	5,387,629	5,387,629
Committed	27,239	-	27,239
Assigned	12,853	2,350,619	2,363,472
Unassigned	-	(987,666)	(987,666)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>40,092</u>	<u>6,750,582</u>	<u>6,790,674</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 40,092</u></u>	<u><u>\$ 8,253,170</u></u>	<u><u>\$ 8,293,262</u></u>

CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Special Assessments	\$ -	\$ 1,160	\$ 1,160
Intergovernmental	53,489	336,555	390,044
Charges for Services	6,000	1,088,429	1,094,429
Investment Earnings (Losses)	5,235	370,299	375,534
Miscellaneous	-	23,559	23,559
TOTAL REVENUES	<u>64,724</u>	<u>1,820,002</u>	<u>1,884,726</u>
EXPENDITURES			
Current:			
Public Works	-	431,554	431,554
Economic Development	-	39	39
Capital Outlay	-	2,703,050	2,703,050
Debt Service:			
Interest and Other Charges	-	8,690	8,690
TOTAL EXPENDITURES	<u>-</u>	<u>3,143,333</u>	<u>3,143,333</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,724	(1,323,331)	(1,258,607)
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	109,573	109,573
Bond Issuance	-	170,991	170,991
Premium on Bond Issuance	-	14,581	14,581
Transfers In	-	1,473,193	1,473,193
Transfers Out	(67,910)	(500,000)	(567,910)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(67,910)</u>	<u>1,268,338</u>	<u>1,200,428</u>
NET CHANGE IN FUND BALANCES	(3,186)	(54,993)	(58,179)
FUND BALANCES - BEGINNING (As Previously Reported)	43,278	4,958,040	5,001,318
ADJUSTMENTS AND RESTATEMENTS			
Adjustment - Change in Nonmajor Funds	-	1,847,535	1,847,535
FUND BALANCES - BEGINNING (As Adjusted)	<u>43,278</u>	<u>6,805,575</u>	<u>6,848,853</u>
FUND BALANCES - ENDING	<u>\$ 40,092</u>	<u>\$ 6,750,582</u>	<u>\$ 6,790,674</u>

**CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2024**

	Lions Park Sign Program Fund	Economic Development Authority Fund	ARPA Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 27,148	\$ 12,807	\$ -	\$ 39,955
Interest Receivable	<u>91</u>	<u>46</u>	<u>-</u>	<u>137</u>
TOTAL ASSETS	<u>\$ 27,239</u>	<u>\$ 12,853</u>	<u>\$ -</u>	<u>\$ 40,092</u>
FUND BALANCES				
Committed	\$ 27,239	\$ -	\$ -	\$ 27,239
Assigned	<u>-</u>	<u>12,853</u>	<u>-</u>	<u>12,853</u>
TOTAL FUND BALANCES	<u>\$ 27,239</u>	<u>\$ 12,853</u>	<u>\$ -</u>	<u>\$ 40,092</u>

**CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Lions Park Sign Program Fund	Economic Development Authority Fund	ARPA Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 53,489	\$ 53,489
Charges for Services	6,000	-	-	6,000
Investment Earnings (Losses)	905	498	3,832	5,235
TOTAL REVENUES	6,905	498	57,321	64,724
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(67,910)	(67,910)
NET CHANGE IN FUND BALANCES	6,905	498	(10,589)	(3,186)
FUND BALANCES - BEGINNING	20,334	12,355	10,589	43,278
FUND BALANCES - ENDING	<u>\$ 27,239</u>	<u>\$ 12,853</u>	<u>\$ -</u>	<u>\$ 40,092</u>

**CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2024**

	Park Dedication Fund	Vehicle Acquisition Fund	Heritage Farms Street & Utility Improvements Fund	City Hall / Fire Station Bldg Project Fund	Infrastructure Reserve Fund	City Facilities Fund	Manning & Hudson Future Stoplight Fund	CSAH 13 Phase 2 Fund
ASSETS								
Cash, Cash Equivalents, and Investments	\$ 3,174,135	\$ 660,228	\$ 241,906	\$ 1,689,130	\$ 691,549	\$ 102,495	\$ 276,980	\$ -
Assessments Receivable	-	-	-	-	19,809	-	-	-
Accounts Receivable	-	32,110	-	-	-	-	-	-
Interest Receivable	11,209	4,980	877	6,956	2,478	372	1,004	-
TOTAL ASSETS	\$ 3,185,344	\$ 697,318	\$ 242,783	\$ 1,696,086	\$ 713,836	\$ 102,867	\$ 277,984	\$ -
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Contracts Payable	-	-	-	233,625	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	48,389
Unearned Revenue	-	-	-	-	-	-	250,000	-
Total Liabilities	-	-	-	233,625	-	-	250,000	48,389
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue: Special Assessments	-	-	-	-	19,808	-	-	-
FUND BALANCES								
Restricted	3,185,344	-	242,783	1,462,461	-	-	-	-
Assigned	-	697,318	-	-	694,028	102,867	27,984	-
Unassigned	-	-	-	-	-	-	-	(48,389)
Total Fund Balance	3,185,344	697,318	242,783	1,462,461	694,028	102,867	27,984	(48,389)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,185,344	\$ 697,318	\$ 242,783	\$ 1,696,086	\$ 713,836	\$ 102,867	\$ 277,984	\$ -

CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2024

	Railroad Crossing Improvements Fund	Old Village Phases 5 & 6 Fund	CSAH 15 Manning Avenue Phase 3 Fund	Manning & Highway 36 Interchange Fund	Tamarack Farm Estates Street Improvements Fund	CSAH 15 Manning Avenue & 30th Street Fund	TH36 Lake Elmo Avenue Improvements Fund	2022 Street Improvements Fund	Old Village Phase 7 Fund
ASSETS									
Cash, Cash Equivalents, and Investments	\$ -	\$ -	\$ -	\$ 2,667	\$ 127,806	\$ -	\$ -	\$ 367,440	\$ -
Assessments Receivable	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-
Interest Receivable	54	-	-	10	463	-	-	1,332	78
TOTAL ASSETS	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,677</u>	<u>\$ 128,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,772</u>	<u>\$ 78</u>
LIABILITIES									
Accounts Payable	\$ 45,504	\$ 237	\$ -	\$ -	\$ -	\$ -	\$ 471	\$ -	\$ 1,280
Construction Contracts Payable	-	-	-	-	-	-	-	-	-
Due to Other Funds	10,001	272,305	3,525	-	-	14,113	11,119	-	44,361
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	55,505	272,542	3,525	-	-	14,113	11,590	-	45,641
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue: Special Assessments	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted	-	-	-	-	128,269	-	-	368,772	-
Assigned	-	-	-	2,677	-	-	-	-	-
Unassigned	(55,451)	(272,542)	(3,525)	-	-	(14,113)	(11,590)	-	(45,563)
Total Fund Balance	<u>(55,451)</u>	<u>(272,542)</u>	<u>(3,525)</u>	<u>2,677</u>	<u>128,269</u>	<u>(14,113)</u>	<u>(11,590)</u>	<u>368,772</u>	<u>(45,563)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,677</u>	<u>\$ 128,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,772</u>	<u>\$ 78</u>

CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2024

	2023 Street Improvements Fund	CSAH 15 (Manning Ave) Phase 3 Fund	15th Street N Improvement Fund	30th St N Gap Segmt Improvement Fund	Fire Equipment & Project Fund	Street Maintenance Fund	2025 Street & Utility Imprvmts Fund	Stillwater Area Sch Dist Util Fund	Total Nonmajor Capital Project Funds
ASSETS									
Cash, Cash Equivalents, and Investments	\$ 269,387	\$ -	\$ 61,163	\$ -	\$ 356,569	\$ 148,343	\$ -	\$ 218	\$ 8,170,016
Assessments Receivable	-	-	-	-	-	-	-	-	19,809
Accounts Receivable	-	-	-	-	-	-	-	-	32,110
Interest Receivable	1,215	-	-	-	-	207	-	-	31,235
TOTAL ASSETS	<u>\$ 270,602</u>	<u>\$ -</u>	<u>\$ 61,163</u>	<u>\$ -</u>	<u>\$ 356,569</u>	<u>\$ 148,550</u>	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 8,253,170</u>
LIABILITIES									
Accounts Payable	\$ -	\$ 73	\$ 886	\$ 18,508	\$ 10,122	\$ 131	\$ 1,098	\$ 218	\$ 78,528
Construction Contracts Payable	-	-	-	-	-	-	-	-	233,625
Due to Other Funds	-	4,027	-	451,629	-	-	61,158	-	920,627
Unearned Revenue	-	-	-	-	-	-	-	-	250,000
Total Liabilities	-	4,100	886	470,137	10,122	131	62,256	218	1,482,780
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue: Special Assessments	-	-	-	-	-	-	-	-	19,808
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	-	5,387,629
Assigned	270,602	-	60,277	-	346,447	148,419	-	-	2,350,619
Unassigned	-	(4,100)	-	(470,137)	-	-	(62,256)	-	(987,666)
Total Fund Balance	<u>270,602</u>	<u>(4,100)</u>	<u>60,277</u>	<u>(470,137)</u>	<u>346,447</u>	<u>148,419</u>	<u>(62,256)</u>	<u>-</u>	<u>6,750,582</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 270,602</u>	<u>\$ -</u>	<u>\$ 61,163</u>	<u>\$ -</u>	<u>\$ 356,569</u>	<u>\$ 148,550</u>	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 8,253,170</u>

CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Park Dedication Fund	Vehicle Acquisition Fund	Heritage Farms Street & Utility Improvements Fund	City Hall / Fire Station Bldg Project Fund	Infrastructure Reserve Fund	City Facilities Fund	Manning & Hudson Future Stoplight Fund	CSAH 13 Phase 2 Fund
REVENUES								
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ 1,160	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	6,555	-	-	-
Charges for Services	1,088,429	-	-	-	-	-	-	-
Investment Earnings (Losses)	121,183	49,985	9,441	107,584	26,569	3,993	10,789	-
Miscellaneous	-	-	-	-	23,160	-	-	-
TOTAL REVENUES	<u>1,209,612</u>	<u>49,985</u>	<u>9,441</u>	<u>107,584</u>	<u>57,444</u>	<u>3,993</u>	<u>10,789</u>	<u>-</u>
EXPENDITURES								
Current:								
Public Works	-	-	-	-	(13)	-	-	-
Economic Development	-	-	-	-	39	-	-	-
Capital Outlay	448,601	831,695	-	94,119	-	-	-	-
Debt Service:								
Interest and Other Charges	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>448,601</u>	<u>831,695</u>	<u>-</u>	<u>94,119</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	761,011	(781,710)	9,441	13,465	57,418	3,993	10,789	-
OTHER FINANCING SOURCES (USES)								
Sale of Assets	-	109,573	-	-	-	-	-	-
Bond Issuance	-	-	-	-	-	-	-	-
Premium on Bond Issuance	-	-	-	-	-	-	-	-
Transfers In	-	367,329	-	-	-	-	-	-
Transfers Out	-	(500,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(23,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	761,011	(804,808)	9,441	13,465	57,418	3,993	10,789	-
FUND BALANCES- BEGINNING (As Previously Reported)	2,424,333	1,502,126	233,342	-	636,610	98,874	17,195	(48,389)
ADJUSTMENTS AND RESTATEMENTS								
Adjustment - Change in Nonmajor Funds	-	-	-	1,448,996	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>2,424,333</u>	<u>1,502,126</u>	<u>233,342</u>	<u>1,448,996</u>	<u>636,610</u>	<u>98,874</u>	<u>17,195</u>	<u>(48,389)</u>
FUND BALANCES - ENDING	<u>\$ 3,185,344</u>	<u>\$ 697,318</u>	<u>\$ 242,783</u>	<u>\$ 1,462,461</u>	<u>\$ 694,028</u>	<u>\$ 102,867</u>	<u>\$ 27,984</u>	<u>\$ (48,389)</u>

CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Railroad Crossing Improvements Fund	Old Village Phases 5 & 6 Fund	CSAH 15 Manning Avenue Phase 3 Fund	Manning & Highway 36 Interchange Fund	Tamarack Farm Estates Street Improvements Fund	CSAH 15 Manning Avenue & 30th Street Fund	TH36 Lake Elmo Avenue Improvements Fund	2022 Street Improvements Fund	Old Village Phase 7 Fund
REVENUES									
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Investment Earnings (Losses)	1,256	-	-	105	4,986	-	-	14,431	3,575
Miscellaneous	-	-	-	-	-	399	-	-	-
TOTAL REVENUES	<u>1,256</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>4,986</u>	<u>399</u>	<u>-</u>	<u>14,431</u>	<u>3,575</u>
EXPENDITURES									
Current:									
Public Works	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	96,004	14,569	-	-	158	-	5,741	-	68,020
Debt Service:									
Interest and Other Charges	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>96,004</u>	<u>14,569</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>-</u>	<u>5,741</u>	<u>-</u>	<u>68,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(94,748)	(14,569)	-	105	4,828	399	(5,741)	14,431	(64,445)
OTHER FINANCING SOURCES (USES)									
Sale of Assets	-	-	-	-	-	-	-	-	-
Bond Issuance	-	-	-	-	-	-	-	-	-
Premium on Bond Issuance	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(94,748)	(14,569)	-	105	4,828	399	(5,741)	14,431	(64,445)
FUND BALANCES- BEGINNING (As Previously Reported)	39,297	(257,973)	(3,525)	2,572	123,441	(14,512)	(5,849)	354,341	18,882
ADJUSTMENTS AND RESTATEMENTS									
Adjustment - Change in Nonmajor Funds	-	-	-	-	-	-	-	-	-
FUND BALANCE - BEGINNING (As Adjusted)	<u>39,297</u>	<u>(257,973)</u>	<u>(3,525)</u>	<u>2,572</u>	<u>123,441</u>	<u>(14,512)</u>	<u>(5,849)</u>	<u>354,341</u>	<u>18,882</u>
FUND BALANCES - ENDING	<u>\$ (55,451)</u>	<u>\$ (272,542)</u>	<u>\$ (3,525)</u>	<u>\$ 2,677</u>	<u>\$ 128,269</u>	<u>\$ (14,113)</u>	<u>\$ (11,590)</u>	<u>\$ 368,772</u>	<u>\$ (45,563)</u>

CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

				30th St N Gap					Formerly Nonmajor Funds		
	2023 Street	CSAH 15	15th Street N	Segmt	Fire	Street	2025 Street &	Stillwater	2024 Street &	Hudson Blvd	Total Nonmajor
	Improvements	(Manning Ave)	Improvement	Improvement	Equipment &	Maintenance	Utility	Area Sch Dist	Utility	Imp-Seg A-	Capital Project
	Fund	Phase 3 Fund	Fund	Fund	Project Fund	Fund	Imprvmts Fund	Util Fund	Fund	InwdHdrr Fund	Funds
REVENUES											
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ 1,160
Intergovernmental	-	-	330,000	-	-	-	-	-			336,555
Charges for Services	-	-	-	-	-	-	-	-			1,088,429
Investment Earnings (Losses)	15,013	-	-	-	-	1,389	-	-			370,299
Miscellaneous	-	-	-	-	-	-	-	-			23,559
TOTAL REVENUES	<u>15,013</u>	<u>-</u>	<u>330,000</u>	<u>-</u>	<u>-</u>	<u>1,389</u>	<u>-</u>	<u>-</u>			<u>1,820,002</u>
EXPENDITURES											
Current:											
Public Works	17,044	-	536	258	138,085	275,644	-	-			431,554
Economic Development	-	-	-	-	-	-	-	-			39
Capital Outlay	15,197	2,548	421,037	444,447	21,332	177,326	62,256	-			2,703,050
Debt Service:											
Interest and Other Charges	-	-	8,690	-	-	-	-	-			8,690
TOTAL EXPENDITURES	<u>32,241</u>	<u>2,548</u>	<u>430,263</u>	<u>444,705</u>	<u>159,417</u>	<u>452,970</u>	<u>62,256</u>	<u>-</u>			<u>3,143,333</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,228)	(2,548)	(100,263)	(444,705)	(159,417)	(451,581)	(62,256)	-			(1,323,331)
OTHER FINANCING SOURCES (USES)											
Sale of Assets	-	-	-	-	-	-	-	-			109,573
Bond Issuance	-	-	170,991	-	-	-	-	-			170,991
Premium on Bond Issuance	-	-	14,581	-	-	-	-	-			14,581
Transfers In	-	-	-	-	505,864	600,000	-	-			1,473,193
Transfers Out	-	-	-	-	-	-	-	-			(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>185,572</u>	<u>-</u>	<u>505,864</u>	<u>600,000</u>	<u>-</u>	<u>-</u>			<u>1,268,338</u>
NET CHANGE IN FUND BALANCES	(17,228)	(2,548)	85,309	(444,705)	346,447	148,419	(62,256)	-			(54,993)
FUND BALANCES- BEGINNING (As Previously Reported)	-	(1,552)	(25,032)	(25,432)	-	-	-	-	(56,882)	(53,827)	4,958,040
ADJUSTMENTS AND RESTATEMENTS											
Adjustment - Change in Nonmajor Funds	287,830	-	-	-	-	-	-	-	56,882	53,827	1,847,535
FUND BALANCE - BEGINNING (As Adjusted)	<u>287,830</u>	<u>(1,552)</u>	<u>(25,032)</u>	<u>(25,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,805,575</u>
FUND BALANCES - ENDING	<u>\$ 270,602</u>	<u>\$ (4,100)</u>	<u>\$ 60,277</u>	<u>\$ (470,137)</u>	<u>\$ 346,447</u>	<u>\$ 148,419</u>	<u>\$ (62,256)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,750,582</u>

**CITY OF LAKE ELMO, MINNESOTA
SUPPLEMENTAL COMBINING BALANCE SHEET
DEBT SERVICE FUND
DECEMBER 31, 2024**

	2010B GO CIP Bonds Fund	2012B GO Improvement Bonds Fund	2014A GO Improvement Bonds Fund	2015A GO Improvement Bonds Fund	2016A GO Improvement Bonds Fund	2017A GO Improvement Bonds Fund	2019 Improvement Bonds Fund
ASSETS							
Cash, Cash Equivalents, and Investments	\$ 233,168	\$ (22,881)	\$ 883,703	\$ (32,942)	\$ 656,518	\$ (44,065)	\$ 796,060
Assessments Receivable	-	1,066	48,673	121,113	369,903	317,382	191,177
Interest Receivable	<u>478</u>	<u>-</u>	<u>2,952</u>	<u>-</u>	<u>1,886</u>	<u>-</u>	<u>2,295</u>
TOTAL ASSETS	<u>\$ 233,646</u>	<u>\$ (21,815)</u>	<u>\$ 935,328</u>	<u>\$ 88,171</u>	<u>\$ 1,028,307</u>	<u>\$ 273,317</u>	<u>\$ 989,532</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Special Assessments	\$ -	\$ 1,066	\$ 48,385	\$ 120,894	\$ 369,541	\$ 317,335	\$ 190,741
FUND BALANCE							
Restricted	<u>233,646</u>	<u>(22,881)</u>	<u>886,943</u>	<u>(32,723)</u>	<u>658,766</u>	<u>(44,018)</u>	<u>798,791</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 233,646</u>	<u>\$ (21,815)</u>	<u>\$ 935,328</u>	<u>\$ 88,171</u>	<u>\$ 1,028,307</u>	<u>\$ 273,317</u>	<u>\$ 989,532</u>

CITY OF LAKE ELMO, MINNESOTA
SUPPLEMENTAL COMBINING BALANCE SHEET (Continued)
DEBT SERVICE FUND
DECEMBER 31, 2024

	2018A GO Equipment Cert. Bonds Fund	2021A GO Improvement Bonds Fund	2022A GO Improvement Bonds Fund	2023A GO Improvement Bonds Fund	2024A GO Improvement Bonds Fund	Total Debt Service Fund
ASSETS						
Cash, Cash Equivalents, and Investments	\$ 44,154	\$ 1,790,764	\$ 199,509	\$ 650,046	\$ 503,497	\$ 5,657,531
Assessments Receivable	-	1,050,233	260,704	702,722	704,224	3,767,197
Interest Receivable	-	4,621	292	1,586	461	14,571
TOTAL ASSETS	<u>\$ 44,154</u>	<u>\$ 2,845,618</u>	<u>\$ 460,505</u>	<u>\$ 1,354,354</u>	<u>\$ 1,208,182</u>	<u>\$ 9,439,299</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:						
Special Assessments	\$ -	\$ 1,048,847	\$ 259,653	\$ 700,420	\$ 704,224	\$ 3,761,106
FUND BALANCE						
Restricted	<u>44,154</u>	<u>1,796,771</u>	<u>200,852</u>	<u>653,934</u>	<u>503,958</u>	<u>5,678,193</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 44,154</u>	<u>\$ 2,845,618</u>	<u>\$ 460,505</u>	<u>\$ 1,354,354</u>	<u>\$ 1,208,182</u>	<u>\$ 9,439,299</u>

CITY OF LAKE ELMO, MINNESOTA
SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	2010B GO CIP Bonds Fund	2012B GO Improvement Bonds Fund	2014A GO Improvement Bonds Fund	2015A GO Improvement Bonds Fund	2016A GO Improvement Bonds Fund	2017A GO Improvement Bonds Fund	2019 Improvement Bonds Fund
REVENUES							
Property Taxes	\$ 205,884	\$ -	\$ 103,597	\$ -	\$ 187,529	\$ 340,954	\$ 298,661
Special Assessments	-	304	37,400	126,916	75,704	61,319	45,081
Investment Earnings (Losses)	4,977	-	32,813	-	20,737	-	24,594
TOTAL REVENUES	<u>210,861</u>	<u>304</u>	<u>173,810</u>	<u>126,916</u>	<u>283,970</u>	<u>402,273</u>	<u>368,336</u>
EXPENDITURES							
Current:							
Economic Development	-	5	90	56	279	215	127
Debt Service:							
Principal	185,000	-	230,000	155,000	280,000	465,000	285,000
Interest and Other Charges	9,443	-	32,870	10,364	20,395	54,313	52,375
TOTAL EXPENDITURES	<u>194,443</u>	<u>5</u>	<u>262,960</u>	<u>165,420</u>	<u>300,674</u>	<u>519,528</u>	<u>337,502</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,418	299	(89,150)	(38,504)	(16,704)	(117,255)	30,834
OTHER FINANCING SOURCES (USES)							
Bond Issuance	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	16,418	299	(89,150)	(38,504)	(16,704)	(117,255)	30,834
FUND BALANCE - BEGINNING	<u>217,228</u>	<u>(23,180)</u>	<u>976,093</u>	<u>5,781</u>	<u>675,470</u>	<u>73,237</u>	<u>767,957</u>
FUND BALANCE - ENDING	<u>\$ 233,646</u>	<u>\$ (22,881)</u>	<u>\$ 886,943</u>	<u>\$ (32,723)</u>	<u>\$ 658,766</u>	<u>\$ (44,018)</u>	<u>\$ 798,791</u>

CITY OF LAKE ELMO, MINNESOTA
SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (Continued)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	2018A GO Equipment Cert. Bonds Fund	2021A GO Improvement Bonds Fund	2022A GO Improvement Bonds Fund	2023A GO Improvement Bonds Fund	2024A GO Improvement Bonds Fund	Total Debt Service Fund
REVENUES						
Property Taxes	\$ 125,984	\$ 1,025,510	\$ 283,998	\$ 351,713	\$ -	\$ 2,923,830
Special Assessments	-	148,427	49,320	145,730	424,152	1,114,353
Investment Earnings (Losses)	-	47,581	3,687	12,194	3,095	149,678
TOTAL REVENUES	<u>125,984</u>	<u>1,221,518</u>	<u>337,005</u>	<u>509,637</u>	<u>427,247</u>	<u>4,187,861</u>
EXPENDITURES						
Current:						
Economic Development	-	306	117	5,840	-	7,035
Debt Service:						
Principal	105,000	725,000	275,000	-	-	2,705,000
Interest and Other Charges	13,568	336,719	196,938	174,071	15,350	916,406
TOTAL EXPENDITURES	<u>118,568</u>	<u>1,062,025</u>	<u>472,055</u>	<u>179,911</u>	<u>15,350</u>	<u>3,628,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,416	159,493	(135,050)	329,726	411,897	559,420
OTHER FINANCING SOURCES (USES)						
Bond Issuance	-	-	-	-	92,061	92,061
NET CHANGE IN FUND BALANCE	7,416	159,493	(135,050)	329,726	503,958	651,481
FUND BALANCE - BEGINNING	<u>36,738</u>	<u>1,637,278</u>	<u>335,902</u>	<u>324,208</u>	<u>-</u>	<u>5,026,712</u>
FUND BALANCE - ENDING	<u>\$ 44,154</u>	<u>\$ 1,796,771</u>	<u>\$ 200,852</u>	<u>\$ 653,934</u>	<u>\$ 503,958</u>	<u>\$ 5,678,193</u>

CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/24	Issued	Paid	Outstanding Balance 12/31/24	Principal Due Within One Year
GOVERNMENTAL INDEBTEDNESS									
<u>General Obligation Improvement Bonds</u>									
2010B G.O. Refunding Bonds	11/30/2010	1.00 - 3.20%	2/1/2025	\$ 1,970,000	\$ 375,000	\$ -	\$ 185,000	\$ 190,000	\$ 190,000
2014A G.O. Improvement Bonds	7/15/2014	2.00 - 3.50%	1/15/2030	2,850,000	1,160,000	-	230,000	930,000	145,000
2015A G.O. Improvement Bonds	8/13/2015	2.00 - 3.00%	1/15/2026	1,620,000	480,000	-	155,000	325,000	160,000
2016A G.O. Improvement Bonds	6/8/2016	2.00%	1/15/2027	2,690,000	1,135,000	-	280,000	855,000	280,000
2017A G.O. Improvement Bonds	6/8/2017	2.50%	1/15/2028	4,565,000	2,405,000	-	465,000	1,940,000	475,000
2019A G.O. Improvement Bonds	10/24/2019	2.00 - 3.00%	2/1/2035	2,860,000	2,080,000	-	285,000	1,795,000	295,000
2021A G.O. Improvement Bonds	12/7/2021	1.75 - 3.00%	2/1/2042	15,675,000	14,920,000	-	725,000	14,195,000	750,000
2022A G.O. Improvement Bonds	8/16/2022	3.00 - 5.00%	2/1/2038	3,895,000	3,895,000	-	195,000	3,700,000	205,000
2023A G.O. Improvement Bonds	7/6/2023	4.00 - 5.00%	2/1/2034	3,410,000	3,410,000	-	-	3,410,000	270,000
2024A G.O. Improvement Bonds	8/15/2024	4.00 - 5.00%	2/1/2039	4,195,000	-	4,195,000	-	4,195,000	-
				43,730,000	29,860,000	4,195,000	2,520,000	31,535,000	2,770,000
<u>General Obligation Equipment Certificates</u>									
2018A G.O. Equipment Certificates	10/16/2018	2.70%	2/1/2028	940,000	555,000	-	105,000	450,000	110,000
<u>General Obligation Tax Abatement Bonds</u>									
2022A G.O. Tax Abatement Bonds	8/16/2022	3.00 - 5.00%	2/1/2033	1,010,000	1,010,000	-	80,000	930,000	85,000
TOTAL GOVERNMENTAL DEBTS				45,680,000	31,425,000	4,195,000	2,705,000	32,915,000	2,965,000
BUSINESS-TYPE INDEBTEDNESS									
<u>General Obligation Revenue Bonds</u>									
2012A G.O. Water Crossover Refunding Bonds	8/16/2012	2.00 - 2.50%	12/1/2030	4,035,000	2,230,000	-	290,000	1,940,000	310,000
2014A G.O. Improvement Bonds	7/15/2014	2.00 - 3.50%	1/15/2030	3,385,000	1,720,000	-	225,000	1,495,000	235,000
2015A G.O. Improvement Bonds	8/13/2015	2.00 - 3.00%	1/15/2031	1,195,000	690,000	-	80,000	610,000	80,000
2016A G.O. Improvement Bonds	6/8/2016	2.00%	1/15/2032	6,855,000	4,355,000	-	445,000	3,910,000	455,000
2017A G.O. Improvement Bonds	6/8/2017	2.50 - 3.00%	1/15/2033	4,480,000	3,165,000	-	285,000	2,880,000	290,000
2019A G.O. Improvement Bonds	10/24/2019	2.00 - 3.00%	2/1/2035	1,195,000	1,000,000	-	75,000	925,000	75,000
2021A G.O. Improvement Bonds	12/7/2021	1.75 - 3.00%	2/1/2037	6,310,000	5,880,000	-	415,000	5,465,000	420,000
2022A G.O. Improvement Bonds	8/16/2022	3.00 - 5.00%	2/1/2037	7,590,000	7,075,000	-	375,000	6,700,000	390,000
2023A G.O. Improvement Bonds	7/6/2023	4.00 - 5.00%	2/1/2038	2,000,000	2,000,000	-	125,000	1,875,000	100,000
2024A G.O. Improvement Bonds	8/15/2024	4.00 - 5.00%	2/1/2039	470,000	-	470,000	-	470,000	30,000
				37,515,000	28,115,000	470,000	2,315,000	26,270,000	2,385,000
<u>IT Subscriptions</u>									
Sensus Analytics	7/3/2024	8.50%	7/3/2029	92,653	-	92,653	4,235	88,418	39,872
TOTAL BUSINESS-TYPE DEBTS				37,607,653	28,115,000	562,653	2,319,235	26,358,418	2,424,872
TOTAL INDEBTEDNESS				<u>\$ 83,287,653</u>	<u>\$ 59,540,000</u>	<u>\$ 4,757,653</u>	<u>\$ 5,024,235</u>	<u>\$ 59,273,418</u>	<u>\$ 5,389,872</u>

**STATISTICAL SECTION
(UNAUDITED)**

**CITY OF LAKE ELMO, MINNESOTA
STATISTICAL SECTION
(UNAUDITED)**

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

Contents	Pages
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	107-117
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, property taxes, as well as water and sanitary sewer rates and gallons sold.	117-122
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	122-127
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	127-129
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	129-134

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**CITY OF LAKE ELMO, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 71,683,376	\$ 54,209,637	\$ 39,647,112	\$ 34,784,806	\$ 29,694,288
Restricted	15,985,561	11,658,502	12,475,169	10,249,092	8,171,161
Unrestricted	<u>9,689,656</u>	<u>12,156,284</u>	<u>14,362,912</u>	<u>12,101,304</u>	<u>5,284,397</u>
Total Governmental Activities Net Position	<u>\$ 97,358,593</u>	<u>\$ 78,024,423</u>	<u>\$ 66,485,193</u>	<u>\$ 57,135,202</u>	<u>\$ 43,149,846</u>
Business-Type Activities:					
Net Investment in Capital Assets	\$ 82,708,847	\$ 69,826,808	\$ 59,998,083	\$ 53,867,479	\$ 44,371,375
Restricted	-	-	-	-	-
Unrestricted	<u>22,960,076</u>	<u>22,844,327</u>	<u>24,515,239</u>	<u>19,888,783</u>	<u>18,578,807</u>
Total Business-Type Activities Net Position	<u>\$ 105,668,923</u>	<u>\$ 92,671,135</u>	<u>\$ 84,513,322</u>	<u>\$ 73,756,262</u>	<u>\$ 62,950,182</u>
Primary Government:					
Net Investment in Capital Assets	\$ 154,392,223	\$ 124,036,445	\$ 99,645,195	\$ 88,652,285	\$ 74,065,663
Restricted	15,985,561	11,658,502	12,475,169	10,249,092	8,171,161
Unrestricted	<u>32,649,732</u>	<u>35,000,611</u>	<u>38,878,151</u>	<u>31,990,087</u>	<u>23,863,204</u>
Total Primary Government Net Position	<u>\$ 203,027,516</u>	<u>\$ 170,695,558</u>	<u>\$ 150,998,515</u>	<u>\$ 130,891,464</u>	<u>\$ 106,100,028</u>

GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

GASB 75 was implemented in 2018. Net position was restated for 2017 to reflect the reporting of the OPEB liability and OPEB related deferred inflows of resources. Net position for years prior to 2017 was not restated.

GASB 87 was implemented in 2022. Net position for years prior to 2022 was not restated.

CITY OF LAKE ELMO, MINNESOTA
NET POSITION BY COMPONENT (Continued)
LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 24,771,065	\$ 15,396,520	\$ 8,883,320	\$ 9,032,535	\$ 8,723,329
Restricted	8,596,759	10,121,648	5,057,169	4,704,133	3,446,142
Unrestricted	<u>4,231,363</u>	<u>1,086,636</u>	<u>4,818,383</u>	<u>4,136,292</u>	<u>3,942,646</u>
Total Governmental Activities Net Position	<u>\$ 37,599,187</u>	<u>\$ 26,604,804</u>	<u>\$ 18,758,872</u>	<u>\$ 17,872,960</u>	<u>\$ 16,112,117</u>
Business-Type Activities:					
Net Investment in Capital Assets	\$ 33,052,649	\$ 18,382,934	\$ 12,180,378	\$ 12,506,474	\$ 10,170,351
Restricted	-	-	2,695,734	1,473,164	1,876,119
Unrestricted	<u>16,528,968</u>	<u>13,842,382</u>	<u>9,151,417</u>	<u>6,400,375</u>	<u>3,577,285</u>
Total Business-Type Activities Net Position	<u>\$ 49,581,617</u>	<u>\$ 32,225,316</u>	<u>\$ 24,027,529</u>	<u>\$ 20,380,013</u>	<u>\$ 15,623,755</u>
Primary Government:					
Net Investment in Capital Assets	\$ 57,823,714	\$ 33,779,454	\$ 21,063,698	\$ 21,539,009	\$ 18,893,680
Restricted	8,596,759	10,121,648	7,752,903	6,177,297	5,322,261
Unrestricted	<u>20,760,331</u>	<u>14,929,018</u>	<u>13,969,800</u>	<u>10,536,667</u>	<u>7,519,931</u>
Total Primary Government Net Position	<u>\$ 87,180,804</u>	<u>\$ 58,830,120</u>	<u>\$ 42,786,401</u>	<u>\$ 38,252,973</u>	<u>\$ 31,735,872</u>

**CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenses					
Governmental Activities:					
General Government	\$ 1,513,163	\$ 1,220,552	\$ 1,055,405	\$ 1,052,188	\$ 1,008,916
Public Safety	3,853,006	3,228,801	2,939,066	3,091,321	2,681,784
Public Works	5,376,826	4,627,872	4,831,584	3,735,767	4,012,661
Parks and Recreation	848,199	526,835	415,377	391,240	428,083
Economic Development Authority	7,074	-	-	53,264	46,371
Debt Service	881,870	815,944	716,093	353,256	363,988
Total Governmental Activities Expenses	<u>12,480,138</u>	<u>10,420,004</u>	<u>9,957,525</u>	<u>8,677,036</u>	<u>8,541,803</u>
Business-Type Activities:					
Water	3,946,949	3,982,238	3,280,875	2,665,708	2,383,252
Sewer	2,996,505	2,524,280	2,071,858	1,563,008	1,481,586
Storm Sewer	1,185,064	1,057,111	952,799	830,044	753,177
Total Business-Type Activities Expenses	<u>8,128,518</u>	<u>7,563,629</u>	<u>6,305,532</u>	<u>5,058,760</u>	<u>4,618,015</u>
Total Primary Government Expenses	<u>\$ 20,608,656</u>	<u>\$ 17,983,633</u>	<u>\$ 16,263,057</u>	<u>\$ 13,735,796</u>	<u>\$ 13,159,818</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 391,056	\$ 350,081	\$ 409,126	\$ 485,785	\$ 421,792
Public Safety	1,563,841	1,587,586	2,215,965	2,199,655	2,146,319
Public Works	60,485	60,388	58,414	104,817	243,060
Parks and Recreation	1,094,429	282,819	206,340	25	2,812
Economic Development Authority	-	-	24	57,539	87,778
Operating Grants and Contributions	542,462	1,102,707	391,306	279,690	1,039,823
Capital Grants and Contributions	17,900,192	9,895,930	4,783,094	8,981,866	4,823,628
Total Governmental Activities Program Revenues	<u>21,552,465</u>	<u>13,279,511</u>	<u>8,064,269</u>	<u>12,109,377</u>	<u>8,765,212</u>
Business-Type Activities:					
Charges for services:					
Water	1,522,996	2,804,479	3,241,839	1,711,596	1,239,404
Sewer	876,248	1,442,607	1,499,393	549,567	432,583
Storm Sewer	673,538	611,219	543,589	512,624	369,689
Operating Grants and Contributions	100,000	-	-	35,635	21,893
Capital Grants and Contributions	17,238,838	9,838,374	15,257,903	18,326,363	15,636,661
Total Business-Type Activities	<u>20,411,620</u>	<u>14,696,679</u>	<u>20,542,724</u>	<u>21,135,785</u>	<u>17,700,230</u>
Total Primary Government Program Revenues	<u>\$ 41,964,085</u>	<u>\$ 27,976,190</u>	<u>\$ 28,606,993</u>	<u>\$ 33,245,162</u>	<u>\$ 26,465,442</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION (Continued)
LAST TEN YEARS

	2019	2018	2017	2016	2015
Expenses					
Governmental Activities:					
General Government	\$ 1,181,219	\$ 1,266,269	\$ 1,503,251	\$ 1,358,370	\$ 1,134,132
Public Safety	2,058,419	2,161,082	1,528,253	1,308,360	1,344,282
Public Works	3,728,247	2,192,092	2,800,044	1,698,566	1,377,969
Parks and Recreation	361,730	524,445	1,299,551	660,947	639,006
Economic Development Authority	71,609	47,702	-	-	-
Debt Service	395,106	352,376	225,910	178,266	215,611
Total Governmental Activities Expenses	<u>7,796,330</u>	<u>6,543,966</u>	<u>7,357,009</u>	<u>5,204,509</u>	<u>4,711,000</u>
Business-Type Activities:					
Water	1,940,148	2,068,178	2,022,446	1,409,832	1,363,043
Sewer	1,082,997	846,032	1,030,058	380,650	250,866
Storm Sewer	469,765	315,967	213,514	150,302	103,536
Total Business-Type Activities Expenses	<u>3,492,910</u>	<u>3,230,177</u>	<u>3,266,018</u>	<u>1,940,784</u>	<u>1,717,445</u>
Total Primary Government Expenses	<u>\$ 11,289,240</u>	<u>\$ 9,774,143</u>	<u>\$ 10,623,027</u>	<u>\$ 7,145,293</u>	<u>\$ 6,428,445</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 553,870	\$ 379,378	\$ 206,856	\$ 51,009	\$ 42,706
Public Safety	1,574,359	1,938,163	2,101,890	1,752,522	866,708
Public Works	126,721	-	-	-	3,615
Parks and Recreation	1,430	-	-	-	26,214
Economic Development Authority	99,690	78,573	-	-	-
Operating Grants and Contributions	795,483	248,915	229,960	235,214	249,094
Capital Grants and Contributions	11,076,353	4,970,565	2,290,265	1,452,469	2,038,940
Total Governmental Activities Program Revenues	<u>14,227,906</u>	<u>7,615,594</u>	<u>4,828,971</u>	<u>3,491,214</u>	<u>3,227,277</u>
Business-Type Activities:					
Charges for services:					
Water	962,003	951,985	2,628,848	1,801,228	1,850,240
Sewer	306,041	252,614	2,435,749	1,315,948	1,523,067
Storm Sewer	380,645	322,700	289,375	213,233	229,252
Operating Grants and Contributions	122,350	-	-	-	-
Capital Grants and Contributions	14,114,787	7,466,627	1,489,922	3,464,567	-
Total Business-Type Activities	<u>15,885,826</u>	<u>8,993,926</u>	<u>6,843,894</u>	<u>6,794,976</u>	<u>3,602,559</u>
Total Primary Government Program Revenues	<u>\$ 30,113,732</u>	<u>\$ 16,609,520</u>	<u>\$ 11,672,865</u>	<u>\$ 10,286,190</u>	<u>\$ 6,829,836</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION (Continued)
LAST TEN YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net (Expense) Revenue:					
Governmental Activities	\$ 9,072,327	\$ 2,859,507	\$ (1,893,256)	\$ 3,432,341	\$ 223,409
Business-Type Activities	<u>12,283,102</u>	<u>7,133,050</u>	<u>14,237,192</u>	<u>16,077,025</u>	<u>13,082,215</u>
Total Primary Government, net	<u>21,355,429</u>	<u>9,992,557</u>	<u>12,343,936</u>	<u>19,509,366</u>	<u>13,305,624</u>
General Revenues and Other					
Changes in Net Position:					
Governmental Activities:					
General Property Taxes	8,992,019	7,890,915	7,565,922	5,294,950	4,960,342
Unrestricted Grants and Contributions	102,914	246,056	703,388	4,639	4,337
Unrestricted Investment Earnings (Losses)	1,050,711	1,137,908	(380,657)	(13,874)	348,766
Miscellaneous	8,079	46,528	23,384	-	-
Gain (Loss) on Disposal of Capital Assets	108,120	(221,202)	69,985	17,300	13,805
Transfers	<u>-</u>	<u>(420,482)</u>	<u>3,261,225</u>	<u>5,250,000</u>	<u>-</u>
Total Governmental Activities	<u>10,261,843</u>	<u>8,679,723</u>	<u>11,243,247</u>	<u>10,553,015</u>	<u>5,327,250</u>
Business-Type Activities:					
Unrestricted Grants and Contributions	10,470	46	2,146	-	-
Unrestricted Investment Earnings (Losses)	704,216	604,235	(221,053)	(20,945)	286,350
Extraordinary Item	-	-	-	-	-
Transfers	<u>-</u>	<u>420,482</u>	<u>(3,261,225)</u>	<u>(5,250,000)</u>	<u>-</u>
Total Business-Type Activities	<u>714,686</u>	<u>1,024,763</u>	<u>(3,480,132)</u>	<u>(5,270,945)</u>	<u>286,350</u>
Total Primary Government	<u>\$ 10,976,529</u>	<u>\$ 9,704,486</u>	<u>\$ 7,763,115</u>	<u>\$ 5,282,070</u>	<u>\$ 5,613,600</u>
Change in Net Position:					
Governmental Activities	\$ 19,334,170	\$ 11,539,230	\$ 9,349,991	\$ 13,985,356	\$ 5,550,659
Business-Type Activities	<u>12,997,788</u>	<u>8,157,813</u>	<u>10,757,060</u>	<u>10,806,080</u>	<u>13,368,565</u>
Total Primary Government					
Change in Net Position	<u>\$ 32,331,958</u>	<u>\$ 19,697,043</u>	<u>\$ 20,107,051</u>	<u>\$ 24,791,436</u>	<u>\$ 18,919,224</u>

GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

GASB 75 was implemented in 2018. OPEB expense for years prior to 2018 was not restated.

GASB 87 was implemented in 2022. Lease revenue for years prior to 2022 was not restated.

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION (Continued)
LAST TEN YEARS

	2019	2018	2017	2016	2015
Net (Expense) Revenue:					
Governmental Activities	\$ 6,431,576	\$ 1,071,628	\$ (2,528,038)	\$ (1,713,295)	\$ (1,483,723)
Business-Type Activities	<u>12,392,916</u>	<u>5,763,749</u>	<u>3,577,876</u>	<u>4,854,192</u>	<u>1,885,114</u>
Total Primary Government, net	<u>18,824,492</u>	<u>6,835,377</u>	<u>1,049,838</u>	<u>3,140,897</u>	<u>401,391</u>
General Revenues and Other					
Changes in Net Position:					
Governmental Activities:					
General Property Taxes	4,181,914	3,610,106	3,040,413	3,226,739	3,204,119
Unrestricted Grants					
and Contributions	4,956	6,868	2,749	8,584	2,749
Unrestricted Investment					
Earnings (Losses)	331,010	115,583	48,987	43,228	46,589
Miscellaneous	-	-	158,350	52,479	73,738
Gain (Loss) on Disposal of					
Capital Assets	44,927	8,991	-	-	-
Transfers	<u>-</u>	<u>840</u>	<u>-</u>	<u>143,105</u>	<u>220,842</u>
Total Governmental Activities	<u>4,562,807</u>	<u>3,742,388</u>	<u>3,250,499</u>	<u>3,474,135</u>	<u>3,548,037</u>
Business-Type Activities:					
Unrestricted Grants					
and Contributions	-	956	-	748	-
Unrestricted Investment					
Earnings (Losses)	411,206	96,425	46,757	44,423	39,757
Extraordinary Item	4,552,179	-	-	-	-
Transfers	<u>-</u>	<u>(840)</u>	<u>-</u>	<u>(143,105)</u>	<u>(220,842)</u>
Total Business-Type Activities	<u>4,963,385</u>	<u>96,541</u>	<u>46,757</u>	<u>(97,934)</u>	<u>(181,085)</u>
Total Primary Government	<u>\$ 9,526,192</u>	<u>\$ 3,838,929</u>	<u>\$ 3,297,256</u>	<u>\$ 3,376,201</u>	<u>\$ 3,366,952</u>
Change in Net Position:					
Governmental Activities	\$ 10,994,383	\$ 4,814,016	\$ 722,461	\$ 1,760,840	\$ 2,064,314
Business-Type Activities	<u>17,356,301</u>	<u>5,860,290</u>	<u>3,624,633</u>	<u>4,756,258</u>	<u>1,704,029</u>
Total Primary Government					
Change in Net Position	<u>\$ 28,350,684</u>	<u>\$ 10,674,306</u>	<u>\$ 4,347,094</u>	<u>\$ 6,517,098</u>	<u>\$ 3,768,343</u>

**CITY OF LAKE ELMO, MINNESOTA
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 21,206
Committed	-	-	-	-	-
Unassigned	<u>10,324,572</u>	<u>8,920,580</u>	<u>7,540,239</u>	<u>5,618,812</u>	<u>5,212,435</u>
Total General Fund	<u>10,324,572</u>	<u>8,920,580</u>	<u>7,540,239</u>	<u>5,618,812</u>	<u>5,233,641</u>
All Other Governmental Funds:					
Nonspendable	-	-	-	-	-
Restricted	12,653,441	8,468,881	9,933,623	17,458,949	5,814,832
Committed	27,239	20,334	14,120	7,673	7,314
Assigned	2,363,472	3,768,614	7,145,740	7,571,501	2,653,880
Unassigned	<u>(987,666)</u>	<u>(492,973)</u>	<u>(198,128)</u>	<u>(246,004)</u>	<u>(1,525,916)</u>
Total all Other Governmental Funds	<u>14,056,486</u>	<u>11,764,856</u>	<u>16,895,355</u>	<u>24,792,119</u>	<u>6,950,110</u>
Total Governmental Funds	<u>\$ 24,381,058</u>	<u>\$ 20,685,436</u>	<u>\$ 24,435,594</u>	<u>\$ 30,410,931</u>	<u>\$ 12,183,751</u>

CITY OF LAKE ELMO, MINNESOTA
FUND BALANCES – GOVERNMENTAL FUNDS (Continued)
LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:					
Nonspendable	\$ 28,162	\$ 18,951	\$ 410,193	\$ 409,222	\$ 432,306
Committed	-	-	200,000	200,000	-
Unassigned	<u>4,286,022</u>	<u>4,756,695</u>	<u>3,499,133</u>	<u>3,279,815</u>	<u>2,754,976</u>
Total General Fund	<u>4,314,184</u>	<u>4,775,646</u>	<u>4,109,326</u>	<u>3,889,037</u>	<u>3,187,282</u>
All Other Governmental Funds:					
Nonspendable	-	395	675,000	-	3,908
Restricted	5,973,451	6,133,168	2,849,956	3,248,230	2,477,730
Committed	24,070	11,003	-	-	-
Assigned	1,746,202	1,198,909	1,307,216	1,504,656	1,768,742
Unassigned	<u>(757,968)</u>	<u>(3,043,623)</u>	<u>(681,681)</u>	<u>(418,169)</u>	<u>(431,755)</u>
Total all Other Governmental Funds	<u>6,985,755</u>	<u>4,299,852</u>	<u>4,150,491</u>	<u>4,334,717</u>	<u>3,818,625</u>
Total Governmental Funds	<u>\$ 11,299,939</u>	<u>\$ 9,075,498</u>	<u>\$ 8,259,817</u>	<u>\$ 8,223,754</u>	<u>\$ 7,005,907</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN YEARS

	2024	2023	2022	2021	2020
Revenues:					
General Property Taxes	\$ 8,988,453	\$ 7,888,556	\$ 7,562,013	\$ 5,303,553	\$ 4,947,133
Licenses and Permits	1,020,801	1,148,190	1,646,539	1,485,658	1,425,695
Intergovernmental	2,326,904	1,331,531	1,121,633	722,128	1,023,193
Charges for Services	2,007,322	1,081,606	1,170,762	1,151,914	1,273,241
Fines and Forfeits	55,286	45,402	34,711	45,749	33,584
Special Assessments	1,115,513	909,054	570,486	862,766	474,099
Park Dedication Fees	-	-	-	1,845,371	714,558
Investment Earnings (Losses)	986,898	1,072,572	(419,853)	(13,874)	348,766
Lease Interest	63,813	65,336	39,196	-	-
Miscellaneous	107,605	86,193	150,426	177,000	183,711
Total Revenues	<u>16,672,595</u>	<u>13,628,440</u>	<u>11,875,913</u>	<u>11,580,265</u>	<u>10,423,980</u>
Expenditures:					
Current:					
General Government	1,437,156	1,213,697	1,017,210	1,056,983	1,005,254
Public Safety	3,749,563	3,037,244	2,701,216	3,003,677	2,641,770
Public Works	1,501,472	1,355,217	1,763,030	1,488,448	1,493,370
Parks And Recreation	492,788	410,492	282,789	258,690	310,066
Economic Development Authority	7,074	-	-	53,264	46,371
Debt service:					
Principal	2,705,000	2,480,000	1,870,000	3,641,000	1,790,000
Interest and Fiscal Charges	990,313	863,089	611,636	425,797	420,299
Capital Outlay	<u>6,748,063</u>	<u>11,806,496</u>	<u>14,912,731</u>	<u>4,915,641</u>	<u>1,846,843</u>
Total Expenditures	<u>17,631,429</u>	<u>21,166,235</u>	<u>23,158,612</u>	<u>14,843,500</u>	<u>9,553,973</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(958,834)</u>	<u>(7,537,795)</u>	<u>(11,282,699)</u>	<u>(3,263,235)</u>	<u>870,007</u>
Other Financing Sources (Uses):					
Issuance of Debt	4,195,000	3,410,000	4,905,000	6,126,989	-
Premium on Issuance of Debt	349,883	317,037	326,200	(876,989)	-
(Discount) on Issuance of Debt	-	-	-	15,675,000	-
Proceeds from Sale of Capital Assets	109,573	60,600	76,162	548,115	13,805
Transfers In	1,541,103	466,799	252,074	-	1,900,244
Transfers Out	<u>(1,541,103)</u>	<u>(466,799)</u>	<u>(252,074)</u>	<u>17,300</u>	<u>(1,900,244)</u>
Total Other Financing Sources (Uses)	<u>4,654,456</u>	<u>3,787,637</u>	<u>5,307,362</u>	<u>21,490,415</u>	<u>13,805</u>
Net Change in Fund Balance	<u>\$ 3,695,622</u>	<u>\$ (3,750,158)</u>	<u>\$ (5,975,337)</u>	<u>\$ 18,227,180</u>	<u>\$ 883,812</u>
Debt Service as a Percentage of Noncapital Expenditures	33.1%	35.1%	28.3%	40.9%	26.8%
Debt Service as a Percentage of Total Expenditures	21.0%	15.8%	10.7%	27.4%	23.1%

GASB 87 was implemented in 2022. Lease revenue for years prior to 2022 was not restated.

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (Continued)
LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:					
General Property Taxes	\$ 4,182,327	\$ 3,610,508	\$ 3,042,074	\$ 3,231,674	\$ 3,222,216
Licenses and Permits	1,055,038	1,317,648	2,046,462	1,713,918	828,494
Intergovernmental	2,819,961	247,178	1,023,864	282,874	296,902
Charges for Services	1,079,342	899,808	137,920	38,608	35,796
Fines and Forfeits	36,696	49,203	41,418	49,505	48,739
Special Assessments	649,487	1,398,155	455,493	897,323	1,316,239
Park Dedication Fees	123,500	502,802	265,783	171,708	138,158
Investment Earnings (Losses)	331,010	115,583	48,987	43,228	46,415
Lease Interest	-	-	-	-	-
Miscellaneous	201,494	129,455	265,133	77,491	99,055
Total Revenues	<u>10,478,855</u>	<u>8,270,340</u>	<u>7,327,134</u>	<u>6,506,329</u>	<u>6,032,014</u>
Expenditures:					
Current:					
General Government	1,136,908	1,208,145	1,502,904	1,358,306	1,094,723
Public Safety	1,948,269	1,644,159	1,470,726	1,262,040	1,203,765
Public Works	1,875,606	1,227,521	1,185,828	893,644	686,401
Parks And Recreation	265,260	241,761	603,292	500,689	457,749
Economic Development Authority	71,609	47,702	-	-	-
Debt service:					
Principal	1,615,000	1,175,000	910,000	826,219	667,342
Interest and Fiscal Charges	454,814	230,822	463,570	242,392	226,611
Capital Outlay	4,354,643	4,552,089	5,860,917	3,126,782	2,729,512
Total Expenditures	<u>11,722,109</u>	<u>10,327,199</u>	<u>11,997,237</u>	<u>8,210,072</u>	<u>7,066,103</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,243,254)</u>	<u>(2,056,859)</u>	<u>(4,670,103)</u>	<u>(1,703,743)</u>	<u>(1,034,089)</u>
Other Financing Sources (Uses):					
Issuance of Debt	2,860,000	1,866,000	4,565,000	2,690,000	1,620,000
Premium on Issuance of Debt	168,168	-	166,068	102,877	32,137
(Discount) on Issuance of Debt	-	-	(26,302)	(14,392)	(11,386)
Proceeds from Sale of Capital Assets	44,927	8,991	1,400	-	30,000
Transfers In	1,181,173	56,209	-	143,105	220,842
Transfers Out	(786,573)	(173,190)	-	-	-
Total Other Financing Sources (Uses)	<u>3,467,695</u>	<u>1,758,010</u>	<u>4,706,166</u>	<u>2,921,590</u>	<u>1,891,593</u>
Net Change in Fund Balance	<u>\$ 2,224,441</u>	<u>\$ (298,849)</u>	<u>\$ 36,063</u>	<u>\$ 1,217,847</u>	<u>\$ 857,504</u>
Debt Service as a Percentage of Noncapital Expenditures	26.1%	24.2%	22.4%	21.0%	20.6%
Debt Service as a Percentage of Total Expenditures	17.7%	13.6%	11.4%	13.0%	12.7%

CITY OF LAKE ELMO, MINNESOTA
TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Payable Year	Taxable Market Value	Tax Capacity		Total Tax Capacity	Total Adjusted Tax Capacity (1)	City Urban Tax Rate	% of Tax Capacity to Total Estimated Market Value
		Real Property	Personal Property				
2015	\$ 1,184,578,800	\$ 12,938,515	\$ 243,104	\$ 13,181,619	\$ 13,072,105	23.798	1.11%
2016	1,224,463,300	13,386,725	266,218	13,652,943	13,441,204	23.121	1.12%
2017	1,316,618,700	14,520,320	292,938	14,813,258	14,631,062	20.018	1.13%
2018	1,452,554,500	16,054,044	326,744	16,380,788	15,359,350	22.442	1.13%
2019	1,648,277,500	18,184,317	345,172	18,529,489	18,249,623	22.927	1.12%
2020	1,901,067,300	20,907,484	345,800	21,253,284	20,021,726	23.476	1.12%
2021	2,009,618,900	21,975,125	374,464	22,349,589	21,116,953	23.638	1.11%
2022	2,231,230,900	24,469,045	287,646	24,756,691	23,487,099	30.546	1.11%
2023	2,862,780,200	31,639,649	309,460	31,949,109	30,606,781	24.064	1.12%
2024	3,186,775,200	35,724,938	302,982	36,027,920	34,640,436	24.631	1.13%

(1) Tax Capacity adjusted for captured tax increment, fiscal disparities, and transmission lines.

Valuations are determined as of January 1 of year preceding tax collection year. The County determines a property's tax capacity by multiplying a property's estimated market value times the property's class rate which is determined by its use. The total City tax levy divided by the total City tax capacity determines a percentage, the City tax rate, that is applied to each parcel's tax capacity to determine the tax amount.

**CITY OF LAKE ELMO, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS**

Fiscal Year	City Direct Rate			Overlapping Rates				Range of Total Direct and Overlapping Tax Rates	
	Operating Tax Rate	Debt Service Tax Rate	Total Tax Rate	Range of Tax Rates for ISD's 622, 832 & 834	Washington County	Range of Tax Rates for Watershed Districts	Special Taxing Districts		
2015	20.121	3.677	23.798	21.120 - 35.860	27.691	0.692 - 4.769	4.183	77.484	96.301
2016	18.184	4.937	23.121	19.849 - 35.569	27.860	0.075 - 5.111	4.568	75.473	96.229
2017	14.083	5.934	20.017	20.390 - 34.093	27.852	0.839 - 5.275	4.345	73.443	91.582
2018	16.107 (1)	6.335	22.442	19.349 - 32.161	29.709	0.819 - 5.021	3.072	75.391	92.405
2019	16.258 (1)	6.669	22.927	18.442 - 31.894	29.305	0.808 - 5.263	3.994	75.476	92.100
2020	16.777 (1)	6.700	23.477	15.321 - 29.926	28.610	0.766 - 4.850	3.738	71.911	91.753
2021	17.178 (1)	6.460	23.638	17.277 - 29.554	27.244	0.742 - 4.835	3.593	72.495	90.389
2022	20.505 (1)	10.041	30.546	19.502 - 32.173	27.526	0.718 - 4.437	3.483	81.775	97.476
2023	15.803	8.261	24.064	17.143 - 29.825	23.620	0.654 - 3.867	2.974	68.456	83.462
2024	16.559	8.072	24.631	22.033 - 29.550	21.987	0.632 - 3.497	2.833	72.116	81.576

Source: Washington County Taxation Division

The City's direct property tax rate is determined by dividing the amount of tax levied by the City Council by the City's total tax capacity.

Overlapping rates are those of local and county governments that apply to property owners within the City of Lake Elmo. Not all overlapping rates apply to all City of Lake Elmo property owners. Although the property tax rates apply to all city property owners, some city properties lie within the geographical boundaries of different school and watershed districts.

(1) Excludes Library Levy component effective 1/1/2018 due to going back to Washington County

**CITY OF LAKE ELMO, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2024			2015		
	Taxable Tax Capacity	Rank	Percentage of Total City Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total City Tax Capacity Value
CONTINENTAL 483 FUND LLC	\$ 892,543	1	2.48%	\$ -		-
DAKOTA UPREIT LP	\$ 322,274	2	0.89%	\$ 179,262	3	1.36%
BREMER FINANCIAL SERVICES INC	\$ 269,252	3	0.75%	\$ 169,652	4	1.29%
MILL HIGH POINTE LLC	\$ 221,980	4	0.62%	\$ -		-
BOULDER PONDS SENIOR LIVING LLC	\$ 217,581	5	0.60%	\$ -		-
EAGLE POINT MEDICAL BUILDING LLC	\$ 216,802	6	0.60%	\$ -		-
MHC CIMARRON LLC	\$ 205,833	7	0.57%	\$ 136,610	5	1.04%
XCEL ENERGY	\$ 202,354	8	0.56%	\$ 223,288	1	1.69%
LAKE ELMO INDEPENDENT LIVING LLC	\$ 193,218	9	0.54%	\$ -		-
ARBOR GLEN SENIOR LIVING LLC	\$ 186,968	10	0.52%	\$ -		-
IRET Properties	\$ -		-	\$ 205,342	2	1.56%
Norman James LLC				\$ 64,976	8	0.49%
HOA Hotels LLC	\$ -		-	\$ 108,150	6	0.82%
Tartan Park LLC	\$ -		-	\$ 100,704	7	0.76%
Danate Proper Inv I LLC	\$ -		-	\$ 59,250	10	0.45%
Davis Estates LTD	\$ -		-	\$ 64,912	9	0.49%
Total	<u>\$ 2,928,805</u>		<u>8.13%</u>	<u>\$ 1,312,146</u>		<u>9.95%</u>

Source: Washington County Taxation Division

Total Tax Capacity (City)	36,027,920	13,181,619
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**CITY OF LAKE ELMO, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Net Tax Levy for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Net Tax Levy
			Amount	Percentage of Net Levy		Amount	Percentage of Net Levy		
2015	\$ 3,113,017	\$ 3,133,137	\$ 3,112,989	99.36%	\$ 19,874	\$ 3,132,863	99.99%	\$ 274	0.01%
2016	3,112,204	3,112,204	3,068,116	98.58%	42,044	3,110,160	99.93%	2,044	0.07%
2017	2,950,426	2,950,426	2,935,173	99.48%	12,485	2,947,658	99.91%	2,768	0.09%
2018	3,596,601	3,592,491	3,574,859	99.51%	13,239	3,588,098	99.88%	4,393	0.12%
2019	4,179,840	4,175,590	4,149,059	99.36%	19,244	4,168,303	99.83%	7,287	0.17%
2020	4,949,823	4,945,184	4,864,708	98.37%	43,074	4,907,782	99.24%	37,402	0.76%
2021	5,263,268	5,258,656	5,205,793	98.99%	50,910	5,256,703	99.96%	1,953	0.04%
2022	7,468,748	7,463,868	7,372,100	98.77%	61,909	7,434,009	99.60%	29,859	0.40%
2023	7,798,403	7,793,724	7,738,743	99.29%	47,873	7,786,616	99.91%	7,108	0.09%
2024	8,922,042	8,917,228	8,811,084	98.81%	49,418	8,860,502	99.36%	56,726	0.64%

(1) Tax Levy adjusted for powerline and market value credits and AG program credits prior to 2016

**CITY OF LAKE ELMO, MINNESOTA
WATER AND SANITARY SEWER CHARGES BY CUSTOMER
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Water (in millions of gallons):										
Residential	331.538	399.645	351.923	323.632	203.453	173.925	96.882	93.513	98.044	84.007
Commercial service	<u>33.174</u>	<u>36.773</u>	<u>46.427</u>	<u>50.822</u>	<u>157.170</u>	<u>87.935</u>	<u>22.189</u>	<u>16.603</u>	<u>29.379</u>	<u>21.653</u>
Total gallons	364.712	436.418	398.350	374.454	360.623	261.860	119.071	110.116	127.423	105.660
Total direct rate per 1,000 gallons:										
Residential (2)	2.25	2.18	2.16	2.14	2.12	2.12	2.06	2.00	2.14	2.14
Commercial service (2)	3.49	3.39	3.36	3.33	3.30	3.30	3.20	3.11	3.11	3.11
Sanitary Sewer (in millions of gallons):										
Residential (1)	85.599	105.255	96.361	75.550	46.170	41.003	32.409	38.340	6.812	3.794
Commercial service	<u>24.384</u>	<u>22.900</u>	<u>20.432</u>	<u>16.021</u>	<u>11.779</u>	<u>12.943</u>	<u>12.267</u>	<u>6.807</u>	<u>9.125</u>	<u>8.179</u>
Total gallons	109.983	128.155	116.793	91.571	57.949	53.946	44.676	45.147	15.937	11.973
Total direct rate per 1,000 gallons	4.99	4.80	4.75	4.70	4.65	4.60	4.55	4.50	4.50	4.50

(1) City did not have any residential sanitary sewer customers in 2014 and prior

(2) City uses tiers, rate represents first tier, up to 15,000 gallons rate

**CITY OF LAKE ELMO, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

Fiscal Year	Governmental Activities				Total Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	G.O. Improvement Bonds	G.O. Equipment Certificates	G.O. Capital Improvement Plan Bonds	Other Notes and Bonds		G.O. Utility Revenue Bonds			
2015	\$ 8,095,288	\$ -	\$ 1,687,803	\$ 21,219	\$ 9,804,310	\$ 12,622,484	\$ 22,426,794	6.0%	2,779
2016	10,210,038	-	1,537,530	-	11,747,568	18,990,395	30,737,963	8.4%	3,809
2017	14,151,671	-	1,382,249	-	15,533,920	22,866,787	38,400,707	8.4%	3,990
2018	13,185,126	940,000	1,226,928	926,000	16,278,054	21,680,126	37,958,180	6.7%	3,608
2019	14,697,425	940,000	1,065,000	926,000	17,628,425	21,520,145	39,148,570	6.0%	3,525
2020	13,159,432	850,000	900,000	881,000	15,790,432	20,105,366	35,895,798	4.7%	3,167
2021	26,839,553	755,000	730,000	-	28,324,553	22,841,659	51,166,212	5.5%	4,043
2022	29,385,678	655,000	555,000	1,010,000	31,605,678	29,470,720	61,076,398	5.7%	4,519
2023	30,806,965	555,000	375,000	1,010,000	32,746,965	29,197,925	61,944,890	5.6%	4,414
2024	31,345,000	\$450,000	190,000	930,000	\$32,915,000	26,270,000	59,185,000	5.3%	4,171

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

See the *Demographic and Economic Statistics* schedule for personal income and population data.

**CITY OF LAKE ELMO, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT
LAST TEN YEARS**

Fiscal Year	General Bonded Debt Outstanding						Less: Amounts Available in Debt Service Funds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita (Net)
	G.O. Improvement Bonds	G.O. Equipment Certificates	G.O. Capital Improvement Plan Bonds	Other Notes and Bonds	G.O. Utility Revenue Bonds	Total*				
2015	\$ 8,095,288	\$ -	\$ 1,687,803	\$ 21,219	\$ 12,622,484	\$ 22,426,794	\$ (2,477,730)	\$ 19,949,064	1.68%	2,472
2016	10,210,038	-	1,537,530	-	18,990,395	30,737,963	(3,215,590)	27,522,373	2.25%	3,411
2017	14,151,671	-	1,382,249	-	22,866,787	38,400,707	(3,524,956)	34,875,751	2.65%	3,623
2018	13,185,126	940,000	1,226,928	926,000	21,680,126	37,958,180	(4,461,692)	33,496,488	2.31%	3,184
2019	14,697,425	940,000	1,065,000	926,000	21,520,145	39,148,570	(4,716,520)	34,432,050	2.09%	3,101
2020	13,159,432	850,000	900,000	881,000	20,105,366	35,895,798	(4,530,993)	31,364,805	1.65%	2,767
2021	26,839,553	755,000	730,000	-	22,841,659	51,166,212	(3,893,266)	47,272,946	2.35%	3,736
2022	29,385,678	655,000	555,000	1,010,000	29,470,720	61,076,398	(4,535,578)	56,540,820	2.53%	4,184
2023	30,806,965	555,000	375,000	1,010,000	29,197,925	61,944,890	(5,026,712)	56,918,178	1.99%	4,056
2024	31,345,000	450,000	190,000	930,000	26,270,000	59,185,000	(5,678,193)	53,506,807	1.68%	3,771

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

See Table 5 for taxable market value

See Table 15 for population data

* Net of crossover debt

**CITY OF LAKE ELMO, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Independent School District # 622	\$ 167,920,089 (1)	10.8%	\$ 18,139,325
Independent School District # 832	41,390,000 (1)	2.1%	882,286
Independent School District # 834	167,695,000 (1)	15.2%	25,492,133
Washington County	112,695,000 (1)	6.0%	6,792,349
Metropolitan Council	1,558,153,207 (1)	0.1%	<u>1,088,311</u>
Total Overlapping Debt			52,394,404
City Direct Debt	\$32,915,000	100%	<u>32,915,000</u>
Total Direct and Overlapping Debt			<u>\$ 85,309,404</u>

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

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

Sources: Taxable value data used to estimate applicable percentages provided by Washington County.
Debt outstanding data provided by each governmental unit.

**CITY OF LAKE ELMO, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

Legal Debt Margin Calculation for Fiscal Year 2024

Pay 2024 Market Value	\$ 3,186,775,200
Applicable Percentage	3%
Debt Limit	<u>95,603,256</u>
Debt Applicable to Limit:	
Series 2010B Refunding	190,000
Series 2017A Equipment Portion	95,000
Series 2018A Equipment Cert.	450,000
Series 2019A Equipment Portion	415,000
Series 2021A 2018A Refunding	655,000
Series 2021A City Hall	<u>9,485,000</u>
Total debt applicable to debt limit	11,290,000
Legal Debt Margin	<u>\$ 84,313,256</u>

Legal Debt Margin Calculation for Fiscal Years 2015 Through 2024

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Debt Applicable to Limit Per Capita
2015	8,069	\$ 36,733,899	\$ 1,572,289	\$ 35,161,610	4.28%	195
2016	8,069	38,035,233	2,102,343	35,932,890	5.53%	261
2017	9,625	38,556,774	1,846,657	36,710,117	4.79%	192
2018	10,521	43,576,635	2,018,280	41,558,355	4.63%	192
2019	11,105	49,448,325	1,839,548	47,608,777	3.72%	166
2020	11,335	57,032,019	850,000	56,182,019	1.49%	75
2021	12,655	60,288,567	1,485,000	58,803,567	2.46%	117
2022	12,655	66,936,927	12,990,000	53,946,927	19.41%	1,026
2023	14,033	85,883,406	12,150,000	73,733,406	14.15%	866
2024	14,191	95,603,256	11,290,000	84,313,256	11.81%	796

**CITY OF LAKE ELMO, MINNESOTA
PLEDGED REVENUE COVERAGE
LAST TEN YEARS**

G.O. Utility Revenue Bonds										
Payable Year	Gross		Operating		Net Available		Coverage			
	Revenue (1)	Expenses (2)	Revenue	Debt Service (3)						
				Principal	Interest					
2015	\$	3,642,316	\$	627,977	\$	4,165,000	\$	456,782	65%	
2016		3,407,097		757,862		2,649,235		615,000	380,969	266%
2017		6,651,513		1,505,420		5,146,093		705,000	513,768	422%
2018		5,767,128		1,279,347		4,487,781		625,000	312,660	479%
2019		4,190,240		1,175,282		3,014,958		1,360,000	509,863	161%
2020		6,243,582		1,553,371		4,690,211		1,380,000	504,661	249%
2021		9,147,164		1,680,527		7,466,637		3,825,000	514,210	172%
2022		6,911,305		2,086,151		4,825,154		1,345,000	468,989	266%
2023		5,938,053		2,752,113		3,185,940		2,325,000	775,011	103%
2024		7,156,639		2,493,880		4,662,759		2,315,000	815,119	149%

(1) Gross revenue includes investment earnings, infrastructure charges and special assessments.

(2) Operating expenses do not include interest, depreciation, or amortization expense.

(3) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF LAKE ELMO, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (4) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>State Unemployment Rate (3)</u>	<u>City Unemployment Rate (3)</u>
2015	8,069	\$ 374,345	\$ 46,393	3.2%	2.9%
2016	8,069	367,664	45,565	3.8%	3.3%
2017	9,625	455,494	47,324	3.3%	3.3%
2018	10,521	570,333	54,209	2.8%	2.7%
2019	11,105	652,352	58,744	3.5%	2.8%
2020	11,335	762,483	67,268	4.9%	4.0%
2021	12,655	927,536	73,294	2.6%	2.2%
2022	13,514	1,076,255	79,640	3.4%	2.9%
2023	14,033	1,104,159	78,683	1.9%	1.7%
2024	14,191	1,116,551	78,683	2.9%	2.6%

Sources:

- (1) Metropolitan Council; 2022 most recent
- (2) United States Census Bureau
- (3) Estimate based on County unemployment rate provided by Minnesota Department of Employment and Economic Development
- (4) The estimated personal income for the City of Lake Elmo is calculated by taking the per capita income and multiplying it by the City's population.

**CITY OF LAKE ELMO, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	<u>2024</u>		<u>2015</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
3M Company (Maplewood)	10,000	1	9,100	1
Andersen Corp (Bayport)	5,000	2	2,400	2
ISD No. 622 (North St. Paul-Maplewood-Oakdale)	1,567	3		
Woodwinds Health (Woodbury)	1,473	4	1,100	5
Washington County (Stillwater)	1,386	5	1,600	3
ISD 834 (Stillwater)	1,000	6	1,050	6
HealthEast Care/St. John's Hospital (Maplewood)	973	7	1,200	4
Presbyterian Homes/Boutwells (Oak Park Heights)	500	8		
Ecowater Systems, Inc. (Woodbury)	440	9	440	7
Bremer Bank Operations Ctr (Lake Elmo)	425	10	425	8
MN Correctional Facility (Oak Park Hts)	-	-	355	9
Imation Corp (Oakdale)	-	-		
SunAmerica Financial Group (Woodbury)	-	-	310	10

⁽¹⁾City staff estimate

CITY OF LAKE ELMO, MINNESOTA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

	Full-Time-Equivalent Employees as of December 31,				
	2024	2023	2022	2021	2020
General Government:					
Administration	2.29	1.93	1.93	1.93	1.98
Finance	1.66	1.66	0.82	0.82	0.72
Planning and Zoning	3.35	4.35	2.75	1.95	1.95
Total General Government	7.30	7.94	5.50	4.70	4.65
Public Safety:					
Fire	7.22	7.82	2.32	1.42	1.42
Building Inspections	7.33	6.78	5.21	4.91	4.91
Total Public Safety	14.55	14.60	7.53	6.33	6.33
Public Works:					
Streets and Roadways	5.17	5.17	5.64	6.47	4.80
Parks and Recreation:					
Parks	1.51	1.46	1.18	1.01	2.25
Communications	-	0.42	0.42	0.42	0.42
Total Governmental Activities	28.53	29.58	20.27	18.93	18.45
Business-type Activities:					
Water Utility	4.49	4.49	3.76	2.98	2.75
Sewer Utility	1.92	1.92	1.59	1.05	1.40
Storm Sewer Utility	1.06	1.01	0.89	0.54	0.90
Total Business-Type Activities	7.47	7.42	6.23	4.57	5.05
Total	36.00	37.00	26.50	23.50	23.50

Source: City's Adopted Budgets

CITY OF LAKE ELMO, MINNESOTA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM (Continued)
LAST TEN YEARS

	Full-Time-Equivalent Employees as of December 31,				
	2019	2018	2017	2016	2015
General Government:					
Administration	2.70	2.70	2.45	2.45	3.20
Finance	1.05	1.05	1.20	1.20	0.80
Planning and Zoning	2.10	2.10	2.21	2.21	2.75
Total General Government	5.85	5.85	5.86	5.86	6.75
Public Safety:					
Fire	3.80	3.80	3.80	3.80	1.50
Building Inspections	4.20	4.20	4.21	4.21	3.15
Total Public Safety	8.00	8.00	8.01	8.01	4.65
Public Works:					
Streets and Roadways	4.80	4.80	4.55	4.55	3.90
Parks and Recreation:					
Parks	2.20	2.20	3.00	3.00	1.85
Communications	0.50	0.50	-	-	0.70
Total Governmental Activities	21.35	21.35	21.42	21.42	17.85
Business-type Activities:					
Water Utility	2.50	2.50	2.00	2.00	2.45
Sewer Utility	1.15	1.15	1.66	1.66	1.30
Storm Sewer Utility	0.80	0.80	0.80	-	-
Total Business-Type Activities	4.45	4.45	4.46	3.66	3.75
Total	25.80	25.80	25.88	25.08	21.60

**CITY OF LAKE ELMO, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS**

	2024	2023	2022	2021	2020
Planning and Zoning:					
Conditional use permits	7	2	7	1	1
Interim use permits	-	2	-	-	-
Minor subdivisions	2	2	-	2	-
Plats / planned unit developments	4	10	5	7	5
Rezoning	5	8	2	8	1
Site plans	-	-	-	-	3
Variances	8	5	10	6	5
Other (new in 2023)	-	9			
Fire:					
Total emergency responses	1,137	1,047	790	568	546
EMS responses	681	652	493	355	317
Fire responses	456	395	297	213	229
Building Inspections:					
Residential permit valuations (thousands of dollars) \$	72,852	\$ 55,067	\$ 69,557	\$ 100,189	\$ 98,294
Commercial permit valuations (thousands of dollars) \$	18,899	\$ 14,577	\$ 25,189	\$ 12,548	\$ 11,761
New residential units (1)	210	195	200	297	309
New commercial units	5	3	6	5	11
Water Utility:					
Number of customers	3,607	3,466	3,196	2,863	2,522
Average quarterly consumption (2) (millions of gallons)	80	108	100	89	76
Sanitary Sewer Utility:					
Number of customers	2,632	2,504	2,206	1,937	1,612
Average quarterly flow (3) (millions of gallons)	34	32	29	19	18

Sources: Various City Department's annual financial report statistics

(1) Excludes fire/demolition rebuilds

(2) Residential and Commercial

(3) Billed and measured based on water usage; new developer homes built in 2015 but not yet sold/occupied so no impact to flows

CITY OF LAKE ELMO, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM (Continued)
LAST TEN YEARS

	2019	2018	2017	2016	2015
Planning and Zoning:					
Conditional use permits	5	6	5	3	2
Interim use permits	-	-	2	2	1
Minor subdivisions	1	1	1	2	2
Plats / planned unit developments	8	13	10	11	9
Rezoning	4	4	5	3	2
Site plans	-	-	1	1	-
Variances	5	6	6	4	2
Other (new in 2023)					
Fire:					
Total emergency responses	541	461	456	430	429
EMS responses	383	317	313	268	274
Fire responses	158	144	143	162	32
Building Inspections:					
Residential permit valuations (thousands of dollars) \$	76,378	\$ 113,913	\$ 86,710	\$ 119,301	\$ 50,401
Commercial permit valuations (thousands of dollars) \$	3,146	\$ 3,217	\$ 1,185	\$ 2,003	\$ 1,952
New residential units (1)	44	245	299	240	140
New commercial units	2	-	1	1	1
Water Utility:					
Number of customers	2,423	2,317	1,727	1,538	1,234
Average quarterly consumption (2) (millions of gallons)	69	56	28	18	18
Sanitary Sewer Utility:					
Number of customers	1,436	1,253	712	321	96
Average quarterly flow (3) (millions of gallons)	16	11	12	14	74

**CITY OF LAKE ELMO, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire:										
Stations	1	1	2	2	2	2	2	2	2	2
Public Works:										
Bituminous streets (miles)	99	97	97	94.80	92	112	112	103	103	65
Gravel streets (miles)	0.5	0.5	0.5	0.5	0.5	0.5	1	2	2	2
Storm sewer (miles)	58.5	56.8	52.5	50	48	33	33	30	30	25
Parks & Recreation:										
Acres of parkland	556	526	517	517	427	427	427	420	420	420
Number of parks	26	25	24	24	24	24	24	17	17	17
Water Utility:										
Water towers	3	3	3	3	3	3	3	3	3	3
Miles of watermain	90.4	89.6	81.6	75	73	58	58	50	50	43
Number of fire hydrants	924	902	812	735	707	559	559	415	415	378
Sanitary Sewer Utility:										
Miles of sanitary sewer	42.3	40.1	36.1	33	32	29	29	8	8	4
Lift Stations	10	8	8	6	7	5	5	4	4	4

Sources: Various City Department's annual financial report statistics

**OTHER REQUIRED REPORTS
AND SCHEDULES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Lake Elmo, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Elmo (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Lake Elmo's basic financial statements and have issued our report thereon dated June 23, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Responses* as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Lake Elmo failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

City's Response to Findings

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

Purpose of This Report

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



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

June 23, 2025

**CITY OF LAKE ELMO, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2024-001 Limited Segregation of Duties

Condition: Throughout the year, the same employee was often responsible for preparing bank reconciliations, as well as recording and approving adjusting journal entries. Additionally, the individual primarily responsible for completing bank reconciliations was also an authorized signer for the City's checking account.

Criteria: The City should adopt an internal control structure that properly segregates the various functions of each accounting cycle. This means no single person should be in a position to both initiate and approved a transaction, as well as have access to the related physical assets involved with the transaction. In other words, an employee should not be in a position to both commit an irregularity and cover it up.

Cause: Limited number of staff members in the finance department.

Effect: The lack of ideal segregation of duties could expose the City to heightened risk that errors or fraud could occur and not be detected in a timely manner.

Recommendation: We recommend the City review and evaluate current procedures for the purpose of implementing additional oversight and segregation of duties to the extent that is determined to be feasible.

*Views of Responsible
Officials And Planned
Corrective Actions:* Management agrees with the recommendation. See corresponding Corrective Action Plan.

**CITY OF LAKE ELMO, MINNESOTA
CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2024-001 Limited Segregation of Duties

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will review and evaluate current processes, procedures, and employee roles within the Finance Department. To the extent possible, the City will implement additional controls to mitigate the lack of segregation of duties.
3. Official Responsible
Nicole Miller, City Administrator, is the official responsible for ensuring corrective action.
4. Planned Completion Date
December 31, 2025.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

PROPOSAL FORM

TO: City of Lake Elmo, Minnesota
C/O Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Phone: 612-851-5900
Email: PublicSale@northlandsecurities.com

Sale Date: July 15, 2025

For all or none of the \$2,185,000* General Obligation Improvement Bonds, Series 2025A, in accordance with the Notice of Sale, we will pay you \$ _____, (not less than \$2,157,687.50) plus accrued interest, if any, to date of delivery (estimated to be August 14, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

Year	Interest		Year	Interest	
	Rate	Yield		Rate	Yield
2027	_____%	_____%	2032	_____%	_____%
2028	_____%	_____%	2033	_____%	_____%
2029	_____%	_____%	2034	_____%	_____%
2030	_____%	_____%	2035	_____%	_____%
2031	_____%	_____%	2036	_____%	_____%

True interest percentage: _____ %

Net interest cost: \$ _____

Term Bond Option: Bonds maturing in the years:

_____ through _____
_____ through _____
_____ through _____
_____ through _____
_____ through _____

To be accumulated into a Term Bond maturing in year:

_____.
_____.
_____.
_____.
_____.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale in the form of a federal wire transfer payable to the order of the City will only be required from the apparent winning bidder, and must be received within two hours after the receipt of the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager: _____ By: _____

The foregoing proposal is hereby duly accepted by and on behalf of the City of Lake Elmo, Minnesota at 7:00 PM on July 15, 2025.

City Administrator

Mayor

* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.