

ANNUAL FINANCIAL REPORT

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Lakeland, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2024

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INTRODUCTORY SECTION
CITY OF LAKELAND
CITY OF LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Lakeland, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joseph Paiement	Mayor	12/31/24
Robert Craggs	Council Member	12/31/24
Dave Millard	Council Member	12/31/26
Douglas Sand	Council Member	12/31/24
Mike Thron	Council Member	12/31/26

APPOINTED

Michelle Elsner	City Clerk
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FINANCIAL SECTION
CITY OF LAKELAND
CITY OF LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and City Council
City of Lakeland, Minnesota

Opinions

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Lakeland, 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 basis financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2024, and the changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each major fund and aggregate remaining fund information of the City, as of December 31, 2024, and its respective cash receipts and disbursements, on the basis of accounting described in Note 1B.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor, as described in Note 1B. Management is also responsible 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 of Lakeland’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 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 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, 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.

Other Matters

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



Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statement 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 regulatory basis basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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Minneapolis, Minnesota
February 28, 2025



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FINANCIAL STATEMENTS - REGULATORY BASIS

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Lakeland, Minnesota
Statement of Balances Arising from Cash Transactions
Governmental Funds
December 31, 2024

	General	ARPA	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 2,776,576	\$ -	\$ 86,607	\$ 2,863,183
Cash Fund Balances				
Restricted for				
Debt Service	\$ -	\$ -	\$ 153,563	\$ 153,563
Unassigned	2,776,576	-	(66,956)	2,709,620
Total Cash Fund Balances	\$ 2,776,576	\$ -	\$ 86,607	\$ 2,863,183

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Cash Receipts, Disbursements and
Changes in Cash Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Formerly Nonmajor ARPA	Other Governmental Funds	Total Governmental Funds
Receipts				
Property taxes	\$ 1,151,515	\$ -	\$ -	\$ 1,151,515
Tax increments	-	-	43,461	43,461
Gambling taxes	12,142	-	-	12,142
Special assessments	-	-	23,912	23,912
Licenses and permits	31,483	-	-	31,483
Intergovernmental	167,595	-	-	167,595
Charges for services	27,760	-	2,350	30,110
Fines and forfeits	3,307	-	-	3,307
Interest on investments	130,357	-	2,793	133,150
Miscellaneous	8,503	-	10,123	18,626
Transfers In	32,125	-	20,000	52,125
Total Receipts	1,564,787	-	102,639	1,667,426
Disbursements				
Current				
General government	367,356	-	7,851	375,207
Public safety	325,327	136,359	-	461,686
Public works	202,520	-	14,736	217,256
Sanitation	37,679	-	-	37,679
Culture and recreation	44,587	-	-	44,587
Economic development	-	-	23,806	23,806
Capital outlay				
Public works	11,464	-	-	11,464
Principal	-	-	40,000	40,000
Interest and other	-	-	8,495	8,495
Total Disbursements	988,933	136,359	94,888	1,220,180
Receipts Over (Under)				
Disbursements	575,854	(136,359)	7,751	447,246
Other Financing Sources (Uses)				
Transfers out	40,000	32,125	-	72,125
Net Change in Cash Fund Balances	535,854	(168,484)	7,751	375,121
Fund Balances, January 1, as previously presented	2,240,722	-	247,340	2,488,062
Change within financial reporting entity (nonmajor to major fund)	-	168,484	(168,484)	-
Cash Fund Balances, January 1, as adjusted	2,240,722	168,484	247,340	2,656,546
Cash Fund Balances, December 31	<u>\$ 2,776,576</u>	<u>\$ -</u>	<u>\$ 86,607</u>	<u>\$ 2,863,183</u>

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Balances Arising From Cash Transaction
Water Proprietary Fund
December 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	<u>\$ 961,057</u>
Net Cash Position	
Unrestricted	<u>\$ 961,057</u>

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Receipts, Disbursements, and Changes in Net Cash Position
Water Proprietary Fund
For the Year Ended December 31, 2024

Operating Receipts	
Charges for services	\$ 462,806
Operating Disbursements	
Supplies	23,579
Other services and charges	152,023
Insurance	6,826
Repairs and maintenance	7,362
Utilities	44,651
Total Operating Disbursements	234,441
Operating Cash Income (Loss)	228,365
Nonoperating Receipts (Disbursements)	
Principal disbursements	(95,000)
Interest disbursement	(3,988)
Interest receipts	36,013
Total Nonoperating Receipts (Disbursements)	(62,975)
Net Cash Income (Loss) Before Transfers	165,390
Transfers In	20,000
Change in Net Cash Position	185,390
Net Cash Position, January 1	775,667
Net Cash Position, December 31	\$ 961,057

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Cash Flows - Regulatory Basis
Water Proprietary Fund
For the Year Ended December 31, 2024

Cash Flows from Operating Activities	
Receipts from customers	\$ 462,806
Payments to vendors and suppliers	<u>(234,441)</u>
Net Cash Provided (Used) by Operating Activities	<u>228,365</u>
Cash Flows from Noncapital Financing Activities	
Transfers in	<u>20,000</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on bonds	(95,000)
Interest paid on bonds	<u>(3,988)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(98,988)</u>
Cash Flows From Investing Activities	
Interest received	<u>36,013</u>
Net Increase (Decrease) in Cash and Cash Equivalents	185,390
Cash and Cash Equivalents, January 1	<u>775,667</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 961,057</u></u>

The notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lakeland, Minnesota (the City), operates under "Optional Plan A" as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. The City has no component units that meet the GASB criteria.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared under the regulatory basis of accounting as described in the Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities not reaching 2,500 in Population published on February 2016. Under that basis, revenues are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the City has not reported a management discussion and analysis letter, government wide statement of net assets and government-wide statement of activities and the City does not recognize governmental fund revenue and expenditures in accordance with the modified accrual basis of accounting.

Revenue resulting from the exchange transaction, in which each party gives and receives essentially equal value, is recorded on an accrual basis when the exchange takes place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On a regulatory basis, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Preparation of the financial statement requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City has the following fund types:

Governmental funds are used to account for the City's general government activities and are accounted for using the regulatory basis of accounting. Their receipts are recognized when received in cash and disbursements are recognized when paid in cash. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, governmental funds use the modified accrual method of accounting. The difference between the regulatory basis and modified accrual basis of accounting is that under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

The City maintains the following major governmental fund:

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

The *ARPA fund* accounts for resources related to the American Rescue Plant Act federal grant revenues and expenditures.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The enterprise funds are reported using the regulatory basis of accounting. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, enterprise fund use the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City reports the following major proprietary fund:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

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

C. Assets and Net Cash Position/Cash Fund Balance

Deposits and Investments

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

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July, and December of each year.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. In the proprietary funds, these assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue upon receipt in the governmental funds.

Long-term Obligations

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, other than those withheld from the actual net proceeds received, are reported as debt service disbursement.

Pensions

The City's contribution to the General Employees Fund for the year ending December 31, 2024 was \$5,055 and contributions to the defined contribution plan was \$230. Total contributions were \$5,285 to pension plans.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's 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 constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Treasurer.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has not formally adopted a fund balance policy for the General fund.

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in two components:

- a. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.
- b. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the regulatory basis, which is a comprehensive basis other than GAAP for the General fund. The budget was not amended during 2024. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Stewardship, Compliance and Accountability (Continued)

In August of each year, all departments of the City submit requests for appropriations to the City Treasurer so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City’s administration may make transfers of appropriations within a fund. Revisions that change total disbursements of any fund must be approved by the City County. Budgetary control is maintained at the object of disbursement category within each activity and is following Minnesota State Statutes.

B. Deficit Fund Cash Balances

The following funds had deficit fund cash balances as of December 31, 2024:

Fund	Amount
Nonmajor Funds	
FEMA	\$ 43,043
3M Fund	287
Escrow	23,626
	\$ 66,956

The deficits will be funded with future revenues or transfers from other funds.

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City’s deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

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.
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service.
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on Accounts (Continued)

- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully 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 entity.

At year end, the City’s carrying amount of deposits was as per below, the bank balance was covered by FDIC.

Carrying Amount of Deposits	\$ 8
Investments	3,823,982
Cash on Hand	250
	<u> </u>
Total	<u><u>\$ 3,824,240</u></u>
Governmental Funds	\$ 2,863,183
Business-type Funds	961,057
	<u> </u>
Total	<u><u>\$ 3,824,240</u></u>

Investments

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City’s investment in this pool is valued at an amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days’ notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

At year end, the City’s investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Investments at amortized cost			
4M funds	N/A	less than 6 months	\$ 3,823,982

(1) Ratings are provided by Moody’s where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on Accounts (Continued)

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

- *Credit Risk.* 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.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the 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.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

B. Interfund Receivables, Payables and Transfers

The General fund transferred \$20,000 to a nonmajor governmental fund and to the water fund to support debt service requirements. The ARPA fund transferred \$32,125 to the general fund to transfer the excess ARPA fund cash balance which has been spent.

C. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary funds. In addition, general obligation bonds have been issued to refund related general obligations.

General obligation bonds are direct obligations of the City. Governmental general obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental activities					
G.O. Bonds					
Refunding Bonds of 2015A	\$ 540,000	1.05 - 3.00 %	8/25/2015	2/1/2030	<u>\$ 255,000</u>

General Obligation Revenue Bonds - Business-type Activities

The following bonds were used to finance utility improvements. They will be repaid with utility charges. The bonds are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business-type activities					
G.O. Revenue Bonds					
Refunding Bonds of 2015A	\$ 740,000	1.05 - 3.00 %	8/25/2015	8/20/2025	<u>\$ 100,000</u>

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on Accounts (Continued)

The annual requirements to amortize general obligation revenue bonds as of December 31, 2024 are as follows:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 40,000	\$ 6,750	\$ 46,750	\$ 100,000	\$ 1,250	\$ 101,250
2026	40,000	5,750	45,750	-	-	-
2027	40,000	4,650	44,650	-	-	-
2028	45,000	3,375	48,375	-	-	-
2029	45,000	2,025	47,025	-	-	-
2030	45,000	675	45,675	-	-	-
Total	\$ 255,000	\$ 23,225	\$ 278,225	\$ 100,000	\$ 1,250	\$ 101,250

Changes in Long-term Liabilities

During the year ended December 31, 2024 the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Refunding Bonds	\$ 295,000	\$ -	\$ (40,000)	\$ 255,000	\$ 40,000
Business-type Activities					
G.O. Revenue Bonds	195,000	-	(95,000)	100,000	100,000
	<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ 355,000</u>	<u>\$ 140,000</u>

Note 4: Defined Benefit Pension Plan - Statewide

A. 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.

Note 4: Defined Benefit Pension Plan – 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 Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase

B. Funding Policy

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

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 years ended December 31, 2024, 2023 and 2022 were \$5,055, \$6,461 and \$4,114, respectively. The City’s contributions were equal to the required contributions as set by state statute.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Defined Contribution Plan - Statewide

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer.

Employer and employee contributions are combined and used to purchase shares in one or more of the six accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2024 were \$230 for employee and \$230 for employer.

Note 6: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded this City's coverage in any of the past three fiscal 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 (IBNR's). The City's management is not aware of any incurred but not reported claims.

B. Tax Increment Districts

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

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LAKELAND
CITY OF LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Lakeland, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Balances Arising from Cash Transactions
 December 31, 2024

	Special Revenue Funds			Debt Service	Capital Projects Fund	Total
	FEMA	3M Settlement	Total		Escrow	
Assets						
Cash and temporary investments	\$ (43,043)	\$ (287)	\$ (43,330)	\$ 153,563	\$ (23,626)	\$ 86,607
Cash Fund Balances						
Restricted						
Debt service	-	-	-	153,563	-	153,563
Unassigned	(43,043)	(287)	(43,330)	-	(23,626)	(66,956)
Total Cash Fund Balances	\$ (43,043)	\$ (287)	\$ (43,330)	\$ 153,563	\$ (23,626)	\$ 86,607

City of Lakeland, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Cash Receipts, Disbursements and
 Changes in Cash Fund Balances
 For the Year Ended December 31, 2024

	Special Revenue Funds				Capital Projects Fund		
	<i>Formerly Non- major Fund</i>				Debt Service	Escrow	Total
	FEMA	ARPA	3M Settlement	Total			
Receipts							
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 43,461	\$ -	\$ 43,461
Charges for services	-	-	-	-	-	2,350	2,350
Special assessments	-	-	-	-	23,912	-	23,912
Interest on investments	-	-	-	-	2,793	-	2,793
Miscellaneous	-	-	-	-	-	10,123	10,123
Transfers In	-	-	-	-	20,000	-	20,000
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,166</u>	<u>12,473</u>	<u>102,639</u>
Disbursements							
Current							
General government	7,851	-	-	7,851	-	-	7,851
Public works	-	-	-	-	-	14,736	14,736
Economic development	-	-	-	-	23,806	-	23,806
Debt service							
Principal	-	-	-	-	40,000	-	40,000
Interest and other	-	-	-	-	8,495	-	8,495
Total Disbursements	<u>7,851</u>	<u>-</u>	<u>-</u>	<u>7,851</u>	<u>72,301</u>	<u>14,736</u>	<u>94,888</u>
Net Change in Cash Fund Balances	<u>(7,851)</u>	<u>-</u>	<u>-</u>	<u>(7,851)</u>	<u>17,865</u>	<u>(2,263)</u>	<u>7,751</u>
Fund Balances, January 1, as previously presented	(35,192)	168,484	(287)	133,005	135,698	(21,363)	247,340
Change within financial reporting entity (nonmajor to major fund)	-	(168,484)	-	(168,484)	-	-	(168,484)
Cash Fund Balances, January 1, as adjusted	<u>(35,192)</u>	<u>-</u>	<u>(287)</u>	<u>(35,479)</u>	<u>135,698</u>	<u>(21,363)</u>	<u>78,856</u>
Cash Fund Balances, December 31	<u>\$ (43,043)</u>	<u>\$ -</u>	<u>\$ (287)</u>	<u>\$ (43,330)</u>	<u>\$ 153,563</u>	<u>\$ (23,626)</u>	<u>\$ 86,607</u>

City of Lakeland, Minnesota
General Fund
Budgetary Comparison Schedule - Regulatory Basis (Continued on the Following Pages)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Budgetary Cash Fund Balances, January 1	\$ 2,240,722	\$ 2,240,722	\$ 2,240,722	\$ -	\$ 2,068,477
Receipts					
Taxes					
Property taxes	1,114,788	1,114,788	1,151,515	36,727	942,081
Gambling Taxes	12,000	12,000	12,142	142	15,010
Total taxes	<u>1,126,788</u>	<u>1,126,788</u>	<u>1,163,657</u>	<u>36,869</u>	<u>957,091</u>
Licenses and permits					
Business	2,000	2,000	4,370	2,370	5,370
Nonbusiness	39,200	39,200	27,113	(12,087)	67,135
Total licenses and permits	<u>41,200</u>	<u>41,200</u>	<u>31,483</u>	<u>(9,717)</u>	<u>72,505</u>
Intergovernmental					
State					
Local government aid	56,004	56,004	56,004	-	39,735
Other state aids	-	-	76,415	76,415	-
Small cities assistance	-	-	31,639	31,639	74,349
County					
County grants	3,882	3,882	3,537	(345)	3,540
Total intergovernmental	<u>59,886</u>	<u>59,886</u>	<u>167,595</u>	<u>107,709</u>	<u>117,624</u>
Charges for services					
General government	25,050	25,050	27,760	2,710	37,585
Public works	3,500	3,500	-	(3,500)	-
Total charges for services	<u>28,550</u>	<u>28,550</u>	<u>27,760</u>	<u>(790)</u>	<u>37,585</u>
Fines and forfeits	<u>5,000</u>	<u>5,000</u>	<u>3,307</u>	<u>(1,693)</u>	<u>3,606</u>
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>130,357</u>	<u>125,357</u>	<u>99,768</u>
Miscellaneous					
Other	<u>1,000</u>	<u>1,000</u>	<u>8,503</u>	<u>7,503</u>	<u>9,315</u>
Tranfers In	<u>-</u>	<u>-</u>	<u>32,125</u>	<u>(32,125)</u>	<u>-</u>
Total Receipts	<u>1,267,424</u>	<u>1,267,424</u>	<u>1,564,787</u>	<u>233,113</u>	<u>1,297,494</u>
Amounts Available for Appropriation	<u>3,508,146</u>	<u>3,508,146</u>	<u>3,805,509</u>	<u>233,113</u>	<u>3,365,971</u>

City of Lakeland, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued)
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Disbursements					
Current					
General government					
Mayor and Council					
Personal services	\$ 14,171	\$ 14,171	\$ 12,941	\$ 1,230	\$ 13,532
City Clerk					
Personal services	154,459	154,459	97,990	56,469	96,723
Elections					
Other services and charges	12,000	12,000	1,332	10,668	10,844
Accounting					
Other services and charges	15,000	15,000	57,171	(42,171)	21,368
Legal					
Other services and charges	45,000	45,000	49,051	(4,051)	37,594
Planning and zoning					
Supplies	5,000	5,000	4,564	436	3,235
Other services and charges	23,600	23,600	47,339	(23,739)	5,539
Total	28,600	28,600	51,903	(23,303)	8,774
Other General Government					
Supplies	7,200	7,200	3,447	3,753	6,711
Other services and charges	51,700	51,700	66,220	(14,520)	56,098
Total other general government	58,900	58,900	69,667	(10,767)	62,809
Assessing					
Other services and charges	26,000	26,000	14,115	11,885	14,116
Insurance					
Other services and charges	9,000	9,000	13,186	(4,186)	8,449
Total general government	363,130	363,130	367,356	(4,226)	274,209
Disbursements (Continued)					
Current (continued)					
Public safety					
Police					
Other services and charges	155,093	155,093	163,862	(8,769)	144,282
Fire					
Other services and charges	170,306	170,306	114,548	55,758	186,747
Building inspection					
Other services and charges	45,000	45,000	44,026	974	72,650
Animal control					
Other services and charges	3,000	3,000	1,947	1,053	1,565
Civil defence					
Other services and charges	160	160	944	(784)	207
Total public safety	373,559	373,559	325,327	48,232	405,451

City of Lakeland, Minnesota
General Fund
Budgetary Comparison Schedule - Regulatory Basis (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Disbursements (Continued)					
Current					
Public works					
Streets and Roadways					
Supplies	\$ 55,000	\$ 55,000	\$ 44,899	\$ 10,101	\$ 107,214
Other services and charges	91,045	91,045	139,113	(48,068)	93,666
Total street maintenance	<u>146,045</u>	<u>146,045</u>	<u>184,012</u>	<u>(37,967)</u>	<u>200,880</u>
Snow and ice removal					
Supplies	6,500	6,500	687	5,813	6,819
Other services and charges	30,350	30,350	5,332	25,018	26,393
Total	<u>36,850</u>	<u>36,850</u>	<u>6,019</u>	<u>30,831</u>	<u>33,212</u>
Street lighting					
Other services and charges	16,000	16,000	12,489	3,511	14,104
City Engineer					
Other services and charges	14,500	14,500	-	14,500	7,520
Total public works	<u>213,395</u>	<u>213,395</u>	<u>202,520</u>	<u>10,875</u>	<u>255,716</u>
Sanitation and recycling					
Other services and charges	35,200	35,200	37,679	(2,479)	36,484
Culture and recreation					
Parks					
Supplies	42,400	42,400	10,565	31,835	58,218
Other services and charges	25,580	25,580	20,142	5,438	18,839
Total parks	<u>67,980</u>	<u>67,980</u>	<u>30,707</u>	<u>37,273</u>	<u>77,057</u>
Conservation Natural Resources					
Other services and charges	14,160	14,160	13,880	280	20,156
Total culture and recreation	<u>82,140</u>	<u>82,140</u>	<u>44,587</u>	<u>37,553</u>	<u>97,213</u>
Capital outlay					
Public works	160,000	160,000	11,464	148,536	36,176
Total Disbursements	<u>1,227,424</u>	<u>1,227,424</u>	<u>988,933</u>	<u>238,491</u>	<u>1,105,249</u>
Other Financing Sources (Uses)					
Transfer out	40,000	40,000	40,000	-	20,000
Total Disbursements and Other Financing Sources (Uses)	<u>1,267,424</u>	<u>1,267,424</u>	<u>1,028,933</u>	<u>238,491</u>	<u>1,125,249</u>
Budgetary Cash Fund Balances, December 31	<u>\$ 2,240,722</u>	<u>\$ 2,240,722</u>	<u>\$ 2,776,576</u>	<u>\$ 471,604</u>	<u>\$ 2,240,722</u>

City of Lakeland, Minnesota
 Summary Financial Report
 Receipts and Disbursements for General Operations
 Governmental Funds
 For the Years Ended December 31, 2024 and 2023

	Totals		Percent Increase (Decrease)
	2024	2023	
Receipts			
Taxes	\$ 1,207,118	\$ 999,750	20.74 %
Licenses and permits	31,483	72,505	(56.58)
Intergovernmental	167,595	117,624	42.48
Charges for services	30,110	39,685	(24.13)
Fines and forfeitures	3,307	3,606	(8.29)
Special assessments	23,912	40,735	(41.30)
Interest on investment	133,150	102,840	29.47
Miscellaneous	18,626	39,715	(53.10)
Transfer In	52,125	-	100.00
	<u>\$ 1,667,426</u>	<u>\$ 1,416,460</u>	
Total Receipts	<u>\$ 1,667,426</u>	<u>\$ 1,416,460</u>	17.72 %
Per Capita	<u>\$ 1,007</u>	<u>\$ 843</u>	19.42 %
Disbursements			
Current			
General government	375,207	278,477	34.74 %
Public safety	461,686	405,451	13.87
Public works	217,256	311,982	(30.36)
Sanitation	37,679	36,484	3.28
Culture and recreation	44,587	97,213	(54.13)
Economic development	23,806	27,875	(14.60)
Public works	11,464	66,476	(82.75)
Debt service			
Principal	40,000	35,000	14.29
Interest and other charges	8,495	9,138	(7.04)
	<u>\$ 1,220,180</u>	<u>\$ 1,268,096</u>	
Total Disbursements	<u>\$ 1,220,180</u>	<u>\$ 1,268,096</u>	(3.78) %
Per Capita	<u>\$ 737</u>	<u>\$ 755</u>	(2.38) %
Total Long-term Indebtedness	\$ 255,000	\$ 295,000	(13.56) %
Per Capita	154	176	(12.31)
General Fund Balance - December 31	\$ 2,776,576	\$ 2,240,722	23.91 %
Per Capita	1,677	1,334	25.71

The purpose of this report is to provide a summary of financial information concerning the City of Lakeland to interested citizens. The complete financial statements may be examined at City Hall, 1190 St. Croix Trail South Lakeland, MN 55043. Questions about this report should be directed to the City Clerk at 651-436-4430.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF LAKELAND
CITY OF LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Lakeland, Minnesota
 Supplementary Information (Unaudited)
 Schedule of Indebtedness
 December 31, 2024

Bonded Indebtedness - Governmental Activities

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Bonds General obligation bonds 2015A	\$ 540,000	1.05 - 3.00 %	8/25/2015	2/1/2030	<u>\$ 255,000</u>

Debt service requirements to maturity

Year Ending December 31,	Principal	Interest	Total
2025	\$ 40,000	\$ 6,750	\$ 46,750
2026	40,000	5,750	45,750
2027	40,000	4,650	44,650
2028	45,000	3,375	48,375
2029	45,000	2,025	47,025
2030	45,000	675	45,675
Total	<u>\$ 255,000</u>	<u>\$ 23,225</u>	<u>\$ 278,225</u>

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Bonds General obligation bonds	\$ 720,000	1.05 - 3.00 %	08/25/15	08/01/25	<u>\$ 100,000</u>

Debt Service Requirements to Maturity

Year Ending December 31,	Principal	Interest	Total
2025	<u>\$ 100,000</u>	<u>\$ 1,250</u>	<u>\$ 101,250</u>

City of Lakeland, Minnesota
 Supplementary Information (Unaudited)
 December 31, 2024

Schedule of Accounts Receivable

Fund	Source of Revenue and Purpose	Amount
General	January Tax Settlement	<u>\$ 6,524</u>

Schedule of Accounts Payable and Contingent Liabilities

Fund	Vendor Name and Purpose	Amount
General	QuickBooks Payroll Service Direct Deposit Liabilities	<u>\$ 1,308</u>

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OTHER REQUIRED REPORTS
CITY OF LAKELAND
CITY OF LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

**INDEPENDENT AUDITOR’S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Lakeland, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Lakeland, Minnesota (the City), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which have collectively comprised the City’s basic financial statements, and have issued our report thereon dated February 28, 2025. In our report, our opinion was modified because the City prepares its financial statements on the regulatory basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65 except as described below as finding 2024-001. 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.

The City’s Responses to Findings

The City’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



Abdo
Minneapolis, Minnesota
February 28, 2025

City of Lakeland, Minnesota
Schedule of Findings and Responses
December 31, 2024

2024-001

Electronic Funds Transfers

Condition:

The City Council did not annually delegate authority to a chief financial officer to complete electronic fund transfers.

Criteria:

Minnesota State Statute 471.38 subd. 3 and 3a requires a city to enact a plan containing specific requirements including an annual delegation of authority to make electronic funds transfers.

Cause:

Oversight by management

Effect:

Currently the City is out of compliance with the statute referenced above.

Recommendation:

We recommend that the City create and adopt written policy with controls listed in the 8 Minnesota State Statutes.

Management Response:

The council is working on approving an Electronic Fund Transfer Policy.