CITY OF CIRCLE PINES, MINNESOTA
REGULAR UTILITIES COMMISSION MEETING

May 26, 2026
5:00 PM

AGENDA

1. **Call to Order**

2. **Roll Call**

Jan Kreminski, Chair
Curtis Theis, Commissioner
Eric Peterson, Commissioner
Brian Olson, Commissioner
Brett Asleson, Commissioner
Patrick Antonen, City Administrator

3. **Setting of Agenda**

Note: Consent agenda items will be acted on with one motion unless a Utilities Commission Member requests their placement on the regular agenda -

4. **Comments**

   a. Public Comments
   b. Commission Member Comments

5. **<u>COMMISSION BUSINESS</u>**

   a. Consent Agenda Items:

      1. Minutes – April 21, 2026
      2. Disbursement List
      3. Financial Statement

   Commission Action_____

   b. 2025 Audit Report – L.B. Carlson (Presentation)

   Commission Action_____

   c. 2026 Water Tower Reconditioning Project – Amendment (Enclosed)

   Commission Action_____

   d. 2026 Water Tower Reconditioning Project - Change Orders 1 and 2 (Enclosed)

   Commission Action_____

e. _____

Commission Action_____

6. **ADJOURNMENT**

CITY OF CIRCLE PINES, MINNESOTA
REGULAR UTILITIES COMMISSION MEETING

Tuesday, April 28, 2026
Minutes

1. CALL TO ORDER

Chairman Kreminski called the meeting to order at 5:00 p.m.

2. ROLL CALL

Commission Members Curtis Theis, Brian Olson, and Brett Asleson were present. City Administrator Patrick Antonen represented the staff. Commissioner Eric Peterson was present via interactive technology.

3. SETTING OF AGENDA

There were no changes to the agenda.

4. COMMENTS

a. Public Comments

There were no public comments.

b. Commission Member Comments

- Chair Kreminski commented on the MMUA Resource article about Grand Rapids Public Utilities water quality.
- Antonen explained that the pre-con meeting for the Water Tower Project was yesterday, and the project has officially started with plans to have it complete by mid-summer and a set end date of September. Residents might notice a difference in the water once the city switches over to Blaine's water on Thursday.

5. COMMISSION BUSINESS

a. Consent Agenda Items:

1. Minutes – March 24, 2026
2. Disbursement List
3. Financial Statement

Motion: Olson moved, seconded by Asleson, to approve the Consent Agenda as presented. **Motion carried by Roll Call with 5 Ayes and 0 Nays**.

b. Environmental Initiatives Presentation

Antonen explained that this is the annual Environmental Initiatives presentation that coincides with Earth Day, which was April 22nd.

Environmental Initiatives Presentation:

- EV Charging Station
  - The MPCA VW Settlement Grant was awarded.
    - Purchased and installed 2 Blink 7 chargers: Dual-port chargers allow up to 4 EVs to charge at the same time, and a maintenance contract with Blink to ensure the chargers remain working.
    - Ribbon cutting ceremony will take place this summer.
- MPCA Local Climate Action Plan Grant
  - In 2023, the Minnesota Legislature set aside funds for local climate action grants to help local governments.
    - A local government is developing a community-wide plan for climate adaptation and resilience.
    - This is probably a requirement as part of the 2050 Comp Plan
  - The city applied for a local climate action plan grant through the MPCA
    - We applied for $51,393, of which $2,450 was our local match and $48,943 from the MPCA.
  - The city was successful and received $49,000 for the Local Climate Action Plan Grant.
    - Environmental Stewardship Plan will be completed by this summer.
    - Advisory committee has met multiple times over the year and held a very well-attended community event last November featuring the Raptor Center.
    - Next steps will be to implement the Environmental Stewardship Plan.
- First EV fleet vehicle was added last year.
- Participation in Environmental Organization:
  - Green Steps – Step 2
  - Adopt-a-drain – 53 Drains Adopted
- Organics Recycling
  - This project started in 2022 with curbside organics recycling
  - About 100 subscribers per month
- Met Council – Water Efficiency Grant
  - Applied for the 2026 Water Efficiency Grant. Waiting to hear if approved.
  - Eligible replacement items this year has expanded:
    - Washing Machine – up to $200 rebate
    - Dishwater – up to $100 rebate
    - Toilet – up to $100 rebate
    - Smart irrigation controller – up to $100 rebate
    - Irrigation Audit – up to $200 rebate
  - Requested Grant Amount = $13,200

- Required Municipality Match = $3,300
- Total Program Budget = $16,500

6. ADJOURNMENT

Motion: Theis moved, seconded by Olson, to adjourn at 5:17 p.m.
Motion carried by Roll Call with 5 Ayes and 0 Nays.

_____ _____

Chair City Administrator

Centennial Utilities
200 Civic Heights Circle
Circle Pines, MN 55014
(763) 784-6751
www.centennialutilities.com

Consent Agenda Item 5.a.3.

Memo

To: Utility Commission
From: Kate Manson
Date: May 19, 2026
Re: April Utility Funds Financials

Operating income has surged by another 9% compared to the previous month, with earnings stemming mostly from natural gas services. Gross profits are up 2% from last year due to rate increases for sewer and stormwater. The overall financial performance remains aligned with budgetary projections.

Natural gas sales are trending on average at around 208,000 MMBtu's; historically April ranges from 190,000 to 249,000. However, the reason for such inflated sales for 2026 compared to 2025 is related to the surge in gas pricing for the first four months of the year. Because of severe cold in January and a meter leak in February, the average price of gas in 2026 so far is 54% higher than in 2025. As the season warms, the operating income of $357,709 will decrease, but the Utility should end the year with savings of about $120,000 to contribute to future capital spending.

The water fund's expenses surpass revenue by $39,399. Throughout the winter months, usage sales are usually quite predictable, and this year is no different with 28.9 million gallons sold compared to prior years at 28.1 to 29.6 million gallons. Large interest payments in August and December will result most likely in using more reserves as planned.

Adjusting for the Metropolitan Council's $26,384 pre-bill disposal expense, the sewer fund's net gain of $31,879 transforms into a gain of $58,263. This performance aligns with expectations, as the budget included a 7% increase in rates to pay back a cash deficit from the end of 2025.

Stormwater had a 5% rate increase beginning January 1 and is expected to utilize reserves, so the slight gain of $2,735 is no surprise.

The budget was designed to use water and stormwater reserves, have sewer growth to pay back a cash deficit and continue to build gas reserves for future capital projects. With that in mind, financials are looking as expected.

KM

Enclosures:

(1) April Financial Summary

April Financial Summary

Percent of Sales

	WATER				SEWER				STORMWATER				GAS				ALL FUNDS			
	2026 YTD		2025 YTD		2026 YTD		2025 YTD		2026 YTD		2025 YTD		2026 YTD		2025 YTD		2026 YTD		2025 YTD	
UTILITY SALES																				
Residential	146,174	68.7%	144,719	67.3%	286,046	82.4%	265,863	82.6%	78,540	84.5%	74,807	83.9%	1,560,221	61.6%	1,250,772	61.9%	2,070,979	65.0%	1,736,160	65.6%
Commercial	4,061	1.9%	3,998	1.9%	53,112	15.3%	48,795	15.2%	14,299	15.4%	13,950	15.7%	724,872	28.6%	560,643	27.7%	796,344	25.0%	627,387	23.7%
Interruptible	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	165,936	6.6%	137,120	6.8%	165,936	5.2%	137,120	5.2%
Penalties	211	0.1%	757	0.4%	445	0.1%	1,435	0.4%	102	0.1%	366	0.4%	2,766	0.1%	9,074	0.4%	3,525	0.1%	11,632	0.4%
Other / Grant	60,512	28.4%	64,941	30.2%	7,525	2.2%	5,688	1.8%	-	0.0%	-	0.0%	585	0.0%	962	0.0%	68,622	2.2%	71,591	2.7%
Franchise Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	77,688	3.1%	61,996	3.1%	77,688	2.4%	61,996	2.3%
Investment Earnings	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Bad Debt Recovery	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Gain/Loss on Asset Disposal	1,914	0.9%	661	0.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,914	0.1%	661	0.0%
TOTAL UTILITY SALES	***212,871***	***100.0%***	***215,077***	***100.0%***	***347,128***	***100.0%***	***321,781***	***100.0%***	***92,941***	***100.0%***	***89,123***	***100.0%***	***2,532,068***	***100.0%***	***2,020,566***	***100.0%***	***3,185,007***	***100.0%***	***2,646,546***	***100.0%***
COST OF SALES																				
Gas Purchase	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,526,384	60.3%	1,018,278	50.4%	1,526,384	47.9%	1,018,278	38.5%
Water & Sewer Pumping	5,074	2.4%	4,100	1.9%	489	0.1%	518	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,563	0.2%	4,618	0.2%
MCES Sewer Contract	-	0.0%	-	0.0%	134,885	38.9%	154,144	47.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	134,885	4.2%	154,144	5.8%
Franchise Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	77,679	3.1%	61,952	3.1%	77,679	2.4%	61,952	2.3%
TOTAL COST OF SALES	***5,074***	***2.4%***	***4,100***	***1.9%***	***135,374***	***39.0%***	***154,662***	***48.1%***	***-***	***0.0%***	***-***	***0.0%***	***1,604,063***	***63.3%***	***1,080,230***	***53.5%***	***1,744,511***	***54.8%***	***1,238,991***	***46.8%***
GROSS PROFIT	**207,797**	**97.6%**	**210,977**	**98.1%**	**211,753**	**61.0%**	**167,119**	**51.9%**	**92,941**	**100.0%**	**89,123**	**100.0%**	**928,005**	**36.7%**	**940,336**	**46.5%**	**1,440,497**	**45.2%**	**1,407,555**	**53.2%**
OPERATING EXPENSES																				
OPERATIONS																				
Personal Services	44,222	20.8%	38,269	17.8%	32,761	9.4%	28,251	8.8%	2,968	3.2%	2,541	2.9%	197,494	7.8%	170,267	8.4%	277,445	8.7%	239,328	9.0%
Supplies	1,795	0.8%	1,214	0.6%	1,659	0.5%	1,031	0.3%	29	0.0%	3	0.0%	7,373	0.3%	4,335	0.2%	10,857	0.3%	6,583	0.2%
Contracted Services	7,692	3.6%	2,923	1.4%	1,234	0.4%	9,392	2.9%	6,043	6.5%	4,430	5.0%	22,513	0.9%	19,403	1.0%	37,483	1.2%	36,148	1.4%
Bldg/Equip Rental/Repair	2,472	1.2%	8,919	4.1%	607	0.2%	10,812	3.4%	6,781	7.3%	13,100	14.7%	13,441	0.5%	6,750	0.3%	23,301	0.7%	39,581	1.5%
TOTAL OPERATIONS	56,181	26.4%	51,325	23.9%	36,262	10.4%	49,486	15.4%	15,821	17.0%	20,074	22.5%	240,821	9.5%	200,756	9.9%	349,086	11.0%	321,641	12.2%
FILTRATION EXPENSES	27,138	12.7%	25,086	11.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	27,138	0.9%	25,086	0.9%
IESF	-	0.0%	-	0.0%	-	0.0%	-	0.0%	127	0.1%	114	0.1%	-	0.0%	-	0.0%	127	0.0%	114	0.0%
ADMINISTRATION																				
Personal Services	34,434	16.2%	39,803	18.5%	32,226	9.3%	37,388	11.6%	-	0.0%	-	0.0%	142,387	5.6%	161,831	8.0%	209,048	6.6%	239,021	9.0%
Supplies	83	0.0%	326	0.2%	79	0.0%	301	0.1%	-	0.0%	-	0.0%	349	0.0%	1,048	0.1%	510	0.0%	1,676	0.1%
Contracted Services	9,986	4.7%	11,006	5.1%	9,753	2.8%	10,480	3.3%	2,069	2.2%	2,308	2.6%	42,090	1.7%	45,083	2.2%	63,899	2.0%	68,877	2.6%
Bldg/Equip Rental/Repair	8,223	3.9%	7,725	3.6%	8,477	2.4%	7,903	2.5%	1,735	1.9%	1,941	2.2%	39,655	1.6%	45,625	2.3%	58,090	1.8%	63,194	2.4%
Interest on Bonds	7,124	3.3%	7,895	3.7%	8,236	2.4%	9,120	2.8%	5,578	6.0%	6,094	6.8%	-	0.0%	-	0.0%	20,938	0.7%	23,109	0.9%
Contingency	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
TOTAL ADMINISTRATION	59,850	28.1%	66,755	31.0%	58,771	16.9%	65,192	20.3%	9,382	10.1%	10,343	11.6%	224,481	8.9%	253,587	12.6%	352,484	11.1%	395,877	15.0%
DEPRECIATION EXPENSE	104,027	48.9%	72,735	33.8%	84,841	24.4%	88,338	27.5%	64,876	69.8%	64,500	72.4%	104,994	4.1%	106,181	5.3%	358,738	11.3%	331,755	12.5%
TOTAL OPERATING EXPENSES	***247,196***	***116.1%***	***215,901***	***100.4%***	***179,875***	***51.8%***	***203,016***	***63.09%***	***90,206***	***97.1%***	***95,032***	***106.6%***	***570,296***	***22.5%***	***560,523***	***27.7%***	***1,087,573***	***34.1%***	***1,074,472***	***40.6%***
TRANSFER IN	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
OPERATING INCOME (LOSS)	**(39,399)**	**-18.5%**	**(4,924)**	**-2.3%**	**31,879**	**9.2%**	**(35,897)**	**-11.2%**	**2,735**	**2.9%**	**(5,909)**	**-6.6%**	**357,709**	**14.1%**	**379,813**	**18.8%**	**352,924**	**11.1%**	**333,083**	**12.6%**

Unit Sales	2026	2025	2024	2023	2022
gallons (M)	28.9	28.4	29.6	28.8	28.1

Unit Sales	2026	2025	2024	2023	2022
mmbtu's (K)	208	217	190	219	249

CITY OF CIRCLE PINES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2026
WATER UTILITY FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
	MISCELLANEOUS					
601-36-6210-000	INTEREST-INVESTMENTS	.00	.00	27,533.00	27,533.00	.00
601-36-6235-000	MISCELLANEOUS	.00	229.00	.00	(229.00)	.00
	TOTAL MISCELLANEOUS	.00	229.00	27,533.00	27,304.00	.83
	SALES REVENUE					
601-37-7110-000	RESIDENTIAL WATER SALES	34,613.37	136,309.03	465,351.00	329,041.97	29.29
601-37-7111-000	RESIDENTIAL WATER SALES - IRRI	496.31	496.31	24,949.00	24,452.69	1.99
601-37-7112-000	RESIDENTIAL WATER SALES - MULT	2,403.47	9,368.22	32,670.00	23,301.78	28.68
601-37-7120-000	COMMERCIAL WATER SALES	1,035.99	4,052.72	19,460.00	15,407.28	20.83
601-37-7121-000	COMMERCIAL WATER SALES-IRRIGAT	7.91	7.91	.00	(7.91)	.00
601-37-7170-000	MISC WATER SALES	302.45	302.45	300.00	(2.45)	100.82
601-37-7175-000	CITY WATER FEE	.00	1,800.00	.00	(1,800.00)	.00
601-37-7230-000	WAC FILTRATION	.00	1,450.00	.00	(1,450.00)	.00
601-37-7250-000	WATER TOWER LEASE	9,782.04	56,730.32	73,040.00	16,309.68	77.67
601-37-7560-000	PENALTIES	(4.24)	211.35	4,068.00	3,856.65	5.20
	TOTAL SALES REVENUE	48,637.30	210,728.31	619,838.00	409,109.69	34.00
	OTHER FINANCING SOURCES					
601-39-9200-000	GAIN/LOSS OF ASSET DISPOSAL	859.05	1,913.61	.00	(1,913.61)	.00
601-39-9205-000	TRANSFER FROM WATER FILTRATION	.00	.00	190,732.00	190,732.00	.00
	TOTAL OTHER FINANCING SOURCES	859.05	1,913.61	190,732.00	188,818.39	1.00
	TOTAL FUND REVENUE	49,496.35	212,870.92	838,103.00	625,232.08	25.40

WATER UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
	POWER & PUMPING					
601-49-9410-000	WATER-POWER & PUMPING	1,353.88	5,073.61	18,500.00	13,426.39	27.42
	OTHER	1,353.88	5,073.61	18,500.00	13,426.39	27.42
	TOTAL POWER & PUMPING	1,353.88	5,073.61	18,500.00	13,426.39	27.42
	WATER OPERATIONS					
601-49-9430-101	WATER-SALARIES-FT	7,828.19	31,513.07	102,604.00	71,090.93	30.71
601-49-9430-102	WATER SALARIES-OT	549.09	2,049.08	5,920.00	3,870.92	34.61
601-49-9430-103	WATER SALARIES-PT	.00	.00	1,287.00	1,287.00	.00
601-49-9430-120	WATER-PAYROLL TAXES	1,193.71	4,258.44	17,172.00	12,913.56	24.80
601-49-9430-125	WATER-PAYROLL TAXES(PFML)	34.32	143.96	.00	(143.96)	.00
601-49-9430-130	WATER-INSURANCE	1,280.91	6,152.59	19,663.00	13,510.41	31.29
601-49-9430-142	WATER-UNEMPLOYMENT	104.65	104.65	.00	(104.65)	.00
	PERSONNEL	10,990.87	44,221.79	146,646.00	102,424.21	30.16
601-49-9430-212	WATER-MOTOR FUEL & LUBS	157.78	353.07	3,360.00	3,006.93	10.51
601-49-9430-214	WATER-TOOLS	28.42	31.82	600.00	568.18	5.30
601-49-9430-215	WATER-SHOP SUPPLIES	275.41	1,004.38	1,100.00	95.62	91.31
601-49-9430-218	WATER-UNIFORMS	379.22	405.82	588.00	182.18	69.02
	SUPPLIES	840.83	1,795.09	5,648.00	3,852.91	31.78
601-49-9430-306	WATER-MEDICAL TESTING/PHYSICAL	.00	.00	50.00	50.00	.00
601-49-9430-307	WATER-CONSULTING (FILTRATION)	1,680.00	5,498.98	662.00	(4,836.98)	830.66
601-49-9430-314	WATER-CONTRACT SERVICES	140.24	478.04	1,517.00	1,038.96	31.51
601-49-9430-321	WATER-TELEPHONE	75.82	194.13	748.00	553.87	25.95
601-49-9430-331	WATER-TRAVEL	.00	600.00	1,400.00	800.00	42.86
601-49-9430-350	WATER-PRINTING & PUBLISHING	62.04	62.04	.00	(62.04)	.00
601-49-9430-380	WATER-UTILITIES	191.21	858.87	1,806.00	947.13	47.56
	CONTRACTED SERVICES	2,149.31	7,692.06	6,183.00	(1,509.06)	124.41
601-49-9430-401	WATER-BUILDING MAINTENANCE	167.56	295.45	1,200.00	904.55	24.62
601-49-9430-402	WATER-MAIN WELL & SERV REPAIR	136.58	136.58	14,200.00	14,063.42	.96
601-49-9430-404	WATER-REP & MTC EQUIPMENT	.00	29.77	4,149.00	4,119.23	.72
601-49-9430-495	WATER-MISCELLANEOUS	7.29	2,010.64	2,180.00	169.36	92.23
	MAINTENANCE	311.43	2,472.44	21,729.00	19,256.56	11.38
	TOTAL WATER OPERATIONS	14,292.44	56,181.38	180,206.00	124,024.62	31.18
	WATER FILTRATION					

WATER UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
601-49-9435-216	WATER-FILTRATION CHEMICALS	10.00	3,383.41	10,000.00	6,616.59	33.83
601-49-9435-219	WATER-FILTRATION SUPPLIES	.00	134.60	200.00	65.40	67.30
	SUPPLIES	10.00	3,518.01	10,200.00	6,681.99	34.49
601-49-9435-321	WATER-FILTRATION TELEPHONE	70.80	285.21	821.00	535.79	34.74
601-49-9435-380	WATER-FILTRATION UTILITIES	1,017.18	3,488.75	9,500.00	6,011.25	36.72
	CONTRACTED SERVICES	1,087.98	3,773.96	10,321.00	6,547.04	36.57
601-49-9435-402	WATER-FILTRATION REPAIR & MTC	.00	.00	5,850.00	5,850.00	.00
601-49-9435-404	WATER-FILTRATION EQUIP MAINT	.00	221.63	5,000.00	4,778.37	4.43
601-49-9435-420	WATER-FILTRATION DEPRECIATION	4,743.58	18,974.32	56,923.00	37,948.68	33.33
601-49-9435-433	WATER FILTRATION-DUES & FEES	550.00	650.00	600.00	(50.00)	108.33
	MAINTENANCE	5,293.58	19,845.95	68,373.00	48,527.05	29.03
	TOTAL WATER FILTRATION	6,391.56	27,137.92	88,894.00	61,756.08	30.53
	WATER ADMINISTRATION					
601-49-9440-101	WATER-SALARIES-FT	5,867.31	25,488.36	75,327.00	49,838.64	33.84
601-49-9440-102	WATER-SALARIES-OT	.00	.00	100.00	100.00	.00
601-49-9440-103	WATER-SALARIES-PT	.00	542.14	2,340.00	1,797.86	23.17
601-49-9440-120	WATER-PAYROLL TAXES	866.59	3,272.37	12,003.00	8,730.63	27.26
601-49-9440-125	WATER-PAYROLL TAXES(PFML)	20.94	98.60	.00	(98.60)	.00
601-49-9440-130	WATER-INSURNACE	723.32	5,011.97	12,860.00	7,848.03	38.97
601-49-9440-142	WATER-UNEMPLOYMENT	.00	20.56	.00	(20.56)	.00
	PERSONNEL	7,478.16	34,434.00	102,630.00	68,196.00	33.55
601-49-9440-201	WATER-OFFICE SUPPLIES	25.28	43.08	774.00	730.92	5.57
601-49-9440-218	WATER-UNIFORMS	.00	.00	125.00	125.00	.00
601-49-9440-219	WATER-MISC SUPPLIES	7.33	39.69	160.00	120.31	24.81
	SUPPLIES	32.61	82.77	1,059.00	976.23	7.82

WATER UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
601-49-9440-301	WATER-AUDITING	2,072.00	3,042.50	4,951.00	1,908.50	61.45
601-49-9440-303	WATER-ENGINEERING	.00	.00	8,000.00	8,000.00	.00
601-49-9440-304	WATER-LEGAL	.00	.00	500.00	500.00	.00
601-49-9440-307	WATER-CONSULTING	3.20	12.16	1,590.00	1,577.84	.76
601-49-9440-314	WATER-CONTRACT SERVICES	108.80	545.80	1,990.00	1,444.20	27.43
601-49-9440-321	WATER-TELEPHONE	540.41	800.29	1,239.00	438.71	64.59
601-49-9440-322	WATER-POSTAGE	.00	.00	3,940.00	3,940.00	.00
601-49-9440-331	WATER-TRAVEL	24.00	218.01	1,332.00	1,113.99	16.37
601-49-9440-350	WATER-PRINTING & PUBLISHING	98.62	1,330.51	2,290.00	959.49	58.10
601-49-9440-360	WATER-INSURANCE	959.00	3,836.00	11,513.00	7,677.00	33.32
601-49-9440-380	WATER-UTILITIES	56.57	201.18	575.00	373.82	34.99
	CONTRACTED SERVICES	3,862.60	9,986.45	37,920.00	27,933.55	26.34
601-49-9440-401	WATER-BUILDING MAINT	.00	2.77	329.00	326.23	.84
601-49-9440-404	WATER-REP & MTC EQUIPMENT	.00	.00	145.00	145.00	.00
601-49-9440-405	WATER-MAINTENANCE CONTRACTS	649.54	5,746.60	21,528.00	15,781.40	26.69
601-49-9440-420	WATER-DEPRECIATION	26,006.75	104,027.00	312,081.00	208,054.00	33.33
601-49-9440-432	WATER-UNCOLLECTABLE ACCOUNTS	.00	.12	500.00	499.88	.02
601-49-9440-433	WATER-DUES & SUBSCRIPTIONS	.00	439.30	1,056.00	616.70	41.60
601-49-9440-440	WATER-BANK CHARGES	739.87	2,034.09	4,950.00	2,915.91	41.09
601-49-9440-492	WATER - WATER EFFICIENCY GRANT	.00	.00	1,000.00	1,000.00	.00
601-49-9440-495	WATER-MISCELLANEOUS	.00	.00	500.00	500.00	.00
	MAINTENANCE	27,396.16	112,249.88	342,089.00	229,839.12	32.81
601-49-9440-611	WATER-BOND INTEREST	.00	6,695.00	66,206.00	59,511.00	10.11
601-49-9440-620	WATER-BOND SERVICE FEES	.00	429.00	600.00	171.00	71.50
	OTHER	.00	7,124.00	66,806.00	59,682.00	10.66
	TOTAL WATER ADMINISTRATION	38,769.53	163,877.10	550,504.00	386,626.90	29.77
	TOTAL WATER UTILITY FUND	60,807.41	252,270.01	838,104.00	585,833.99	30.10
	NET REVENUE OVER EXPENDITURES	(11,311.06)	(39,399.09)	(1.00)	39,398.09	

CITY OF CIRCLE PINES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2026
SEWER FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
	MISCELLANEOUS					
602-36-6220-000	EQUIPMENT RENTAL FROM SEWER	.00	5,600.00	5,600.00	.00	100.00
	TOTAL MISCELLANEOUS	.00	5,600.00	5,600.00	.00	100.00
	SALES REVENUE					
602-37-7210-000	RESIDENTIAL SEWER SALES	69,789.97	286,045.51	843,035.00	556,989.49	33.93
602-37-7220-000	COMMERCIAL SEWER SALES	13,216.76	53,112.15	178,707.00	125,594.85	29.72
602-37-7250-000	SAC CHARGES-MWCC	(2,460.15)	24.85	.00	(24.85)	.00
602-37-7255-000	CITY SEWER FEE	.00	1,500.00	.00	(1,500.00)	.00
602-37-7290-000	REFUNDS & REIMBURSEMENTS	400.00	400.00	.00	(400.00)	.00
602-37-7560-000	PENALTIES	(7.15)	445.17	7,663.00	7,217.83	5.81
	TOTAL SALES REVENUE	80,939.43	341,527.68	1,029,405.00	687,877.32	33.18
	TOTAL FUND REVENUE	80,939.43	347,127.68	1,035,005.00	687,877.32	33.54

SEWER FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
	POWER & PUMPING					
602-49-9410-000	SEWER-POWER & PUMPING	162.24	489.37	1,840.00	1,350.63	26.60
	OTHER	162.24	489.37	1,840.00	1,350.63	26.60
	TOTAL POWER & PUMPING	162.24	489.37	1,840.00	1,350.63	26.60
	SEWER OPERATIONS					
602-49-9460-101	SEWER-SALARIES-FT	5,655.53	22,825.84	73,289.00	50,463.16	31.14
602-49-9460-102	SEWER-SALARIES-OT	400.39	2,157.07	5,675.00	3,517.93	38.01
602-49-9460-120	SEWER-PAYROLL TAXES	863.23	3,192.81	12,417.00	9,224.19	25.71
602-49-9460-125	SEWER-PAYROLL TAXES(PFML)	24.84	107.02	.00	(107.02)	.00
602-49-9460-130	SEWER-INSURANCE	914.98	4,396.22	14,048.00	9,651.78	31.29
602-49-9460-142	SEWER-UNEMPLOYMENT	82.22	82.22	.00	(82.22)	.00
	PERSONNEL	7,941.19	32,761.18	105,429.00	72,667.82	31.07
602-49-9460-212	SEWER-MOTOR FUEL & LUBS	152.29	338.34	4,420.00	4,081.66	7.65
602-49-9460-214	SEWER-TOOLS	27.06	30.46	600.00	569.54	5.08
602-49-9460-215	SEWER-SHOP SUPPLIES	275.41	1,000.45	1,080.00	79.55	92.63
602-49-9460-218	SEWER-UNIFORMS	270.88	289.88	420.00	130.12	69.02
	SUPPLIES	725.64	1,659.13	6,520.00	4,860.87	25.45
602-49-9460-307	SEWER-CONSULTING	.00	248.98	662.00	413.02	37.61
602-49-9460-314	SEWER-CONTRACT SERVICES	59.24	235.04	7,797.00	7,561.96	3.01
602-49-9460-321	SEWER-TELEPHONE	59.41	150.44	579.00	428.56	25.98
602-49-9460-331	SEWER-TRAVEL	.00	600.00	1,700.00	1,100.00	35.29
	CONTRACTED SERVICES	118.65	1,234.46	10,738.00	9,503.54	11.50
602-49-9460-401	SEWER-BUILDING MAINTENANCE	156.39	200.09	1,120.00	919.91	17.87
602-49-9460-402	SEWER-MAIN & LIFT STAT REPAIR	.00	33.49	13,200.00	13,166.51	.25
602-49-9460-404	SEWER-MTC & REP EQUIPMENT	17.97	370.03	5,091.00	4,720.97	7.27
602-49-9460-495	SEWER-MISCELLANEOUS	1.22	3.57	130.00	126.43	2.75
	MAINTENANCE	175.58	607.18	19,541.00	18,933.82	3.11
	TOTAL SEWER OPERATIONS	8,961.06	36,261.95	142,228.00	105,966.05	25.50
	SEWAGE TREATMENT-MWCC					

SEWER FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
602-49-9480-314	SEWAGE TREATMENT-MWCC CONTRACT	29,350.76	134,884.92	327,418.00	192,533.08	41.20
	CONTRACTED SERVICES	29,350.76	134,884.92	327,418.00	192,533.08	41.20
	TOTAL SEWAGE TREATMENT-MWCC	29,350.76	134,884.92	327,418.00	192,533.08	41.20
	SEWER ADMINISTRATION					
602-49-9490-101	SEWER-SALARIES-FT	5,475.37	23,825.71	70,313.00	46,487.29	33.89
602-49-9490-102	SEWER-SALARIES-OT	.00	.00	100.00	100.00	.00
602-49-9490-103	SEWER-SALARIES-PT	.00	512.02	2,210.00	1,697.98	23.17
602-49-9490-120	SEWER-PAYROLL TAXES	808.87	3,054.15	11,206.00	8,151.85	27.25
602-49-9490-125	SEWER-PAYROLL TAXES(PFML)	19.60	92.45	.00	(92.45)	.00
602-49-9490-130	SEWER-INSURANCE	676.88	4,723.29	12,068.00	7,344.71	39.14
602-49-9490-142	SEWER-UNEMPLOYMENT	.00	18.85	.00	(18.85)	.00
	PERSONNEL	6,980.72	32,226.47	95,897.00	63,670.53	33.61
602-49-9490-201	SEWER-OFFICE SUPPLIES	25.27	43.05	787.00	743.95	5.47
602-49-9490-218	SEWER-UNIFORMS	.00	.00	112.00	112.00	.00
602-49-9490-219	SEWER-MISC SUPPLIES	6.59	35.71	144.00	108.29	24.80
	SUPPLIES	31.86	78.76	1,043.00	964.24	7.55
602-49-9490-301	SEWER-AUDITING	1,864.80	2,738.25	4,456.00	1,717.75	61.45
602-49-9490-303	SEWER-ENGINEERING	263.00	263.00	500.00	237.00	52.60
602-49-9490-304	SEWER-LEGAL	.00	.00	500.00	500.00	.00
602-49-9490-307	SEWER-CONSULTING	2.88	10.94	1,683.00	1,672.06	.65
602-49-9490-314	SEWER-CONTRACT SERVICES	97.93	502.56	1,791.00	1,288.44	28.06
602-49-9490-321	SEWER-TELEPHONE	511.65	747.49	1,140.00	392.51	65.57
602-49-9490-322	SEWER-POSTAGE	.00	.00	3,732.00	3,732.00	.00
602-49-9490-331	SEWER-TRAVEL	21.00	193.51	1,251.00	1,057.49	15.47
602-49-9490-350	SEWER-PRINTING & PUBLISHING	93.43	1,260.49	1,980.00	719.51	63.66
602-49-9490-360	SEWER-INSURANCE	959.00	3,836.00	11,513.00	7,677.00	33.32
602-49-9490-380	SEWER-UTILITIES	56.57	201.18	575.00	373.82	34.99
	CONTRACTED SERVICES	3,870.26	9,753.42	29,121.00	19,367.58	33.49
602-49-9490-401	SEWER-BUILDING MAINT	.00	2.77	329.00	326.23	.84
602-49-9490-404	SEWER-REP & MTC EQUIPMENT	.00	.00	145.00	145.00	.00
602-49-9490-405	SEWER-MTC CONTRACTS	584.59	5,279.94	11,448.00	6,168.06	46.12
602-49-9490-420	SEWER-DEPRECIATION	21,210.33	84,841.32	254,524.00	169,682.68	33.33
602-49-9490-432	SEWER-UNCOLLECABLE ACCOUNTS	.00	.18	500.00	499.82	.04
602-49-9490-433	SEWER-DUES & SUBSCRIPTIONS	.00	420.45	672.00	251.55	62.57
602-49-9490-440	SEWER-BANK CHARGES	1,008.93	2,773.76	6,750.00	3,976.24	41.09
	MAINTENANCE	22,803.85	93,318.42	274,368.00	181,049.58	34.01

SEWER FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
602-49-9490-712	SEWER - TRANSFER OUT	.00	.00	79,892.00	79,892.00	.00
	TRANSFERS	.00	.00	79,892.00	79,892.00	.00
602-49-9490-611	SEWER-BOND INTEREST	.00	7,779.57	82,550.00	74,770.43	9.42
602-49-9490-620	SEWER-BOND SERVICE FEES	.00	456.00	650.00	194.00	70.15
	OTHER	.00	8,235.57	83,200.00	74,964.43	9.90
	TOTAL SEWER ADMINISTRATION	33,686.69	143,612.64	563,521.00	419,908.36	25.48
	TOTAL SEWER FUND	72,160.75	315,248.88	1,035,007.00	719,758.12	30.46
	NET REVENUE OVER EXPENDITURES	8,778.68	31,878.80	(2.00)	(31,880.80)	

CITY OF CIRCLE PINES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2026
STORMWATER FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
603-36-6210-000	INTEREST-INVESTMENTS	.00	.00	54.00	54.00	.00
	TOTAL SOURCE 36	.00	.00	54.00	54.00	.00
	SALES REVENUE					
603-37-7110-000	RESIDENTIAL STORMWATER SALES	19,635.00	78,539.53	235,620.00	157,080.47	33.33
603-37-7120-000	COMMERCIAL STORMWATER SALES	3,574.78	14,299.12	42,897.00	28,597.88	33.33
603-37-7560-000	PENALTIES	(2.00)	102.17	2,089.00	1,986.83	4.89
	TOTAL SALES REVENUE	23,207.78	92,940.82	280,606.00	187,665.18	33.12
	OTHER FINANCING SOURCES					
603-39-9205-000	TRANSFER FROM PIR	.00	.00	25,756.00	25,756.00	.00
	TOTAL OTHER FINANCING SOURCES	.00	.00	25,756.00	25,756.00	.00
	TOTAL FUND REVENUE	23,207.78	92,940.82	306,416.00	213,475.18	30.33

STORMWATER FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
	STORMWATER OPS					
603-49-9530-101	STORMWATER-SALARIES FT	557.36	2,236.57	7,329.00	5,092.43	30.52
603-49-9530-102	STORMWATER-SALARIES OT	.00	3.68	.00	(3.68)	.00
603-49-9530-120	STORMWATER-PAYROLL TAXES	79.10	279.46	1,153.00	873.54	24.24
603-49-9530-125	STORMWATER-PAYROLL TAXES(PFML)	2.26	9.58	.00	(9.58)	.00
603-49-9530-130	STORMWATER-INSURANCE	91.50	438.34	1,402.00	963.66	31.27
	PERSONNEL	730.22	2,967.63	9,884.00	6,916.37	30.02
603-49-9530-218	STORMWATER-UNIFORMS	27.09	28.99	42.00	13.01	69.02
	SUPPLIES	27.09	28.99	42.00	13.01	69.02
603-49-9530-301	STORMWATER-AUDITING	.00	.00	2,475.00	2,475.00	.00
603-49-9530-303	STORMWATER-ENGINEERING	968.75	5,821.00	10,500.00	4,679.00	55.44
603-49-9530-307	STORMWATER-CONSULTING	.00	.00	416.00	416.00	.00
603-49-9530-314	STORMWATER-CONTRACT SERVICES	.00	.00	1,000.00	1,000.00	.00
603-49-9530-322	STORMWATER-POSTAGE	.00	.00	2,281.00	2,281.00	.00
603-49-9530-331	STORMWATER-TRAVEL	.00	.00	500.00	500.00	.00
603-49-9530-350	STORMWATER-PRINTING & PUB	57.09	222.49	1,210.00	987.51	18.39
603-49-9530-380	STORMWATER-UTILITIES	.00	.00	200.00	200.00	.00
	CONTRACTED SERVICES	1,025.84	6,043.49	18,582.00	12,538.51	32.52
603-49-9530-402	STORMWATER-POND REPAIR & MTC	.00	.00	7,000.00	7,000.00	.00
603-49-9530-403	STORMWATER-CATCH BASIN REPAIR	.00	.00	10,000.00	10,000.00	.00
603-49-9530-415	STORMWATER-EQUIPMENT RENTAL	.00	5,600.00	5,600.00	.00	100.00
603-49-9530-420	STORMWATER-DEPRECIATION	16,219.08	64,876.32	194,629.00	129,752.68	33.33
603-49-9530-432	STORMWATER-UNCOLLECTABLE ACTS	.00	.12	.00	(.12)	.00
603-49-9530-433	STORMWATER-DUES & MEMBERSHIPS	.00	350.00	1,680.00	1,330.00	20.83
603-49-9530-495	STORMWATER-MISCELLANEOUS	.00	831.00	500.00	(331.00)	166.20
	MAINTENANCE	16,219.08	71,657.44	219,409.00	147,751.56	32.66
603-49-9530-611	STORMWATER-BOND INTEREST	.00	5,304.17	52,550.00	47,245.83	10.09
603-49-9530-620	STORMWATER-BOND SERVICE FEES	.00	274.00	350.00	76.00	78.29
	OTHER	.00	5,578.17	52,900.00	47,321.83	10.54
	TOTAL STORMWATER OPS	18,002.23	86,275.72	300,817.00	214,541.28	28.68
	IESF					

STORMWATER FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
603-49-9531-303	STORMWATER-IESF ENGINEERING	.00	.00	500.00	500.00	.00
603-49-9531-314	STORMWATER-IESF CONTRACT SERV	.00	.00	500.00	500.00	.00
603-49-9531-380	STORMWATER-IESF UTILITIES	42.23	126.69	1,350.00	1,223.31	9.38
	CONTRACTED SERVICES	42.23	126.69	2,350.00	2,223.31	5.39
603-49-9531-402	STORMWATER-IESF REPAIR & MTC	.00	.00	1,000.00	1,000.00	.00
	MAINTENANCE	.00	.00	1,000.00	1,000.00	.00
	TOTAL IESF	42.23	126.69	3,350.00	3,223.31	3.78
	STORMWATER ADMIN					
603-49-9540-301	STORMWATER-AUDITING	1,036.00	1,521.25	.00	(1,521.25)	.00
603-49-9540-350	STORMWATER-PRINT & PUBLISH	.00	547.79	.00	(547.79)	.00
	CONTRACTED SERVICES	1,036.00	2,069.04	.00	(2,069.04)	.00
603-49-9540-433	STORMWATER-DUES & MEMBERSHIPS	.00	810.00	.00	(810.00)	.00
603-49-9540-440	STORMWATER-BANK CHARGES	336.31	924.59	2,250.00	1,325.41	41.09
	MAINTENANCE	336.31	1,734.59	2,250.00	515.41	77.09
	TOTAL STORMWATER ADMIN	1,372.31	3,803.63	2,250.00	(1,553.63)	169.05
	TOTAL STORMWATER FUND	19,416.77	90,206.04	306,417.00	216,210.96	29.44
	NET REVENUE OVER EXPENDITURES	3,791.01	2,734.78	(1.00)	(2,735.78)	

CITY OF CIRCLE PINES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 4 MONTHS ENDING APRIL 30, 2026
GAS UTILITY FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
	MISCELLANEOUS					
609-36-6210-000	INTEREST-INVESTMENTS	.00	.00	5,155.00	5,155.00	.00
	TOTAL MISCELLANEOUS	.00	.00	5,155.00	5,155.00	.00
	SALES REVENUE					
609-37-7510-000	RESIDENTIAL GAS SALES-CP	102,470.79	968,714.51	1,474,340.00	505,625.49	65.70
609-37-7515-000	RESIDENTIAL GAS SALES-LL	56,156.52	518,550.55	797,720.00	279,169.45	65.00
609-37-7517-000	RESIDENTIAL GAS SALES-BL	8,715.14	72,955.74	110,575.00	37,619.26	65.98
609-37-7530-000	COMMERCIAL GAS SALES-CP	15,630.06	162,036.17	240,520.00	78,483.83	67.37
609-37-7535-000	COMMERCIAL GAS SALES-LL	50,797.82	493,344.53	711,390.00	218,045.47	69.35
609-37-7537-000	COMMERCIAL GAS SALES-BL	5,693.51	69,491.10	60,650.00	(8,841.10)	114.58
609-37-7545-000	INTERRUPTIBLE GAS SALES-LL	21,101.06	165,936.04	336,940.00	171,003.96	49.25
609-37-7560-000	PENALTIES-CP	(21.34)	1,513.59	8,574.00	7,060.41	17.65
609-37-7565-000	PENALTIES-LL	.00	957.89	9,230.00	8,272.11	10.38
609-37-7567-000	PENALTIES-BL	.00	294.54	86.00	(208.54)	342.49
609-37-7570-000	MISC GAS SALES	270.00	585.00	1,000.00	415.00	58.50
609-37-7580-000	FRANCHISE FEES-CP	3,543.21	33,893.21	51,446.00	17,552.79	65.88
609-37-7585-000	FRANCHISE FEES-LL	4,700.27	43,795.16	67,103.00	23,307.84	65.27
	TOTAL SALES REVENUE	269,057.04	2,532,068.03	3,869,574.00	1,337,505.97	65.44
	TOTAL FUND REVENUE	269,057.04	2,532,068.03	3,874,729.00	1,342,660.97	65.35

GAS UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
	GAS SOURCE OF SUPPLY					
609-49-9600-000	GAS-SOURCE OF SUPPLY	89,538.39	1,526,384.30	1,852,300.00	325,915.70	82.40
609-49-9600-050	FRANCHISE FEE	8,243.48	77,678.62	118,549.00	40,870.38	65.52
	OTHER	97,781.87	1,604,062.92	1,970,849.00	366,786.08	81.39
	TOTAL GAS SOURCE OF SUPPLY	97,781.87	1,604,062.92	1,970,849.00	366,786.08	81.39
	GAS OPERATIONS					
609-49-9610-101	GAS-SALARIES FT	35,657.41	143,029.11	482,950.00	339,920.89	29.62
609-49-9610-102	GAS-SALARIES OT	1,348.87	6,264.29	21,561.00	15,296.71	29.05
609-49-9610-103	GAS-SALARIES PT	.00	.00	10,296.00	10,296.00	.00
609-49-9610-120	GAS-PAYROLL TAXES	5,264.36	18,852.58	80,164.00	61,311.42	23.52
609-49-9610-125	GAS-PAYROLL TAXES(PFML)	151.72	641.35	.00	(641.35)	.00
609-49-9610-130	GAS-INSURANCE	5,855.58	28,139.33	89,922.00	61,782.67	31.29
609-49-9610-142	GAS-UNEMPLOYMENT	478.36	567.47	.00	(567.47)	.00
	PERSONNEL	48,756.30	197,494.13	684,893.00	487,398.87	28.84
609-49-9610-212	GAS-MOTOR FUEL LUBS	567.08	1,178.44	10,495.00	9,316.56	11.23
609-49-9610-214	GAS-TOOLS	86.32	345.15	2,650.00	2,304.85	13.02
609-49-9610-215	GAS-SUPPLIES SHOP	1,016.73	3,965.64	4,220.00	254.36	93.97
609-49-9610-218	GAS-UNIFORMS	1,760.65	1,884.15	2,730.00	845.85	69.02
609-49-9610-219	GAS-SUPPLIES MISC	.00	.00	2,500.00	2,500.00	.00
	SUPPLIES	3,430.78	7,373.38	22,595.00	15,221.62	32.63
609-49-9610-306	GAS-MEDICAL TESTING & PHYS	1,925.00	3,025.00	1,414.00	(1,611.00)	213.93
609-49-9610-307	GAS-CONSULTING	3,827.50	8,484.91	19,415.00	10,930.09	43.70
609-49-9610-314	GAS-CONTRACT SERVICES	213.52	847.16	2,658.00	1,810.84	31.87
609-49-9610-321	GAS-TELEPHONE	353.41	916.57	3,281.00	2,364.43	27.94
609-49-9610-331	GAS-TRAVEL	.00	643.92	5,025.00	4,381.08	12.81
609-49-9610-380	GAS-UTILITIES	1,939.73	8,595.41	17,101.00	8,505.59	50.26
	CONTRACTED SERVICES	8,259.16	22,512.97	48,894.00	26,381.03	46.04

GAS UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
609-49-9610-401	GAS-BUILDING MAINTENANCE	591.32	1,931.02	4,080.00	2,148.98	47.33
609-49-9610-402	GAS-GAS MAIN REPAIR	.00	2,744.66	8,000.00	5,255.34	34.31
609-49-9610-403	GAS-REPAIR CUST SERVICES	.00	.00	6,000.00	6,000.00	.00
609-49-9610-404	GAS-REPAIR MTC EQUIPMENT	3,954.97	7,016.24	10,932.00	3,915.76	64.18
609-49-9610-405	GAS-CATHODIC PROTECTION REP	.00	.00	3,000.00	3,000.00	.00
609-49-9610-406	GAS-REPAIR MTC METERS-REGS	.00	1,589.97	23,000.00	21,410.03	6.91
609-49-9610-433	GAS-DUES SUBSCRIPTIONS	.00	.00	300.00	300.00	.00
609-49-9610-495	GAS-MISCELLANEOUS	48.19	158.68	2,240.00	2,081.32	7.08
	MAINTENANCE	4,594.48	13,440.57	57,552.00	44,111.43	23.35
	TOTAL GAS OPERATIONS	65,040.72	240,821.05	813,934.00	573,112.95	29.59
	GAS ADMINISTRATION					
609-49-9620-101	GAS-SALARIES FT	24,591.95	106,108.04	315,550.00	209,441.96	33.63
609-49-9620-102	GAS-SALARIES OT	.00	.00	765.00	765.00	.00
609-49-9620-103	GAS-SALARIES PT	.00	1,957.74	8,450.00	6,492.26	23.17
609-49-9620-120	GAS-PAYROLL TAXES	3,629.68	13,675.93	50,238.00	36,562.07	27.22
609-49-9620-125	GAS-PAYROLL TAXES(PFML)	87.52	407.96	.00	(407.96)	.00
609-49-9620-130	GAS-INSURANCE	2,998.52	20,237.74	52,613.00	32,375.26	38.47
	PERSONNEL	31,307.67	142,387.41	427,616.00	285,228.59	33.30
609-49-9620-201	GAS-OFFICE SUPPLIES	157.95	215.68	2,408.00	2,192.32	8.96
609-49-9620-218	GAS-UNIFORMS	.00	.00	388.00	388.00	.00
609-49-9620-219	GAS-MISC SUPPLIES	24.56	133.03	496.00	362.97	26.82
	SUPPLIES	182.51	348.71	3,292.00	2,943.29	10.59
609-49-9620-301	GAS-AUDITING	5,387.20	7,910.50	12,872.00	4,961.50	61.46
609-49-9620-303	GAS-ENGINEERING	.00	.00	250.00	250.00	.00
609-49-9620-304	GAS-LEGAL	.00	.00	4,100.00	4,100.00	.00
609-49-9620-306	GAS-PHYSICALS	62.50	62.50	.00	(62.50)	.00
609-49-9620-307	GAS-CONSULTING	9.92	6,134.20	24,781.00	18,646.80	24.75
609-49-9620-314	GAS-CONTRACT SERVICE	364.68	1,450.66	6,168.00	4,717.34	23.52
609-49-9620-321	GAS-TELEPHONE	1,790.80	2,606.36	3,956.00	1,349.64	65.88
609-49-9620-322	GAS-POSTAGE	324.60	4,431.30	10,783.00	6,351.70	41.10
609-49-9620-331	GAS-TRAVEL	135.00	948.52	5,392.00	4,443.48	17.59
609-49-9620-350	GAS-PUBLISH PRINT	291.82	3,937.21	11,245.00	7,307.79	35.01
609-49-9620-360	GAS-INSURANCE	3,198.00	12,792.00	38,377.00	25,585.00	33.33
609-49-9620-380	GAS-UTILITIES	508.07	1,816.54	4,825.00	3,008.46	37.65
	CONTRACTED SERVICES	12,072.59	42,089.79	122,749.00	80,659.21	34.29

GAS UTILITY FUND

		PERIOD ACTUAL		BUDGET	UNEXPENDED	PCNT
609-49-9620-401	GAS-BUILDING MAINT	.00	22.12	2,632.00	2,609.88	.84
609-49-9620-404	GAS-REPAIR MTC EQUIPMENT	.00	.00	799.00	799.00	.00
609-49-9620-405	GAS-MAINTENANCE CONTRACTS	2,014.46	18,137.94	43,430.00	25,292.06	41.76
609-49-9620-420	GAS-DEPRECIATION	26,248.42	104,993.68	314,981.00	209,987.32	33.33
609-49-9620-432	GAS-UNCOLLECTABLE ACCOUNTS	603.44	1,188.64	3,950.00	2,761.36	30.09
609-49-9620-433	GAS-DUES SUBSCRIPTION	.00	6,447.19	6,876.00	428.81	93.76
609-49-9620-435	GAS-BOOK PAMPHLETS	.00	.00	400.00	400.00	.00
609-49-9620-440	GAS-BANK CHARGES	4,641.03	12,759.27	31,050.00	18,290.73	41.09
609-49-9620-495	GAS-MISCELLANEOUS	.00	1,100.00	6,200.00	5,100.00	17.74
	MAINTENANCE	33,507.35	144,648.84	410,318.00	265,669.16	35.25
609-49-9620-650	GAS-AMORT UTILITY RIGHTS	.00	.00	4,300.00	4,300.00	.00
609-49-9620-900	GAS-CONTINGENCY	.00	.00	121,673.00	121,673.00	.00
	OTHER	.00	.00	125,973.00	125,973.00	.00
	TOTAL GAS ADMINISTRATION	77,070.12	329,474.75	1,089,948.00	760,473.25	30.23
	TOTAL GAS UTILITY FUND	239,892.71	2,174,358.72	3,874,731.00	1,700,372.28	56.12
	NET REVENUE OVER EXPENDITURES	29,164.33	357,709.31	(2.00)	(357,711.31)	

Management Report

for

City of Circle Pines, Minnesota

December 31, 2025

LB | CARLSON

Certified Public Accountants Business Consultants

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To the City Council and Management
City of Circle Pines, Minnesota

We have prepared this management report in conjunction with our audit of the City of Circle Pines, Minnesota's (the City) financial statements for the year ended December 31, 2025. We have organized this report into the following sections:

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

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

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

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 12, 2026

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AUDIT SUMMARY

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

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINIONS AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2025:

- We have issued unmodified opinions on the City's basic financial statements.
- We reported one matter involving the City's internal control over financial reporting that we consider to be a material weakness, as described in the Schedule of Findings and Responses in the financial statements. Due to the limited size of the City's office staff, the City has limited segregation of duties in certain areas.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards.*
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Internal Controls Over Vendors

A relatively common method of attempting to defraud local governments involves inducing them to pay claims from fictitious vendors for goods or services that were never provided. Strong safeguards over adding new vendors or making changes to existing vendors within the government's accounts payable system is an important control to mitigate this risk. Some considerations in this area include:

- Limiting the number of employees with access to add or alter vendor records within the accounts payable system,
- Requiring vendor additions or changes to be reviewed and approved by supervisory personnel, preferably one not directly involved in processing accounts payable,
- Verifying the legitimacy of vendors by obtaining a W-9 or other means,
- Verifying any changes to vendor address or banking information prior to processing payments, and
- Periodically reviewing the vendor listing to remove inactive vendors from the system.

Uniform Guidance Revisions

Although the City did not earn enough federal funding to require a Single Audit of its expenditures of federal awards this year, if the City receives any federal funding it is obligated to maintain a comprehensive system of internal controls over federal grant compliance that is up to date with current requirements. The U.S. Office of Management and Budget issued a revision to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in 2024, aiming to streamline grant management and reduce grantor agency and recipient burden. The revised guidance is effective for new federal grant entitlements awarded on or after October 1, 2024.

The revision includes a number of significant changes to the federal Single Audit process, including: an increase in dollar threshold for requiring a Single Audit from $750,000 to $1,000,000; changes to the thresholds and process used for determining major programs; an increase in the threshold for the disposition of equipment and remitting unused supplies from $5,000 to $10,000; and an increase in the federal de minimis indirect cost rate from 10 percent to 15 percent. Key changes to written policy requirements for recipients include: enhancement of cybersecurity controls, inclusion of veteran-owned businesses to the group of entities for procurement preference, and a broadened scope for reporting of mandatory disclosures. We recommend the City review its internal control policies to ensure compliance with current guidance.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

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

- **Pension Benefits** – The City has recorded liabilities and activity for pension benefits. Actuarial estimates of these obligations are calculated using actuarial methodologies described in Governmental Accounting Standards Board Statement No. 68. The actuarial calculations include significant assumptions, including projected changes, investment returns, retirement ages, proportionate share, and employee turnover.

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

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

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 12, 2026.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on the introductory section, which accompanies the financial statements, but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

GOVERNMENTAL FUNDS OVERVIEW

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

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2025, presented both by fund balance classification and by major fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31,		
	2025	2024	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 13,928	$ 6,139	$ 7,789
Restricted	4,768,487	844,750	3,923,737
Assigned	8,893,208	8,629,330	263,878
Unassigned	1,178,228	1,027,109	151,119
Total governmental funds	$ 14,853,851	$ 10,507,328	$ 4,346,523
Total by fund			
General	$ 4,451,100	$ 4,165,391	$ 285,709
Special Revenue Fund			
Tax Increment District No. 1-4 North	74,069	(4,421)	78,490
Debt Service Fund			
G.O. Capital Notes of 2016	76,775	66,846	9,929
Capital Project Funds			
Street Project	3,805,206	3,717,779	87,427
Park Construction	3,949,484	–	3,949,484
Nonmajor	2,497,217	2,561,733	(64,516)
Total governmental funds	$ 14,853,851	$ 10,507,328	$ 4,346,523

In total, fund balances of the City's governmental funds increased, as noted above, during the year ended December 31, 2025. The largest change in the current year was the increase in restricted fund balance, due to the issuance of general obligation bonds for future park improvements.

GOVERNMENTAL FUNDS REVENUE

The following table presents the City's governmental funds revenue by source for the last two fiscal years:

Governmental Funds Revenue by Source

	2025		2024		Year-to-Year Change	
	Revenue	Percent of Total	Revenue	Percent of Total	Dollar Change	Percent Change
Property taxes	$ 3,207,972	53.3 %	$ 3,060,987	56.3 %	$ 146,985	4.8 %
Tax increments	240,372	4.0	221,747	4.1	18,625	8.4 %
Franchise and other taxes	145,472	2.4	134,593	2.5	10,879	8.1 %
Special assessments	459,067	7.6	244,008	4.5	215,059	88.1 %
Licenses and permits	123,225	2.0	99,079	1.8	24,146	24.4 %
Intergovernmental	1,268,822	21.1	764,890	14.1	503,932	65.9 %
Charges for services	47,134	0.8	44,532	0.8	2,602	5.8 %
Other	528,290	8.8	864,848	15.9	(336,558)	(38.9) %
Total revenue	$ 6,020,354	100.0 %	$ 5,434,684	100.0 %	$ 585,670	10.8 %

A city's stage of development, along with the way a city finances various capital projects, will have an impact on the mix of revenue sources it receives.

In 2025, governmental funds generated $6,020,354 in revenues, which was $585,670 more than the prior year. The largest changes occurred in the intergovernmental revenue sources, due to the increase in the Municipal State Aid (MSA) funding for road construction. The "other" category decreased, primarily due to a change in reporting annual funding allocations between funds now reported as transfers instead of reporting them as rental charges.

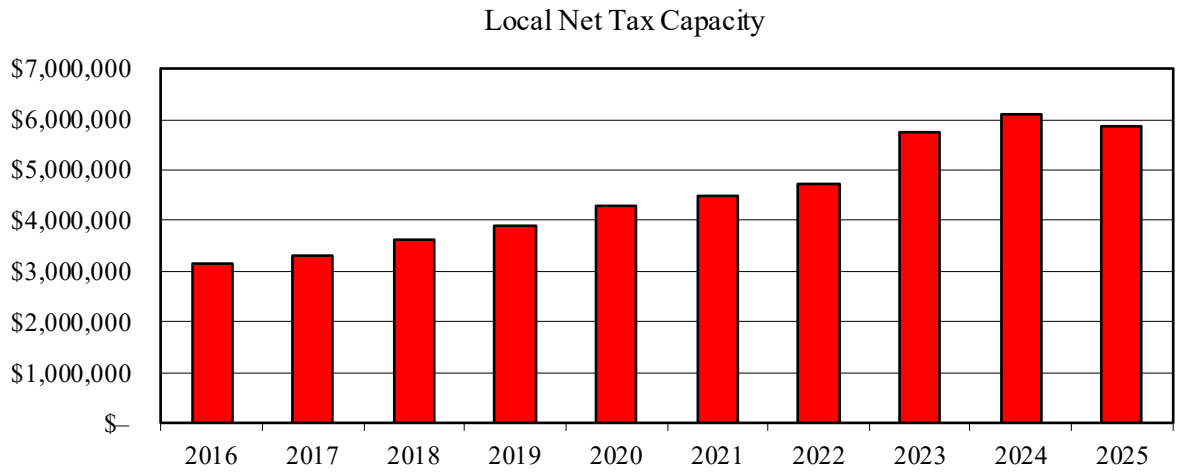
PROPERTY TAXES

Minnesota cities rely heavily on local property taxes to support governmental fund activities. In the 2025 fiscal year, ad valorem property taxes provided 53.3 percent, while tax increment provided 4.0 percent of the City's total governmental funds revenue.

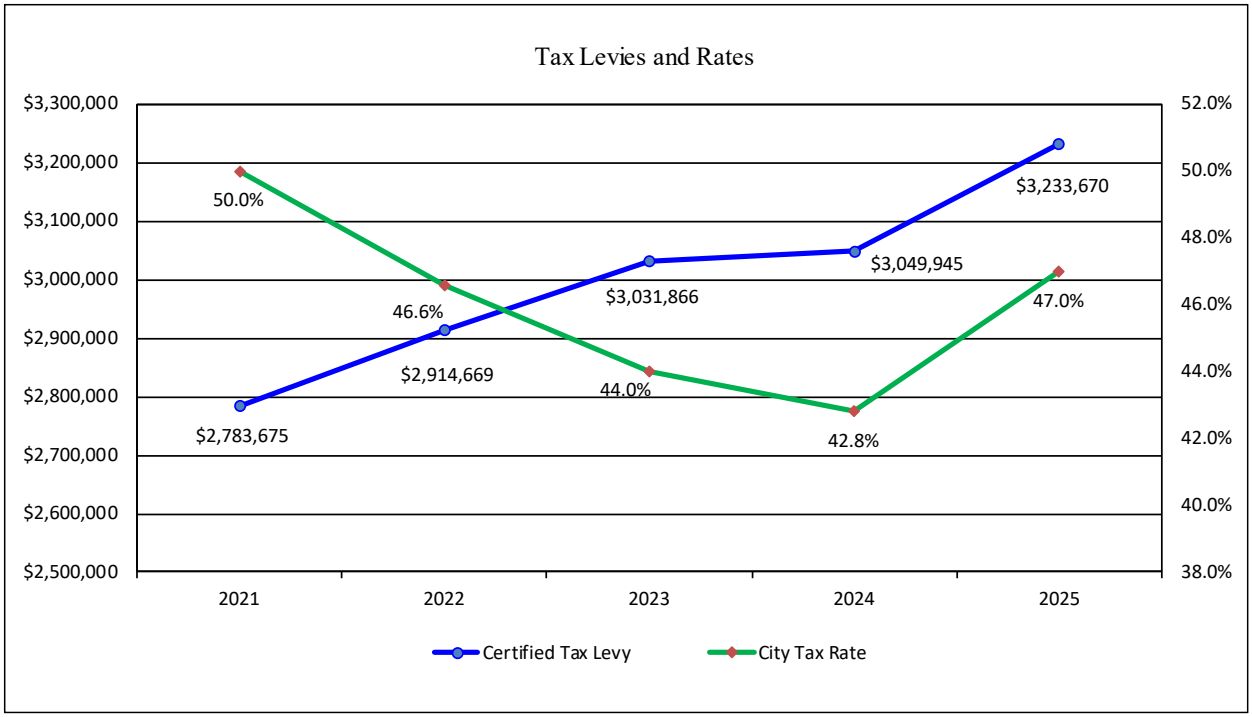
The City's taxable market value increased by 5.6 percent for taxes payable in 2024 and decreased by 1.5 percent for taxes payable in 2025. The following graph shows the City's changes in taxable market value over the past 10 years:

Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 6.5 percent and decreased 4.2 percent for taxes payable in 2024 and 2025, respectively.

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



The following graph presents the City's certified tax levy and resulting tax rates applied to city residents for each of the last five levy years:



The City's certified levy has continued to grow over the last five years, while the tax rate has also changed due to the shift of the tax base.

GOVERNMENTAL FUNDS EXPENDITURES

The City's governmental funds expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, and are primarily funded by general sources, such as taxes and intergovernmental revenues.

- **Capital Outlay** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented, and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.

- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The following table presents the City's governmental funds expenditures by type for the last two fiscal years:

Governmental Funds Expenditures by Type

	2025		2024		Year-to-Year Change	
	Expenditures	Percent of Total	Expenditures	Percent of Total	Dollar Change	Percent Change
Current						
General government	$ 652,506	7.5 %	$ 645,259	9.2 %	$ 7,247	1.1 %
Public safety	1,827,330	21.1	1,821,930	25.9	5,400	0.3 %
Streets and highways	204,735	2.4	331,453	4.7	(126,718)	(38.2) %
Parks and recreation	603,122	7.0	749,686	10.6	(146,564)	(19.6) %
Total current	3,287,693	38.0	3,548,328	50.4	(260,635)	(7.3) %
Capital outlay	3,787,845	43.7	1,969,854	27.9	1,817,991	92.3 %
Debt service	1,588,860	18.3	1,527,467	21.7	61,393	4.0 %
Total revenue	$ 8,664,398	100.0 %	$ 7,045,649	100.0 %	$ 1,618,749	23.0 %

Total expenditures in the City's governmental funds for 2025 were $8,664,398, an increase of $1,618,749. Capital outlay increased by $1,817,991, with increases for a street project and two roof projects. Debt service expenditures increased, as anticipated, within approved debt financing plans.

This was offset by a decrease in spending, most significantly in the streets and highways and parks and recreation categories as noted in the table above. These decreases are consistent with the change made to use interfund transfers to allocate resources to the appropriate fund, as discussed, with the decrease in other revenues.

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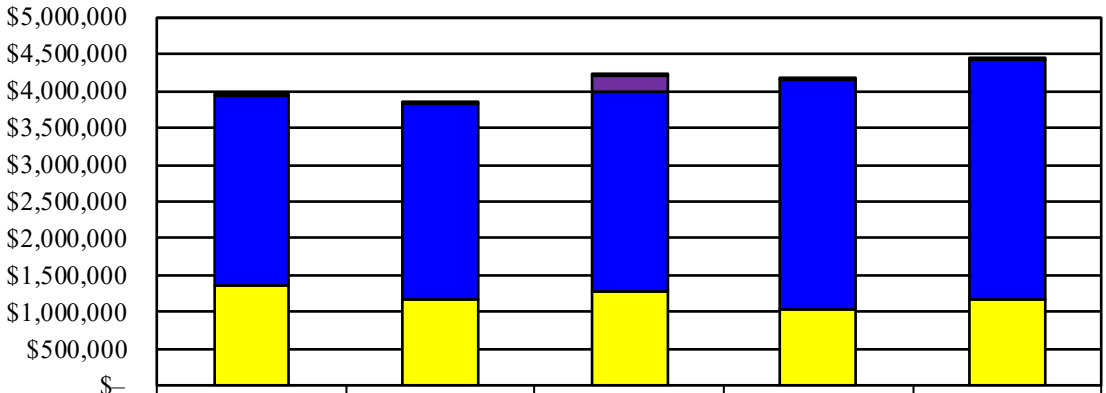
GENERAL FUND OVERVIEW

This section of the report focuses specifically on the financial trends and activities of the General Fund, which accounts for the financial activity of the basic services provided to the community. The primary services included within this fund include the administration of municipal operations, police and fire protection, permitting and building inspection, streets and highway maintenance, culture and recreation, and economic development.

GENERAL FUND FINANCIAL POSITION

The graph below illustrates the change in the fund balances of the General Fund over the last five years.

General Fund Year-End Fund Balance
As of December 31,



	2021	2022	2023	2024	2025
Nonspendable	$6,178	$28,857	$1,013	$6,139	$13,928
Restricted	$–	$–	$217,664	$–	$–
Assigned	$2,577,419	$2,656,645	$2,735,712	$3,127,722	$3,258,944
Unassigned	$1,361,063	$1,180,152	$1,268,894	$1,031,530	$1,178,228

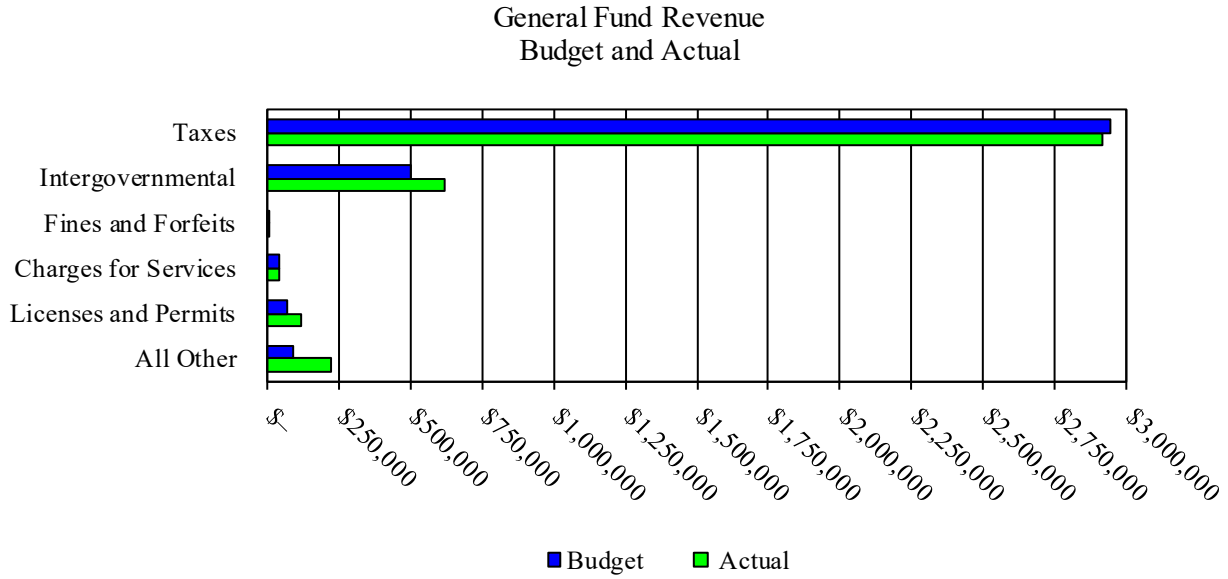
Total fund balance at year-end was $4,451,100, an increase of $285,709 from the prior year, as compared to a balanced budget approved by the City Council.

A government, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs.

A trend that is typical of Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are spread relatively evenly throughout the year, other than the impact of seasonal services, such as snowplowing, street maintenance, and recreation activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise about 73.8 percent of the fund's total annual revenue. Approximately half of the City's annual property tax levy is collected and remitted to the City by the end of June and the rest by December. Consequently, cities depend on the resources this fund balance represents to provide adequate cash reserves to finance their everyday operations between these collections.

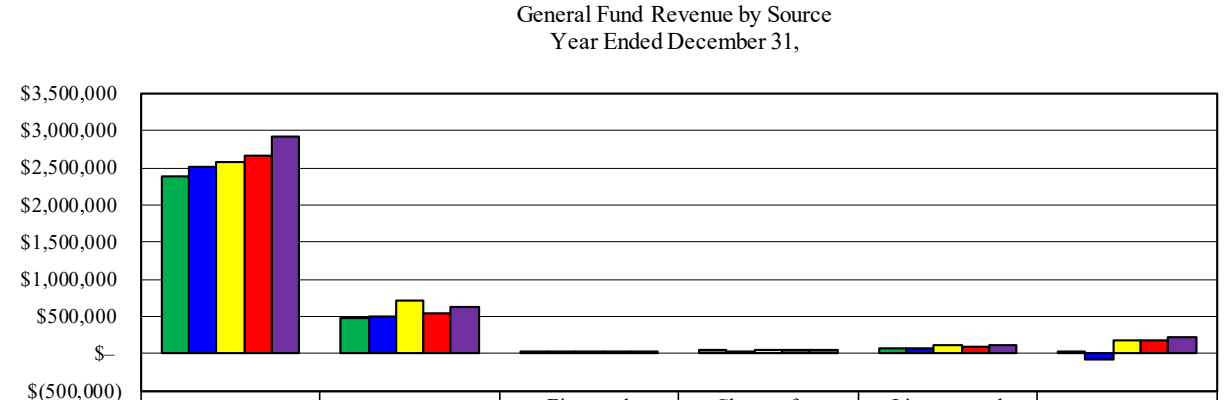
GENERAL FUND REVENUE

The following graph reflects the City's General Fund revenue sources for 2025 compared to budget:



General Fund revenue totaled $3,937,846 in 2025, representing an increase of $396,776 (11.2 percent) when compared to the previous year, and $275,039 more than budget. Investment earnings (included in "all other") were more than budget by $101,816, due to better-than-expected returns in the current year. Intergovernmental revenue was more than projected, largely due to conservative budgeting for this source and an increase in the allocation of MSA funds.

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

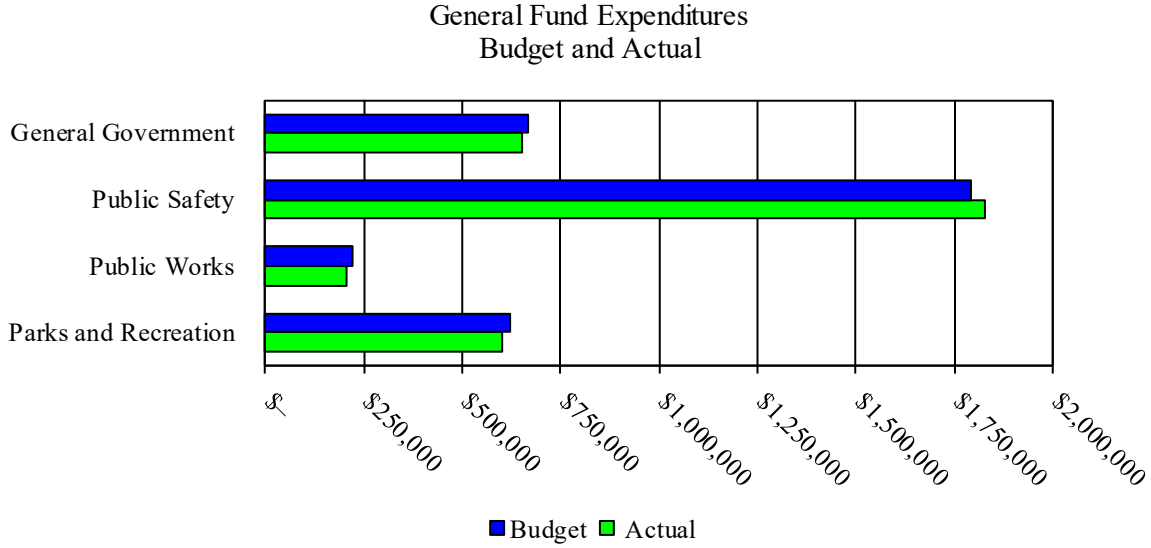


	Taxes	Intergovernmental	Fines and Forfeits	Charges for Services	Licenses and Permits	All Other
2021	$2,381,598	$487,231	$12,328	$41,716	$76,361	$27,337
2022	$2,503,674	$511,024	$13,277	$39,176	$72,171	$(79,941)
2023	$2,579,172	$722,785	$9,139	$45,781	$106,241	$171,714
2024	$2,667,145	$536,853	$10,055	$44,532	$99,079	$183,406
2025	$2,912,093	$622,044	$9,044	$47,134	$123,225	$224,306

The graph reflects the City's reliance on taxes, in relation to other sources of revenue. In 2025, taxes represented 74.0 percent of General Fund revenues. This places a greater emphasis for other governmental funds to be self-supporting and enterprise funds to be profitable, to absorb overhead costs. Taxes were up in the current year by $244,948, largely due to the increase in the approved levy.

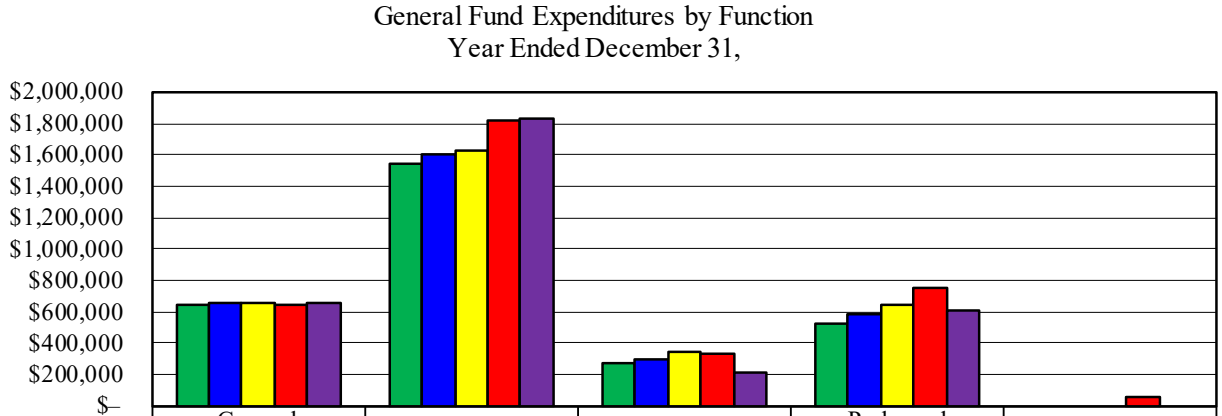
GENERAL FUND EXPENDITURES

The following graph illustrates the components of General Fund spending for 2025 compared to budget:



Expenditures in the General Fund totaled $3,285,201, or a decrease of $313,761 (8.7 percent) from the prior year, and $15,070 under budget. Overall, expenditures were 0.5 percent under budget. Public safety ended the year over budget, but the savings in remaining functions more than offset this unfavorable variance.

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



	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay
2021	$636,593	$1,537,902	$264,205	$528,075	$–
2022	$660,169	$1,600,964	$298,563	$578,691	$–
2023	$658,151	$1,626,723	$347,393	$644,936	$–
2024	$642,893	$1,821,930	$331,453	$749,686	$53,000
2025	$650,014	$1,827,330	$204,735	$603,122	$–

A commonality to cities state-wide, public safety is the largest area of spending for the City. Expenditures were down in public works and parks and recreation, due to a change to use transfers to move resources between functions. Capital outlay was down, due to the timing of capital projects.

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ENTERPRISE FUNDS OVERVIEW

The City maintains enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the services. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which include the Gas Utility, Water Utility, Sewer Utility, Storm Water Utility, and Solid Waste Utility Funds.

ENTERPRISE FUNDS FINANCIAL POSITION

The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2025, presented both by classification and by fund:

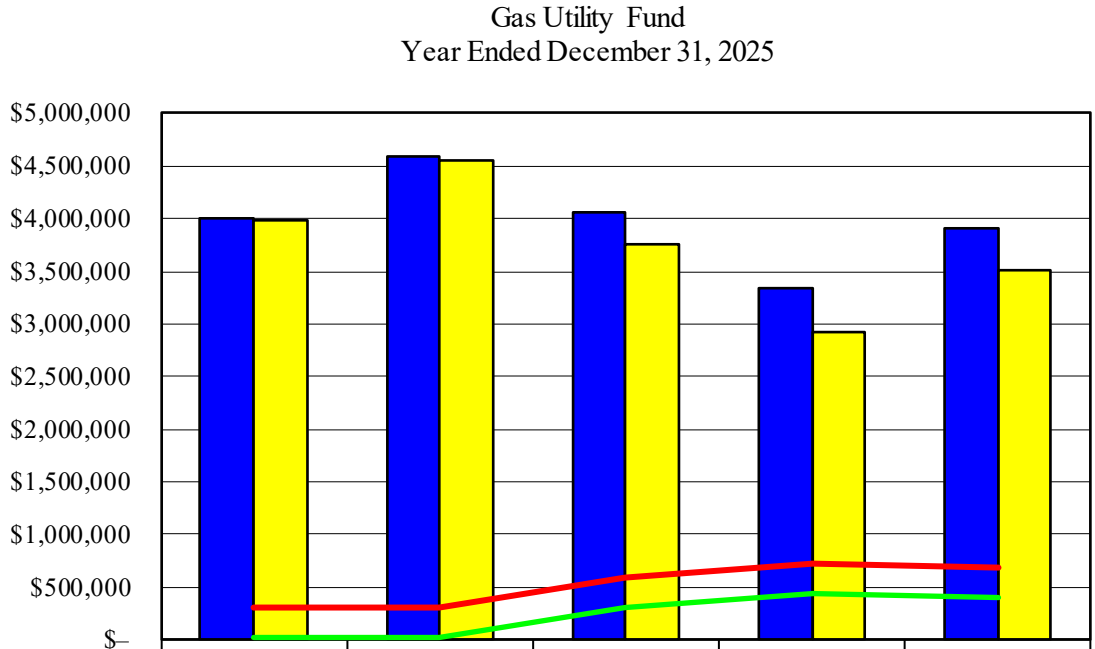
Enterprise Funds Change in Financial Position

	Net Position as of December 31, 2025	Net Position as of December 31, 2024	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 11,300,111	$ 11,227,037	$ 73,074
Unrestricted	4,119,043	4,140,466	(21,423)
Total enterprise funds	$ 15,419,154	$ 15,367,503	$ 51,651
Total by fund			
Gas Utility	$ 4,021,384	$ 3,783,538	$ 237,846
Water Utility	5,173,706	5,175,190	(1,484)
Sewer Utility	2,517,803	2,653,736	(135,933)
Storm Water Utility	2,596,611	2,609,556	(12,945)
Solid Waste Utility	1,109,650	1,145,483	(35,833)
Total enterprise funds	$ 15,419,154	$ 15,367,503	$ 51,651

In total, the net position of the City's enterprise funds increased by $51,651 during the year ended December 31, 2025. Individual enterprise funds are discussed on the following pages.

GAS UTILITY FUND

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



	2021	2022	2023	2024	2025
Oper Rev	4,002,969	4,586,441	4,060,354	3,345,703	$3,904,241
Oper Exp	3,976,114	4,561,828	3,760,781	2,913,963	$3,511,838
Oper Inc	$26,855	$24,613	$299,573	$431,740	$392,403
Inc Before Dep	$299,069	$303,798	$579,910	$717,603	$677,046

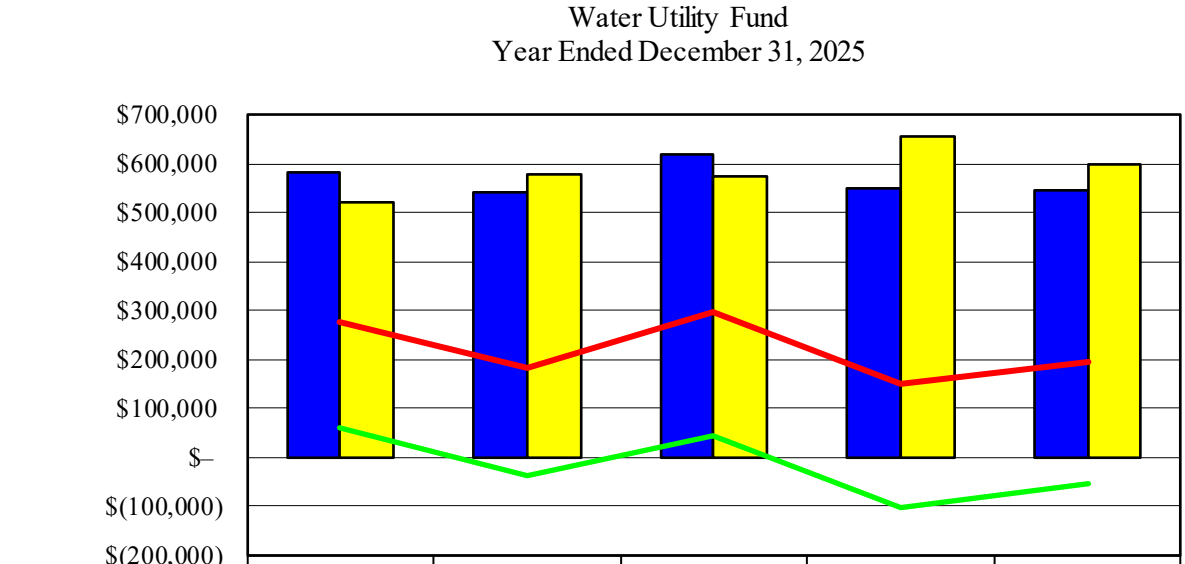
The Gas Utility Fund had operating income of $392,403 in 2025, compared to operating income of $431,740 in 2024.

The change in volume of financial activity in the current year reflects the change in consumption and gas pricing fluctuations compared to the prior year.

Cash flow and unrestricted net position management are important areas to monitor for the Gas Utility Fund. The timing and way the City finances capital expansions are key factors affecting these balance sheet accounts.

WATER UTILITY FUND

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

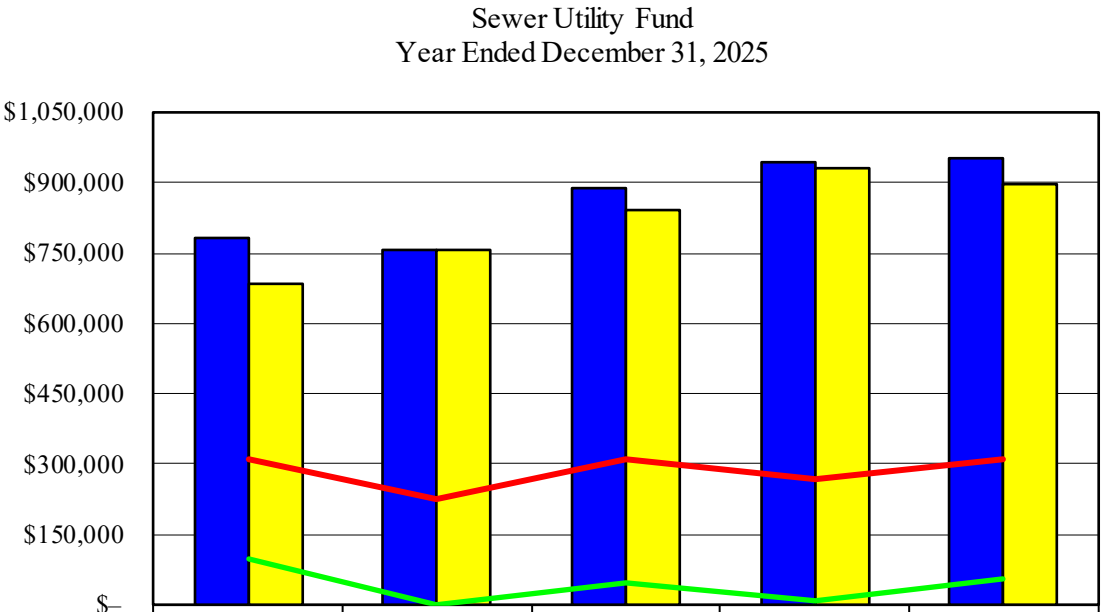


	2021	2022	2023	2024	2025
Oper Rev	580,456	541,752	618,168	550,483	$545,660
Oper Exp	520,774	578,239	572,888	654,389	$599,625
Oper Inc (Loss)	$59,682	$(36,487)	$45,280	$(103,906)	$(53,965)
Inc Before Dep	$274,686	$184,378	$298,494	$151,096	$195,976

The Water Utility Fund had an operating loss of $53,965 in 2025, compared to an operating loss of $103,906 in 2024. Operating revenues decreased by $4,823 from the prior year, largely due to reduced consumption. Operating expenses decreased by $54,764 from the prior year. Expenses decreased with less costs of sales and services, administration, and depreciation expenses on the Water Utility Fund infrastructure.

SEWER UTILITY FUND

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



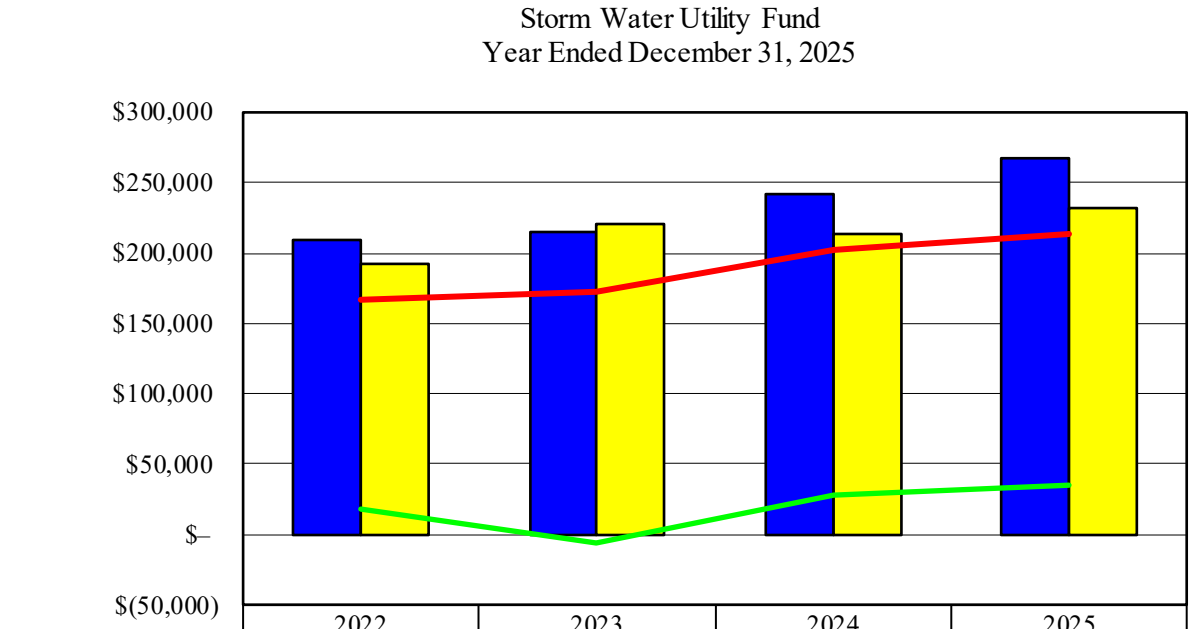
	2021	2022	2023	2024	2025
Oper Rev	782,455	757,765	887,552	942,362	$953,996
Oper Exp	683,058	757,016	840,986	932,348	$896,896
Oper Inc	$99,397	$749	$46,566	$10,014	$57,100
Inc Before Dep	$311,929	$225,130	$310,247	$269,301	$309,647

In 2025, the Sewer Utility Fund generated an operating income of $57,100, compared to operating income of $10,014 in 2024. Operating revenues increased by $11,634, or 1.2 percent, from the prior year due to an approved rate adjustment. Operating expenses decreased by $35,452, or 3.8 percent, from the prior year. Expenses decreased, largely due to a decrease in the costs of sales and services, administration, and depreciation expenses in the current year.

A major expense item in the sewer operations is the charges from the Metropolitan Council Environmental Services (MCES). The main causes of the expense fluctuations from year-to-year are generally changes made to the charges from MCES, reflecting the results of its sewer treatment operations.

STORM WATER UTILITY FUND

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

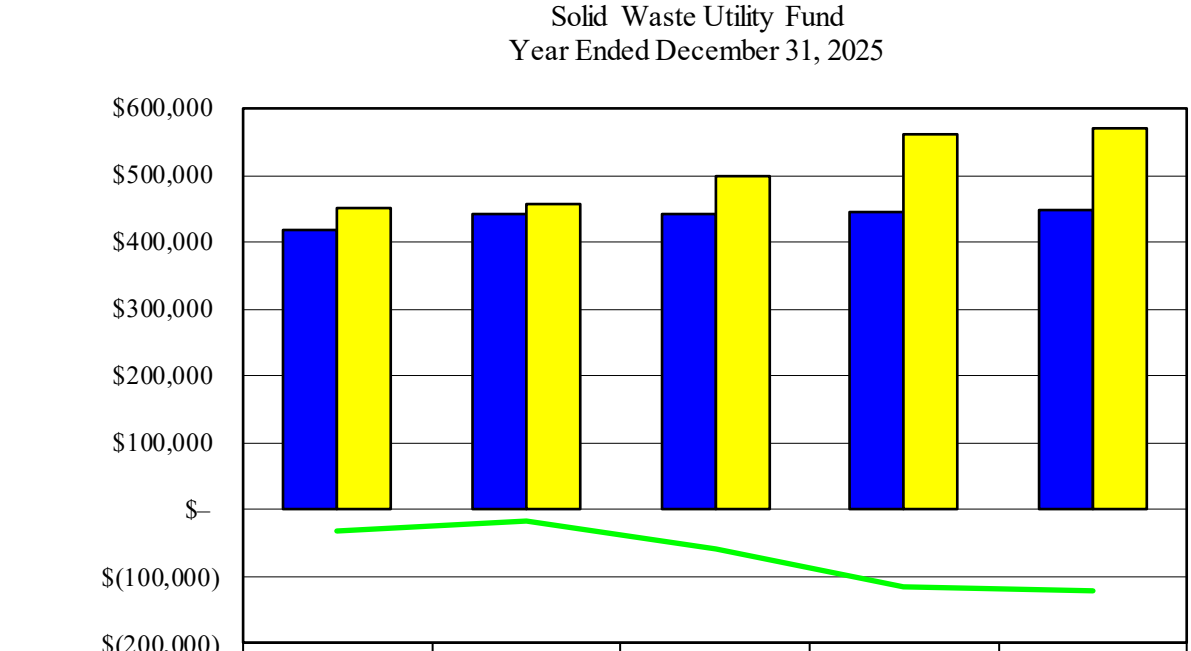


	2022	2023	2024	2025
Oper Rev	210,007	215,418	241,653	$267,018
Oper Exp	192,327	220,854	214,178	$231,938
Oper Inc (Loss)	$17,680	$(5,436)	$27,475	$35,080
Inc Before Dep	$167,532	$172,180	$202,079	$212,997

The Storm Water Utility Fund reported an operating income of $35,080 in 2025, compared to an operating income of $27,475 in 2024. Operating revenues increased $25,365, while operating expenses increased by $17,760 from the prior year. The largest expense in this operation was $177,917 of depreciation on the Storm Water Utility Fund infrastructure.

SOLID WASTE UTILITY FUND

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



	2021	2022	2023	2024	2025
Oper Rev	418,748	440,596	442,308	444,693	$448,678
Oper Exp	450,232	456,838	500,028	560,540	$570,439
Oper Inc (Loss)	$(31,484)	$(16,242)	$(57,720)	$(115,847)	$(121,761)

The Solid Waste Utility Fund had an operating loss of $121,761 in 2025. After accounting for nonoperating revenues of $107,850 (primarily intergovernmental grants for recycling and investment earnings), as well as a transfer out of $21,922, this utility operation reported a $35,833 reduction in net position.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

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

The following table presents the components of the City's net position as of December 31, 2025, and 2024, for governmental activities and business-type activities:

	As of December 31,		
	2025	2024	Change
Net position			
Governmental activities			
Net investment in capital assets	$ 12,318,423	$ 11,252,025	$ 1,066,398
Restricted	1,928,044	1,963,488	(35,444)
Unrestricted	9,670,915	9,145,404	525,511
Total governmental activities	23,917,382	22,360,917	1,556,465
Business-type activities			
Net investment in capital assets	11,300,111	11,227,037	73,074
Unrestricted	4,119,043	4,140,466	(21,423)
Total business-type activities	15,419,154	15,367,503	51,651
Total net position	$ 39,336,536	$ 37,728,420	$ 1,608,116

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

As seen in the table above, total net position was $1,608,116 more than the amount reported in the prior year, due to current year operations.

Business-type activities represent the City's utility operations and is consistent with the previous discussion of the utility funds, while governmental activities represent the combined operations of the City's remaining funds. The governmental activities presentation provides the full accrual and long-term prospective that is not available in the governmental fund-based presentation, which focuses on current financial resources.

Governmental activities reported a significant change in net position components, as presented in the table above. Restricted net position decreased with the City spending down amounts previously restricted for street projects. Net investment in capital assets increased with the repayment of bonds issued for capital asset acquisition and investment in capital infrastructure. Unrestricted net position increased, largely due to the increase in operations of the General Fund as previously discussed.

STATEMENT OF ACTIVITIES

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

The following table presents the change in the net position of the City for the years ended December 31, 2025 and 2024:

	2025			2024
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	$ 680,874	$ 123,225	$ (557,649)	$ (615,916)
Public safety	1,885,015	92,555	(1,792,460)	(1,842,288)
Public works	1,015,410	1,020,962	5,552	(696,826)
Parks and recreation	749,461	–	(749,461)	(899,503)
Interest on long-term debt	380,170	–	(380,170)	(223,843)
Business-type activities				
Gas	3,498,775	3,905,677	406,902	465,050
Water	674,381	629,673	(44,708)	(104,651)
Sewer	985,420	960,015	(25,405)	(77,923)
Storm water	291,060	267,029	(24,031)	(37,489)
Solid waste	570,439	502,943	(67,496)	(61,513)
Total net (expense) revenue	$ 10,731,005	$ 7,502,079	(3,228,926)	(4,094,902)
General revenues				
Property and franchise taxes			3,588,751	3,400,024
General grants and contributions			487,227	509,607
Other general revenues			55,210	374,392
Investment earnings			705,854	748,019
Total general revenues			4,837,042	5,032,042
Change in net position			$ 1,608,116	$ 937,140

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as taxes and unrestricted grants. In contrast, the City's business-type activities tend to rely more heavily on program revenues, like charges for services (sales) and program-specific grants to cover expenses. This is critical given the current downward pressures on the general revenue sources.

ACCOUNTING AND AUDITING UPDATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GASB STATEMENT NO. 105, *SUBSEQUENT EVENTS*

The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This statement also requires the date through which subsequent events have been evaluated to be disclosed.

This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF CIRCLE PINES
ANOKA COUNTY, MINNESOTA

Financial Statements and
Supplementary Information

For the Fiscal Year Ended
December 31, 2025

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CITY OF CIRCLE PINES
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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CITY OF CIRCLE PINES
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2025

CITY COUNCIL

Dave Bartholomay	Mayor
Meagan Bachmayer	Councilmember
Nicole Dorner	Councilmember
Steve McChesney	Councilmember
Matt Percy	Councilmember

CITY ADMINISTRATION

Patrick Antonen	City Administrator/Clerk
Kate Manson	Finance Director

CENTENNIAL UTILITIES COMMISSION

Jan Kreminski	Chairperson
Dwight Benoy	Member
Brian Olson	Member
Eric Peterson	Member
Curtis Theis	Member
Patrick Antonen	Ex Officio

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FINANCIAL SECTION

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LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Circle Pines, 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 Circle Pines, Minnesota (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(continued)

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 12, 2026

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As management of the City of Circle Pines, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by $39,336,536 (*net position*). Of this amount, $13,789,958 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $1,608,116 from operations in 2025. Governmental activities increased total net position by $1,556,465, while business-type activities increased total net position by $51,651.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $14,853,851. Of this total amount, $13,928 is nonspendable, $4,768,487 is restricted, and $8,893,208 is assigned, leaving an unassigned balance of $1,178,228.

- At the end of the current fiscal year, the General Fund has a fund balance of $4,451,100, an increase of $285,709 from the prior year, compared to the balanced budget adopted by the City Council.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These financial statements include not only the City itself (known as the primary government), but also the Centennial Utilities Commission (the Commission) and the Circle Pines Housing and Redevelopment Authority (HRA). The Commission and the HRA are legally separate entities which function, in essence, as part of the City. Therefore, the Commission and HRA have been included (blended) as an integral part of the City's financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector businesses.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, delinquent taxes and special assessments).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities of the City include enterprises for gas, water, sewer, storm water, and solid waste utilities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided into two categories—governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements present information for each major governmental fund in separate columns. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund. Budget to actual comparisons are provided in this financial report for this fund.

Proprietary Funds – All of the City's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City presents all enterprise funds as major funds in separate columns.

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

Other Information – In addition to the basic financial statements and accompanying notes, the financial section also presents required supplementary information, and the combining fund statements (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds, which are presented immediately following the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth, and new regulations.

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As presented in the following condensed version of the Statement of Net Position, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $39,336,536 on December 31, 2025.

A portion of the City's net position, $23,618,534, or 60.0 percent, reflects its investment in capital assets (e.g., land, construction in progress, buildings and structures, infrastructure and improvements, distribution and collection systems, machinery and equipment, office furniture and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the City's net position:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 16,699,785	$ 12,790,827	$ 5,743,399	$ 6,212,464	$ 22,443,184	$ 19,003,291
Capital assets, net	21,782,927	19,398,470	19,745,988	19,896,029	41,528,915	39,294,499
Total assets	$ 38,482,712	$ 32,189,297	$ 25,489,387	$ 26,108,493	$ 63,972,099	$ 58,297,790
Deferred outflows of resources						
Pension plan deferments – PERA	$ 64,460	$ 74,041	$ 89,573	$ 99,528	$ 154,033	$ 173,569
Liabilities						
Current and other liabilities	$ 503,845	$ 714,595	$ 642,381	$ 538,178	$ 1,146,226	$ 1,252,773
Long-term liabilities	13,936,682	8,957,692	8,976,736	9,658,446	22,913,418	18,616,138
Total liabilities	$ 14,440,527	$ 9,672,287	$ 9,619,117	$ 10,196,624	$ 24,059,644	$ 19,868,911
Deferred inflows of resources						
Pension plan deferments – PERA	$ 189,263	$ 230,134	$ 262,995	$ 309,351	$ 452,258	$ 539,485
Lease revenues for subsequent years	–	–	277,694	334,543	277,694	334,543
Total deferred inflows of resources	$ 189,263	$ 230,134	$ 540,689	$ 643,894	$ 729,952	$ 874,028
Net position						
Net investment in capital assets	$ 12,318,423	$ 11,252,025	$ 11,300,111	$ 11,227,037	$ 23,618,534	$ 22,479,062
Restricted	1,928,044	1,963,488	–	–	1,928,044	1,963,488
Unrestricted	9,670,915	9,145,404	4,119,043	4,140,466	13,789,958	13,285,870
Total net position	$ 23,917,382	$ 22,360,917	$ 15,419,154	$ 15,367,503	$ 39,336,536	$ 37,728,420

Restricted net position of $1,928,044 comprises 4.9 percent of net position at the close of the fiscal year ended December 31, 2025. This net position is subject to external restrictions on how it may be used.

The balance of unrestricted net position, $13,789,958, or approximately 35.1 percent, may be used to meet the City's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position may have internally imposed limitations, which may further limit the purpose for which such net position may be used.

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

Both governmental activities and business-type activities experienced changes in deferred outflows of resources, deferred inflows of resources, and long-term liabilities as a result of the City's participation in a state-wide defined benefit pension plan.

The following table provides a condensed version of the Statement of Activities for the year ended December 31, 2025, with comparative totals for the year ended December 31, 2024:

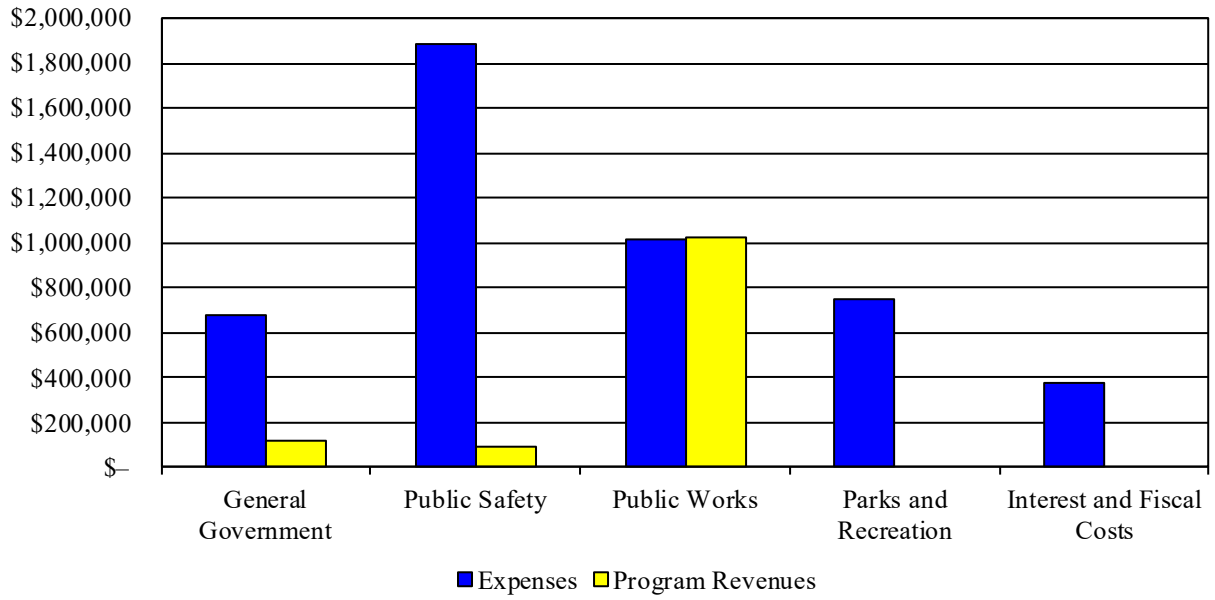
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 179,403	$ 153,666	$ 6,211,267	$ 5,607,052	$ 6,390,670	$ 5,760,718
Operating grants and contributions	174,799	74,667	54,070	73,733	228,869	148,400
Capital grants and contributions	882,540	306,194	–	–	882,540	306,194
General revenues						
Property and franchise taxes	3,588,751	3,400,024	–	–	3,588,751	3,400,024
General grants and contributions	487,227	509,607	–	–	487,227	509,607
Other general revenues	55,210	374,392	–	–	55,210	374,392
Investment earnings	455,399	524,111	250,455	223,908	705,854	748,019
Total revenues	5,823,329	5,342,661	6,515,792	5,904,693	12,339,121	11,247,354
Expenses						
General government	680,874	714,995	–	–	680,874	714,995
Public safety	1,885,015	1,920,138	–	–	1,885,015	1,920,138
Public works	1,015,410	1,027,362	–	–	1,015,410	1,027,362
Parks and recreation	749,461	926,565	–	–	749,461	926,565
Interest and fiscal costs	380,170	223,843	–	–	380,170	223,843
Gas	–	–	3,498,775	2,897,973	3,498,775	2,897,973
Water	–	–	674,381	729,942	674,381	729,942
Sewer	–	–	985,420	1,029,597	985,420	1,029,597
Storm water	–	–	291,060	279,259	291,060	279,259
Solid waste	–	–	570,439	560,540	570,439	560,540
Total expenses	4,710,930	4,812,903	6,020,075	5,497,311	10,731,005	10,310,214
Income before transfers	1,112,399	529,758	495,717	407,382	1,608,116	937,140
Transfers	444,066	5,460	(444,066)	(5,460)	–	–
Change in net position	1,556,465	535,218	51,651	401,922	1,608,116	937,140
Net position – beginning	22,360,917	21,825,699	15,367,503	14,965,581	37,728,420	36,791,280
Net position – ending	$ 23,917,382	$ 22,360,917	$ 15,419,154	$ 15,367,503	$ 39,336,536	$ 37,728,420

Governmental Activities – Current year operating results of governmental activities increased net position by $1,556,465. Revenues were up in the current year, with the largest increase in capital grants and contributions, with more street improvement aid funding and assessments certified in the current year. The increases more than offset the reduction in other general revenues with a current year change to utilize interfund transfers to move resources between funds. Expenses were down as anticipated, largely in parks and recreation with the changes in interfund activity. Interest and fiscal costs increased with new bonds issued in the current year.

Business-Type Activities – Current year operating results of business-type activities increased net position by $51,651, due to overall positive results of the utility operations of the City. Program revenues exceeded program expenses in total for the City's business-type activities. Both revenues and expenses were up compared to the prior year, primarily in gas operations. The largest utility operation is for gas services, where revenues and operating expenses are largely driven by the use and cost of gas that is passed along to the end user.

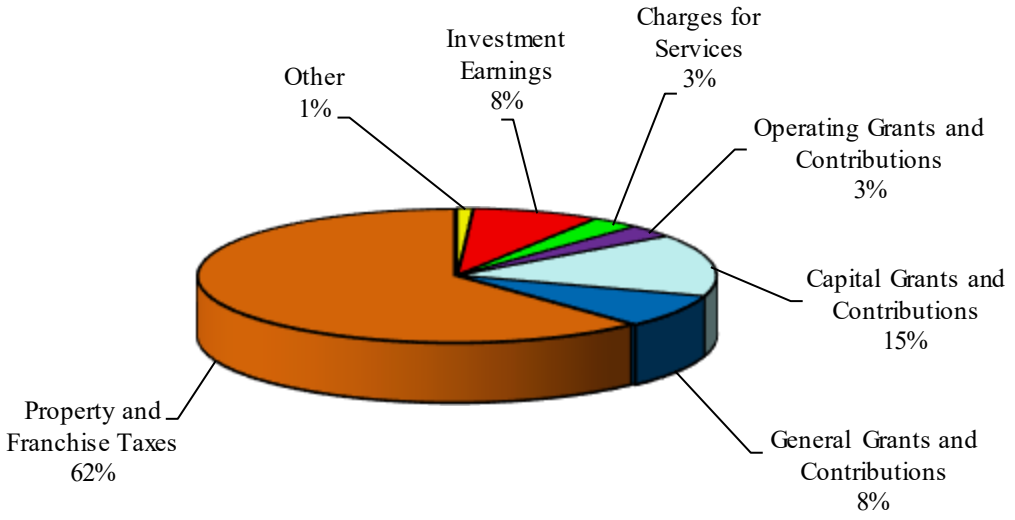
The following graphs illustrate the City's governmental activities:

Expenses and Program Revenues – Governmental Activities



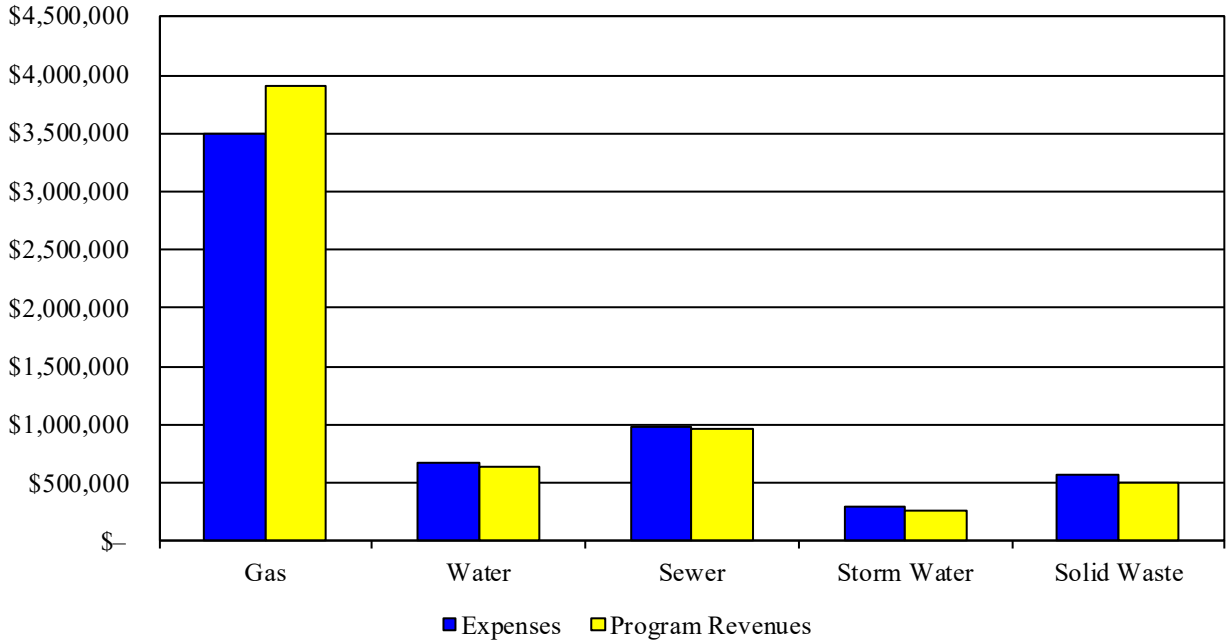
As is common with many cities, the City's governmental activities are primarily funded with property taxes. Property and franchise taxes accounted for 62 percent of governmental activities revenues. Capital grants and contributions provided 15 percent, general grants and contributions made up 8 percent, while investment earnings made up 8 percent of governmental activities revenue sources. Other general and program revenues finance governmental activities to a lesser extent.

Revenue by Source – Governmental Activities



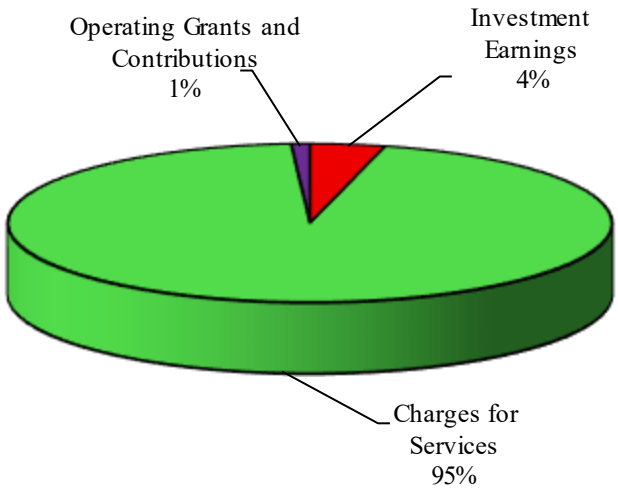
The following graphs illustrate the City's business-type activities:

Expenses and Program Revenues – Business-Type Activities



Unlike governmental activities, these activities are primarily funded through program revenues, like user charges. Overall, the business-type activities had positive operating results, but the City will continually need to monitor utility rates to cover operational costs, cash flow, and infrastructure replacement.

Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds – The following is a summary of the City's governmental funds ending equity balances in comparison with the prior year:

	Fund Balances		Change
	2025	2024	
Major funds			
General	$ 4,451,100	$ 4,165,391	$ 285,709
Special revenue			
Tax Increment District No. 1-4 North	74,069	(4,421)	78,490
Debt service			
G.O. Capital Notes of 2016	76,775	66,846	9,929
Capital project			
Street Project	3,805,206	3,717,779	87,427
Park Construction	3,949,484	–	3,949,484
Nonmajor funds	2,497,217	2,561,733	(64,516)
Total fund balances	$ 14,853,851	$ 10,507,328	$ 4,346,523

General Fund – The General Fund operating results can be summarized as follows:

	Original and Final Budget	Actual	Over (Under) Final Budget	Prior Year Actual
Revenue	$ 3,662,807	$ 3,937,846	$ 275,039	$ 3,541,070
Expenditures and other financing uses	3,662,807	3,652,137	(10,670)	3,598,962
Net change in fund balances	$ –	285,709	$ 285,709	(57,892)
Fund balances				
Beginning of year		4,165,391		4,223,283
End of year		$ 4,451,100		$ 4,165,391

The General Fund continues to maintain a healthy financial condition, which the City believes is important given the ongoing capital and service needs going forward. This will help protect the City from future funding shortfalls, as well as provide resources for unexpected but necessary expenditures.

Revenues were over budget, due to conservative budgeting largely for intergovernmental, investment earnings, and licenses and permits sources. As presented in the table above, expenditures and other financing uses were slightly below amounts planned in the budget. The increase in revenues was largely due to the approved increase in the annual property tax levy, which is the primary funding source of the General Fund. Expenditures and other financing uses were up by a modest 1.5 percent over the prior year.

Significant Activities of Other Major Governmental Funds – Tax Increment District No. 1-4 North reported a fund balance increase and eliminated the deficit fund balance reported in the prior year. Tax increment revenue exceeded the required transfer required for debt service. The G.O Capital Notes of 2016 Debt Service Fund ended the year with a slight increase as intended with funding sources slightly exceeding required debt service payments.

Capital spending in the Street Project Capital Project Fund was up in the current year for costs related to the 2025 street project. Overall fund balance increased slightly with revenues, bond proceeds, and transfers in exceeding the amount of capital outlay and transfers to other funds in the current year. A new Park Construction Capital Project Fund was established in the current year to account for new bonds issued in the fall of 2025 for park improvements. No capital spending occurred in this fund in fiscal 2025.

Proprietary Funds – The City's proprietary funds had a combined net position balance of $15,419,154 on December 31, 2025. The changes in net position balances of these funds are listed below:

	Net Position		
	2025	2024	Change
Major funds			
Enterprise			
Gas Utility	$ 4,021,384	$ 3,783,538	$ 237,846
Water Utility	5,173,706	5,175,190	(1,484)
Sewer Utility	2,517,803	2,653,736	(135,933)
Storm Water Utility	2,596,611	2,609,556	(12,945)
Solid Waste Utility	1,109,650	1,145,483	(35,833)
Total net position	$ 15,419,154	$ 15,367,503	$ 51,651

The proprietary funds reported a combined net position increase of $51,651 from operations in the current year. Positive operations in gas utility contributed to the increase in current year's net position.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets – The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2025 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 1,688,246	$ 1,688,246	$ 4,153	$ 4,153	$ 1,692,399	$ 1,692,399
Construction in progress	27,033	491,230	–	–	27,033	491,230
Buildings and structures	5,753,174	5,021,653	1,208,219	1,213,641	6,961,393	6,235,294
Furniture and equipment	2,103,805	1,920,125	3,580,950	3,589,957	5,684,755	5,510,082
Improvements other than buildings	24,402,399	21,941,945	29,349,373	28,968,785	53,751,772	50,910,730
Total capital assets	33,974,657	31,063,199	34,142,695	33,776,536	68,117,352	64,839,735
Accumulated depreciation	(12,191,730)	(11,664,729)	(14,396,707)	(13,880,507)	(26,588,437)	(25,545,236)
Total capital assets, net of depreciation	$ 21,782,927	$ 19,398,470	$ 19,745,988	$ 19,896,029	$ 41,528,915	$ 39,294,499
Depreciation expense	$ 1,026,886	$ 939,982	$ 965,048	$ 974,756	$ 1,991,934	$ 1,914,738

Increases in the current year include the activity in the capital project funds as previously mentioned.

Additional details of capital asset activity for the year can be found in the notes to basic financial statements.

Long-Term Liabilities – The debt service funds account for the accumulation of resources to finance the City's general obligation bonds and notes within the governmental activities. The revenue sources for these funds include annual tax levies, tax increments, special assessments, and other intergovernmental revenue sources. General obligation bonds of the business-type activities are retired by the revenue produced in the associated enterprise fund. If there were insufficient resources in the enterprise funds to retire the general obligation bonds, the City would be obligated to find other sources or levy taxes for their retirement. The net pension liability and compensated absences are paid for primarily by the General Fund and respective enterprise funds. The following table summarizes the City's long-term liabilities:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
G.O. bonds and notes payable	$ 12,740,000	$ 8,205,000	$ 8,235,000	$ 8,880,000	$ 20,975,000	$ 17,085,000
Unamortized bond premium	823,724	346,088	210,877	218,813	1,034,601	564,901
Net pension liability	266,822	311,859	370,767	419,209	637,589	731,068
Compensated absences payable	106,136	94,745	160,092	140,424	266,228	235,169
Total	$ 13,936,682	$ 8,957,692	$ 8,976,736	$ 9,658,446	$ 22,913,418	$ 18,616,138

The increase in overall bonds and notes payable and unamortized bond premium was due to the issuance of street reconstruction and abatement bonds for street and park improvements, which exceeded scheduled debt service payments due in the current year. The decrease in the net pension liability reflects the change in the City's proportionate share of the Public Employees Retirement Association pension obligations. Compensated absences payable increased with changes in pay rates and outstanding balances due to employees at year-end.

Additional details of long-term debt activity for the year can be found in the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected officials considered many factors when adopting the balanced budget for fiscal year 2026. The 2026 General Fund expenditure budget was set at $3,723,197, an increase of $60,390, or 1.6 percent, over the budget for 2025.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report, or requests for additional information, should be addressed by writing to the City of Circle Pines, 200 Civic Heights Circle, Circle Pines, Minnesota 55014, or by calling (763) 784-5898.

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BASIC FINANCIAL STATEMENTS

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CITY OF CIRCLE PINES

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and temporary investments	$ 14,874,502	$ 4,476,236	$ 19,350,738
Receivables			
Accounts	34,593	814,296	848,889
Lease	–	277,694	277,694
Accrued interest	34,938	12,551	47,489
Taxes – delinquent	27,658	–	27,658
Special assessments – delinquent	6,610	1,144	7,754
Special assessments – deferred	1,135,985	16,060	1,152,045
Due from other governmental units	571,571	8,988	580,559
Inventory	–	84,090	84,090
Prepaid items	13,928	52,340	66,268
Capital assets			
Not depreciated	1,715,279	4,153	1,719,432
Depreciated, net	20,067,648	19,741,835	39,809,483
Total capital assets, net of depreciation	21,782,927	19,745,988	41,528,915
Total assets	38,482,712	25,489,387	63,972,099
Deferred outflows of resources			
Pension plan deferments – PERA	64,460	89,573	154,033
Total assets and deferred outflows of resources	$ 38,547,172	$ 25,578,960	$ 64,126,132
Liabilities			
Accounts and contracts payable	$ 116,707	$ 467,502	$ 584,209
Salaries payable	17,513	27,708	45,221
Accrued interest payable	141,510	98,894	240,404
Due to other governmental units	–	48,277	48,277
Unearned revenue	228,115	–	228,115
Long-term liabilities			
Due within one year	1,269,270	864,331	2,133,601
Due in more than one year	12,667,412	8,112,405	20,779,817
Total long-term liabilities	13,936,682	8,976,736	22,913,418
Total liabilities	14,440,527	9,619,117	24,059,644
Deferred inflows of resources			
Pension plan deferments – PERA	189,263	262,995	452,258
Lease revenues for subsequent years	–	277,694	277,694
Total deferred inflows of resources	189,263	540,689	729,952
Net position			
Net investment in capital assets	12,318,423	11,300,111	23,618,534
Restricted for			
Tax increment financing	74,069	–	74,069
Debt service	1,418,646	–	1,418,646
Park dedicated improvements	303,677	–	303,677
Equipment acquisitions	23,008	–	23,008
State-funded street projects	108,644	–	108,644
Unrestricted	9,670,915	4,119,043	13,789,958
Total net position	23,917,382	15,419,154	39,336,536
Total liabilities, deferred inflows of resources, and net position	$ 38,547,172	$ 25,578,960	$ 64,126,132

See notes to basic financial statements

CITY OF CIRCLE PINES

Statement of Activities
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities				
General government	$ 680,874	$ 123,225	$ –	$ –
Public safety	1,885,015	9,044	83,511	–
Public works	1,015,410	47,134	91,288	882,540
Parks and recreation	749,461	–	–	–
Interest and fiscal costs	380,170	–	–	–
Total governmental activities	4,710,930	179,403	174,799	882,540
Business-type activities				
Gas	3,498,775	3,905,677	–	–
Water	674,381	629,673	–	–
Sewer	985,420	960,015	–	–
Storm water	291,060	267,029	–	–
Solid waste	570,439	448,873	54,070	–
Total business-type activities	6,020,075	6,211,267	54,070	–
Total governmental and business-type activities	$ 10,731,005	$ 6,390,670	$ 228,869	$ 882,540
General revenues				
Property taxes				
Franchise taxes				
General grants and contributions				
Other general revenues				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position – beginning				
Net position – ending				

See notes to basic financial statements

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (557,649)	$ –	$ (557,649)
(1,792,460)	–	(1,792,460)
5,552	–	5,552
(749,461)	–	(749,461)
(380,170)	–	(380,170)
(3,474,188)	–	(3,474,188)
–	406,902	406,902
–	(44,708)	(44,708)
–	(25,405)	(25,405)
–	(24,031)	(24,031)
–	(67,496)	(67,496)
–	245,262	245,262
(3,474,188)	245,262	(3,228,926)
3,443,279	–	3,443,279
145,472	–	145,472
487,227	–	487,227
55,210	–	55,210
455,399	250,455	705,854
444,066	(444,066)	–
5,030,653	(193,611)	4,837,042
1,556,465	51,651	1,608,116
22,360,917	15,367,503	37,728,420
$ 23,917,382	$ 15,419,154	$ 39,336,536

CITY OF CIRCLE PINES

Balance Sheet
Governmental Funds
December 31, 2025

	General	Special Revenue Fund Tax Increment District No. 1-4 North	Debt Service Fund G.O. Capital Notes of 2016
Assets			
Cash and temporary investments	$ 4,467,810	$ 164,093	$ 304,890
Receivables			
Accounts	5,143	–	–
Accrued interest	9,353	553	–
Taxes – delinquent	27,658	–	–
Special assessments – delinquent	–	–	–
Special assessments – deferred	688	–	–
Due from other governmental units	32,231	4,423	204,702
Advances to other funds	–	–	–
Prepaid items	13,928	–	–
Total assets	$ 4,556,811	$ 169,069	$ 509,592
Liabilities			
Accounts and contracts payable	$ 59,852	$ –	$ –
Salaries payable	17,513	–	–
Advances from other funds	–	95,000	–
Unearned revenue	–	–	228,115
Total liabilities	77,365	95,000	228,115
Deferred inflows of resources			
Unavailable revenue – property taxes	27,658	–	–
Unavailable revenue – special assessments	688	–	–
Unavailable revenue – long-term receivable	–	–	204,702
Total deferred inflows of resources	28,346	–	204,702
Fund balances			
Nonspendable	13,928	–	–
Restricted	–	74,069	76,775
Assigned	3,258,944	–	–
Unassigned	1,178,228	–	–
Total fund balances	4,451,100	74,069	76,775
Total liabilities, deferred inflows of resources, and fund balances	$ 4,556,811	$ 169,069	$ 509,592

See notes to basic financial statements

Capital Project Funds				
Street Project	Formerly Major Fund Permanent Improvement Revolving	Park Construction	Nonmajor	Totals
$ 3,605,200	$ –	$ 3,935,988	$ 2,396,521	$ 14,874,502
29,450	–	–	–	34,593
6,770	–	13,496	4,766	34,938
–	–	–	–	27,658
–	–	–	6,610	6,610
–	–	–	1,135,297	1,135,985
327,396	–	–	2,819	571,571
–	–	–	95,000	95,000
–	–	–	–	13,928
$ 3,968,816	$ –	$ 3,949,484	$ 3,641,013	$ 16,794,785
$ 54,966	$ –	$ –	$ 1,889	$ 116,707
–	–	–	–	17,513
–	–	–	–	95,000
–	–	–	–	228,115
54,966	–	–	1,889	457,335
–	–	–	–	27,658
–	–	–	1,141,907	1,142,595
108,644	–	–	–	313,346
108,644	–	–	1,141,907	1,483,599
–	–	–	–	13,928
–	–	3,949,484	668,159	4,768,487
3,805,206	–	–	1,829,058	8,893,208
–	–	–	–	1,178,228
3,805,206	–	3,949,484	2,497,217	14,853,851
$ 3,968,816	$ –	$ 3,949,484	$ 3,641,013	$ 16,794,785

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CITY OF CIRCLE PINES

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
December 31, 2025

Total fund balances – governmental funds	$ 14,853,851
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds (see Note 4 for more details on capital assets).	
Not depreciated	1,715,279
Depreciated, net	20,067,648
Long-term liabilities are not payable with current financial resources and, therefore, are not reported as liabilities in the governmental funds (see Note 5 for more details on long-term debt).	
Due within one year	(1,269,270)
Due in more than one year	(12,667,412)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows of resources – pension plan deferments – PERA	64,460
Deferred inflows of resources – pension plan deferments – PERA	(189,263)
Deferred inflows of resources – unavailable revenues	1,483,599
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(141,510)
Total net position – governmental activities	$ 23,917,382

See notes to basic financial statements

CITY OF CIRCLE PINES

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2025

	General	Special Revenue Fund Tax Increment District No. 1-4 North	Debt Service Fund G.O. Capital Notes of 2016
Revenue			
Taxes			
Property taxes	$ 2,907,972	$ 240,372	$ –
Franchise taxes	4,121	–	–
Special assessments	13,568	–	–
Licenses and permits	123,225	–	–
Intergovernmental revenue	622,044	–	227,325
Charges for services	47,134	–	–
Fines and forfeits	9,044	–	–
Other revenue			
Investment earnings	186,551	11,209	–
Interfund loan interest	–	–	–
Miscellaneous	24,187	–	–
Total revenue	3,937,846	251,581	227,325
Expenditures			
Current			
General government	650,014	2,492	–
Public safety	1,827,330	–	–
Public works	204,735	–	–
Parks and recreation	603,122	–	–
Capital outlay	–	–	–
Debt service			
Principal retirement	–	–	210,000
Interest and other	–	–	7,396
Interfund loan interest	–	9,900	–
Total expenditures	3,285,201	12,392	217,396
Excess (deficiency) of revenue over expenditures	652,645	239,189	9,929
Other financing sources (uses)			
Bonds issued	–	–	–
Premium on bonds issued	–	–	–
Transfers in	–	–	–
Transfers out	(366,936)	(160,699)	–
Sale of capital assets	–	–	–
Total other financing sources (uses)	(366,936)	(160,699)	–
Net change in fund balances	285,709	78,490	9,929
Fund balances (deficits)			
Beginning of year, as previously reported	4,165,391	(4,421)	66,846
Change within financial reporting entity (Major to nonmajor fund)	–	–	–
Beginning of year, as adjusted	4,165,391	(4,421)	66,846
End of year	$ 4,451,100	$ 74,069	$ 76,775

See notes to basic financial statements

Capital Project Funds				
Street Project	Formerly Major Fund Permanent Improvement Revolving	Park Construction	Nonmajor	Totals
$ –	$ –	$ –	$ 300,000	$ 3,448,344
141,351	–	–	–	145,472
48,888	–	–	396,611	459,067
–	–	–	–	123,225
419,453	–	–	–	1,268,822
–	–	–	–	47,134
–	–	–	–	9,044
131,296	–	34,589	91,754	455,399
–	–	–	9,900	9,900
27,760	–	–	2,000	53,947
768,748	–	34,589	800,265	6,020,354
–	–	–	–	652,506
–	–	–	–	1,827,330
–	–	–	–	204,735
–	–	–	–	603,122
3,058,034	–	–	729,811	3,787,845
–	–	–	990,000	1,200,000
–	–	–	371,564	378,960
–	–	–	–	9,900
3,058,034	–	–	2,091,375	8,664,398
(2,289,286)	–	34,589	(1,291,110)	(2,644,044)
2,045,000	–	3,690,000	–	5,735,000
203,259	–	312,581	–	515,840
413,342	–	–	1,225,331	1,638,673
(284,888)	–	(87,686)	–	(900,209)
–	–	–	1,263	1,263
2,376,713	–	3,914,895	1,226,594	6,990,567
87,427	–	3,949,484	(64,516)	4,346,523
3,717,779	609,305	–	1,952,428	10,507,328
–	(609,305)	–	609,305	–
3,717,779	–	–	2,561,733	10,507,328
$ 3,805,206	$ –	$ 3,949,484	$ 2,497,217	$ 14,853,851

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CITY OF CIRCLE PINES

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2025

Total net change in fund balances – governmental funds	$	4,346,523
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in 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 (see Note 4 for more details on changes in capital assets).		
Capital outlays		3,705,741
Depreciation expense		(1,026,886)
Transfers of capital assets to business-type activities		(294,398)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other long-term debt adjustments are also made between the governmental funds and the Statement of Activities for compensated absences and net pension liability (see Note 5 for more details on changes in long-term debt).		
Governmental activities – additions to long-term debt		(6,813,959)
Governmental activities – deletions of long-term debt		1,834,969
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(39,414)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments – PERA		(9,581)
Deferred inflows of resources – pension plan deferments – PERA		40,871
Deferred inflows of resources – unavailable revenues		(187,401)
Change in net position – governmental activities	$	1,556,465

See notes to basic financial statements

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CITY OF CIRCLE PINES

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2025

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Property taxes	$ 2,933,670	$ 2,907,972	$ (25,698)
Franchise taxes	9,000	4,121	(4,879)
Special assessments	–	13,568	13,568
Licenses and permits	68,882	123,225	54,343
Intergovernmental revenue	504,809	622,044	117,235
Charges for services	40,711	47,134	6,423
Fines and forfeits	11,000	9,044	(1,956)
Other revenue			
Investment earnings	84,735	186,551	101,816
Miscellaneous	10,000	24,187	14,187
Total revenue	3,662,807	3,937,846	275,039
Expenditures			
Current			
General government	665,434	650,014	(15,420)
Public safety	1,789,377	1,827,330	37,953
Public works	221,640	204,735	(16,905)
Parks and recreation	623,820	603,122	(20,698)
Total expenditures	3,300,271	3,285,201	(15,070)
Excess of revenue over expenditures	362,536	652,645	290,109
Other financing sources (uses)			
Transfers out	(362,536)	(366,936)	(4,400)
Net change in fund balances	$ –	285,709	$ 285,709
Fund balances			
Beginning of year		4,165,391	
End of year		$ 4,451,100	

See notes to basic financial statements

CITY OF CIRCLE PINES

Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-Type Activities – Enterprise Funds					
	Gas Utility	Water Utility	Sewer Utility	Storm Water Utility	Solid Waste Utility	Total
Assets						
Current assets						
Cash and temporary investments	$ 590,274	$ 2,791,909	$ –	$ 9,985	$ 1,084,068	$ 4,476,236
Receivables						
Accounts						
Utilities – customers	610,848	55,167	86,975	24,077	37,229	814,296
Lease	–	277,694	–	–	–	277,694
Accrued interest	2,075	7,206	–	572	2,698	12,551
Special assessments – delinquent	–	1,144	–	–	–	1,144
Special assessments – deferred	–	16,060	–	–	–	16,060
Due from other governments	–	–	–	–	8,988	8,988
Due from other funds	–	163,250	–	–	–	163,250
Inventory	84,090	–	–	–	–	84,090
Prepaid items	17,924	4,083	29,989	68	276	52,340
Total current assets	1,305,211	3,316,513	116,964	34,702	1,133,259	5,906,649
Noncurrent assets						
Capital assets						
Land	–	–	4,153	–	–	4,153
Buildings and structures	162,751	1,011,929	33,539	–	–	1,208,219
Furniture and equipment	2,112,767	568,935	899,248	–	–	3,580,950
Improvements other than buildings	5,579,626	8,196,163	8,278,130	7,295,454	–	29,349,373
Total capital assets	7,855,144	9,777,027	9,215,070	7,295,454	–	34,142,695
Less accumulated depreciation	4,189,047	4,607,039	3,113,742	2,486,879	–	14,396,707
Net capital assets	3,666,097	5,169,988	6,101,328	4,808,575	–	19,745,988
Total assets	4,971,308	8,486,501	6,218,292	4,843,277	1,133,259	25,652,637
Deferred outflows of resources						
Pension plan deferments – PERA	62,873	14,334	11,866	500	–	89,573
Total assets and deferred outflows of resources	$ 5,034,181	$ 8,500,835	$ 6,230,158	$ 4,843,777	$ 1,133,259	$ 25,742,210
Liabilities						
Current liabilities						
Accounts and contracts payable	$ 393,212	$ 25,062	$ 25,046	$ 2,858	$ 21,324	$ 467,502
Salaries payable	19,489	4,430	3,620	169	–	27,708
Accrued interest payable	–	33,475	38,898	26,521	–	98,894
Due to other governmental units	45,950	42	–	–	2,285	48,277
Due to other funds	–	–	163,250	–	–	163,250
Compensated absences payable – current	78,056	19,158	16,620	497	–	114,331
Bonds payable – current	–	265,000	300,000	185,000	–	750,000
Total current liabilities	536,707	347,167	547,434	215,045	23,609	1,669,962
Noncurrent liabilities						
Compensated absences payable – noncurrent	31,241	7,669	6,652	199	–	45,761
Net pension liability	260,248	59,334	49,116	2,069	–	370,767
Bonds payable – noncurrent	–	2,593,178	3,074,314	2,028,385	–	7,695,877
Total noncurrent liabilities	291,489	2,660,181	3,130,082	2,030,653	–	8,112,405
Total liabilities	828,196	3,007,348	3,677,516	2,245,698	23,609	9,782,367
Deferred inflows of resources						
Pension plan deferments – PERA	184,601	42,087	34,839	1,468	–	262,995
Lease revenues for subsequent years	–	277,694	–	–	–	277,694
Total deferred inflows of resources	184,601	319,781	34,839	1,468	–	540,689
Net position						
Net investment in capital assets	3,666,097	2,311,810	2,727,014	2,595,190	–	11,300,111
Unrestricted	355,287	2,861,896	(209,211)	1,421	1,109,650	4,119,043
Total net position	4,021,384	5,173,706	2,517,803	2,596,611	1,109,650	15,419,154
Total liabilities, deferred inflows of resources and net position	$ 5,034,181	$ 8,500,835	$ 6,230,158	$ 4,843,777	$ 1,133,259	$ 25,742,210

See notes to basic financial statements

CITY OF CIRCLE PINES

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Funds					
	Gas Utility	Water Utility	Sewer Utility	Storm Water Utility	Solid Waste Utility	Total
Operating revenues						
Charges for sales and services						
Gas	$ 3,904,241	$ –	$ –	$ –	$ –	$ 3,904,241
Water	–	545,660	–	–	–	545,660
Sewer	–	–	953,996	–	–	953,996
Storm water	–	–	–	267,018	–	267,018
Solid waste	–	–	–	–	448,678	448,678
Total operating revenues	3,904,241	545,660	953,996	267,018	448,678	6,119,593
Operating expenses						
Cost of sales and services	2,505,436	200,242	507,600	51,315	570,439	3,835,032
Administration	602,901	149,442	136,749	2,706	–	891,798
Depreciation	284,643	249,941	252,547	177,917	–	965,048
Franchise fee	118,858	–	–	–	–	118,858
Total operating expenses	3,511,838	599,625	896,896	231,938	570,439	5,810,736
Operating income (loss)	392,403	(53,965)	57,100	35,080	(121,761)	308,857
Nonoperating revenues (expenses)						
Intergovernmental (pension adjustment)	(962)	(220)	(182)	(8)	54,070	52,698
Investment earnings (charges)	42,398	143,400	(14)	11,086	53,585	250,455
Other income	1,436	84,013	6,019	11	195	91,674
Gain on disposal of capital assets	14,025	661	–	–	–	14,686
Interest expense	–	(75,197)	(88,342)	(59,114)	–	(222,653)
Total nonoperating revenues (expenses)	56,897	152,657	(82,519)	(48,025)	107,850	186,860
Income (loss) before capital contributions and transfers out	449,300	98,692	(25,419)	(12,945)	(13,911)	495,717
Capital contributions	–	14,720	88,319	191,359	–	294,398
Transfer out	(211,454)	(114,896)	(198,833)	(191,359)	(21,922)	(738,464)
Change in net position	237,846	(1,484)	(135,933)	(12,945)	(35,833)	51,651
Net position						
Beginning of year	3,783,538	5,175,190	2,653,736	2,609,556	1,145,483	15,367,503
End of year	$ 4,021,384	$ 5,173,706	$ 2,517,803	$ 2,596,611	$ 1,109,650	$ 15,419,154

See notes to basic financial statements

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CITY OF CIRCLE PINES

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Funds					
	Gas Utility	Water Utility	Sewer Utility	Storm Water Utility	Solid Waste Utility	Total
Cash flows from operating activities						
Cash received from customers	$ 3,717,912	$ 531,881	$ 978,536	$ 264,338	$ 442,984	$ 5,935,651
Cash paid to suppliers	(2,075,490)	(100,847)	(429,958)	(60,661)	(503,429)	(3,170,385)
Cash paid to employees	(1,101,244)	(246,215)	(203,828)	(8,703)	(78,532)	(1,638,522)
Cash received from other sources	1,436	84,013	6,019	11	195	91,674
Net cash flows from operating activities	542,614	268,832	350,769	194,985	(138,782)	1,218,418
Cash flows from noncapital financing activities						
Intergovernmental (pension adjustments)	(962)	(220)	(182)	(8)	54,070	52,698
Cash received from other funds	–	–	120,744	–	–	120,744
Cash paid to other funds	–	(120,744)	–	–	–	(120,744)
Net cash flows from noncapital financing activities	(962)	(120,964)	120,562	(8)	54,070	52,698
Cash flows from capital and related financing activities						
Proceeds from issuance of bonds	–	–	90,741	–	–	90,741
Acquisition of capital assets	(243,196)	(49,049)	(51,608)	(176,756)	–	(520,609)
Proceeds from disposal of capital assets	14,025	661	–	–	–	14,686
Principal paid on bonds	–	(260,000)	(290,000)	(175,000)	–	(725,000)
Interest paid on bonds and advances	–	(84,997)	(99,206)	(66,918)	–	(251,121)
Transfers to other funds	(211,454)	(114,896)	(198,833)	(191,359)	(21,922)	(738,464)
Net cash flows from capital and and related financing activities	(440,625)	(508,281)	(548,906)	(610,033)	(21,922)	(2,129,767)
Cash flows from investing activities						
Earnings on investments	41,479	144,060	5	11,435	53,931	250,910
Net change in cash and cash equivalents	142,506	(216,353)	(77,570)	(403,621)	(52,703)	(607,741)
Cash and cash equivalents						
Beginning of year	447,768	3,008,262	77,570	413,606	1,136,771	5,083,977
End of year	$ 590,274	$ 2,791,909	$ –	$ 9,985	$ 1,084,068	$ 4,476,236
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	$ 392,403	$ (53,965)	$ 57,100	$ 35,080	$ (121,761)	$ 308,857
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	284,643	249,941	252,547	177,917	–	965,048
Other income	1,436	84,013	6,019	11	195	91,674
Change in assets, liabilities, deferred inflows/outflows						
Receivables						
Accounts – utility customers	(186,329)	(12,493)	(4,204)	(2,680)	(2,702)	(208,408)
Lease	–	56,849	–	–	–	56,849
Special assessments – delinquent	–	(326)	–	–	–	(326)
Special assessments – deferred	–	(1,362)	–	–	–	(1,362)
Due from other governments	–	402	28,744	–	(2,992)	26,154
Inventory	(4,581)	–	–	–	–	(4,581)
Prepaid items	(7,965)	(1,691)	2,540	(68)	(273)	(7,457)
Deferred outflows of resources – pension plan deferments – PERA	6,323	1,956	1,583	93	–	9,955
Accounts and contracts payable	80,906	16,281	17,891	(14,748)	(13,534)	86,796
Salaries payable	3,319	689	477	53	–	4,538
Due to other governmental units	20,333	42	–	–	2,285	22,660
Compensated absences payable	13,803	3,166	2,566	133	–	19,668
Net pension liability	(31,204)	(9,277)	(7,531)	(430)	–	(48,442)
Deferred inflows of resources – pension plan deferments – PERA	(30,473)	(8,544)	(6,963)	(376)	–	(46,356)
Deferred inflows of resources – lease revenues for subsequent years	–	(56,849)	–	–	–	(56,849)
Net cash flows from operating activities	$ 542,614	$ 268,832	$ 350,769	$ 194,985	$ (138,782)	$ 1,218,418
Noncash investing, capital, and financing activities						
Amortization of bond premium	$ –	$ 6,342	$ 7,010	$ 5,325	$ –	$ 18,677
Capital assets contributed from other funds	$ –	$ 14,720	$ 88,319	$ 191,359	$ –	$ 294,398

See notes to basic financial statements

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Circle Pines, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the government of the City is run by a council composed of an elected mayor and four elected councilmembers. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

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

B. Reporting Entity

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

The City Council appoints the voting majority of the Centennial Utilities Commission's Board. The Circle Pines Housing and Redevelopment Authority (HRA) Board is comprised of the same members as the City Council. Based on the general level of control by the City over these entities, the Centennial Utilities Commission and the HRA are included as component units of the City. The financial data of these component units are blended with that of the City (reported as though their funds were funds of the City).

The City also participates in two joint ventures, which are not included in the City's financial statements. Descriptions and condensed financial information for these joint ventures are included later in these notes.

C. Government-Wide Financial Statement Presentation

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

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

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

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

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under leases, when applicable, are reported as other financing sources.

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

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Increment District No. 1-4 North Special Revenue Fund – This fund accounts for the collection of tax increments from District No. 1-4, redistributes those resources to funds responsible for related debt requirements, and accounts for the allowable capital costs to develop the district.

G.O. Capital Notes of 2016 Debt Service Fund – This fund accounts for the collection of resources for, and the repayment of, debt issued to finance the purchase of equipment on behalf of the North Metro Telecommunications Commission.

Street Project Capital Project Fund – This fund is used to account for the financial resources to be used for capital improvements of city streets and surrounding areas.

Park Construction Capital Project Fund – This fund is used to account for the financial resources to be used for various park improvement projects around the City.

The City reports the following major proprietary funds:

Gas Utility Enterprise Fund – The Gas Utility Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's gas utility systems within the cities of Circle Pines, Lino Lakes, and Blaine.

Water Utility Enterprise Fund – The Water Utility Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's water utility system.

Sewer Utility Enterprise Fund – The Sewer Utility Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's sewer utility system.

Storm Water Utility Enterprise Fund – The Storm Water Utility Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's storm water utility system.

Solid Waste Utility Enterprise Fund – The Solid Waste Utility Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's solid waste utility system, including recycling services.

E. Budgets and Budgetary Accounting

Each fall, the City Council adopts a General Fund budget for the following fiscal year beginning January 1. The City has established budgetary control at the fund level. Budget appropriations lapse at year-end. Budget amounts are presented on a modified accrual basis of accounting.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments

Cash and temporary investments include balances that are combined and invested to the extent available in various securities as authorized by state law. Allocations of pooled investment earnings to the respective funds is based on participation by each fund. Cash and temporary investments – restricted for construction represents unspent proceeds in the enterprise funds dedicated for utility construction costs.

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. See Note 2 for the City's recurring fair value measurements as of year-end.

G. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent utility receivables to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. The only receivables not expected to be fully collected within one year are lease receivables, property taxes receivable, special assessments receivable, and amounts due from other governments for future debt payments on joint debt issues.

H. Property Taxes

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Special Assessments

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

J. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

K. Inventories

The inventories of the City's funds are recorded at cost for supplies and at the lower of cost or market on the first-in, first-out basis for inventory held for resale.

L. Prepaid Items

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

M. Capital Assets

Capital assets, which include land, buildings and structures, furniture and equipment, improvements other than buildings (infrastructure assets), and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City defines capital assets as those with an initial, individual cost of $5,000 or more with an estimated useful life in excess of one year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below threshold, are also capitalized if the costs of the assets are considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 10 to 50 years for buildings and structures, 3 to 20 years for furniture and equipment, and 5 to 50 years for improvements other than buildings.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences Payable

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 paid during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Substantially all regular full-time and permanent part-time city employees earn annual leave at various rates based on longevity. Unused annual leave may be accumulated up to a maximum of 240 hours for employees with less than 15 years of employment with the City and 280 hours with over 15 years of employment. These compensated absences are paid to an employee leaving in good standing, at their current rate of pay. The General Fund and enterprise funds are used to liquidate this liability.

O. State-Wide Pension Plans

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

P. Long-Term Liabilities

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

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Principal and interest on long-term debt and other long-term obligations are recorded as expenditures in the governmental fund financial statements to the extent they have matured.

Q. Deferred Outflows/Inflows of Resources

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

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

The City reports deferred inflows of resources related to leases receivable, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease. This item is reported both in the government-wide and proprietary funds Statement of Net Position as a deferred inflow of resources.

Unavailable revenue arises only under the modified accrual basis of accounting and, therefore, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

R. Net Position Classifications and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

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

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

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

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

S. Fund Balance Classifications and Flow Assumptions

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

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

- **Restricted** – Consists of amounts where there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments, or enabling legislation.

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

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

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

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

When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

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

U. 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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 204,347
Investments	19,146,391
Total	$ 19,350,738

B. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the City's deposits was $204,347. The entire bank balance was covered by federal deposit insurance, surety bonds, or by collateral held by the City's agent in the City's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years Less Than 1	1 to 5	6 to 10	Total
U.S. treasuries	N/A	N/A	Level 2	$ 2,116,403	$ 1,152,057	$ –	$ 3,268,460
U.S. agency securities	AA	S&P	Level 2	1,440,803	1,341,210	–	2,782,013
State and local obligations	AAA	S&P	Level 2	117,529	682,441	–	799,970
State and local obligations	AAA	Moody's	Level 2	–	4,595	–	4,595
State and local obligations	AA	S&P	Level 2	–	806,504	–	806,504
State and local obligations	AA	Moody's	Level 2	–	385,620	–	385,620
State and local obligations	A	Moody's	Level 2	–	807,621	268,343	1,075,964
Negotiable certificates of deposit	N/R	N/A	Level 2	1,336,280	1,595,453	–	2,931,733
				$ 5,011,015	$ 6,775,501	$ 268,343	12,054,859
Investment pools/mutual funds							
Allspring Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	N/A	12,315
Federated Hermes Treasury Fund	AAA	S&P	Level 2	N/A	N/A	N/A	1,125,244
Dreyfus Preferred Government Money Market Fund	AAA	S&P	Level 2	N/A	N/A	N/A	999,685
4M Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	4,025,587
First American Treasury	AAA	S&P	Amortized Cost	N/A	N/A	N/A	928,701
Total investments							$ 19,146,391

N/A – Not Applicable
N/R – Not Rated

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

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy addresses this risk by requiring that securities be held by an independent third party custodian with identification of the City's ownership.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City's investment policies further limit investments to direct United States government obligations, state and local municipal securities rated in the top rating tiers issued by nationally recognized statistical rating organizations, federal agency issues, shares in mutual funds investing exclusively in United States government and agency issues, obligations of the state of Minnesota or Minnesota municipalities, banker's acceptances, commercial paper, repurchase agreements, reverse purchase agreements, securities lending agreements, guaranteed investment contracts, and interest bearing deposits, all with the same state restrictions.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investment (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policies allow an unlimited amount of United States treasury securities and authorized treasury pools, and certificates of deposit. Any remaining types of investments cannot exceed more than 50.0 percent of the City's total investment portfolio. Investments with a single financial institution cannot exceed more than 50.0 percent of the City's total investment portfolio. At year-end, the City's investment portfolio includes investment in the Federal Home Loan Bank at 8.3 percent of the total portfolio.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policies do not allow investing more than 15.0 percent of the total cash and investment balance available at any point for more than 10 years.

NOTE 3 – LEASE RECEIVABLE

The City has entered into lease receivable agreements for cell tower rental space on city property. The leases are reported using an incremental interest rate of 4.00 percent with a final maturity through fiscal 2031. During the current year, the City received principal and interest payments on these leases of $70,231.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Transfers	Balance – End of Year
Capital assets, not depreciated						
Land	$ 1,688,246	$ –	$ –	$ –	$ –	$ 1,688,246
Construction in progress	491,230	3,239,450	–	(3,703,647)	–	27,033
Total capital assets, not depreciated	2,179,476	3,239,450	–	(3,703,647)	–	1,715,279
Capital assets, depreciated						
Buildings and structures	5,021,653	15,262	(12,168)	728,427	–	5,753,174
Furniture and equipment	1,920,125	229,890	(46,210)	–	–	2,103,805
Improvements other than buildings	21,941,945	221,139	(441,507)	2,975,220	(294,398)	24,402,399
Total capital assets, depreciated	28,883,723	466,291	(499,885)	3,703,647	(294,398)	32,259,378
Less accumulated depreciation on						
Buildings and structures	(3,451,533)	(185,883)	12,168	–	–	(3,625,248)
Furniture and equipment	(1,053,302)	(173,141)	46,210	–	–	(1,180,233)
Improvements other than buildings	(7,159,894)	(667,862)	441,507	–	–	(7,386,249)
Total accumulated depreciation	(11,664,729)	(1,026,886)	499,885	–	–	(12,191,730)
Net capital assets, depreciated	17,218,994	(560,595)	–	3,703,647	(294,398)	20,067,648
Net capital assets	$ 19,398,470	$ 2,678,855	$ –	$ –	$ (294,398)	$ 21,782,927

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

	Balance – Beginning of Year	Additions	Deletions	Reclass and Transfers	Balance – End of Year
Capital assets, not depreciated					
Land	$ 4,153	$ –	$ –	$ –	$ 4,153
Capital assets, depreciated					
Buildings and structures	1,213,641	–	(5,422)	–	1,208,219
Furniture and equipment	3,589,957	343,853	(313,689)	(39,171)	3,580,950
Improvements other than buildings	28,968,785	176,756	(129,737)	333,569	29,349,373
Total capital assets, depreciated	33,772,383	520,609	(448,848)	294,398	34,138,542
Less accumulated depreciation on					
Buildings and structures	(906,338)	(30,642)	5,422	–	(931,558)
Furniture and equipment	(2,112,498)	(219,289)	313,689	14,485	(2,003,613)
Improvements other than buildings	(10,861,671)	(715,117)	129,737	(14,485)	(11,461,536)
Total accumulated depreciation	(13,880,507)	(965,048)	448,848	–	(14,396,707)
Net capital assets, depreciated	19,891,876	(444,439)	–	294,398	19,741,835
Net capital assets	$ 19,896,029	$ (444,439)	$ –	$ 294,398	$ 19,745,988

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities	
General government	$ 50,261
Public safety	57,685
Public works	738,891
Parks and recreation	180,049
Total depreciation expense – governmental activities	$ 1,026,886
Business-type activities	
Gas	$ 284,643
Water	249,941
Sewer	252,547
Storm water	177,917
Total depreciation expense – business-type activities	$ 965,048

NOTE 5 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Governmental activities					
G.O. bonds and notes payable	$ 8,205,000	$ 5,735,000	$ (1,200,000)	$ 12,740,000	$ 1,200,000
Unamortized bond premium	346,088	515,840	(38,204)	823,724	–
Net pension liability	311,859	487,221	(532,258)	266,822	–
Compensated absences payable	94,745	75,898	(64,507)	106,136	69,270
Total governmental activities	8,957,692	6,813,959	(1,834,969)	13,936,682	1,269,270
Business-type activities					
G.O. bonds payable	8,880,000	80,000	(725,000)	8,235,000	750,000
Unamortized bond premium	218,813	10,741	(18,677)	210,877	–
Net pension liability	419,209	691,170	(739,612)	370,767	–
Compensated absences payable	140,424	113,350	(93,682)	160,092	114,331
Total business-type activities	9,658,446	895,261	(1,576,971)	8,976,736	864,331
Total long-term liabilities	$ 18,616,138	$ 7,709,220	$ (3,411,940)	$ 22,913,418	$ 2,133,601

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Bonds and Notes Payable

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
General obligation bonds and notes					
Street Project Bonds of 2014	$ 1,940,000	3.00–3.50%	07/17/2014	02/01/2030	$ 580,000
Street Project and Refunding Bonds of 2015	$ 1,720,000	2.25–3.00%	07/16/2015	02/01/2026	55,000
Capital Notes of 2016	$ 1,785,000	2.00%	04/14/2016	02/01/2026	215,000
Street Project Bonds of 2016	$ 1,455,000	2.00–3.00%	04/14/2016	02/01/2032	650,000
Street Project Bonds of 2018	$ 2,670,000	3.00–3.25%	05/24/2018	02/01/2034	1,555,000
Street Project and Refunding Bonds of 2020	$ 4,515,000	2.00–4.00%	06/04/2020	02/01/2036	2,560,000
Street Project Bonds of 2022	$ 1,590,000	2.70–4.00%	05/05/2022	02/01/2038	1,390,000
Street Project Bonds of 2025	$ 2,045,000	3.75–5.00%	10/16/2025	02/01/2041	2,045,000
Tax Abatement Bonds of 2025	$ 3,690,000	3.75–5.00%	10/16/2025	02/01/2041	3,690,000
Total governmental activity bonds and notes payable					$ 12,740,000
Business-type activities					
General obligation bonds					
Street Project Bonds of 2014	$ 1,375,000	3.00–3.50%	07/17/2014	02/01/2030	$ 530,000
Street Project Bonds of 2016	$ 1,865,000	2.00–3.00%	04/14/2016	02/01/2032	945,000
Street Project Bonds of 2018	$ 3,230,000	3.00–3.25%	05/24/2018	02/01/2034	2,100,000
Street Project Bonds of 2020	$ 2,365,000	2.00–4.00%	06/04/2020	02/01/2036	1,850,000
Street Project Bonds of 2022	$ 3,050,000	2.70–4.00%	05/05/2022	02/01/2038	2,730,000
Street Project Bonds of 2025	$ 80,000	5.00%	10/16/2025	02/01/2036	80,000
Total business-type activity bonds payable					$ 8,235,000

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bonds and notes payable are as follows:

Year Ending December 31,	Governmental Activities G. O. Bonds and Notes Principal	Governmental Activities G. O. Bonds and Notes Interest	Business-Type Activities G.O. Bonds Principal	Business-Type Activities G.O. Bonds Interest
2026	$ 1,200,000	$ 265,235	$ 750,000	$ 228,287
2027	1,175,000	464,177	780,000	203,989
2028	1,255,000	370,374	800,000	177,851
2029	1,205,000	326,055	830,000	152,183
2030	990,000	288,780	850,000	127,845
2031–2035	3,955,000	971,426	3,305,000	329,235
2036–2040	2,505,000	337,910	920,000	34,498
2041	455,000	14,719	–	–
	$ 12,740,000	$ 3,038,676	$ 8,235,000	$ 1,253,888

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Descriptions and Restrictions of Debt Issues

General Obligation Bonds and Notes – These obligations were issued to make acquisitions, improvements, or to refund prior debt issues. The Street Project Bonds of 2014, 2015, 2016, 2018, 2020, 2022, and 2025 (general obligation bonds), were split between governmental activities and business-type activities. Principal and interest on the governmental activities bonds and notes are paid by the debt service funds, primarily through the collection of taxes, tax abatements, special assessments, and other intergovernmental revenues. The general obligation bonds of the business-type activities will be repaid from the revenues of the enterprise funds. The Capital Notes of 2016 Debt Service Fund represents a joint debt issue where the City acted as the fiscal host. A portion of this issue will be paid by cities that are members of the North Metro Telecommunications Commission. The portion financed by other member cities is recorded in due from other governmental units in the City's Capital Notes of 2016 Debt Service Fund. These receivables are offset by a matching amount of deferred inflows of resources until collected.

E. Ultimate Responsibility of Debt

All long-term debt is backed by the full faith and credit of the City.

F. Arbitrage Rebate

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. In the opinion of management, any obligation would be immaterial.

G. Revenue Pledged

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

		Revenue Pledged				Current Year	
Bond Issue	Use of Proceeds	Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Street Project and Refunding Bonds of 2020 Tax Increment Refunding Bond Portion	Site improvements	Tax increment	100%	2020–2029	$ 648,600	$ 158,900	$ 240,372
Street Project Bonds of 2014	Utility improvements	Utility charges	100%	2014–2030	$ 574,988	$ 113,675	$ 1,766,674
Street Project Bonds of 2016	Utility improvements	Utility charges	100%	2016–2032	$ 1,027,313	$ 147,975	$ 1,766,674
Street Project Bonds of 2018	Utility improvements	Utility charges	100%	2018–2034	$ 2,407,103	$ 272,590	$ 1,766,674
Street Project Bonds of 2020	Utility improvements	Utility charges	100%	2020–2036	$ 2,076,050	$ 183,800	$ 1,766,674
Street Project Bonds of 2022	Utility improvements	Utility charges	100%	2022–2038	$ 3,297,268	$ 256,054	$ 1,766,674
Street Project Bonds of 2025	Utility improvements	Utility charges	100%	2025–2041	$ 106,166	$ –	$ 953,996

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

The City had the following interfund balances at year-end:

Fund	Interfund Receivables	Interfund Payables
Due to/from other funds		
Proprietary funds		
Water Utility	$ 163,250	$ –
Sewer Utility	$ –	$ 163,250
Advances to/from other funds		
Governmental funds		
Nonmajor – Permanent Improvement Revolving	$ 95,000	$ –
Tax Increment District No. 1-4 North	$ –	$ 95,000

The interfund balances were to assist in the development of the tax increment district and to eliminate negative cash balances. The advances from other funds are charged with interest at rates of 2 percent per year, or as limited by state statutes.

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the current year were as follows:

	Transfers In		
	Governmental Funds		
Transfers Out	Street Project	Nonmajor	Total
Governmental funds			
General Fund	$ 118,944	$ 247,992	$ 366,936
Tax Increment District No. 1–4 North	–	160,699	160,699
Street Project	–	284,888	284,888
Park Construction	–	87,686	87,686
Proprietary funds			
Gas Utility	–	211,454	211,454
Water Utility	14,720	100,176	114,896
Sewer Utility	88,319	110,514	198,833
Storm Water Utility	191,359	–	191,359
Solid Waste Utility	–	21,922	21,922
Total	$ 413,342	$ 1,225,331	$ 1,638,673

Transfers are made in accordance with budget appropriations, to close funds, or as approved by the City Council for funding of city activities.

NOTE 8 – FUND BALANCES

At December 31, 2025, a summary of the City's governmental fund balance classifications is as follows:

	General	Tax Increment District No. 1-4 North	G.O. Capital Notes of 2016	Street Project	Park Construction	Nonmajor	Totals
Nonspendable							
Prepaid items	$ 13,928	$ –	$ –	$ –	$ –	$ –	$ 13,928
Restricted							
Tax increment financing	–	74,069	–	–	–	–	74,069
Debt service	–	–	76,775	–	–	341,474	418,249
Park construction	–	–	–	–	3,949,484	–	3,949,484
Park dedicated improvements	–	–	–	–	–	303,677	303,677
Equipment acquisitions	–	–	–	–	–	23,008	23,008
Total restricted	–	74,069	76,775	–	3,949,484	668,159	4,768,487
Assigned							
Cash flows	1,889,857	–	–	–	–	–	1,889,857
Employee benefits	106,136	–	–	–	–	–	106,136
Contingency	372,320	–	–	–	–	–	372,320
City signs	6,000	–	–	–	–	–	6,000
Community gardens	1,193	–	–	–	–	–	1,193
Equipment acquisitions	883,438	–	–	–	–	104,162	987,600
Street improvements	–	–	–	3,805,206	–	–	3,805,206
Capital improvements	–	–	–	–	–	784,199	784,199
Park improvements	–	–	–	–	–	216,820	216,820
Improvements	–	–	–	–	–	633,515	633,515
Community improvements	–	–	–	–	–	90,362	90,362
Total assigned	3,258,944	–	–	3,805,206	–	1,829,058	8,893,208
Unassigned	1,178,228	–	–	–	–	–	1,178,228
Total	$ 4,451,100	$ 74,069	$ 76,775	$ 3,805,206	$ 3,949,484	$ 2,497,217	$ 14,853,851

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

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

General Employees Retirement Fund (GERF)

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

B. Benefits Provided

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

GERF Benefits

The GERF requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for GERF members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, GERF members receive 1.20 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, GERF 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 retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows GERF members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.00 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2025 annual increase was 1.25 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.

C. Contributions

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

GERF Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025, and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the GERF for the year ended December 31, 2025 were $132,343. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

GERF Pension Costs

At December 31, 2025, the City reported a liability of $637,589 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of $16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $15,381.

City's proportionate share of the net pension liability	$	637,589
State's proportionate share of the net pension liability associated with the City		15,381
Total	$	652,970

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0192 percent at the end of the measurement period and 0.0198 percent for the beginning of the period.

For the year ended December 31, 2025, the City recognized negative pension expense of $28,827 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional negative $2,359 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16.0 million to the GERF.

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 60,748	$ –
Changes in actuarial assumptions	15,362	146,707
Net difference between projected and actual earnings on pension plan investments	–	253,703
Changes in proportion	12,585	51,848
Employer contributions subsequent to the measurement date	65,338	–
Total	$ 154,033	$ 452,258

The $65,338 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2026	$ (81,001)
2027	$ (142,043)
2028	$ (95,198)
2029	$ (45,321)

E. Long-Term Expected Return on Investments

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability for the cost-sharing defined benefit plan was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan and the benefit increases after retirement are assumed to be 1.50 percent.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.50 percent after one year of service to 3.00 percent after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The assumption changes were adopted by the Board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The combined service annuity loading factors increased from 15.00 percent to 19.00 percent for vested terminated members and from 3.00 percent to 44.00 percent for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase formula changed to 100.00 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85.00 percent for the last two consecutive annual valuations or is less than 80.00 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50.00 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98.00 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100.00 percent funded status.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

H. Pension Liability Sensitivity

The following table presents the City's proportionate share of the net pension liability (asset) for all plans it participates in, calculated using the discount rate disclosed in the preceding section, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City's proportionate share of the GERF net pension liability (asset)	$ 1,548,603	$ 637,589	$ (101,449)

I. Pension Plan Fiduciary Net Position

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

NOTE 10 – FLEXIBLE BENEFITS PLAN

The City maintains a flexible benefits plan (the Plan). The Plan is a "cafeteria plan" under § 125 of the IRC. All employee groups of the City are eligible to participate in the Plan. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants' annual contributions to the healthcare part of the Plan, whether or not such contributions have been made.

An independent contractor serves as trustee and handles all plan recordkeeping. Employee contributions are included as personal services expenditures in the funds normally covering their payroll costs.

All property and income of the Plan attributable to that property is solely the property of the City, subject to the claims of the City's general creditors. Participants' rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – JOINT POWERS AGREEMENTS

A. Centennial Fire District

The City is a member of a joint powers agreement, together with the City of Centerville, for the Centennial Fire District (the District). The District was created to provide fire protection services to the residents of the member cities. Each member city is entitled to appoint two members to the District's Steering Committee. Each member city contributes funds to cover the budgeted costs of operations as determined by the Steering Committee. The amount of contributions required by each member is based on each city's population, number of fire calls, and assessed valuations. Contributions made by member cities for 2025 were as follows:

City of Centerville	$ 377,004	47.1 %
City of Circle Pines	423,429	52.9
	$ 800,433	100.0 %

B. Centennial Lakes Police Department

The City is a member of the Centennial Lakes Police Department (the Department), an entity created by a joint powers agreement, which provides police protection services to its member cities. The Department is managed through a three-tier system consisting of a Governing Board, an Operations Committee, and a chief of police. The Governing Board consists of six members—two elected officials appointed by each member city. The Operations Committee is made up of the city administrators from each member city and the chief of police. The chief of police is appointed by mutual agreement of the City Councils of all member cities. Annual contributions required by each member city are calculated based on complaint history, population, and staffing formulas. Contributions by the municipalities for 2025 were as follows:

City of Centerville	$ 1,118,999	33.1 %
City of Circle Pines	1,273,448	37.7
City of Lexington	987,193	29.2
	$ 3,379,640	100.0 %

NOTE 11 – JOINT POWERS AGREEMENTS (CONTINUED)

C. Summary Financial Information of the Joint Powers Agreements Entities

The contributions to the joint fire district and the joint police department are reflected as expenditures in the City's General Fund. The District's and the Department's assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, and operations are excluded from the City's financial statements as further explained in Note 1 B. Reporting Entity.

The following information is from the government-wide financial statements of the District and the Department as of December 31, 2025. These financial statements are available for viewing at the Circle Pines City Hall.

	Centennial Fire District	Centennial Lakes Police Department
Total assets and deferred outflows	$ 2,019,989	$ 3,307,923
Total liabilities and deferred inflows	$ 248,330	$ 4,251,583
Total net position	$ 1,771,659	$ (943,660)
Total revenue	$ 921,329	$ 3,493,017
Total expenses	$ 911,962	$ 3,471,297

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Receivables

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

B. Legal Claims

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

C. Tax Increment Districts

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

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CIRCLE PINES

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2025

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2016	06/30/2016	0.0170%	$ 1,380,315	$ 18,004	$ 1,398,319	$ 1,053,820	130.98%	68.9%
12/31/2017	06/30/2017	0.0186%	$ 1,187,412	$ 14,964	$ 1,202,376	$ 1,200,966	98.87%	75.9%
12/31/2018	06/30/2018	0.0184%	$ 1,020,756	$ 33,476	$ 1,054,232	$ 1,235,383	82.63%	79.5%
12/31/2019	06/30/2019	0.0178%	$ 984,122	$ 30,665	$ 1,014,787	$ 1,259,687	78.12%	80.2%
12/31/2020	06/30/2020	0.0184%	$ 1,103,164	$ 34,076	$ 1,137,240	$ 1,314,403	83.93%	79.1%
12/31/2021	06/30/2021	0.0197%	$ 841,279	$ 25,689	$ 866,968	$ 1,416,737	59.38%	87.0%
12/31/2022	06/30/2022	0.0198%	$ 1,568,167	$ 46,018	$ 1,614,185	$ 1,486,200	105.52%	76.7%
12/31/2023	06/30/2023	0.0207%	$ 1,157,521	$ 31,803	$ 1,189,324	$ 1,644,310	70.40%	83.1%
12/31/2024	06/30/2024	0.0198%	$ 731,068	$ 18,904	$ 749,972	$ 1,673,663	43.68%	89.1%
12/31/2025	06/30/2025	0.0192%	$ 637,589	$ 15,381	$ 652,970	$ 1,742,516	36.59%	90.8%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2025

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 83,978	$ 83,978	$ –	$ 1,119,703	7.50%
12/31/2017	$ 91,808	$ 91,808	$ –	$ 1,224,106	7.50%
12/31/2018	$ 92,800	$ 92,800	$ –	$ 1,237,333	7.50%
12/31/2019	$ 96,837	$ 96,837	$ –	$ 1,291,162	7.50%
12/31/2020	$ 106,337	$ 106,337	$ –	$ 1,417,824	7.50%
12/31/2021	$ 108,950	$ 108,950	$ –	$ 1,452,662	7.50%
12/31/2022	$ 114,055	$ 114,055	$ –	$ 1,520,729	7.50%
12/31/2023	$ 123,342	$ 123,342	$ –	$ 1,644,561	7.50%
12/31/2024	$ 127,544	$ 127,544	$ –	$ 1,700,593	7.50%
12/31/2025	$ 132,343	$ 132,343	$ –	$ 1,764,560	7.50%

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The combined service annuity loading factors increased from 15.00 percent to 19.00 percent for vested terminated members and from 3.00 percent to 44.00 percent for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25 percent to 1.50 percent.

2025 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase formula changed to 100.00 percent of the Social Security annual increase, between 1.00 percent and 1.75 percent , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85.00 percent for the last two consecutive annual valuations or is less than 80.00 percent in the most recent actuarial valuation, the maximum is reduced to 1.50 percent. Previously, the benefit increase was 50.00 percent of the Social Security annual increase, between 1.00 percent and 1.50 percent.
- The 1.00 percent additional employer contribution is eliminated when the plan reaches 98.00 percent funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100.00 percent funded status.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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SUPPLEMENTARY INFORMATION

CITY OF CIRCLE PINES

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	$ 338,336	$ 2,058,185	$ 2,396,521
Receivables			
Accrued interest	319	4,447	4,766
Special assessments – delinquent	6,610	–	6,610
Special assessments – deferred	1,135,297	–	1,135,297
Due from other governmental units	2,819	–	2,819
Advances to other funds	–	95,000	95,000
Total assets	$ 1,483,381	$ 2,157,632	$ 3,641,013
Liabilities			
Accounts and contract payable	$ –	$ 1,889	$ 1,889
Deferred inflows of resources			
Unavailable revenue – special assessments	1,141,907	–	1,141,907
Fund balances			
Restricted	341,474	326,685	668,159
Assigned	–	1,829,058	1,829,058
Total fund balances	341,474	2,155,743	2,497,217
Total liabilities, deferred inflows of resources, and fund balances	$ 1,483,381	$ 2,157,632	$ 3,641,013

CITY OF CIRCLE PINES

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenue			
Taxes			
Property taxes	$ 300,000	$ –	$ 300,000
Special assessments	396,611	–	396,611
Other revenue			
Investment earnings	6,106	85,648	91,754
Interfund loan interest	–	9,900	9,900
Miscellaneous	–	2,000	2,000
Total revenue	702,717	97,548	800,265
Expenditures			
Capital outlay	–	729,811	729,811
Debt service			
Principal retirement	990,000	–	990,000
Interest and other	371,564	–	371,564
Total expenditures	1,361,564	729,811	2,091,375
Excess (deficiency) of revenue over expenditures	(658,847)	(632,263)	(1,291,110)
Other financing sources			
Transfers in	533,273	692,058	1,225,331
Sale of capital assets	–	1,263	1,263
Other financing sources	533,273	693,321	1,226,594
Net change in fund balances	(125,574)	61,058	(64,516)
Fund balances			
Beginning of year, as previous reported	467,048	1,485,380	1,952,428
Change within financial reporting entity (Major to nonmajor fund)	–	609,305	609,305
Beginning of year, as adjusted	467,048	2,094,685	2,561,733
End of year	$ 341,474	$ 2,155,743	$ 2,497,217

CITY OF CIRCLE PINES

Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2025

	2020 Refunding of Tax Increment Bonds of 2012	2020 Refunding of G.O. Street Bonds of 2012	G.O. Street Bonds of 2014	G.O. Street Refunding Bonds of 2015	G.O. Street Bonds of 2015 Partial Reconstruction
Assets					
Cash and temporary investments	$ –	$ –	$ –	$ –	$ 72,656
Receivables					
Accrued interest	–	–	–	–	159
Special assessments – delinquent	–	–	–	–	–
Special assessments – deferred	–	–	6,326	–	–
Due from other governmental units	–	–	234	–	733
Total assets	$ –	$ –	$ 6,560	$ –	$ 73,548
Deferred inflows of resources					
Unavailable revenue – special assessments	$ –	$ –	$ 6,326	$ –	$ –
Fund balances					
Restricted for debt service	–	–	234	–	73,548
Total deferred inflows of resources and fund balances	$ –	$ –	$ 6,560	$ –	$ 73,548

G.O. Street Bonds of 2016	G.O. Street Bonds of 2018	G.O. Street Bonds of 2020	G.O. Street Bonds of 2022	G.O. Street Bonds of 2025	Tax Abatement Bonds of 2025	Closed Bond Fund	Total Nonmajor Debt Service Funds
$ –	$ 4,021	$ 3,160	$ 4,058	$ 188,327	$ –	$ 66,114	$ 338,336
–	–	–	–	–	–	160	319
–	6,119	–	–	–	–	491	6,610
19,329	171,868	212,038	274,031	446,089	–	5,616	1,135,297
704	308	840	–	–	–	–	2,819
$ 20,033	$ 182,316	$ 216,038	$ 278,089	$ 634,416	$ –	$ 72,381	$ 1,483,381
$ 19,329	$ 177,987	$ 212,038	$ 274,031	446,089	$ –	$ 6,107	$ 1,141,907
704	4,329	4,000	4,058	188,327	–	66,274	341,474
$ 20,033	$ 182,316	$ 216,038	$ 278,089	$ 634,416	$ –	$ 72,381	$ 1,483,381

CITY OF CIRCLE PINES

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2025

	2020 Refunding of Tax Increment Bonds of 2012	2020 Refunding of G.O. Street Bonds of 2012	G.O. Street Bonds of 2014	G.O. Street Refunding Bonds of 2015	G.O. Street Bonds of 2015 Partial Reconstruction
Revenue					
Taxes					
Property taxes	$ –	$ –	$ –	$ –	$ –
Special assessments	–	–	–	–	16,077
Other revenue					
Investment earnings (charges)	–	–	–	–	3,055
Total revenue	–	–	–	–	19,132
Expenditures					
Debt service					
Principal retirement	135,000	80,000	155,000	–	55,000
Interest and other	25,699	13,637	21,830	219	5,967
Total expenditures	160,699	93,637	176,830	219	60,967
Excess (deficiency) of revenue over expenditures	(160,699)	(93,637)	(176,830)	(219)	(41,835)
Other financing sources					
Transfers in	160,699	93,637	121,002	219	–
Net change in fund balances	–	–	(55,828)	–	(41,835)
Fund balances					
Beginning of year	–	–	56,062	–	115,383
End of year	$ –	$ –	$ 234	$ –	$ 73,548

G.O. Street Bonds of 2016	G.O. Street Bonds of 2018	G.O. Street Bonds of 2020	G.O. Street Bonds of 2022	G.O. Street Bonds of 2025	Tax Abatement Bonds of 2025	Closed Bond Fund	Total Nonmajor Debt Service Funds
$ 84,200	$ 61,300	$ 107,400	$ 47,100	$ –	$ –	$ –	$ 300,000
20,138	67,223	50,512	53,998	188,327	–	336	396,611
–	–	(70)	(78)	–	–	3,199	6,106
104,338	128,523	157,842	101,020	188,327	–	3,535	702,717
110,000	200,000	155,000	100,000	–	–	–	990,000
16,378	51,432	48,886	51,234	48,596	87,686	–	371,564
126,378	251,432	203,886	151,234	48,596	87,686	–	1,361,564
(22,040)	(122,909)	(46,044)	(50,214)	139,731	(87,686)	3,535	(658,847)
21,434	–	–	–	48,596	87,686	–	533,273
(606)	(122,909)	(46,044)	(50,214)	188,327	–	3,535	(125,574)
1,310	127,238	50,044	54,272	–	–	62,739	467,048
$ 704	$ 4,329	$ 4,000	$ 4,058	$ 188,327	$ –	$ 66,274	$ 341,474

CITY OF CIRCLE PINES

Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2025

	Equipment Acquisition	Capital Improvements	Parks Improvements	Park Dedicated Improvements
Assets				
Cash and temporary investments	$ 103,922	$ 784,514	$ 216,318	$ 302,939
Receivables				
Accrued interest	240	1,574	502	738
Advances to other funds	–	–	–	–
Total assets	$ 104,162	$ 786,088	$ 216,820	$ 303,677
Liabilities				
Accounts and contracts payable	$ –	$ 1,889	$ –	$ –
Fund balances				
Restricted for park dedicated improvements	–	–	–	303,677
Restricted for equipment acquisitions	–	–	–	–
Assigned for equipment acquisitions	104,162	–	–	–
Assigned for capital improvements	–	784,199	–	–
Assigned for park improvements	–	–	216,820	–
Assigned for improvements	–	–	–	–
Assigned for community improvements	–	–	–	–
Total fund balances	104,162	784,199	216,820	303,677
Total liabilities and fund balances	$ 104,162	$ 786,088	$ 216,820	$ 303,677

Formerly Major Fund Permanent Improvement Revolving	Telecommunications Commission	Community Improvement	Total Nonmajor Capital Project Funds
$ 537,396	$ 22,952	$ 90,144	$ 2,058,185
1,119	56	218	4,447
95,000	–	–	95,000
$ 633,515	$ 23,008	$ 90,362	$ 2,157,632
$ –	$ –	$ –	$ 1,889
–	–	–	303,677
–	23,008	–	23,008
–	–	–	104,162
–	–	–	784,199
–	–	–	216,820
633,515	–	–	633,515
–	–	90,362	90,362
633,515	23,008	90,362	2,155,743
$ 633,515	$ 23,008	$ 90,362	$ 2,157,632

CITY OF CIRCLE PINES

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2025

	Equipment Acquisition	Capital Improvements	Parks Improvements	Park Dedicated Improvements
Revenue				
Other revenue				
Investment earnings	$ 4,567	$ 30,224	$ 9,945	$ 14,714
Interfund loan interest	–	–	–	–
Miscellaneous	–	2,000	–	–
Total revenue	4,567	32,224	9,945	14,714
Expenditures				
Capital outlay	229,890	492,598	–	–
Excess (deficiency) of revenue over expenditures	(225,323)	(460,374)	9,945	14,714
Other financing sources				
Transfers in	176,029	484,567	27,062	–
Sale of capital assets	1,263	–	–	–
Total other financing sources	177,292	484,567	27,062	–
Net change in fund balances	(48,031)	24,193	37,007	14,714
Fund balances				
Beginning of year, as previously reported	152,193	760,006	179,813	288,963
Change within financial reporting entity (Major to nonmajor fund)	–	–	–	–
Beginning of year, as adjusted	152,193	760,006	179,813	288,963
End of year	$ 104,162	$ 784,199	$ 216,820	$ 303,677

Formerly Major Fund Permanent Improvement Revolving	Telecommunications Commission	Community Improvement	Total Nonmajor Capital Project Funds
$ 20,730	$ 1,115	$ 4,353	$ 85,648
9,900	–	–	9,900
–	–	–	2,000
30,630	1,115	4,353	97,548
6,420	–	903	729,811
24,210	1,115	3,450	(632,263)
–	–	4,400	692,058
–	–	–	1,263
–	–	4,400	693,321
24,210	1,115	7,850	61,058
–	21,893	82,512	1,485,380
609,305	–	–	609,305
609,305	21,893	82,512	2,094,685
$ 633,515	$ 23,008	$ 90,362	$ 2,155,743

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OTHER REQUIRED REPORTS

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LB | CARLSON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of Circle Pines, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Circle Pines, Minnesota (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 12, 2026.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified one deficiency in internal control, described in the accompanying Schedule of Findings and Responses as finding 2025-001 that we consider to be a material weakness.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

CITY'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

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

Respectfully submitted,

LB CARLSON, LLP
Minneapolis, Minnesota

May 12, 2026

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of Circle Pines, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Circle Pines, Minnesota (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 12, 2026.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

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

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 12, 2026

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FINANCIAL STATEMENT FINDINGS – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 INADEQUATE SEGREGATION OF DUTIES

Criteria – Internal control over financial reporting.

Condition – The City of Circle Pines, Minnesota (the City) has limited segregation of duties in a number of areas.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the City's finance department staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual should have responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the City to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – This condition is common to organizations of your size. We recommend that the City segregate duties as best it can within the limits of the staff available. Any modifications in internal control in this area should be viewed from a cost-benefit perspective.

Management Response – There is no disagreement with the audit finding. The City reviews and makes improvements to its internal control structure on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available to eliminate or mitigate this internal control weakness. However, the City does not consider it cost-beneficial at this time to increase the size of its staff in order to further segregate accounting functions.

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BOLTON & MENK
Real People. Real Solutions.

12224 Nicollet Avenue
Burnsville, MN 55337

Phone: (952) 890-0509
Bolton-Menk.com

May 21, 2026

Patrick Antonen
City Administrator
City of Circle Pines/Centennial Utilities
200 Civic Heights Circle
Circle Pines, MN 55104

Agenda Item 5.c.

RE: Amendment 1 - Water Tower Reconditioning
BMI Project No.: 25X.141473

Dear Patrick,

As a part of the Water Tower Reconditioning project, two items were added to the project scope requiring additional design and inspection services. These two items are the installation of a valve at the base of the tower to allow for tower isolation, and painting work in the Water Treatment Plant near the tower. Quotes for the construction of both items have been acquired and have been supplied separately from this letter.

Valve Addition

Before taking the tower offline, concerns were raised about the ability to isolate the water tower from the rest of the system. As a result, Bolton & Menk designed the addition of a valve at the base of the tower, to be installed on the existing water main. This design was used to generate an RFQ which was sent to contractors for reply. Bolton & Menk assisted with the selection of a contractor and provided support during the valve installation.

This scope was not included in the original proposal provided by Bolton & Menk for the design and construction of the Water Tower Reconditioning project. We are requesting an additional $3,000 in fees for this work, which will be added to the existing hourly not-to-exceed project contract and invoiced under the Water Tower Reconditioning Project.

WTP Painting

During the pre-construction meeting for the Water Tower Reconditioning Project, it was discussed that portions of the nearby Water Treatment Plant require painting and recoating services. The Contractor for the tower project expressed availability for this work, and it was determined by the system and Bolton & Menk that allowing BRZ Coatings to perform the work will provide a cost effective solution to the system. A quote for the work was provided by BRZ Coatings and reviewed by Bolton & Menk. Should the system opt to have the Contractor perform said work, Bolton & Menk will provide inspection services similar to those described in the Water Tower Reconditioning Proposal.

The estimated fee for this work is an hourly not-to-exceed amount of $6,000. By performing the project during the Water Tower Reconditioning project, the system saves on mobilization costs for a separate painting crew and allows for inspectors to optimize trips to the site to observe both projects.

Thank you for your consideration of this amendment to the original agreement for professional engineering services. If you have any questions regarding this proposal, please reach out to me at 762-248-5833, or via email at Meghan.Brockman@bolton-menk.com.

Sincerely,

Bolton & Menk, Inc.

Meghan Brockman, P.E., PhD
Water/Wastewater Project Manager

CHANGE ORDER FORM

NO.: 1

Owner:	City of Circle Pines	Owner's Project No.:	
Engineer:	Bolton & Menk, Inc.	Engineer's Project No.:	25X.141473
Contractor:	BRZ Coatings, Inc.	Contractor's Project No.:	
Project:	Rehabilitation of 500,000 Gallon Elevated Water Tower		
Contract Name:			
Date Issued:	May 26, 2026	Effective Date of Change Order:	May 26, 2026

The Contract is modified as follows upon execution of this Change Order:

Description:

Remove installation of hinged gate to tower interior from contract (Bid Item 12). Remove replacement of roof rafter connection angles from contract (Bid Item 2A, Alternate). Include additional scope at WTP as described in attached quote.

Attachments:

Quote from BRZ Coatings, Inc. dated April 28, 2026.

Change in Contract Price	Change in Contract Times
Original Contract Price: $ 615,000.00	Original Contract Times: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
No Change from previously approved Change Orders No. 0 to No. 0: $ 615,000.00	No Change from previously approved Change Orders No.0 to No. 0: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Contract Price prior to this Change Order: $ 615,000.00	Contract Times prior to this Change Order: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Increase this Change Order: $ 22,000.00	No Change this Change Order: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Contract Price incorporating this Change Order: $ 637,000.00	Contract Times with all approved Change Orders: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026

	Recommended by Engineer (if required)	Accepted by Contractor
By:	Mark Bradmon	
Title:	Water/Wastewater Project Manager	
Date:	May 11, 2026	
	Authorized by Owner	Approved by Funding Agency (if applicable)
By:		
Title:		
Date:		

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PROJECT PROPOSAL

Water Treatment Plant Coating & Maintenance

PREPARED BY:
BRZ Coatings Inc.
Industrial Maintenance Division

PREPARED FOR:
City of Circle Pines, MN
Public Works / Treatment Plant Operations

PROJECT OVERVIEW

BRZ Coatings Inc. is pleased to submit this proposal for the professional coating and restoration of the process equipment and piping at the Circle Pines Water Treatment Plant. Our approach ensures long-term corrosion resistance and aesthetic uniformity according to municipal standards.

SCOPE OF WORK

Primary Assets:

- **2 Each Pressure Vessels:** Exterior of the "Detention Tank" and "Filter #2".
- **All Associated Process Piping:** Full coating of all piping systems within the specified treatment area.

TECHNICAL SPECIFICATIONS

Surface Preparation

- **Abrasion:** Hand sand all surfaces to create a mechanical profile for adhesion.
- **Corrosion:** Spot power tool clean (SSPC-SP2/SP3) areas of corrosion to bare metal where necessary.

Caulking & Sealing

- **Product:** SikaFlex 1A polyurethane sealant.
- **Application:** Applied to all flanges and seams where gaskets are not present.

Coating Application

- **System:** Tnemec Series N140 Pota-Pox Plus.
- **Thickness:** 1 full coat applied at 4.0 – 6.0 mils Dry Film Thickness (DFT).
- **Stenciling:** Complete re-stenciling of vessel names and pipe identification to match existing.

PROJECT INVESTMENT

This fixed-price proposal includes all specialized labor, equipment, surface preparation materials, and high-performance coatings as specified.

Total Investment:

$34,000.00

Complete Project: Prep, SikaFlex 1A, Tnemec N140, and Stenciling.

TERMS AND ACCEPTANCE

BRZ Coatings Inc.	**City of Circle Pines, MN**
_____	_____
Authorized Signature	Authorized Signature
_____	_____
Date	Date

CHANGE ORDER FORM

NO.: 2

Owner:	City of Circle Pines	Owner's Project No.:	
Engineer:	Bolton & Menk, Inc.	Engineer's Project No.:	25X.141473
Contractor:	BRZ Coatings, Inc.	Contractor's Project No.:	
Project:	Rehabilitation of 500,000 Gallon Elevated Water Tower		
Contract Name:			
Date Issued:	May 26, 2026	Effective Date of Change Order:	May 26, 2026

The Contract is modified as follows upon execution of this Change Order:

Description:

Provide and install 20 4"x4"x1/4" backets to tower exterior (10 for AT&T, 10 for T-Mobile)

Attachments:

Quote from BRZ Coatings, Inc. dated April 27, 2026.

Change in Contract Price	**Change in Contract Times**
Original Contract Price: $ 615,000.00	Original Contract Times: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Increase from previously approved Change Orders No. 0 to No. 1: $ 22,000.00	No Change from previously approved Change Orders No.0 to No. 1: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Contract Price prior to this Change Order: $ 637,000.00	Contract Times prior to this Change Order: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Increase this Change Order: $ 7,000.00	No Change this Change Order: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026
Contract Price incorporating this Change Order: $ 644,000.00	Contract Times with all approved Change Orders: Substantial Completion: September 1, 2026 Ready for final payment: October 1, 2026

	Recommended by Engineer (if required)	Accepted by Contractor
By:	Mark Brockway	
Title:	Water/Wastewater Project Manager	
Date:	May 11, 2026	
	Authorized by Owner	Approved by Funding Agency (if applicable)
By:		
Title:		
Date:		

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Meghan Brockman

From: Isai Garcia <isai@brzcoatingsinc.com>
Sent: Monday, April 27, 2026 5:21 PM
To: Jamie Connor
Cc: Chris Wolfgram; Meghan Brockman; hugo@brzcoatingsinc.com
Subject: Re: Circle Pines, MN - Telecommunications Brackets

*** WARNING: This email is from outside the company. Proceed with Caution***

Hello, we can do the brackets for $350. per bracket,

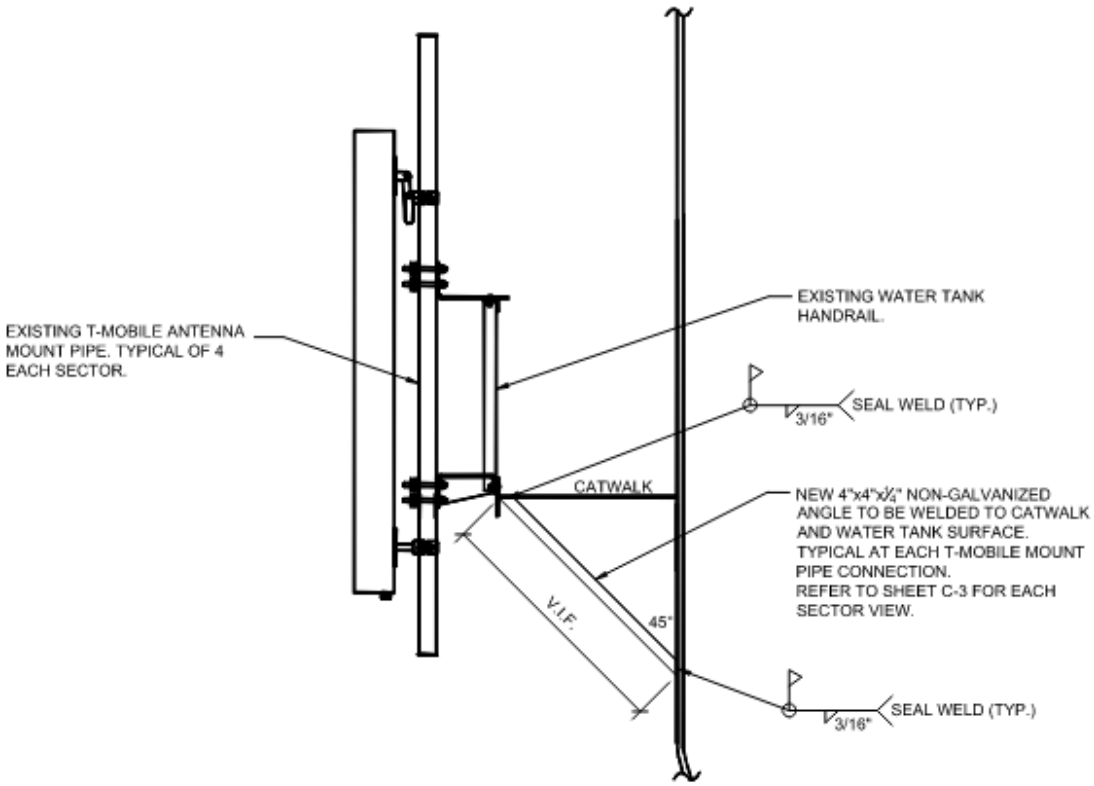
On Mon, Apr 27, 2026 at 4:27 PM Jamie Connor <James.Connor@bolton-menk.com> wrote:

> Please provide the quote for providing the 4”x4”x1/4”materials.
>
> Thanks!
>
> **Jamie Connor**
> Water/Wastewater Senior Coatings Specialist
> **Bolton & Menk, Inc.**
>
> (507) 382-7706
>
> .
>
> ---
>
> **From:** Isai Garcia <isai@brzcoatingsinc.com>
> **Sent:** Monday, April 27, 2026 4:14 PM
> **To:** Jamie Connor <James.Connor@bolton-menk.com>
> **Cc:** Chris Wolfgram <chris.wolfgram@bolton-menk.com>; Meghan Brockman <Meghan.Brockman@bolton-menk.com>; hugo@brzcoatingsinc.com
> **Subject:** Re: Circle Pines, MN - Telecommunications Brackets
>
> *** WARNING: This email is from outside the company. Proceed with Caution***

Hello, are the brackets onsite or do i have to do some research and find them and order the materials?

On Mon, Apr 27, 2026 at 3:59 PM Jamie Connor <James.Connor@bolton-menk.com> wrote:

> Due to unknow quantities at this time, please provide quote for each welded brace. With an estimated quantity of 15-20 total braces.
>
> See “snip” below.
>
> Thanks!



James Connor

Protective Coatings and Welding Specialist

Bolton & Menk, Inc.

1960 Premier Drive

Mankato, MN 56001-5900

P: (507) 625-4171

C: (507) 382-7706

email: James.Connor@bolton-menk.com

Bolton-Menk.com

From: Chris Wolfgram <chris.wolfgram@bolton-menk.com>
Sent: Monday, April 27, 2026 2:46 PM
To: isai@brzcoatingsinc.com
Cc: Jamie Connor <James.Connor@bolton-menk.com>; Meghan Brockman <Meghan.Brockman@bolton-menk.com>
Subject: Circle Pines, MN - Telecommunications Brackets

Isai,

The telecommunications tenants were unable to complete welding of brackets beneath the catwalk prior to BRZ's crew mobilizing to site due to the tower still having water in it for service to the City. Would you please provide quotation for installation of brackets as follows for each tenant?

T-Mobile – 6 Each

AT&T – 14 Each

Note, quantities may very slightly pending final design(s). Final dimensions would be required from the field for verification of size. I have attached photos of the existing brackets to which these new brackets would match design.

Thank you,

Chris

Chris Wolfgram, CWI
Water/Wastewater Senior Coatings Specialist
Bolton & Menk, Inc.

12224 Nicollet Avenue, Burnsville, Minnesota, 55337-1649
(952) 299-0446
(651) 336-9982
chris.wolfgram@bolton-menk.com
www.Bolton-Menk.com

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