



NOTICE OF AGENDA

CITY COUNCIL MEETING

[City of Forest Lake - Link to Meeting Livestream](#)

Forest Lake City Center – Council Chambers
Forest Lake, Minnesota

June 10, 2024 – 7:00 PM

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Approve the Agenda (Action)
5. Open Forum - Citizen Petitions, Requests and Concerns: Please sign in at the front table.
The Open Forum is available for residents to express personal opinions for any item of business. Please limit your comments to three (3) minutes.
6. Consent Agenda Considerations (Action Items)*
 - a) Approve City Bills
 - b) Approve City Council Meeting Minutes from May 20, 2024 (5:00 PM Special Council Meeting)
 - c) Approve City Council Meeting Minutes from May 20, 2024 (6:30 PM Special Council Meeting)
 - d) Approve City Council Workshop Minutes from May 20, 2024
 - e) Approve City Council Meeting Minutes from May 28, 2024
 - f) Approve Lease Agreement with Twin Cities Dock and Lifts and JNT Landscaping – Kristina Handt
 - g) Approve Transfer of Airport Ground Lease for Lot 14 – Kristina Handt
 - h) Resolution 06-10-24-02 Approving New On-Sale Liquor License for Shoreside Bar & Grill – Jolleen Chaika
 - i) Approve Resolution 06-10-24-03 Approving New Lawful Gambling Premises Permit for FLAAA at Shoreside Bar & Grill – Jolleen Chaika
 - j) Approve Castlewood Golf Course Contract Amendment – Dave Adams
 - k) Street Sweeping Policy – Dave Adams
 - l) Forest Lake Pet Care Site Improvements: Final Project Acceptance – Ryan Goodman
 - m) Third Lake Estates (Madison Subdivision): Letter of Credit Release/Warranty Closeout – Ryan Goodman

- n) Approve Application for Exempt (Gambling) Permit for FLCC – Jolleen Chaika

*Council may remove any item from the consent agenda for specific consideration.

7. Regular Agenda (Action Items)

- a) **Public Hearing-** Host City Approval of Issuance of Bonds for Multifamily Housing Project and Housing Program (Metis Project) – Kristina Handt
 - i. Consider Resolution No. 06-10-24-01
- b) Audit Presentation by BerganKDV – Kevin Knopik
 - 2023 Final Annual Comprehensive Financial Report
 - 2023 Communications Letter
 - 2023 Legal Compliance Report
- c) Consider Resolution No.06-10-24-05: Authorize Sale of G.O. Bonds, 2024A – Kevin Knopik
- d) Street Light Request – Dave Adams
- e) Request for Proposal for Public Works Facility Space Needs Study – Kristina Handt
- f) Consider Ordinance 738: Amend City Code 31.55-31.59 Airport Commission – Kristina Handt
- g) Award Contract for Taxiway A3 and Taxi Lane Bravo Extension Project – Silas Parmar
- h) Consider Resolution 06-10-24-04 Accepting Donations from Forest Lake Lions to Forest Lake Senior Center and to the Forest Lake Veterans’ Memorial – City Council

8. Staff Updates

9. Mayor and City Council Updates

10. Adjourn

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INVOICE APPROVAL BY INVOICE REPORT FOR FOREST LAKE
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Vendor Code	Vendor Name	Description	Amount	Check #	Check Date
	Invoice				
10007	A-1 TIRE SERVICE				
	96678	OUTSIDE PURCHASE PART 23X10.50X12 KENDA & OUTSIDE PURCHASE PART 295/60X15 KENDA	735.28	115253	06/10/2024
TOTAL FOR: A-1 TIRE SERVICE			735.28		
10073	ALL SAFE GLOBAL				
	215639	ANNUAL INSPECTION - AIRPORT	115.36	115254	06/10/2024
	215640	ANNUAL INSPECTION - SENIOR CENTER	172.91	115254	06/10/2024
	215641	ANNUAL INSPECTION - COLUMBUS STATION	115.36	115254	06/10/2024
TOTAL FOR: ALL SAFE GLOBAL			403.63		
10102	AMERICAN IMPORTS				
	43880	SQUAD 1809 - REPLACE REAR BRAKES	362.39	115255	06/10/2024
	44042	SQUAD 2012 - CHANGE OIL & TIRE ROTATION	52.28	115255	06/10/2024
TOTAL FOR: AMERICAN IMPORTS			414.67		
10103	AMERICAN LEGAL PUBLISHING CORPORATI				
	34004	2024 S-19 FOLIO/INTERNET SUPPLEMENT PAGES	183.30	115256	06/10/2024
TOTAL FOR: AMERICAN LEGAL PUBLISHING CORPORATI			183.30		
10123	ANDERSON & KOCH FORD INC				
	500561	2020- FORD TRANSIT CHANGE OIL & CHECK ENGINE LIGHT ON	243.03	115257	06/10/2024
TOTAL FOR: ANDERSON & KOCH FORD INC			243.03		
10201	AXON ENTERPRISE INC				
	INUS252179	BUNDLE - UNLIMITED & AB4 CAMERA BUNDLE & AB4 MULTI BAY DOCK BUNDLE	230,001.28	115258	06/10/2024
TOTAL FOR: AXON ENTERPRISE INC			230,001.28		
14059	BENEFIT EXTRAS INC				
	05192024	SETTLE PURCHASE	1,816.48	1809	05/21/2024
TOTAL FOR: BENEFIT EXTRAS INC			1,816.48		
14065	BERGAN KDV				
	1230282	PROGRESS 2023 AUDIT BILL	38,000.00	115259	06/10/2024
TOTAL FOR: BERGAN KDV			38,000.00		

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14128	BOLTON & MENK INC				
	0336191	2022 LS & FM IMPROVEMENTS	1,283.00	115260	06/10/2024
	0336192	2024 ADA SIDEWALK REPAIRS	273.00	115260	06/10/2024
	0336193	2024 ANNUAL REVIEWS	1,606.00	115260	06/10/2024
	0336194	2024 LOCAL ST IMPROVEMENT	8,877.00	115260	06/10/2024
	0336195	2024 RECLAMATION/DOUBLE CHIP	659.00	115260	06/10/2024
	0336196	CSAH 32 PEDESTRIAN & STREET	2,047.00	115260	06/10/2024
	0336197	CSAH 33 SAFETY IMPROVEMENTS	3,830.00	115260	06/10/2024
	0336198	EUREKA AVENUE IMPROVEMENTS	42,303.13	115260	06/10/2024
	0336199	GENERAL ROUTINE ENGINEERING	2,500.00	115260	06/10/2024
	0336200	HIDDEN CREEK	1,251.00	115260	06/10/2024
	0336201	NON-ROUTINE ENGINEERING	936.00	115260	06/10/2024
	0336202	MISTER CAR WASH - SITE DEVELOPMENT	19,019.00	115260	06/10/2024
	0336203	WASHINGTON COUNTY NORTHERN ENVIRONMENTAL - SITE DEVELOPMENT	8,770.00	115260	06/10/2024
	0336204	PGA INVESTMENTS LLC - SITE DEVELOPMENT	890.00	115260	06/10/2024
	0336205	WYNCO DENTAL CLINIC - SITE DEVELOPMENT	89.00	115260	06/10/2024
	0336206	CHASE BANK - SITE DEVELOPMENT	2,116.00	115260	06/10/2024
	0336207	STORMWATER SERVICES	327.00	115260	06/10/2024
	0336208	TH 97 IMPROVEMENT PROJECT	2,314.00	115260	06/10/2024
	0336209	WTP 4 CONSTRUCTION	7,138.50	115260	06/10/2024
TOTAL FOR: BOLTON & MENK INC			106,228.63		
14186	BRUCE'S FOODS INC				
	0162 05-21-24	24 PK OF WATER QUANTITY - 5	19.95	115261	06/10/2024
	0194 05-14-24	24 PK OF WATER QUANTITY - 4	15.96	115261	06/10/2024
	0196 05-14-24	24 PK OF WATER QUANTITY - 1	3.99	115261	06/10/2024
TOTAL FOR: BRUCE'S FOODS INC			39.90		
14259	BULLDOG HOSE COMPANY LLC				
	210925	HI-VOL 4X50 YELLOW AL 4.0 DOMESTIC STORZ	12,733.00	115262	06/10/2024
TOTAL FOR: BULLDOG HOSE COMPANY LLC			12,733.00		
18024	CARGILL INC				
	2909527890	KD CRSE SO BULK NSF 60 - 49,400.00 LB	6,490.17	115263	06/10/2024
TOTAL FOR: CARGILL INC			6,490.17		
MISC-UB	CATHERINE WAGNER				
	7102375	UB refund for account: 7102375	70.70	115264	06/10/2024
		*UB refund for account: 7102375			
TOTAL FOR: CATHERINE WAGNER			70.70		

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18058	CELLEBRITE INC				
	INVUS270314	PHYSICAL EXTRACTION & ANALYZER SUBSCRIPTION (CELLEBRITE) 05/20/2024 - 05/19/2025	6,900.00	115265	06/10/2024
TOTAL FOR: CELLEBRITE INC			6,900.00		
18267	CHARLES PRICKETT				
	REIMB 2024	CLASS D SEWER LICENSE RENEWAL	23.00	115266	06/10/2024
TOTAL FOR: CHARLES PRICKETT			23.00		
MISC-UB	CHARLES SCHULTZ				
	7102103	UB refund for account: 7102103 *UB refund for account: 7102103	231.96	115267	06/10/2024
TOTAL FOR: CHARLES SCHULTZ			231.96		
18113	CINTAS CORPORATION				
	4193168410	UNIFORM & CLOTHING - M.WELSH	73.76	115268	06/10/2024
	4193884248	UNIFORM & CLOTHING - M.WELSH	73.76	115268	06/10/2024
	5212571289	REFILLS FOR FIRST AID KITS	160.53	115268	06/10/2024
TOTAL FOR: CINTAS CORPORATION			308.05		
18170	COMMERCIAL PLUMBING & HEATING INC				
	WO-00088519	WATER HEATER GIVING ERROR CODES-POSSIBLE IGNITOR ISSUE-HEATER IS 10 YEARS OLD	1,743.50	115269	06/10/2024
	WO-00088605	IN DETENTION CENTER - SINK ON EYEWASH STATION IS NOT WORKING	282.50	115269	06/10/2024
TOTAL FOR: COMMERCIAL PLUMBING & HEATING INC			2,026.00		
18176	COMPANION ANIMAL CONTROL				
	MAY 2024	ANIMAL CONTROL - CONTRACTUAL SERVICES MAY 2024	1,189.69	115270	06/10/2024
TOTAL FOR: COMPANION ANIMAL CONTROL			1,189.69		
18181	CONNEXUS ENERGY				
	APRIL 2024-3	APRIL 2024-3 ENERGY BILLING	17.00	1810	05/21/2024
	APRIL 2024-4	APRIL 2024-4 ENERGY BILL - WTP #4	2,325.76	1810	05/21/2024
TOTAL FOR: CONNEXUS ENERGY			2,342.76		
22040	DAVID D. DREWS				
	MAY 2024	CLEANING SERVICES FOR MAY 2024 FL SENIOR CENTER	850.00	115271	06/10/2024
TOTAL FOR: DAVID D. DREWS			850.00		

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22196	DIANE WOLFE 06-18-2024	ARTS IN THE PARK ENTERTAINMENT PAYMENT	2,000.00	115272	06/10/2024
TOTAL FOR: DIANE WOLFE			2,000.00		
MISC-UB	DUCKHOOK PROPERTIES 7117193	UB refund for account: 7117193 *UB refund for account: 7117193	46.75	115273	06/10/2024
TOTAL FOR: DUCKHOOK PROPERTIES			46.75		
22125	DUNAWAY CUSTOM ARMS LLC MAY 2024	STRIP AND CLEANS & MLOK RAIL SECTION (SWAT RIFLE) & FIREARM TRANSFER (WEISS) & VORTEX CROSSFIRE	6,899.00	115274	06/10/2024
TOTAL FOR: DUNAWAY CUSTOM ARMS LLC			6,899.00		
22128	DVS RENEWAL JKF106	2022 FORD EXPLORER - EXPIRES JUNE 2025	16.25	115275	06/10/2024
TOTAL FOR: DVS RENEWAL			16.25		
26004	EARL F ANDERSEN - DIVISION OF SAFET 0136328-IN	7' X 3# FLAT GALVANIZED CHANNEL POST	3,319.95	115276	06/10/2024
TOTAL FOR: EARL F ANDERSEN - DIVISION OF SAFET			3,319.95		
26013	ECM PUBLISHERS INC 1000005	ORDINANCE NO. 737 - AIRPORT FEES & SERVICE CHARGES	80.95	115277	06/10/2024
TOTAL FOR: ECM PUBLISHERS INC			80.95		
30013	FASTENAL COMPANY MNTC3231021 MNTC3231046	1GAL JUG DEGREASER 20V3/8"407PACTWRENCH	23.80 225.00	115278 115278	06/10/2024 06/10/2024
TOTAL FOR: FASTENAL COMPANY			248.80		
30026	FERGUSON WATERWORKS #2518 0529808 0530137 0530518 0530519	1-1/2 ZURN RPZ MODEL 975XL2 LF 1 T10 MTR P/C R900I USG LF BRZ 1-1/2 MTR FLG KIT PR & LF 1 FIP CPHN L/ SWVL W/ NUT 1-1/2 MACH10 R900I USG 10 LL *X & LF 1 T10 MTR P/C R900I USG	895.18 521.04 265.87 1,522.79	115279 115279 115279 115279	06/10/2024 06/10/2024 06/10/2024 06/10/2024
TOTAL FOR: FERGUSON WATERWORKS #2518			3,204.88		

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30041	FIRE SAFETY USA INC				
	187240	UVT TRAILERS - RECOMMEND REPLACING BEARINGS, SEALS, BRAKES AND HARDWARE	412.50	115280	06/10/2024
TOTAL FOR: FIRE SAFETY USA INC			412.50		
30073	FOREST LAKE ACE HARDWARE				
	64215/3	KEY PLAIN SINGLE CUT KEY & BREAKER VACUUM BRASS 3/4	20.95	115281	06/10/2024
	64236/3	FASTENERS	17.12	115281	06/10/2024
	64247/3	FASTENERS	12.50	115281	06/10/2024
TOTAL FOR: FOREST LAKE ACE HARDWARE			50.57		
30098	FOREST LAKE PRINTING				
	20538	FLPD BUSINESS CARDS - 3.5" X 2", 4/4, 12PT C1S KROMEOTE CVR - S. LAFFERTY & ENGRAVED MAILBOX TAGS	152.00	115282	06/10/2024
TOTAL FOR: FOREST LAKE PRINTING			152.00		
34145	GREAT RIVER ENERGY				
	RJ LINE	REPLACE STRUCTURES 425 AND 427 ON GRE'S RH LINE - STRUCTURES WILL BE REPLACED TO ACCOMMODATE THE ROAD	20,000.00	115283	06/10/2024
TOTAL FOR: GREAT RIVER ENERGY			20,000.00		
38044	HAWKINS INC				
	6762520	CHLORINE - EPA REG. NO. 7870-2 & 150 LB CHLORINE CYLINDER & LPC-4 & SODIUM HYDROXIDE 50% DIAPHRAGM	3,514.97	115284	06/10/2024
TOTAL FOR: HAWKINS INC			3,514.97		
38049	HEALTH PARTNERS				
	CLAIMS05082024	HPAI SELF INSURED CLAIMS 15657 - MAY 2024	2,152.63	1811	05/13/2024
	CLAIMS05152024	HPAI SELF INSURED CLAIMS 15657 - MAY 2024	864.95	1812	05/20/2024
TOTAL FOR: HEALTH PARTNERS			3,017.58		
38152	HIGHER GROUND BRAZILIAN JIU-JITSU				
	0003100	2-HOUR SEMINAR	200.00	115285	06/10/2024
TOTAL FOR: HIGHER GROUND BRAZILIAN JIU-JITSU			200.00		
42005	IEDITWEB INC				
	01011270	SENIOR CENTER HOSTING WEBSITE 05/26/24 - 06/25/24	39.95	115286	06/10/2024
TOTAL FOR: IEDITWEB INC			39.95		

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42010	IMPACT 211179	SET UP CLIENT PORTAL PER CLIENT REQUEST & MONTHLY PORTAL FEE	625.00	115287	06/10/2024
TOTAL FOR: IMPACT			625.00		
45022	JEFFERSON FIRE & SAFETY INC IN314683	TFT ADAPTER 4.0"STORZ X 4.0"NHF RIGID TO RIGID FEMALE ROCKER LUG	250.90	115288	06/10/2024
TOTAL FOR: JEFFERSON FIRE & SAFETY INC			250.90		
45050	JOHN HENRY FOSTER 10705508-00	ZEKS CYCLING DRYER, A/C, 115/1/60	2,365.00	115289	06/10/2024
TOTAL FOR: JOHN HENRY FOSTER			2,365.00		
45180	JOLLEEN CHAIKA REIMB 2024	MILEAGE FOR ELECTION TRAINING TO WASHINGTON COUNTY CENTER	32.03	115290	06/10/2024
TOTAL FOR: JOLLEEN CHAIKA			32.03		
45213	JUDY HUNTOSH VERIFIED CLAIM	MISC PLANTS FOR DOWNTOWN AND LAKESIDE PLANTERS	1,027.40	115291	06/10/2024
TOTAL FOR: JUDY HUNTOSH			1,027.40		
49141	KATIE SMITH REIMB 2024-2	MILEAGE REIMBURSEMENT FOR TRIPS TO THE BANK FOR MARCH & APRIL & MAY	8.04	115292	06/10/2024
TOTAL FOR: KATIE SMITH			8.04		
MISC-UB	MARGO PETERSEN 7100685	UB refund for account: 7100685 *UB refund for account: 7100685	167.00	115293	06/10/2024
TOTAL FOR: MARGO PETERSEN			167.00		
MISC-UB	MARK & MAUREEN ANDERSON 7103812	UB refund for account: 7103812 *UB refund for account: 7103812	102.52	115294	06/10/2024
TOTAL FOR: MARK & MAUREEN ANDERSON			102.52		

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57106	MENARDS				
34024		CONCRETE MIX & 24" HD STEEL PIPE WRENCH & 15" ADJUSTABLE WRENCH & 18" ADJUSTABLE WRENCH	125.75	115295	06/10/2024
34184		3/4 X 1/2 COPPER ADAPTER & 1 X 3/4 FEMALE ADAPTER & 3/4XL/2"BRS RED HEX NIPPLE & 5/8"ODX 10' UT COPPER	89.57	115295	06/10/2024
34203		3/4 X 1/2 COPPER ADAPTER & 3/4" 90DEG COPPER ELBOW & L" X 3/4" COPPER COUPLING & 3/4" COPPER UNION	33.86	115295	06/10/2024
34349		RETURN - 5/8"ODX 10' UT COPPER & 1/2" BRASS HEX NIPPLE & 1/2"FIP BRASS COUPLING	(80.09)	115295	06/10/2024
34352		LANDSCAPE RAKE MF & L00QT WHEELED COOLER	189.97	115295	06/10/2024
TOTAL FOR: MENARDS			359.06		
MISC-UB	MICHAEL MERCER				
7116460		UB refund for account: 7116460 *UB refund for account: 7116460	144.00	115296	06/10/2024
TOTAL FOR: MICHAEL MERCER			144.00		
57158	MIDCONTINENT COMMUNICATIONS				
14014890114012		AIPORT PHONE MAY 2024	174.09	1813	05/22/2024
TOTAL FOR: MIDCONTINENT COMMUNICATIONS			174.09		
57166	MIDWESTONE BANK				
RI052024		RETURN ITEM FEE	8.00	1815	05/22/2024
TOTAL FOR: MIDWESTONE BANK			8.00		
57204	MINNESOTA DEPARTMENT OF HEALTH				
04/01/24-06/30/24		QUARTERLY COMMUNITY WATER SUPPLY SERVICE	10,427.00	115297	06/10/2024
TOTAL FOR: MINNESOTA DEPARTMENT OF HEALTH			10,427.00		
57225	MINNESOTA FIRE SERVICE CERTIFICATIO				
12587		FIRE INSPECTOR I CERTIFICATION EXAM TAKEN AT SBM 4 -10-24 - N. VANNELLI	126.00	115298	06/10/2024
TOTAL FOR: MINNESOTA FIRE SERVICE CERTIFICATIO			126.00		
57264	MINNESOTA VALLEY TESTING LABS				
1252805		COLIFORM, MF - WATER	151.25	115299	06/10/2024
1254381		E. COLI, MPN H2O CONF. & COLIFORM, MF - WATER	121.75	115299	06/10/2024
TOTAL FOR: MINNESOTA VALLEY TESTING LABS			273.00		
57314	MURPHY GRANITE CARVING INC				
03112425		PAVERS 8 LARGE 4 SMALL - VET PAVERS	760.00	115300	06/10/2024
TOTAL FOR: MURPHY GRANITE CARVING INC			760.00		

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61007	NAPA AUTO PARTS				
	209320	LUCAS RED-TACKY GRS	84.90	115301	06/10/2024
	209995	2.5 DEF	45.42	115301	06/10/2024
	210536	BRAKE AWAY KITS ACCES & 20IN EXACTFITBLADE	36.60	115301	06/10/2024
TOTAL FOR: NAPA AUTO PARTS			166.92		
65019	OLSON'S SEWER SERVICE INC				
	103299	WORK PERFORMED AT 22800 EVERTON AVE - ASSISTED THE CITY OF FOREST LAKES PW DEPT IN EMERGENCY REPAIR	2,413.76	115303	06/10/2024
TOTAL FOR: OLSON'S SEWER SERVICE INC			2,413.76		
65002	O'REILLY AUTO PARTS				
	1517-247809	BATTERY & CORE CHARGE	108.18	115302	06/10/2024
	1517-248121	OIL FILTER	21.16	115302	06/10/2024
TOTAL FOR: O'REILLY AUTO PARTS			129.34		
69086	PITNEY BOWES GLOBAL FINANCIAL SERVI				
	3106654221	SENDPRO C SERIES - VERSION 4 LEASING CHARGES MAR 30, 2024 - JUN 29, 2024	192.30	115304	06/10/2024
TOTAL FOR: PITNEY BOWES GLOBAL FINANCIAL SERVI			192.30		
69179	PNB LLC				
	06-11-2024	ARTS IN THE PARK ENTERTAINMENT PAYMENT	750.00	115305	06/10/2024
TOTAL FOR: PNB LLC			750.00		
74020	RAPID PRESS				
	75476	CONCESSIONS STAND OPEN SIGNS - 22" X 28" - 4/4	409.00	115306	06/10/2024
TOTAL FOR: RAPID PRESS			409.00		
74144	ROSENBAUER MINNESOTA LLC				
	0000068344	VALV E 3/4" AUTOMATIC DRAIN	92.57	115307	06/10/2024
TOTAL FOR: ROSENBAUER MINNESOTA LLC			92.57		
78010	SAFE-FAST INC				
	INV291040	PRO+ SLATE FULL BODY HARNESS, FRONT & INSPECTION 60' SALALIFT II & INPSECTION 7' DBI TRIPOD	662.00	115308	06/10/2024
	INV291041	CLASS 2 CONTRAST 6 POCKET VEST, LARGE - XL - 2XL & SCREEN PRINT; BLACK INK CENTER BACK	592.80	115308	06/10/2024
TOTAL FOR: SAFE-FAST INC			1,254.80		

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Vendor Code	Vendor Name	Description	Amount	Check #	Check Date
	Invoice				
78019	SALES TAX MN DEPT REVENUE EFT 043024	APRIL 2024 SALES TAX	7,706.00	1814	05/20/2024
TOTAL FOR: SALES TAX MN DEPT REVENUE EFT			7,706.00		
78101	SHRED-IT USA 8007242371	SHREDDING SERVICES FOR MAY 2024	469.26	115309	06/10/2024
TOTAL FOR: SHRED-IT USA			469.26		
78176	STAPLES INC 6002645280 6002731812	PERCOLATE COFF URN STNLSS STL RETURN - TOWEL C FOLD 17900151	99.03 (39.95)	115310 115310	06/10/2024 06/10/2024
TOTAL FOR: STAPLES INC			59.08		
78214	STREICHER'S INC 11699694	LAUNCHER: LMT 40MM SINGLE, ORANGE BARREL & MUNITIONS HOLDER: ROGERS SUPER-STOC CADDY (3)	5,895.36	115311	06/10/2024
TOTAL FOR: STREICHER'S INC			5,895.36		
82065	THE MUSIC CONNECTION INC 2237808	SHORT TERM RENTAL - LARGE SOUND SYSTEM FOR JULY 4TH AT LAKESIDE PARK	700.00	115313	06/10/2024
TOTAL FOR: THE MUSIC CONNECTION INC			700.00		
82123	TK ELEVATOR CORPORATION 3007926831	GOLD - FULL MAINTENANCE - WITH PHONE MONITORING 06/01/24 - 08/31/24	619.98	115314	06/10/2024
TOTAL FOR: TK ELEVATOR CORPORATION			619.98		
82001	T-MOBILE USA INC 9568363122	TIMING ADVANCE / T-MOBILE / INVESTIGATIONS	50.00	115312	06/10/2024
TOTAL FOR: T-MOBILE USA INC			50.00		
82244	TWIN CITY GARAGE DOOR COMPANY 2275360	SERVICE AND ADJUST TWO DOORS IN POLICE BAY & THE SOUTH DOOR IS SITTING OFF THE GROUND SLIGHTLY	911.50	115315	06/10/2024
TOTAL FOR: TWIN CITY GARAGE DOOR COMPANY			911.50		
86026	UPPER MIDWEST ATHLETIC CONSTRUCTION 5541	FENWAY PARK RESURFACE	18,870.00	115316	06/10/2024
TOTAL FOR: UPPER MIDWEST ATHLETIC CONSTRUCTION			18,870.00		

06/04/2024 11:59 AM
User: ANGELA.CAMPBELL
DB: Forest Lake

INVOICE APPROVAL BY INVOICE REPORT FOR FOREST LAKE
EXP CHECK RUN DATES 06/10/2024 - 06/10/2024
BOTH JOURNALIZED AND UNJOURNALIZED
BOTH OPEN AND PAID

Page: 10/10
12

Vendor Code	Vendor Name	Description	Amount	Check #	Check Date
	Invoice				
88017	VERIZON WIRELESS				
	9961277995	VERIZON WIRELESS MAR 11 - APR 10 2024	3,508.84	1808	04/29/2024
TOTAL FOR: VERIZON WIRELESS			3,508.84		
88025	VIKING INDUSTRIAL CENTER				
	3289212	18" CABLE TIES EXTRA HEAVY DUTY - BLACK & NATURAL	57.01	115317	06/10/2024
	3289278	5/8-11 X 3 HEX CAP SCREW SS & 5/8-11 X 4 HEX CAP SCREW SS .304 (18-8) STAINLESS STEEL	493.16	115317	06/10/2024
TOTAL FOR: VIKING INDUSTRIAL CENTER			550.17		
90018	WASHINGTON CONSERVATION DISTRICT				
	ST. CROIX RIVER WC	REGISTRATION FOR PLANNING COMMISSIONER - J. WAGNER	30.00	115318	06/10/2024
TOTAL FOR: WASHINGTON CONSERVATION DISTRICT			30.00		
90032	WASHINGTON COUNTY				
	222873	CSAH 33 ? COOP & AGR. 16073 INITIAL	139,243.78	115319	06/10/2024
TOTAL FOR: WASHINGTON COUNTY			139,243.78		
90039	WASHINGTON COUNTY				
	223139	2024 ASSESSMENT FEES	141,158.22	115320	06/10/2024
TOTAL FOR: WASHINGTON COUNTY			141,158.22		
90075	WEX BANK				
	97272219	FIRE MOTOR FUEL - MAY 2024	1,999.55	115322	06/10/2024
	97272288	PUBLIC WORKS MOTOR FUEL - MAY 2024	5,796.60	115321	06/10/2024
	97272463	POLICE MOTOR FUEL - MAY 2024	3,172.02	115323	06/10/2024
TOTAL FOR: WEX BANK			10,968.17		
90100	WINNICK SUPPLY INC				
	045344	16GA HOT ROLLED SHEET STEEL	12.30	115324	06/10/2024
TOTAL FOR: WINNICK SUPPLY INC			12.30		
90142	WOODROW MCBRIDE				
	06-11-2024	ARTS IN THE PARK ENTERTAINMENT PAYMENT	500.00	115325	06/10/2024
	06-18-2024	ARTS IN THE PARK ENTERTAINMENT PAYMENT	800.00	115326	06/10/2024
TOTAL FOR: WOODROW MCBRIDE			1,300.00		
TOTAL - ALL VENDORS			808,746.07		



City Council

Special Meeting

~ Minutes ~

1408 Lake Street South
Forest Lake, MN 55025
www.ci.forest-lake.mn.us

Monday, May 20, 2024

5:00 PM

City Center - Council Chamber

[City of Forest Lake - Livestream and Recorded Meetings](#)

1. Call to Order

2. Roll Call

Attendee Name	Title	Status	Arrived
Mara Bain	Mayor	Present	
Sam Husnik	Councilmember	Present	
Hanna Valento	Councilmember	Present	
Leif Erickson	Councilmember	Present	
Blake Roberts	Councilmember	Present	

3. Review City Administrator Semi-Finalist Applications

Mayor Bain reviewed the process for selecting the City Administrator. She noted that the candidate names are not public until the finalists are selected and the candidate indicates interest in the opportunity.

Bart Fischer, Management Consultant for DDA Human Resources, Inc., stated the sixteen semi-finalists were to be narrowed down to a group of finalists to bring in for interviews. He recommended that each Councilmember rank their top four to six candidates individually. This will help narrow down the candidate selections.

Councilmember Roberts asked if the rankings should be in order. Mr. Fischer answered that they did not need to be in a specific order.

Councilmember Erickson stated that his candidate preferences would be numbers one, nine, ten, and twelve.

Councilmember Roberts stated that his candidate preferences would be one, ten, twelve, and nine.

Councilmember Valento stated that her candidate preferences would be one, six, eight, and sixteen.

Councilmember Husnik stated that his candidate preferences were two, six, seven, ten, and eleven.

Mayor Bain stated that her candidate preferences were one, eight, nine, and ten.

Mr. Fischer stated that candidates one and ten received four votes and candidate nine received three votes. He asked if the Councilmembers were comfortable moving forward with these three candidates.



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Councilmember Valento voiced concerns with candidate nine based on a Google search and different news articles. The candidate seemed to possess similar characteristics as the previous City Administrator.

Mayor Bain asked Councilmember Valento if she had a personal familiarity with candidate number nine.

Councilmember Valento stated that there was no personal familiarity, but the concerns were based on the Google search.

Mayor Bain asked if the Councilmembers would receive an online abstract so all Councilmembers receive the same information, or if each Councilmember should be doing personal online Google searches.

Mr. Fischer stated that Councilmembers would receive background information and some online information. He stated that if there was a certain question that the Councilmembers would like to be asked, this could be done. He stated that three, four, five, thirteen, fourteen, and fifteen did not receive any votes. He asked if these candidates could be taken off the list. He recommended having six candidates. He stated that candidates six, eight, and twelve received two votes each.

Councilmember Valento commented that candidate twelve was a maybe.

Councilmember Erickson described why he preferred candidate twelve based on their educational background and a potential past local connection.

Councilmember Roberts stated that candidate twelve has run a decent-sized city in the Midwest. He stated he does not have concerns about taking a chance on someone, but voiced concerns about allowing an individual with limited experience to learn on the job.

Mr. Fischer commented that the candidate could be brought in for an interview for further vetting.

Councilmember Erickson stated that candidate six was on his shortlist.

Mayor Bain commented that candidate six had positive assessment scores. She stated that she would be comfortable adding either candidate six or ten to the list. She voiced concerns about candidate twelve and the broader leadership experience.

Councilmember Roberts stated that six is a good number of candidates for the finalist process.

Mr. Fischer commented that some of the finalists might be in process with other organizations as well. He confirmed that candidates six and twelve were good additions to the finalist options.

Mayor Bain voiced concerns about candidate one and the low leadership score.



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Councilmember Valento stated that candidate nine seemed like the previous City Administrator so might not be a good option.

Mr. Fischer questioned if it would be helpful to ask the candidate why they left the previous position.

Councilmember Valento confirmed this would be helpful and commented that the provided disclosure and articles on Google created additional questions.

Mayor Bain stated that supporting information references could provide would clarify the situation further.

Mr. Fischer commented that references are often existing supervisors and existing direct reports, but they could also ask for previous supervisors and previous direct reports.

Councilmember Roberts asked if the City is required to pay for the candidate's interview.

Mr. Fischer responded that if the City Council would like to bring someone in for an interview, he encouraged providing a stipend to cover travel.

Mayor Bain clarified which candidates would require travel more extensive than a drive.

Mr. Fischer commented that it would be approximately between \$1000 to \$2000 to cover travel for out-of-state candidates.

Mayor Bain stated that she was excited about candidate eight due to recent experience in a community with closer proximity.

Councilmember Valento voiced support for candidate eight.

Mayor Bain commented that familiarity with the community is an important factor.

Councilmember Valento stated that if a candidate was not from the Midwest or did not have experience in the Midwest, there were concerns.

Mayor Bain asked which candidates had one vote.

Mr. Fischer stated that candidates number two, seven, eleven, and sixteen had one vote.

Councilmember Husnik explained he voted for candidate eleven based on work experience in a close location.

Councilmember Roberts voiced favor for candidate eleven.



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Mayor Bain commented that she would like to understand how Forest Lake would be a good fit for candidate eleven. She stated that candidate sixteen originally scored high in her review but learned feedback that dropped the candidate from her list.

Councilmember Valento thought candidate sixteen had great answers but did not have prior experience in this specific role. The candidate still had familiarity with the area.

Councilmember Erickson commented that the education and work experience were not as robust.

Councilmember Roberts voiced concerns with candidate seven.

Mayor Bain also voiced concerns with candidate seven.

Mr. Fischer agreed to strike candidate seven from the list. He asked whether they should eliminate candidate sixteen.

Councilmember Valento stated that she was comfortable eliminating candidate sixteen.

Councilmember Roberts voiced concerns with candidate two based on a costly situation for the city.

Mr. Fischer commented that there were seven candidates identified. He reminded the City Council that there would be a one-hour session with each candidate and asked if they were comfortable dedicating the time to that experience.

Mayor Bain commented that there was a community panel that would need to be present for seven hours.

Councilmember Erickson asked if there were six identified but individuals declined to be a finalist, if there could be another candidate asked.

Mr. Fischer confirmed this information. He will start to call candidates tonight.

Mayor Bain stated that it would be appropriate to interview six candidates, especially if a semi-finalist would back out.

Mr. Fischer commented that half of the time, a semi-finalist turns down the opportunity because of other offers.

Councilmember Valento stated that she would feel comfortable moving candidate eight and candidate twelve to yes and leaving candidate eleven on the bubble.

Councilmember Erickson asked if candidate eleven would be added if other candidates declined.



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Mayor Bain asked whether it would be possible to make travel arrangements two weeks in advance for candidates so that the prices for flights are more appropriate.

Community Development Director Wittman questioned whether the City reimburses the candidates or if the City arranges the travel for the interview.

Mr. Fischer stated that the candidate arranges the travel and the City provides reimbursement.

City Attorney Johnson commented that candidates ten and twelve would need reimbursement for their travel.

Mr. Fischer asked if there was a dollar amount in mind.

Councilmember Roberts suggested \$1,200.

Community Development Director Wittman stated that out-of-state individuals could interview at the earliest time to allow for savings in hotel rooms.

Mr. Fischer suggested providing a set dollar amount for candidate travel. He confirmed the candidate pool. He asked the City Council what they would like to see on the interview day, including panels and events.

Councilmember Roberts stated that he would feel comfortable without a meet and greet if there was a stakeholder panel.

Mayor Bain stated that travel times would make a reception more challenging. A panel interview would provide structured feedback.

Councilmember Erickson asked if the interviews would be moderated.

Mr. Fischer stated that leaders are chosen, such as a department head and Mayor Bain. He stated he could help facilitate a community stakeholder panel.

Mayor Bain asked how the data was collected from the community stakeholder panel.

Mr. Fischer stated that there were questions that would provide a summary of each candidate. This information would be provided in a document to the City Council. He commented that six candidates allowed for a good rotation for the panels.

Councilmember Erickson clarified that candidate ten and twelve would be sequenced in the morning so that they could complete the travel in the afternoon.



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Mr. Fischer commented that the City Council would receive information about the background checks, reference checks, and personality index before the interview.

Mayor Bain asked if it would be appropriate to allow individuals to sit in on the deliberation process for questions.

Mr. Fischer recommended having one member from each panel sit in on the deliberation process.

Mayor Bain asked if there was a DDA member who could sit in on the interviews to help with the interview process.

Mr. Fischer responded that department heads should feel comfortable with the interview process.

Mayor Bain commented that she thought Mr. Fischer would participate in the City Council interviews.

Mr. Fischer stated that he would sit in on interviews to provide process questions, and not to provide feedback on the candidates.

Mayor Brain provided additional information about the past interview process.

Mr. Fischer stated that it would be helpful to have City Attorney Johnson be a part of the interview process to ensure questions are appropriately asked.

City Attorney Johnson commented that the community stakeholder panel might need assistance to ensure the questions asked were appropriate.

Mr. Fischer stated it was unique for the previous recruiter to ask the questions.

Mayor Bain commented that this process provided a neutral standpoint.

Mr. Fischer stated that scripted questions allow the candidate an opportunity to connect with the panel. He commented that he would provide a schedule in the coming days.

City Attorney Johnson provided a background on individuals who comprise the community stakeholder panel.

Mr. Fischer offered to provide a list of recommended questions. She asked whether the City would like to provide lunch for the candidates and panelists in attendance.

City Attorney Johnson clarified that there would be one meeting notice for the whole day.

Mr. Fischer confirmed this information.



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4. Adjourn

Motion: Councilmember Valento made a Motion to Adjourn the Special City Council Meeting at 6:07 p.m.

Motion seconded by Councilmember Roberts. Motion carried 5-0.



City Council

Special Meeting

~ Minutes ~

1408 Lake Street South
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Monday, May 20, 2024

6:31 PM

City Center - Council Chamber

[City of Forest Lake - Livestream and Recorded Meetings](#)

1. Call to Order

2. Roll Call

Attendee Name	Title	Status	Arrived
Mara Bain	Mayor	Present	
Sam Husnik	Councilmember	Present	
Hanna Valento	Councilmember	Present	
Leif Erickson	Councilmember	Present	
Blake Roberts	Councilmember	Present	

3. Award Contract for Downtown Stormwater BMP Project

Mayor Bain invited the residents to share their thoughts regarding this project.

Tom Chall, 7480 North Shore Trail, voiced appreciation for the opportunity to speak. He encouraged this project to be returned to its original state. He explained the concerns with the current condition of the project.

Jason Syring 7323 233rd Street North, urged the City Council to move forward with the project. He voiced concerns with the current condition of the project, especially with an upcoming graduation party.

Tim Olson, Project Engineer from Bolten & Menk, reviewed the project and stated that Peterson Company was the recommended contractor to finish the project based on schedule and price. They can start on May 28 with a two-week timeline, not including rain delays.

Councilmember Husnik asked if the idea was to bring it back to what the original plan was.

Mr. Olson confirmed this information except for basin six and basin seven. They have worked with both property owners regarding these basins.

Councilmember Erickson stated that there were line items not the same as the original in the bid in terms of quantity. He asked if the revised bid would get the job done.

Mr. Olson responded that they completed conversions on the prices, and these reflect the negotiations, such as additional maintenance items. He stated there are two bid items that Bolton & Menk will perform to try to get the bid price down as low as possible with the accelerated timeline.

Mayor Bain stated there were conversations between the City and Bolton & Menk about a cost-share of 50 percent.



City Council

Special Meeting

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City Engineer Goodman stated that the cost-share is in effect even at a higher amount.
Councilmember Husnik stated that this company has a proven track record and is the way to go.

Mayor Bain voiced support for the project.

Councilmember Roberts stated that the City Council did a good job listening to the neighborhood and voiced appreciation for the residents working with the City on this project.

Motion: Mayor Bain made a Motion to Approve the award for the contract for the Downtown Stormwater BMP Project as indicated in the memo with the fifty percent cost share between the City and Bolton & Menk.

Motion seconded by Councilmember Husnik. Motion carried 5-0.

4. Adjourn

Motion: Councilmember Erickson made a Motion to Adjourn the Specially Scheduled Council Meeting at 6:40 p.m.

Motion seconded by Councilmember Roberts. Motion carried 5-0.



City Council

Workshop

~ Minutes ~

1408 Lake Street South
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Monday, May 20, 2024

6:40 PM

City Center - Council Chamber

[City of Forest Lake - Livestream and Recorded Meetings](#)

1. Call to Order

2. Roll Call

Attendee Name	Title	Status	Arrived
Mara Bain	Mayor	Present	
Sam Husnik	Councilmember	Present	
Hanna Valento	Councilmember	Present	
Leif Erickson	Councilmember	Present	
Blake Roberts	Councilmember	Present	

3. Pledge of Allegiance

4. Open Forum – Citizen Petitions, Requests, and Concerns

*The Open Forum is available for residents to express personal opinions for any item of business.
Please limit your comments to three (3) minutes.*

None.

5. 2024 Bridge Lighting Discussion

Public Works Director Adams reviewed the history of the holiday lights installed at Broadway Avenue Bridge in 2023. He provided an overview of the quote from the contractor for the installation of these lights including the crossbeam lights. He described the quote and installation process for lights on the Highway 61 bridge and asked if the City Council would like to fund the holiday light installation for both projects.

Mayor Bain clarified that the two quotes for \$11,860 and the \$8,728 were separate costs.

Public Works Director Adams confirmed this information and explained the differences between the multiple quotes for lighting. He asked if the City Council would like to pursue the \$14,000 project.

Councilmember Roberts asked if the quote was for the outline and the crossbeams for Highway 61.

Public Works Director Adams answered that it was for the outline and crossbeams so it would match Broadway Avenue.

Mayor Bain voiced support for the lights on Broadway Avenue but stated that she was neutral on Highway 61 until there was a recurring funding source to support the project since it is not a destination like the downtown area. She stated it could be nice to become a Christmas light destination.



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Councilmember Valento agreed with Mayor Bain. She supported Highway 61 if there were more lights throughout the town, but not at this time.

Councilmember Roberts stated they could complete the outline on Highway 61. He asked if the lift could be rented for one day to complete both light projects.

Public Works Director Adams responded that the quote for the lift cost is the worst-case scenario if you could not complete the light installation on the same day or if MnDOT would not allow closure of Highway 61 during the day.

Councilmember Husnik asked if there were any donations for this project.

Public Works Director Adams answered that it needs to be determined whether to seek out donations or the City should look through the budget to secure funds. This project was donor-driven last year.

Councilmember Roberts stated that the conversation about donors has not been held and wondered if the funding could be 50 percent donor funds and 50 percent City funds.

Councilmember Erickson agreed with focusing the light installation downtown.

Mayor Bain stated that last year's light installation was last minute and there were no City funds for it, which made it donor funded. She commented that if it is a reoccurring project, they should allocate City funds to support it. She suggested doing donor-funds for Broadway Avenue Bridge, and then making it a part of the City Budget for 2025.

Councilmember Husnik agreed with this statement. He commented that there are other concerns on Highway 61 such as electricity prior to considering the possibility of lights on this bridge.

Public Works Director Adams stated it can take a long time to receive approval, but it might be difficult to determine the Highway 61 bridge needs before the fall.

Finance Director Knopik asked if the 2025 budget should be for lights for one bridge or lights for the two bridges.

Mayor Bain answered that it should be for one bridge.

6. 2025 Council Budget Priorities Discussion

Finance Director Knopik clarified that the \$700,000 general fund budget for park maintenance is for maintenance on current parks. Maintenance includes projects like mowing, mulching, and general repair. It does not include capital improvements, such as trails or playgrounds. He commented that fund 203 addresses capital improvement items. He had previously asked the City Council what to prioritize in the 2025 budget and reviewed the proposals submitted from Councilmembers. He stated that there would not be a trail on Northshore, although it is included in the memo.



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Mayor Bain asked if \$500,000 was the contribution from the general fund for parks.

Finance Director Knopik responded that it was a dedicated tax levy put into fund 203 that was given for capital improvements.

Mayor Bain asked if the number was closer to \$900,000 at one point.

Finance Director Knopik answered that \$900,000 was proposed for streets. He reviewed additional funding considerations. He pointed out the items on the board and requested that the City Council narrow the direction for staff to focus on for the 2025 budget.

Mayor Bain asked if the snow removal was going to be dependent on code enforcement and bill backs to property owners downtown.

Public Works Director Adams clarified the code enforcement requirements for snow removal on sidewalks.

Finance Director Knopik stated that the staff needs direction now to complete the budget in a timely manner. He asked if there are any budget additions to consider the preliminary budget.

Interim City Administrator Handt stated the goal is to discuss items and prioritize.

Councilmember Roberts commented on the importance of keeping the downtown roads nice through street sweeping, especially with all the sand at the end of winter.

Councilmember Erickson commented that the downtown was swept twice.

Mayor Bain asked if the sweeping was completed earlier than previous years.

Public Works Director Adams stated they need to determine an order for sweeping.

Interim City Administrator Handt asked what the minimum desire for sweeping would be.

Councilmember Erickson answered that if it was completed once in the spring to see how it goes.

Councilmember Roberts asked how long is the sweeping process for downtown.

Public Works Director Adams explained the differences between a more detailed sweep and a quicker, less detailed, sweep that focuses on the gutter line and center median.



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Councilmember Husnik asked what time of day the sweeping would occur.

Public Works Director Adams answered if they are sweeping major roads, it would be completed earlier in the morning. He explained the current schedule for normal sweeping.

Councilmember Roberts suggested completing downtown sweeping once a month.

Mayor Bain asked how often MnDOT completed street sweeping.

Public Works Director Adams answered that MnDOT does sweeping in the spring, but not in the fall. Washington County does sweeping in the spring and the fall.

Interim City Administrator Handt asked if the City Council would like the downtown streets swept once a month except for the months that the County or MnDOT completes the street sweeping.

Councilmember Roberts stated it should be completed once a month.

Public Works Director Adams clarified that it comes down to time. There is one street sweeper and one staff member. The City does not typically sweep streets that are not the City's roads. If there is a policy that covers beyond City streets, it would be helpful to address complaints. He explained the frequency of the sweeping schedule based on the grant they received.

Interim City Administrator Handt suggested a change to the policy to include sweeping the streets downtown.

Councilmember Roberts stated there are resources downtown to clear the snow from the sidewalks in a timely manner and this needs to be completed. He asked if snow is removed from the trails, why it is not removed from downtown.

Interim City Administrator Handt asked if Councilmember Roberts is requesting the City remove the snow without a billback.

Public Works Director Adams stated if the City decides to remove snow from a certain section of Broadway Avenue, this would create more complications.

Councilmember Erickson asked about snow removal at the church at Beltz Park.

Public Works Director Adams answered that the City removes the snow on City-owned land and certain areas based on the Safe Routes to School grant maintenance agreement.



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Mayor Bain commented that snow removal is a timely service and offering it could cause a large liability.

Public Works Director Adams explained the previous snow removal policy with the strip mall near the City Center. The snow removal policy would need to be entirely reworked if they were to clear snow from downtown based on the amount of snow required for removal and the timing of snow removal.

Councilmember Valento stated that if downtown businesses would like to bring in business, they will clear their sidewalks and parking lot, noting they have similar responsibilities to maintain downtown.

Mayor Bain asked if there was a way to provide a hybrid-service where businesses could opt into snow removal with the City. She stated that the standard for snow removal on trails is not acceptable for snow removal downtown. Mayor Bain asked if they could set a service standard for snow removal.

Public Works Director Adams provided examples of service standards for snow removal.

Mayor Bain stated there are vacant buildings, but if a City plan is started, it will become expected and be a forever cost.

Councilmember Husnik suggested using the cost that contractors would charge as a benchmark for the City's costs.

Interim City Administrator Handt suggested providing a higher cost than contractors to discourage code violation and to cover administrative costs.

Public Works Director Adams stated that it does not look good for the Public Works Department to be completing work for private properties because it could give the impression that they are completing the work for free.

Councilmember Roberts noted that by not completing snow removal downtown, there is a lack of support of businesses. He suggested welcome signs and branding signs on different streets that go downtown. He also discussed landscape mulching downtown.

Mayor Bain asked if there was a solution to maintenance downtown other than the \$750,000 turf proposal.



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Public Works Director Adams stated that the landscaping is 15 years old so the plants are dead, the mulch is overgrown, there is no landscaping fabric, and the irrigation is in poor condition.

Interim City Administrator Handt suggested alternative options to landscaping downtown and the considerations of the maintenance.

Finance Director Knopik asked if this project is a priority that the City Council would like City Staff to explore.

Public Works Director Adams explained the previous conversation about the turf options, trees, and mulch. This conversation was delayed until after 2024 because of other ongoing projects. He explained different options for the landscaping downtown.

Mayor Bain asked if budgeted maintenance was not included in the original project to avoid needs for future rebuilds.

Public Works Director Adams stated it is a lot of work to maintain and there was never a maintenance plan in place. There could be a cost to regularly maintain it with a contractor or they could consider lower-maintenance options.

Interim City Administrator Handt stated that the cost does not need to be determined tonight, but it needs to be decided if it is a priority. The discussion of trail maintenance is also something to consider.

Public Works Director Adams stated that when roads are improved, all the pedestrian facilities are also fixed.

Mayor Bain asked if there was a trail assessment to show which trails need attention prior to road improvements.

City Engineer Goodman stated that there is not an exact mileage currently. When trails need to be addressed, there also needs to be consideration of ADA compliance. He provided an example of a trail in town that could be the worst trail in town. Trail construction would be approximately \$100/foot.

Mayor Bain asked how this would fit into context with everything else the City is considering in the 10-year plan. Current projects impact staff recommendations as well.

Interim City Administrator Handt encouraged the City Councilmembers to select their top four priorities.



City Council

Workshop

~ Minutes ~

1408 Lake Street South
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www.ci.forest-lake.mn.us

Monday, May 20, 2024

6:40 PM

City Center - Council Chamber

Councilmember Roberts clarified the recommendation to increase the park budget.

Finance Director Knopik stated that the recommendation would be beyond the current funding set in the 10-year plan.

Interim City Administrator Handt provided an overview of how the current park budget of \$500,000 was planned to be used.

Finance Director Knopik explained the recommendation would be to go beyond the current funding set for the EDA budget.

Councilmember Roberts asked what the street funding was in the ten-year fund.

Finance Director Knopik stated that the 10-year plan amount was \$950,000.

Interim City Administrator Handt asked for clarification if the 10-year plan had enough funds to complete street improvements that were planned.

Finance Director Knopik answered that there are enough funds in the plan to complete the roads currently planned.

Mayor Bain clarified that the 10-year plan accounts for tax levy dollars, bonding, and debt maintenance.

Finance Director Knopik explained the amount that staff considered was needed to maintain the streets.

Interim City Administrator Handt stated that of the proposed items, prioritizing the items in the 10-year plan and staffing the admin department correctly would not increase the budget.

Finance Director Knopik commented that the CSOs program is included in the long-term staffing plan.

Mayor Bain stated that the strategic planning session would be at minimal cost.

Councilmember Roberts asked about the berm.

Public Works Director Adams stated they cannot commit to clearing the berm on a set day, but it would be cleared once every two weeks.



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Interim City Administrator Handt asked if removing the berm more frequently increased costs.

Public Works Director Adams explained the State of Minnesota reimburses 60 to 70 percent of this work.

Mayor Bain asked if there were no changes in direction, if the berm would be removed every two weeks.

Public Works Director Adams reviewed how often they cleared the berm in previous winters.

Councilmember Erickson suggested waiting until next winter to see how the current schedule works.

Public Works Director Adams noted that with a set policy with the berm clearance, it is important to pay attention to the weather and staffing. He did not think setting a policy was necessary at this time.

Councilmember Erickson selected his top priorities on the white board.

Finance Director Knopik clarified when the CSO position was planned in the budget.

Councilmember Roberts asked if the trails were all in poor condition or if there were tripping hazards that would put the City at risk of a lawsuit.

Public Works Director Adams stated that the 202 trail is in the worst condition and would need major curb replacement possibly. He stated there would need to be pedestrian ramps installed and drain tile improved.

Finance Director Knopik explained the differences between the downtown park project and the landscaping maintenance.

Mayor Bain explained her reasoning between the four options she selected. She stated there were trail projects that need to be considered. Mayor Bain did not select an increase in park budget, but encouraged sticking to the budget plan.

Councilmember Roberts and Councilmember Husnik selected their top priorities.

Finance Director Knopik stated they would review the selections to move forward.



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7. 2025 Position Allocations

Finance Director Knopik reviewed the position allocations. He stated that the allocations were estimates.

Interim City Administrator Handt stated there will be discussions that the Administrative Services Director should be at the same level as the City Administrator and the City Clerk.

Finance Director Knopik commented that this information is meant to be informative when considering the budget and where positions are funded from.

Mayor Bain asked when the next budget discussion would take place.

Finance Director Knopik stated that at the June 24th City Council meeting, they will review the 10-year plan presentation.

Interim City Administrator Handt stated that this invested effort upfront is helpful and the final date to raise the preliminary levy is in September.

8. Adjourn

Motion: Councilmember Valento made a Motion to Adjourn the Council Workshop Meeting at 8:27 p.m.

Motion seconded by Councilmember Erickson. Motion carried 5-0.



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[City of Forest Lake - Livestream and Recorded Meetings](#)

1. Call to Order

2. Roll Call

Attendee Name	Title	Status	Arrived
Mara Bain	Mayor	Present	
Sam Husnik	Councilmember	Present	
Hanna Valento	Councilmember	Present	
Leif Erickson	Councilmember	Present	
Blake Roberts	Councilmember	Present	

3. Pledge of Allegiance

4. Approve the Agenda (Action)

Comments: Mayor Bain requested to move item 8C to the Discussion portion of the agenda.

Motion: Mayor Bain made a Motion to Approve the Agenda with the modification that 8C be moved to the Discussion portion of the agenda.

Motion seconded by Councilmember Roberts. Motion carried 4-1 (Husnik opposed).

5. Presentations

a) Presentation of Appreciation for Jerry Grundtner, FLLA President

Mayor Bain reviewed the accomplishments of Jerry Grundtner during his tenure as the Forest Lake Lakes Association President. Mr. Grundtner was presented with a gift to thank him for his services.

6. Open Forum – Citizen Petitions, Requests, and Concerns

The Open Forum is available for residents to express personal opinions for any item of business.

Please limit your comments to three (3) minutes.

Comments:

Don Shipp, Resident, questioned the location for additional expansion at the Forest Lake Airport. He stated that there is no need for commercial hangars, but there is a need for private hangars. He recommended that the City Council should table the matter until the Airport Commission meeting in early June.

Rod Skoog, Resident, voiced support for the Taxiway A3 and Taxi Lane Bravo Extension Project. He explained the positives of the project and thanked the individuals who serve on the Airport Commission. He commented that MnDOT Aeronautics has provided support for the project with 95 percent financial support.



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Pat Haverland, Resident, explained the positive need for commercial space in Forest Lake. He thanked the individuals who served on the City Council.

Christopher Olson, Resident, stated there is not enough business to support the businesses on the field.

7. Consent Agenda Considerations (Action Items)

Comments: Councilmember Roberts requested to remove item 7.k. from the Consent Agenda.

- a. Approve City Bills
- b. Approve Minutes
 - i. May 13, 2024 Special Council Meeting
 - ii. May 13, 2024 Regular Council Meeting
- c. Water Treatment Plant No. 4 – Contractor’s Request for Payment No. 24
- d. Forest Lake Ford Dealership – Letter of Credit Reduction No. 1
- e. Approve Castlewood Golf Course Rate Increase – Dave Adams
- f. Award Contract for Airfield Pavement Maintenance Project – Silas Parmar
- g. Approve Wynco Site Improvement Agreement – Abbi Wittman
- h. Genius of Fun Contract Agreement Amendment – Abbi Wittman
- i. Arts in the Park Entertainment Agreements - Abbi Wittman
- j. Fourth of July Entertainment Agreements – Abbi Wittman
- ~~k. Forest Hills Farms Development Agreement Amendment – Abbi Wittman~~
- l. Resolution 05-28-24-04: Approving American Legion 4th of July Permits – Jolleen Chaika
- m. Culver’s Site Improvements, Final Project Acceptance – Ryan Goodman

Motion: Mayor Bain made a Motion to Approve the Consent Agenda Items 7.a. through 7.j. and 7.l. to 7.m.

Motion seconded by Councilmember Valento. Motion carried 5-0.

k. Forest Hills Development Agreement Amendment – Abbi Wittman

Motion: Mayor Bain made a Motion to Approve the Forest Hills Farms Development Agreement Amendment.

Motion seconded by Councilmember Erickson. Motion carried 4-0-1 (Roberts abstained).

8. Regular Agenda (Action Items)

a) Resolution 05-28-24-03: Accepting Donation from the Hallberg Family Foundation – Rick Peterson

Chief Peterson provided an overview of the \$10,000 from the Hallberg Family Foundation to purchase ballistic shields for the Polic Department.

Motion: Mayor Bain made a Motion to Adopt Resolution 05-28-24-03, Accepting Donation from the Hallberg Family Foundation with gratitude.



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Motion seconded by Councilmember Valento. Motion carried 5-0.

b) Resolution 05-28-24-02 (amended resolution): Gaiovnik Estates Preliminary and Final Plats Consideration – Abbi Wittman

Community Development Director Wittman presented the preliminary and final plats for the Gaiovnik Estates. She commented that two developable lots could be created with an additional two Outlots. She explained the additional conditions are due to concerns with the sheds. She summarized the concerns of residents, including traffic safety and wetland easements.

Mayor Bain asked if the amended Resolution was located on page 173 in the packet.

Community Development Director confirmed that the amended packet was included.

Motion: Councilmember Erickson made a Motion to Adopt Resolution 05-28-24-02 (amended resolution): Gaiovnik Estates Preliminary and Final Plats Consideration.

Motion seconded by Councilmember Husnik. Motion carried 5-0.

c) Award Contracts for Taxiway A3 and Taxi Lane Bravo Extension Project – Silas Parmar

This item was considered as Discussion Item 9.b.

d) Beltz Park Court Rehabilitation Project Award – Dave Adams

Public Works Director Adams provided an overview of the Beltz Park Court Rehabilitation Project Award. He provided a summary of the attempt to create a parking agreement with the local church. This agreement is currently in the final approval process. He explained the process for the rehabilitation project. He encouraged the addition of the ten percent contingency and described the purpose.

Councilmember Erickson requested a review of the final product.

Public Works Director Adams stated that there would be two basketball courts on the south side and two tennis courts that would include paint marks for pickleball as well.

Mayor Bain requested information for the projected start and completion.

Public Works Director Adams stated that the demolition would start quickly based on approval. He commented that there is a 30- to 45-day curing time for the coating.

Mayor Bain asked if surrounding amenities would be impacted.

Public Works Director Adams stated there would be a ten-foot width on the trails to align with the Beltz Park master plan. The courts would have a similar footprint. There would be a snow fence to mark off the construction, but the playground would remain open.

Councilmember Roberts asked what product would be used for the warming house.



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Public Works Director Adams responded that it is currently steel siding. There are plans for new acrylic windows. There would be ADA-compliant ramps.

Councilmember Roberts requested a solidified quote for the warming house.

Public Works Director Adams answered that he would return to the City Council after he receives quotes with more information about the warming house.

Councilmember Roberts commented that he was comfortable moving forward without the agreement with the church.

Motion: Councilmember Erickson made a Motion to Approve the bid from Upper Midwest Construction in the amount of \$458,332 with a \$45,000 contingency for a total project cost of \$503,332. Motion seconded by Councilmember Valento. Motion carried 5-0.

9. Discussion

a) Parks and Recreation Supervisor Vacancy – Abbi Wittman

Community Development Director Wittman provided an overview of the Parks and Recreation Department structure. She presented the proposal to move the Parks and Recreation Supervisor position under the Public Works Department and explained the benefits.

Mayor Bain commented that there needs to be equity in the City for employee compensation. She voiced support for a budgetary increase in the salary for the position based on increased responsibilities. She commented that the proposed salary increase might not be the best option.

Councilmember Roberts stated that the Parks and Recreation Department previously seemed appropriate. He questioned the need for the proposed change.

Mayor Bain commented that planning for future park maintenance in the ten-year plan was a challenge. The proposed changes to this position would ensure more appropriate planning.

Councilmember Erickson asked for elaboration on the stand-alone departments in other cities.

Community Development Director Wittman stated that those who report to the City Administrator are often department heads. Other cities that have single department levels have stronger recreation departments. She did not recommend a stand-alone department because the City is not prepared to grow in such a way currently.

Councilmember Valento asked if the City would like to further develop Parks and Recreation and the current position is within the Public Works Department, if there would need to be eventual



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creation of a stand-alone Parks and Recreation Department. She suggested starting with a stand-alone department even if there was only one employee.

Mayor Bain stated that the coordination today is coming through the Public Works Department. The Public Works Department has the resources to support the Parks and Recreation programming. The broader department allows for greater coordination.

Interim City Administrator Handt questioned whether the City was satisfied with the current partnerships for recreation. If so, this would impact the direction of the Parks and Recreation Department.

Councilmember Erickson stated that the City has strong partners for recreation. He asked for Public Works Director Adam's feedback.

Public Works Director Adams stated that there are ten employees in Public Works. Four of those employees do public work maintenance on parks. If there was a Parks and Recreation Manager, it could allow the City to develop opportunities in the future. The collaboration between Parks and Recreation and Public Works would allow for the coordination of decisions based on development.

Councilmember Roberts stated it is difficult to make this decision without a Parks and Recreation Commission.

Community Development Director Wittman stated that it would be ideal to get this posting out as soon as possible and to change the system to a mid-level management position. She stated that two department heads are currently running the division.

Mayor Bain voiced challenges with the funding for the broad role. She asked if there was an opportunity to find something in the middle of what was being proposed.

Interim City Administrator Handt stated that it would be important to only go above step one (on the paygrade) if an individual is exceeding the minimum requirements. If someone is new to the organization, it is important to not exceed the middle step three. She stated there could be benefits in hiring someone with exceeding experience which would be above step three.

Councilmember Roberts stated there would not be a stand-alone employee advocating for Parks and Recreation if they fall under Public Works.

Mayor Bain asked how to mitigate the concern, so the position is not focused on Public Works duties.

Interim City Administrator Handt answered that this individual is only focusing on Parks and Recreation.



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City Development Director Wittman stated that this individual would have a lot of programming opportunities and be responsible for the Parks and Recreation Commission. There are more programming needs than just development, but having an individual who knows both areas well would be beneficial.

Mayor Bain asked Council if the challenge was the structure under Public Works.

Councilmember Roberts affirmed this concern.

Councilmember Valento agreed.

Councilmember Erickson stated that the staff recommendation, as presented, would be the right next step.

Community Development Director Wittman stated an individual of this nature would understand how to plan the events while also understanding the impact and development of the infrastructure.

Mayor Bain commented that this role would require a driven individual.

Councilmember Roberts asked if this position falling under Public Works would mean closing the Parks and Recreation Department.

Community Development Director Wittman responded that there is not currently a department and this position previously fell under Community Development. This would be a division change and be more infrastructure-based.

Councilmember Erickson asked about the cost differential and stated that the net effect would be mitigated.

Councilmember Husnik asked how this decision was impacted by the previous Park and Recreation Supervisor's departure.

Community Development Director Wittman commented that the departure allowed for conversations about position changes. There would not be an ability to get someone with the needed skills at the supervisor pay rate.

Public Works Director Adams provided an overview of the history of the previous Parks and Recreation positions.

Mayor Bain stated the maintenance and planning need to be addressed.



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Interim City Administrator Handt provided an example of the benefits of the pay increase with the Clerk position.

Community Development Director Wittman stated that there was a desire to create the job description. They could also look at the hires in peer cities to see how the position falls in departments and salaries.

Interim City Administrator Handt stated that the proposed grade is based on the average pay grade in other similar cities.

Mayor Bain stated that the question was the alignment of role and structure within the Public Works Department.

Community Development Director Wittman stated that finalizing the ordinance and bringing it back with a job description would allow the City Councilmembers to continue thinking about the structure.

Informational; no action required.

b) Award Contracts for Taxiway A3 and Taxi Lane Bravo Extension Project – Silas Parmar (formerly Regular Agenda Item 8.c.)

Mayor Bain stated that the questions being asked are not based on the contract, but about the airport layout plan, grant agreement, and specs. The information included in the packet is to support a single decision. She commented that there is an opportunity for broader discussion at next week's workshop.

Silas Parmar, Bolton and Menk Aviation Project Manager, clarified that there were two projects combined into one so one contractor would complete both projects. He clarified the differences between the two separate projects. He provided a history of the previous discussions with MnDOT Aeronautics regarding these projects. He explained the funding agreement established. Bolton and Menk created cost estimates for future projects. He discussed the utilities and parking lot construction. He provided an estimate for the costs of the projects and the grants to help cover the costs. He stated that the bids are good until August 7.

Mayor Bain stated that a question was about the purpose of developing north rather than south. Silas Parmar responded that the decision was by MnDOT Aeronautics. They did not have sufficient funds for the project moving south but encouraged consideration to move north.

Mayor Bain asked about the timeline to get a project developing towards the south. Silas Parmar stated that requests for funding for projects for 2025 were due May 1. He stated that if MnDOT Aeronautics says no, there could be conversations to request funding for the projects for fiscal year 2026.



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Councilmember Husnik asked who was privy to these questions.

Mayor Bain commented that she has received some of these questions from phone calls.

Councilmember Husnik stated that this project makes sense, and the hangars could also serve a purpose aside from commercial hangar lots. He commented that it did not make sense to turn down 95 percent of the funding.

Mayor Bain asked if the earliest it could be to develop towards the south would be 2026. Silas Parmar commented these could be discussions with MnDOT Aeronautics, but he did not know exactly what they would decide.

Councilmember Husnik voiced concerns about losing the funding.

Councilmember Erickson stated that MnDOT wanted to go north based on budget constraints.

Councilmember Husnik commented that he did not want to jeopardize the available funding.

Mayor Bain asked how the hangars were designated as commercial or private. Silas Parmar stated that this decision is made by the City Council based on the decision at the point of the lease.

Mayor Bain stated that there needs to be a big reason to change three years of work so late in the process. She encouraged evaluation of whether moving north would be a mistake.

Silas Parmar commented that once these four lots are leased out and built upon, there could be additional conversations about additional funding to move south.

Councilmember Husnik asked whether it was more expensive to move south because there would be more taxi lane expansion. Silas Parmar stated that he would provide additional information next week about the cost estimates for individuals to make an educated decision.

Interim City Administrator Handt stated that the south expansion is planned for 2028. The estimate for development in the south needs to be updated.

Councilmember Erickson commented that it did not make sense for MnDOT Aeronautics' willingness to complete the project with the higher cost estimate.

Interim City Administrator Handt stated that the time passed has created the need for change.

Mayor Bain asked if it would be helpful to see what the original cost estimate would be as of 2024. She requested that Silas Parmar put this information together. She asked how realistic it would be to consider a project change. Silas Parmar stated that he could ask the staff at MnDOT Aeronautics.



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Interim City Administrator Handt asked if there was time to complete this project this year or if it would lead to an additional delay. Silas Parmar commented that he was not certain if the funds would be pivoted to other projects that are ready for fiscal year 2024.

Mayor Bain recapped the alternative options and questioned the pros and cons of construction to the south and construction to the north. She stated that she needed more information to decide on the southbound option.

Councilmember Valento asked what this project would cost in two years and advocated to consider the southbound option in the future.

Councilmember Roberts stated it is important to ask questions about the project. He encouraged the Councilmembers to work together.

Councilmember Husnik asked if the Councilmembers had received additional information from other hangar members. He stated that two individuals at the airport wanted the project stopped.

Mayor Bain commented that it would take a majority of the City Council to move the project forward. She encouraged exploring additional information to ensure the best decision possible. She voiced a need for transparency in the process.

Councilmember Erickson stated that he received concerns about moving north from other airport hangar owners. He commented that there seems to be confusion.

Mayor Bain encouraged outlining what is necessary for this decision at the next meeting.

Councilmember Erickson requested the airport master plan to understand the intentions. Silas Parmar offered to provide a copy of the report for the airport layout.

Councilmember Erickson stated that commercial hangars should be grouped.

Councilmember Husnik provided examples of users of commercial hangars.

Mayor Bain asked about the allocation of resources between private and commercial hangars and how these fit into the airport layout plan. She also asked when this needs to be determined.

Councilmember Husnik explained that a commercial hangar allows for public access to the back of the hangar.

Interim City Administrator Handt asked for clarification about the access to the back of the hangars. She also asked if the construction of a road behind is necessary for a commercial



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hangar. Silas Parmar clarified that the right-of-way is for Public Works personnel to maintain the utilities. There is no proposed construction of a road.

Interim City Administrator Handt commented that with no construction of the road, these hangars would be private.

Councilmember Roberts stated that it is important to save this space for commercial hangars.

Mayor Bain asked if it was realistic to move towards the north without the road, but an individual who wanted a commercial hangar could pave the road.

Councilmember Valento asked if the discussion of parking needs to be considered with commercial hangars.

Silas Parmar stated that the parking lot was not approved for funding. He wanted to confirm the narrative in the report.

Councilmember Erickson commented that there is a demand for private hangars.

Mayor Bain requested an updated cost comparison. She asked whether there were private and commercial ones on the waiting list.

Interim City Administrator Handt stated she has received about a half-dozen calls about hangar space. They do not inquire about commercial or private hangar space.

Councilmember Roberts commented on and encouraged the need for a strong airport manager.

Mayor Bain asked if it was feasible to reach out to the waiting list to affirm the depth and planned land use. Mayor Bain highlighted the importance of understanding the demand.

Silas Parmar stated that the size of the hangar lots has not been finalized.

Mayor Bain asked if there could be smaller dimensions and an increase of lots. Silas Parmar clarified the options available.

Interim City Administrator Handt asked about the size of the commercial lots.

Mayor Bain asked for clarification about the space needed to be reserved for commercial.

Interim City Administrator Handt asked if it was reasonable to expect individuals to pay for the road construction for the commercial lots. She commented that the policy issue is that the lease length is long, which creates a challenge.



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Councilmember Husnik explained the differences between commercial hangars.

Silas Parmar provided examples of airport hangar lots to be commercial or reserve space for a business.

Mayor Bain asked what the typical mix was for comparable airports. Silas Parmar commented that there would be one business for airport mechanics. There might be another business that provides airport restoration.

Councilmember Roberts commented on the importance of providing commercial hangar space so the airport moves beyond a hobbyist airport.

Mayor Bain asked if these four spaces would be the only options for commercial hangars in the future or if there could be additional development opportunities. Silas Parmar stated it would be a costly venture to move into the northwest. There would need to be development of infrastructure.

Councilmember Husnik stated that the airport has restrictions because of the runway length.

Councilmember Roberts asked if building commercial hangars would help to get more funding from MnDOT. Silas Parmar responded that MnDOT does not have concerns about commercial or private usage. Their preference is to build additional hangar lots and as the demand is there, they will try to provide funding for future development.

Councilmember Erickson asked if there was still a need to expand the runway.

Mayor Bain asked if the airport layout plan included a runway extension. Silas Parmar affirmed this information and explained that the runway extension would most likely be 3000 feet.

Councilmember Husnik noted it was a State-funded airport so there is no way to get an instrument approach installed except for privately. He commented that there is no need for an instrument approach at Forest Lake currently.

Mayor Bain questioned the risks of making this pivot this late in the game.

Councilmember Erickson asked about the timing of the work on the current bid.

Silas Parmar answered that the contractor could start as early as July 8. The contractor indicated that they would wrap up the project within three to four weeks. They would ensure it would not impact activities at the airport such as the fly-in.

Councilmember Husnik stated that the impact would be away from the space used for the open house.



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Mayor Bain stated that this discussion could be revisited at the June 10 City Council meeting.

Mayor Bain asked for clarification on the construction timeline. Silas Parmar commented that there would need to be a discussion with the contractor and if the necessary materials could be constructed within this timeline.

Informational; no action required.

10. Staff Updates

Community Development Director Wittman commented that Arts in the Park kicks off next week.

Public Works Director Adams stated that a contractor is repainting street poles on Lake Street.

Chief of Police Peterson stated that Coffee with the Cop would occur on May 30.

11. Mayor and City Council Updates

None.

12. Adjourn

Motion: Councilmember Erickson made a Motion to Adjourn the Regularly Scheduled Council Meeting at 9:37 p.m.

Motion seconded by Councilmember Valento. Motion carried 5-0.



Date: June 10, 2024

Agenda Item: New Lease-Twin Cities Dock and JNT Landscaping (formerly Forestland Nursery)

To: Mayor and Council

From: Kristina Handt, Interim City Administrator

BACKGROUND:

The city has been operating on a month to month lease with JNT Landscaping since 2014. Twin Cities Dock and Lift has also begun using space for storage at the old Forestland Nursery site so a new lease is required to memorialize the new arrangement. JNT Landscaping will still utilize the area for storage as well but will play a smaller role than Twin Cities Dock and Lift.

ISSUE BEFORE COUNCIL:

Should the City Council approve the new lease with Twin Cities Dock and Lift and JNT Landscaping to the City Council?

PROPOSAL/ANALYSIS:

Included in your packet is a new lease between the City of Forest Lake and Twin Cities Dock and JNT Landscaping. The monthly rent would be \$850 or \$10,200 annually with a 4% annual increase. The lease would be in place for two years and automatically renew for a one year term for up to four years unless either party provides notice. This will allow the city the opportunity to provide notice when they need the land vacated to move forward with the construction of a new public works facility while also leasing it out in the meantime.

The Airport Commission reviewed the lease at their June 5th meeting and are recommending approval.

FISCAL IMPACT:

The monthly rents are placed into the Airport Fund. The increase in rent will result in an additional \$4,200 a year in the first year which will increase by 4% annually each year thereafter.

OPTIONS:

- 1) Approve the Lease Agreement with Twin Cities Dock and Lift and JNT Landscaping Inc as presented.
- 2) Amend and then Approve City Council Approve the Lease Agreement with Twin Cities Dock and Lift and JNT Landscaping Inc.
- 3) Do not approve a new lease agreement.

RECOMMENDATION:

If removed from the consent agenda:

“Motion to Approve the Lease Agreement with Twin Cities Dock and Lift and JNT Landscaping Inc as presented.

ATTACHMENT:

- Lease Agreement

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”) is made and entered into as of this ____ day of June, 2024 (the “Effective Date”), by and between the **City of Forest Lake**, a Minnesota municipal corporation with its principal office at 1408 Lake Street South, Forest Lake, Minnesota 55025 (“Landlord”) and **Twin Cities Dock and Lifts** a Minnesota limited liability company with its principal office at 23020 Hayward Ave North, Forest Lake, MN 55025 and, **JNT Landscaping Inc** a Minnesota limited liability company with its principal office at 6788 North Shore Trail, Forest Lake, MN 55025 (collectively “Tenants”). Landlord and Tenants may be referred to collectively herein as the parties” or each a “party”.

ARTICLE 1 PROPERTY

Landlord, for and in consideration of the rents, covenants and conditions hereinafter contained to be performed and observed by Tenants, does hereby demise and lease to Tenants, to occupy and use for the Approved Uses only, the certain real property legally described on Exhibit A attached hereto (the “Property”).

ARTICLE 2 TERM

- A. Initial Term. Tenants shall have and hold the Property for and during a two-year term commencing on the Effective Date.
- B. Renewal. The Property Term shall automatically renew for a one-year term, up to four additional renewals unless either party provides notice in writing of intention not to renew this Lease at least sixty days prior to the expiration of the Initial Term or any subsequent Renewal Term.

ARTICLE 3 RENT

- A. Initial Annual Rent. Tenants shall pay to Landlord the annual sum of \$10,200, to be paid in monthly installments of \$850.00 in advance, on or before the first day of each month during the Term of this Lease.
- B. Subsequent Rent. Rent shall increase annually by 4%.

ARTICLE 4 USE OF PROPERTY

The Property shall be used by Tenants for :

Twin Cities Dock and lifts- Office/Sales/ storage of docks and lifts and assembly of docks and lifts.

JNT Landscaping, INC- Storage of landscaping, snow plowing equipment and materials.

ARTICLE 5 TENANTS RESPONSIBILITIES

Tenants agree to the following:

- A. Tenants shall at all times maintain the Property in good condition and repair.
- B. Landlord shall not be responsible for any repair or maintenance of the Property.
- C. Each Tenant agrees to be individually and jointly liable for the total amount of any rent owed pursuant to this Lease.

ARTICLE 6 TENANTS' ACCEPTANCE OF THE PROPERTY

Landlord shall not be obligated to construct or install any improvements in or to the Property. Landlord makes no representation, covenant or warranty of any kind, character or nature concerning the Property or otherwise. Tenants accepts the Property in "as-is", "where-is", and "with all faults" condition.

ARTICLE 7 ALTERATIONS, TITLE TO AND REMOVAL OF IMPROVEMENTS

Tenants may not make any alterations to the Property without Landlord's prior written consent.

Tenants shall have no authority to create or place any lien or encumbrance of any kind whatsoever upon or in any manner to bind the interest of the Landlord in the Property, and Tenants covenants and agrees promptly to pay all sums legally due and payable by it on account of any labor performed on the Property upon which any lien is or could be asserted.

ARTICLE 8

REPAIRS AND MAINTENANCE

Tenants shall, at all time during the Term and any extension thereof, at its own cost and expense, keep and maintain the Property.

ARTICLE 9 INSURANCE

Tenants hereby covenants and agrees that it shall at all times during the Term and any extension thereof, obtain and maintain and keep in force and effect the following insurance, listing the Landlord as an additional insured:

- A. General Liability Insurance. A comprehensive general liability insurance policy including includes products liability insurance and completed operations, contractual liability coverage, and personal injury and advertising coverage in the amount of \$1,500,000 per occurrence, \$2,000,000 aggregate on account of bodily or personal injuries, including death, or on account of property damage arising from or related to the use of the Property; and
- B. Business Automobile Liability Insurance: Business automobile liability insurance in the amount of at least \$1,500,000 per person, \$2,000,000 per accident on account of bodily and personal injury, including death, or on account of property damage arising from or caused, directly or indirectly, by Tenants' acts or omissions in the performance of this agreement and covering the use of all automobiles, trucks, and other motor vehicles utilized by Tenants and Tenants' agents, employees or volunteers in connection with this Lease. The insurance shall be a per occurrence policy.

Tenants shall provide evidence of such insurance prior to execution of this Lease and at any subsequent time upon request of the Landlord.

ARTICLE 10 INDEMNIFICATION

Each party shall be required to defend and indemnify the other party for claims arising from a party's negligence, misconduct, or failure to perform its obligations under this agreement.

Nothing contained herein shall be deemed a waiver by the City of any governmental immunity defenses, statutory or otherwise. Further, any and all claims brought by Tenants, its successors or assigns, shall be subject to applicable governmental immunity defenses of the City and the maximum liability limits provided in Minnesota Statute Chapter 466.

ARTICLE 11 ASSIGNMENT AND SUBLETTING

Tenants shall not sublet, sell, assign, mortgage, pledge, or in any manner transfer this Lease or any estate or interest thereunder, without the prior written consent of Landlord. Any assignment or subletting permitted by Landlord hereunder shall not release Tenants from any of its Lease obligations.

ARTICLE 12 DEFAULT AND REMEDIES OF LANDLORD

If Tenants shall fail to: Promptly keep and perform any obligations of this Lease, strictly in accordance with the terms of this Lease, and continue in default for a period of thirty (30) days after Landlord has provided written notice thereof, then and in any such event and as often as any such event shall occur; and upon such default: (1) Landlord may declare the Term or any extension thereof ended, and enter into said Property with process of law and expel Tenants or any person occupying the same in or upon said Property; such reentry shall not be a forfeiture of the rents to be paid nor affect the covenants to be performed by Tenants, and (2) Landlord may recover damages including reasonable attorneys fees caused by the default.

ARTICLE 13 AMENDMENTS

No waivers, alterations or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing duly executed by both Landlord and Tenants herein.

ARTICLE 14 RECORDING

This Lease shall not be recorded.

ARTICLE 15 SURRENDER OF PROPERTY

Tenants shall, after the last day of the Term or Extension Term, if applicable, or upon any earlier termination, surrender and yield the Property to Landlord and all personal property shall be removed and Property restored to original condition.

Tenants agrees that Tenants shall be financially responsible for any and all personal property not removed upon termination of this Lease and Landlord shall have all rights and remedies at law and

in equity to recover any damages, including reasonable attorney fees and costs, arising from Tenants' failure to remove personal property.

ARTICLE 16 SERVICE OF NOTICE

Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless the same shall be in writing and sent postage prepaid by United States registered or certified mail, return receipt requested, as follows:

If to Landlord at: City of Forest Lake
 Attn: City Administrator
 1408 Lake Street South
 Forest Lake, MN 55025

With a copy to: Amanda Johnson, City Attorney
 LeVander, Gillen & Miller, P.A.
 1305 Corporate Center Drive, Suite 300
 Eagan, MN 55121

If to Tenants at:
Twin Cities Dock and Lift
23020 Hayward Ave North,
Forest Lake, MN 55025

JNT Landscaping INC
6788 North Shore Trail,
Forest Lake, MN 55025

or to such other address as either party may designate by notice given from time to time in accordance with this Article 18. Any notice given in accordance with the provisions of this Article 15 shall be deemed to have been given as of the date occurring two (2) days after such notice shall have been placed for mailing with the United States Postal Service. The amounts payable by Tenants to Landlord hereunder shall be paid to the address designated by Landlord from time to time.

ARTICLE 17 HOLDING OVER

In the event Tenants continues to occupy the Property after the last day of the Term hereby created, or after the last day of the Extension Term, if applicable, Tenants shall pay all incidental and consequential damages, including reasonable attorney fees and costs, sustained by Landlord as a result of any such holdover, including but not limited to damages for the delay in Landlord's construction or demolition plans for the Property.

ARTICLE 18 CAPTIONS

The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such Articles of this Lease or in any way affect this Lease.

ARTICLE 19 INVALIDITY OF PROVISIONS

If any term, covenant, condition or provision of this Lease or the application thereof, to any person or circumstance shall, at any time, or to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE 20 LANDLORD'S ACCESS TO PROPERTY

Landlord and assignees shall have reasonable right of access to the Property throughout the Term of this Lease and any extensions thereof, as needed for Landlord related functions, responsibilities or duties as a city.

ARTICLE 21 ENTIRE AGREEMENT

This Lease entered into between Landlord and Tenants as to the Property supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the Property

and it contains all of the covenants, agreements and other obligations between the parties in respect to said Property.

ARTICLE 22 LIABILITY OF LANDLORD

Landlord and its members, partners, officers, directors, shareholders, attorneys, parents and subsidiaries, related or affiliated corporations or other entities of Landlord will have absolutely no personal liability with respect to any provision of this Lease or any obligation or liability arising from this Lease.

ARTICLE 23 GOVERNING LAW; VENUE

This Lease will be governed by and construed according to the laws of the State of Minnesota. Any actions or proceedings arising under this Lease, in connection with the Property will be venued in state or federal courts located in Washington County, Minnesota, to the exclusion of all other venues. Tenants hereby expressly consents to the exercise of personal jurisdiction over Tenants by such courts.

ARTICLE 24 AUTHORITY

Landlord and Tenants hereby represent and warrant that each individual executing this Lease on behalf of said entity is duly authorized to execute and deliver this Lease on behalf of said entity and that this Lease is binding upon said entity in accordance with its terms.

ARTICLE 25 COUNTERPARTS

This Lease may be executed in counterparts, each of which shall be deemed an original, but which taken together shall constitute one and the same instrument. Electronic or facsimile signatures shall be deemed sufficient to create a binding obligation hereunder and shall have the same force and effect as an original signature of such party.

ARTICLE 26 HAZARDOUS MATERIALS

Tenants shall not keep or have in or on the Property any article or thing which is deemed “hazardous” or “extra hazardous” by any responsible insurance company or under federal, state or local law, rule, regulation, code or ordinance except in compliance with all requirements of applicable law. To the extent caused by Tenants or its employees, agents, or invitees, Tenants shall indemnify and save harmless Landlord against all liabilities, damages, claims, fines, penalties, costs and other expenses, including, reasonable attorneys’ fees, which may be imposed upon, incurred by, or asserted against Landlord by reason of any use or condition of the Property or any part thereof, including, without limitation, liability resulting from the use, storage, generation, or release of any “hazardous substance,” “hazardous waste,” “pollutant” or “contaminant” (as such terms may be now or hereafter defined under any applicable federal, state, or local statute, ordinance, or regulation, collectively referred to as “Hazardous Material”).

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

[Remainder of page intentional left blank.]

LANDLORD:

CITY OF FOREST LAKE

By: _____

Mara Bain

Its: Mayor

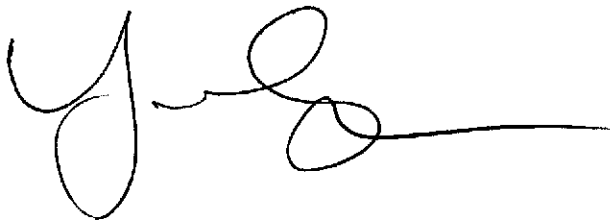
By: _____

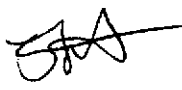
Jolleen Chaika

Its: City Clerk

TENANTS:

By: SVT Landscaping, Inc.
Name: Samuel Taylor
Its: President



10-9 

TENANTS:

By: Blake Dalbec
Name: Blake Dalbec / Twin Cities Dock
Its: President

EXHIBIT A
DESCRIPTION OF THE PROPERTY

The Property shall include a portion of legally described Block 1, Lot 1, Washington County Northern Environmental Center, Washington County, Minnesota, as depicted in the sketch on the following page.

PID: 20.032.21.44.0008





Date: June 10, 2024

Agenda Item: Lot 14 Lease Transfer

To: Mayor and Council

From: Kristina Handt, Interim City Administrator

BACKGROUND:

The city approved a lease for Lot 14 at the airport originally with Doug Du Fresne in 2008. In January 2022, council approved that lease transfer to Michael Glastonbury. Now Mr. Glastonbury would like the city council to approve the transfer of his lease for Lot 14 to Evgeny Gorkov.

ISSUE BEFORE COUNCIL:

Should the City Council approve the lease transfer for Lot 14 to Evgeny Gorkov ?

PROPOSAL/ANALYSIS:

Included in your packet is an Assignment and Assumption of Lease that has been approved by the city attorney. In addition the buyer has provided the city with a use affidavit and proof of insurance.

FISCAL IMPACT:

The \$200 lease transfer fee per the fee schedule as been paid to the city.

OPTIONS:

- 1) Approve the Assignment and Assumption of Lease document and authorize Mayor and Administrator to execute
- 2) Amend and then Approve the Assignment and Assumption of Lease document and authorize Mayor and Administrator to execute.
- 3) Do not approve the lease transfer.

RECOMMENDATION:

If removed from the consent agenda:

“Motion to Approve the Assignment and Assumption of Lease document and authorize Mayor and Administrator to execute.”

ATTACHMENT:

- Assignment and Assumption of Lease
- Lot 14 Lease
- Use Affidavit

(Top 3 inches reserved for recording data)

ASSIGNMENT AND ASSUMPTION OF LEASE

Individual to Individual

ASSIGNMENT AND ASSUMPTION OF LEASE

ASSIGNMENT OF LEASE, ("Assignment"), dated June ___, 2024, made by and between Michael Glastonbury ("Assignor") and Evgeny Gorkov and Gannet Aero, Inc., a Delaware corporation (collectively "Assignee").

RECITALS

A. Assignor (also referred to as the "Lessee") has previously entered into a Lease (the "Lease") with the City of Forest Lake (the "Lessor") at Forest Lake Airport, Forest Lake, Minnesota 55025 (the "Premises") and described on **Exhibit A** attached hereto.

B. Assignor wishes to assign his interest in the Lease to Assignee, and Assignee wishes to assume the rights and obligations of the Lessee under the Lease.

C. A true and correct copy of the Lease is attached hereto as **Exhibit A**.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. Assignor hereby certifies, acknowledges, agrees and covenants as follows:
 - 1.1 There have been no amendments, modification, extensions or renewals of the Lease.
 - 1.2 Assignor has not terminated the Lease prior to the expiration of its term or made any financial settlement with any Lessee that is not expressly set forth in the Lease.
 - 1.3 Assignor hereby represents and warrants that, other than those representations and warranties contained in the Lease, there have been no representations, warranties or covenants made by Assignor to Lessor, either oral or in writing and that the Lease contain all of the agreements between

Assignor and Lessor relating to the Premises.

2. Assignor hereby assigns to Assignee all of Assignor's rights, title and interest, as Lessee, under the Lease. Assignor warrants that Assignor has not previously sold, conveyed or assigned the Lessee's interest in the Lease to any third party, and that to the best of its knowledge, Assignor is in full compliance with all terms and conditions of the Lease(s), and has through the date hereof.

3. Assignee agrees to assume and pay and perform all of the obligations of the Lessee under the Lease, and agrees to be bound by the terms and conditions of the Lease. Assignee agrees to indemnify and hold harmless the Assignor from any liability, loss or damage which may or might be incurred by Assignor under the Lease resulting from the failure by Assignee to pay or perform the obligations under the Lease which have been assumed by the Assignee pursuant to this Assignment and Assumption of Lease.

4. Assignee and Assignor acknowledge that a true and correct copy of the Lease, which has not been amended, is attached to this Assignment and Assumption of Lease. To the best of his knowledge, Assignor represents and warrants that the Lessee is in full compliance with all of the terms and conditions of the Lease.

5. This Agreement and each and every covenant, agreement and other provision thereof shall be binding upon the parties hereto and their successors and assigns, and shall inure to the benefit of the parties hereto and their successors and assigns.

6. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of Minnesota.

7. Any notice which any party hereto may desire or may be required to give to any other party shall be in writing and mailing thereof by certified mail, or its equivalent, to the addresses set forth above, or to such other place as any party hereto may subsequently by notice in writing designate, shall constitute service of notice hereunder.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above written.

ASSIGNOR:

Michael Glastonbury

STATE OF _____)
)ss
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Michael Glastonbury, the Assignor.

 Notary Public

ASSIGNEE:

Evgeny Gorkov, individually

Evgeny Gorkov on behalf of Gannet Aero, Inc.

_____)
)ss
 _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Evgeny Gorkov, individually and on behalf of Gannett Aero, Inc., the Assignee.

 Notary Public

CONSENT OF LESSOR

The City of Forest Lake, Lessor named in the above Assignment, consents to that Assignment as set forth herein.

Dated: _____ 2024 Dated: _____, 2024

The City of Forest Lake, Lessor
The City Administrator

The City of Forest Lake, Lessor
The Mayor

STATE OF MINNESOTA)
)ss
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by _____ the _____ for the City of Forest Lake, and by _____, the Mayor for the City of Forest Lake, Lessor.

Notary Public

EXHIBIT A**LEASE**

HANGAR LEASE

THIS AGREEMENT, made and entered into on the date indicated below by and between the City of Forest Lake, State of Minnesota, a municipal corporation (the "City"), hereinafter called the Lessor, and Doug Du Fresne hereinafter called the Lessee.

WITNESSETH:

WHEREAS, the Lessor owns and operates an airport known as the Forest Lake Airport and said Lessee is desirous of leasing from the Lessor a certain parcel of land on the said airport, hereinafter more fully described, for storing and maintenance of aircraft; and

WHEREAS, the airport is managed by the Forest Lake Airport Commission (the "Airport Commission") at the direction of the City of Forest Lake.

NOW, THEREFORE, for and in consideration of the rental charges, covenants and agreements herein contained, the Lessee does hereby hire, take and lease from the Lessor and the Lessor does hereby lease unto the Lessee the following airport parcel (the "Leased Premises") upon the following terms and conditions:

1. Leased Premises: Lot 14, Taxilane Tom of the Airport Layout Plan-Forest Lake Airport. Leased Property equals 7200 square feet per attached site plan.
2. Hangar Construction: The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises provided such buildings or structures conform to the applicable requirements of the State of Minnesota and pertinent provisions of City in effect. All plans for such buildings or structures shall be reviewed and approved in writing by the Lessor prior to construction. All buildings or

structures shall meet the architectural standards for construction, design, colors and materials established by the Airport Commission. A materials sample board and/or a color plan, to include exterior walls, roof, hangar door, fascia, soffit (if applicable), and any building highlights, accent materials, eyebrows, etc. will be required prior to construction approval, which said color plan shall conform to the natural color scheme of the hangar development area. Exterior colors and textures that, in the opinion of the Airport Commission would be inharmonious, discordant or incongruous shall not be permitted. The colors of roofs, exterior walls, doors and trims shall be integral to, and harmonious with, the exterior color scheme of the hangar. All structures shall have a finished floor elevation as established by Lessor's building official.

Lessee agrees that any structure constructed by Lessee upon the Leased Premises shall be at no cost to Lessor, that construction of the building shall be completed and the building useable for its intended purpose(s) within two years of the commencement of the initial term of this Lease. The primary use of the building shall be for aircraft storage or other aviation-related use, as defined or approved by the Airport Commission. The Airport Commission shall decide what defines or constitutes "aviation-related use." In the event of non-approved use of the Leased Premises, the Airport Commission will have the right to remedial action(s), which include, but are not limited to, letter of warning, hearing before the Airport Commission and/or revocation of the Lease with ninety days notice.

3. Term: The term of this Lease shall be for a maximum of twenty-five (25) years commencing on July 1, 2008 and ending on June 30, 2033.

4. Rent: The Lessee agrees to pay to Lessor for the use of the premises, rights, and easements herein described, a yearly rental of **9 (Nine)** cents per square foot for the land leased, for an initial total annual charge of **\$648.00** payable in advance on or before July 1 annually. It is understood and agreed that the rental rate herein specified shall be subject to reexamination and possible readjustment by majority vote of the Airport Commission during the March regular public meeting in any even-numbered year after year 2011 during the period of this Lease, provided that any readjustment shall be reasonable. An increase in rates based on the percentage increase in the Consumer Price Index-All Urban Consumers-Minneapolis St. Paul-shall be considered reasonable.

In the event of any fractional year occurring during the term of this Lease, Lessee shall pay rent on a pro rata basis calculated on the ratio of the actual number of days of possession by Lessee to the total days in the year in question.

Additionally, initial lot Lessees shall pay to Lessor, as supplemental rent, a fee for improvements to the Airport made by Lessor that are a special benefit to the Leased Premises ("the Infrastructure Fee"). The Infrastructure Fee for the Leased Premises is \$5,000.00, to be paid either in full upon signing the Lease, or in installments with \$2,000.00 paid on the date of signing this Lease by Lessee, and the balance of \$3,000.00, in three (3) installments of \$1,000.00 or more on or before the first and second anniversary dates of the Lease with the remaining balance, if any, paid on or before the third anniversary date of this Lease. Interest shall accrue on unpaid installments of the Infrastructure Fee at an annual rate of 7%. Payments shall be credited first to interest and then to principal. It is understood that the Infrastructure Fee

is a one-time only fee charged to initial lessees, and is not charged (except for unpaid remaining balances) to subsequent hangar lot lessees. If this Lease is assigned to a person, except a member of the Lessee's immediate family, before the Infrastructure Fee and accrued interest are fully paid, the Infrastructure Fee and accrued interest shall be due and payable in full within thirty (30) days after the assignment is approved by the Airport Commission.

5. Non-Exclusive Use: The Lessee shall have the right to the non-exclusive use, in common with others, of the airport parking areas, appurtenances and improvements thereon; the right of ingress to and egress from the demised premises, which right shall extend to the Lessee's employees, guests, and patrons; the right, in common with others authorized to do so, to use common areas of the airport, including runways, taxiways, aprons, roadways, and other conveniences for the take-off, flying and landing of aircraft.

6. Laws and Regulations: The Lessee agrees to observe and obey during the term of this Lease all laws, ordinances, rules and regulations promulgated and enforced by the Lessor, and by other proper authority having jurisdiction over the conduct of operations at the airport.

7. Hold Harmless: The Lessee agrees to hold the Lessor free and harmless from loss arising from each and every claim and demand of whatever nature made by or on behalf of any person or persons for any wrongful act or omission on the part of the Lessee, the Lessee's agents or employees, and from all loss or damages by reason of such acts or omissions.

8. Insurance: The Lessee will obtain and deposit with the Lessor a policy of comprehensive liability insurance naming the City of Forest Lake and the Forest Lake Airport Commission as additional insureds upon execution of this Lease with minimum limits as follows:

\$400,000 when the claim is one for death by wrongful act or omission and \$400,000 to any claimant in any other case, for claims arising on or after January 1, 2008, and before July 1, 2009;

\$500,000 when the claim is one for death by wrongful act or omission and \$500,000 to any claimant in any other case, for claims arising on or after July 1, 2009;

\$1,200,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2008, and before July 1, 2009;

\$1,500,000 for any number of claims arising out of a single occurrence, for claims arising on or after July 1, 2009.

Minimum limits will be increased to coincide with any statutory increases in municipal liability hereafter enacted.

9. Maintenance of Premises: The Lessee shall maintain the Leased Premises and the structures occupied by the Lessee in good order, appearance and repair. No outside storage shall be permitted except with the written approval of the Airport Commission. In the event of fire or any other casualty to structures owned by the Lessee, the Lessee shall restore the structures to their original condition within 120 days of the date the damage occurred. Upon application by the Lessee and good cause shown, the Airport Commission may, in its discretion, extend the time of restoration if it appears such extension is warranted.

10. Right to Inspect: The Lessor reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this agreement.

11. Taxes: The Lessee shall pay all taxes or assessments that may be levied against the personal property of the Lessee or the structures which the Lessee erects on the Leased Premises.

12. Signs: Lessee may erect suitable identification signs on the Leased Premises provided that the form, type, size and method of installation is first approved in writing by the Airport Commission and such signs are in conformance with applicable City regulations.

13. Aviation Fuel, Oils, Chemicals and Materials: Lessee shall not have the right to sell, dispense, give or transfer aviation fuel, oils, chemicals or materials except to fuel and maintain aircraft owned by or exclusively leased to Lessee. There shall be no storage of flammable materials, liquids or fuels in open containers in or upon the Leased Premises. Lessee shall maintain no more than 10 gallons or pounds of aviation fuel, oils, chemicals or materials in enclosed containers in hangars unless prior written approval has been granted by Lessor.

14. Default: The Lessee shall be deemed in default upon:

- a. Failure to pay rent within 30 days after due date;
- b. The filing of a petition under Federal Bankruptcy Act or any amendment thereto including a petition for reorganization or an arrangement;
- c. The commencement of a proceeding for dissolution or for the appointment of a receiver;

- d. The making of an assignment for the benefit of creditors without the prior written consent of the Lessor;
- e. Violation of any restrictions in this Lease, or failure to keep any of its covenants after written notice to cease such violation and failure to correct such violation within thirty days.

Default by the Lessee shall authorize the Lessor, at its option and without legal proceedings, to declare this Lease void, cancel the same, and re-enter and take possession of the Leased Premises.

15. Title: Title to the structures erected by the Lessee shall remain with the Lessee and shall be transferable. Upon termination of this Lease, the Lessee may, at the option of the Lessor, remove the structures and all equipment and property therein and restore the Leased Premises to its original condition. The City shall have the right to remove or sell the structures if the Lease expires and Lessee fails to remove said structures or equipment within thirty (30) days thereafter.

16. Snow Removal and Lawn Mowing: The Lessor shall provide NO snow removal services or lawn mowing to the Leased Premises.

17. Hazardous Substances:

- a. Lessee shall take no act or allow any act to be taken that will subject the Leased Premises to "superfund" type liens or claims by regulatory agencies or other parties arising from the actual or threatened release, deposit, or existence of hazardous substances (defined below) in, on or about the Leased Premises. Lessee agrees to indemnify, defend and hold Lessor harmless from and against any and all claims, penalties, forfeitures, suits or liabilities or any type or nature (including cost of defense, settlement and reasonable attorney's fees) incurred by Lessor hereafter or for which Lessor shall become responsible for or pay as a result of any or all of the following:

- 1) Death or bodily injury to any person;
- 2) Structural damage to any property;
- 3) Contamination of or detrimental effect upon the environment;

4) Violation of governmental laws, orders or regulations;

that shall have resulted from or be due to the actual or threatened release of hazardous substances claimed or alleged to have been deposited, stored, disposed of, placed or otherwise located in, on or about the Leased Premises.

- b. Lessee shall not store or process any hazardous substances on the Leased Premises unless the same are stored or processed in a manner that complies with all applicable law, and in no event shall Lessee dispose of any hazardous substances on the Leased Premises.
- c. As used in this Lease, the term "hazardous substances" is defined to include any substances, wastes, contaminants or pollutants that are now or hereafter shall be included within the definition of such term or similar replacement term, under any federal, state or local state, ordinance, code or regulation now existing or hereafter enacted or amended, including but not limited to the Minnesota Environmental Response and Liability Act, Minn. Stat. Ch. 115B; Minnesota Petroleum Tank Release Clean-up Act, Minn. Stat. Ch. 115C, et seq., as amended by Superfund Amendments and Reauthorization Act of 1986; Asbestos Abatement Act, Minn. Stat. Sec. 326.70 through 326.82; and State Environmental Lien Statute, Minn. Stat. Sec. 514.571, et seq.
- d. Lessee shall promptly provide Lessor with copies of all notices or reports received or submitted by Lessee or from any governmental agency or other third party with respect to the storage, processing, disposal, release or threatened release of hazardous substances into or onto the Leased Premises or any adjacent property.

18. Lease Transfer: The Lessee may not, at any time during the term of this Lease, assign, hypothecate or transfer this agreement or any interest therein, without the consent of the Lessor.

19. Extension of Lease: In consideration of the improvements made by the Lessee, the term of the Lease may be extended from time to time by the mutual written agreement of the parties.

20. Airport Development: The Lessor reserves the right to further develop or improve the airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance. If the development of the airport requires the relocation of the Lessee, the Lessor agrees to provide a compatible location and agrees to relocate all buildings or provide similar facilities for the Lessee at no cost to the Lessee.

21. Subordination Clause: This Lease shall be subordinate to the provisions of any existing or future agreement between the Lessor and the United States or the State of Minnesota relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the airport. Furthermore, this lease may be amended to include provisions required by these agreements with the United States or the State of Minnesota.

22. Arbitration: Any controversy or claim arising out of or relating to this Lease or any alleged breach thereof, which cannot be settled between the parties shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the dispute rendered by the arbitrator(s) shall be final and binding on the parties.

23. Taxiway Access: The Lessee is prohibited from operating automobiles on runways or main taxiways.

24. Parking: Automobile parking must be on the leased premises or on designated parking areas of the airport.

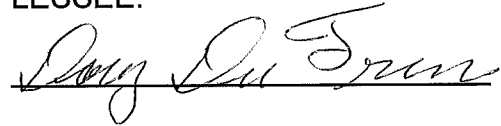
25. IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 15 day of Sept 2008, in the City of Forest Lake, Washington County, Minnesota.

LESSOR:



City of Forest Lake by its
Airport Commission

LESSEE:

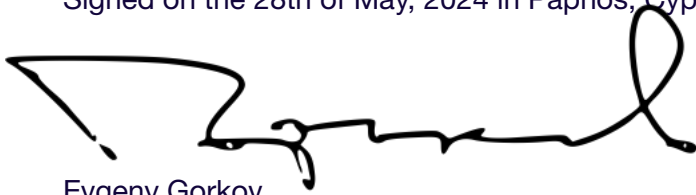


I, the undersigned, herewith declare my intent to use the hangar located on Lot 14 at the Forest Lake Municipal Airport, State of Minnesota, for storage and maintenance of the following fixed wing aircraft:

Manufacturer: American Champion Aircraft
Model: 8KCAB Xtreme Decathlon
Year of manufacture: 2013
Color: red and blue, with white accents
FAA registration: N12TN

Pursuant to Minn. Stat. Section 358.116 , I declare under penalty of perjury that everything I have stated in this document is true and correct.

Signed on the 28th of May, 2024 in Paphos, Cyprus

A handwritten signature in black ink, appearing to read 'Evgeny Gorkov'. The signature is stylized with a large initial 'E' and a long, sweeping horizontal stroke.

Evgeny Gorkov
President
Gannett Aero, Inc.



Date: June 10, 2024

Agenda Item: Consent Item – Shoreside Bar & Grill Liquor License

To: Honorable Mayor and City Council

From: Jolleen Chaika, City Clerk

BACKGROUND:

Shoreside Bar & Grill has applied for an On-Sale Intoxicating and Sunday Sales liquor licenses. The new restaurant, slated to open later this month at 55 Lake Street South, will be located in the same building as the former Lone Oak Restaurant.

A liquor license investigation was conducted by the Forest Lake Police Department and the applicants met all background and financial requirements to obtain a new liquor license. City staff has reviewed all requisite application submissions and has determined that the applicant meets all current city ordinance requirements as well as state requirements.

The full license application is available for review in the Clerk's Office.

RECOMMENDATION:

Approve Resolution 06-10-24-02 authorizing issuance of On-Sale Intoxicating and Sunday Sales liquor licenses for Shoreside Bar & Grill effective June 10, 2024 through January 31, 2025.

ATTACHMENTS:

Resolution 06-10-24-02

**CITY OF FOREST LAKE
WASHINGTON COUNTY, MINNESOTA**

RESOLUTION 06-10-24-02

**APPROVING ON-SALE AND SUNDAY SALES LICENSES FOR VMRR, LLC,
DBA: SHORESIDE BAR & GRILL**

WHEREAS, the City of Forest Lake received an application from Russ Rafi and Minal Osa, on behalf of VMRR, LLC, DBA Shoreside Bar & Grill, for On-Sale Intoxicating and Sunday Sales, liquor licenses at 55 Lake Street South, Forest Lake, Minnesota; and,

WHEREAS, upon completion of the background investigations, the Forest Lake Police Department found nothing to preclude issuance of these liquor licenses; and,

WHEREAS, the City Clerk has reviewed the application materials and has found the application materials to be in conformance with city code and state statute related to liquor licensing; and;

WHEREAS, all required fees have been paid by the applicant.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Forest Lake Minnesota:

The City of Forest Lake hereby approves the issuance of on-sale intoxicating and Sunday sales, liquor licenses, to VMRR, LLC, DBA Shoreside Bar & Grill, effective until January 31, 2025 unless cancelled or revoked prior to that date.

Adopted by the City Council of the City of Forest Lake this 10th of June, 2024.

Mara Bain, Mayor

ATTEST:

Jolleen Chaika, City Clerk



Date: June 10, 2024

Agenda Item: Consent Item – FLAAA Premises Permit for Lawful Gambling

To: Honorable Mayor and City Council

From: Jolleen Chaika, City Clerk

BACKGROUND: The Forest Lake Area Athletic Association (FLAAA) has applied for a Lawful Gambling Premises Permit to conduct charitable gambling activities at the soon-to-be open Shoreside Bar & Grill at 55 Lake Street South.

City Code, Section 116.06 allows for lawful gambling in the City if approved by resolution from the City Council. Further, Sections 116.07-09 provide criteria for approval of organizations applying for premises permits: FLAAA meets all organizational requirements listed in Section 116.07 and meets all location requirements in Section 116.09.

FLAAA meets all state and local requirements for approval of the Lawful Gambling Premises Permit application. Forest Lake Police Department has reviewed the application per Section 116.10 and recommends approval of the Premises Permit application. Staff has not located any information which would allow Council to deny the permit application per code.

RECOMMENDATIONS: Approve Resolution 06-10-24-03, Approving FLAAA application for Exempt Permit.

ATTACHMENTS: Resolution 06-10-24-03

**CITY OF FOREST LAKE
WASHINGTON COUNTY, MINNESOTA**

Resolution 06-10-24-03

**LOCAL APPROVAL OF A LAWFUL GAMBLING PREMISES PERMIT
FOR FOREST LAKE AREA ATHLETIC ASSOCIATION**

WHEREAS, the Forest Lake City Council has received an application for a Premises Permit to conduct lawful gambling from the Forest Lake Area Athletic Association at Shoreside Bar & Grill, located at 55 Lake Street South, Forest Lake, Minnesota; and,

WHEREAS, the Minnesota Gambling Control Board requires local approval by resolution of all premises permits; and,

WHEREAS, the City of Forest Lake has conducted the required background investigation relative to the Gambling Manager; and,

WHEREAS, Forest Lake Area Athletic Associate is eligible for local approval of a gambling Premises Permit pursuant to Chapter 116 of the Forest Lake City Code relating to Lawful Gambling.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Forest Lake hereby approves the request of the Forest Lake Area Athletic Association for a Premise Permit for charitable gambling at Shoreside Bar & Grill, located at 55 Lake Street South, Forest Lake, Minnesota.

Adopted by the City Council of the City of Forest Lake this 10th of June, 2024.

Mara Bain, Mayor

ATTEST:

Jolleen Chaika, City Clerk



Date: May 31, 2024

To: Mayor, and Members of the City Council

From: Dave Adams, Public Works Director

Re: Castlewood Golf Course Revised and Restated Management Agreement

Mayor and City Council,

The City of Forest Lake is currently in an agreement with Foursome Golf Management Group, LLC for the management of Castlewood Golf Course. This agreement began in 2021 and during the term of the agreement the City added the clubhouse to the Course and removed the Pro Shop that was located on Stella's property. This change has both parties in agreement that the current agreement needed to be renegotiated. The updated agreement has removed mention of the Pro Shop, has included language about management and maintenance of the new clubhouse, thresholds for repairs of irrigation and maintenance equipment, and updated Manager responsibilities for utility costs.

The Castlewood Golf Course Revised and Restated Management Agreement has been reviewed and approved by the City's attorney and has been signed/accepted by Foursome Golf.

Council Action: Should the Council be favorable to the staff recommendation, Council should motion to approve the Castlewood Golf Course Revised and Restated Management Agreement.

Attachment:

Castlewood Golf Course Revised and Restated Management Agreement

CASTLEWOOD GOLF COURSE REVISED AND RESTATED MANAGEMENT AGREEMENT

This Castlewood Golf Course Revised and Restated Management Agreement (“Agreement”) is entered into this ____ day of _____, 2024 (“Effective Date”) between the City of Forest Lake, a Minnesota municipal corporation (“City”), and Foursome Golf Management Group, LLC, a Minnesota limited liability company (“Manager”) (collectively “Parties”).

WHEREAS, the City is the owner of a nine-hole public golf course known as Castlewood Golf Course (“Golf Course”) which is situated on property in Washington County, Minnesota legally described as Lot Three (3), Block One (1), Castlewood Estates Plat 3 (“Property”), as well as a nonexclusive easement for parking purposes over and across the West 160 feet of Lot Two (2), Block (1); Castlewood Estates Plat.

WHEREAS, the Parties entered into a Castlewood Golf Course Management Agreement, dated April 1, 2021 (“Original Agreement”), since that time a clubhouse has been added to the Golf Course and the Parties now desire to terminate the Original Agreement and enter into this Agreement; and

WHEREAS, the City has determined that the continued operation of the Golf Course does serve a public purpose and provide a benefit to the residents of the City, and desires Manager to continue the operation and management of the Golf Course.

NOW THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Agreement and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto do covenant and agree as follows:

1. **Term:** This Agreement will be effective starting on the Effective Date and shall terminate on December 31, 2025.
2. **Scope of Services:** The City grants Manager the exclusive right to manage and operate Castlewood Golf Course and Clubhouse located at 7060 Scandia Trail North, Forest Lake, Minnesota, as services are further described below.

A. **Golf Course Management:**

- i. Manager shall be solely responsible for the hiring, training, employment, performance, review and compensations of adequate personnel to meet the operational needs of the Golf Course. All individuals performing work for Manager pursuant to this Agreement shall be employees or agents of Manager, and not of the City. Manager shall be responsible for payment of all applicable social security, unemployment, worker’s compensation, or other employment taxes or contributions of insurance and benefits, and shall comply with all

federal and state laws relating to employment.

- ii. Manager shall not discriminate against any employee or applicant for employment for work under this Agreement because of race, gender, creed, religion, color, sex, sexual orientation, national origin, ancestry, familial status, age, disability, marital status, or status with regard to public assistance.
- iii. Manager shall provide adequate qualified personnel to provide efficient, safe, and courteous service to the public and to maintain the Golf Course in good playable condition.
- iv. Manager shall operate the Golf Course for public use, collect fees, sell golf supplies, rent golf equipment, operate a golf course reservation system, and provide refreshments on premises.
- v. Manager shall submit a list of proposed charges and fees to the City on or before February 1st of each year of this contract. The Parks and Recreation Commission shall review proposed changes and recommend approval to City Council.
- vi. Manager shall develop, coordinate, and promote quality golf programs, tournaments for men, women, seniors, juniors. Manager shall promote and coordinate golf tournaments.
- vii. Manager will enforce general ground rules for play on the Golf Course and use of the area. Rules shall be in accordance with standard public Golf Course practices and shall be clearly posted for patrons.
- viii. Manager shall make available for sale at the Clubhouse: golf balls, golf tees, gloves, and such other merchandise as it may deem profitable for sale to users of the Golf Course. Merchandise should be of good quality, attractively displayed and priced consistently with other comparable golf course pro shops.
- ix. All sales and services shall be in accordance with standard retail prices for similar goods and services rendered in the area. Manager shall be responsible for collection and remitting all sales taxes collected on all goods and services sold pursuant to this Agreement.
- x. A schedule of prices, services, and play fees shall be posted for the public in the Clubhouse and on the Castlewood Golf Course website and linked to the City's website.

- xi. Manager shall maintain the Clubhouse and Golf Course in a neat and orderly condition at all times and shall create and maintain a positive and customer-friendly atmosphere at the Golf Course.
- xii. Manager shall be responsible for marketing, promotion, and advertising of the Golf Course and Clubhouse including, but not limited to, newsprint, website, and social media.
- xiii. Manager shall make a good faith effort to increase the number of rounds of golf played on the course annually.
- xiv. Manager shall make recommendations to the City concerning improvements and modifications to be made to the Golf Course.
- xv. Manager shall comply with all federal, state, and local laws and ordinances, and all applicable rules, regulations, and standards established by any agency of such governmental units, which are now or hereafter promulgated insofar as they relate to Manager's performance under this Agreement. Manager shall be responsible for obtaining all permits and/or licenses required for the operation of the Golf Course and Clubhouse.
- xvi. Manager will keep current on new developments in the golf business and implement positive innovations for improving Golf Course and Clubhouse services.

B. Golf Course Maintenance:

- i. Manager shall be responsible for the routine and preventative maintenance of the Golf Course.
- ii. Manager shall maintain fairway distance markers.
- iii. Manager shall trim all trees that come into play in accordance with Minnesota Golf Association requirements.
- iv. Manager shall maintain Golf Course signs.
- v. Manager shall maintain the grass around the property legally described as Lots 1 and 2, Block 1, Castlewood Estates Plat 3, Washington County, Minnesota ("Stella's") in the same form and fashion as the grass on the Golf Course, including fertilizer, weed killing, and cutting.

- vi. Manager shall maintain location signage on the Golf Course property by the entrance to the parking lot.
- vii. Manager shall fill holes and smooth cart paths on non-bituminous trails.
- viii. Manager shall be responsible for draining and blowing out the pumps and irrigation system in the fall of each year and otherwise winterize the course as standard practice, including fertilizing and winterizing all greens with snow mold protection to ensure spring playability of the course.
- ix. Manager shall furnish all necessary equipment required for the operation of the Golf Course, but shall not place any equipment purchased on the profit and loss statements discussed in Paragraph 7. City shall pay for routine maintenance and repair to equipment, however, any repair or maintenance that exceeds either the fair market value of the equipment or \$2,500, whichever is less, shall require prior City approval.
- x. Manager shall ensure that the adequate supply of properly maintained and working golf carts are available for rent by patrons of the Golf Course.
- xi. Manager shall maintain all trees, plants, shrubbery on the Golf Course and shall keep the landscaping reasonably groomed and attractive on the Golf Course and adjacent to the Clubhouse.
- xii. Manager is responsible for minor repairs/preventative maintenance of the irrigation system. Manager shall consult with the City before making any repairs that exceed \$1,000, unless it is deemed an emergency. In the event of an emergency, Manager will make a good faith effort to contact the City as soon as possible. The City reserves the right to determine the process and materials for non-emergency repairs to the irrigation system.
- xiii. Manager shall not make any alterations to the Golf Course without the written consent of the City, which consent shall not be unreasonably withheld. If Manager wishes to make such alterations, Manager shall provide an accurate description of such proposed alterations to the Parks and Recreation Commission. Any such alterations approved by the City shall be completed in a workmanlike manner and in conformance with applicable building codes, and no liens shall attach to the Golf Course by reason thereof. If required by the City, performance and payment bonds equal to the amount of the project shall be posted by Manager. All such work shall be performed under the City's supervision and any improvements will become property of the City.

- i. Manager may use and store hazardous or toxic materials required for use on the premises, including but not limited to gasoline, herbicides, insecticides, and fertilizers, but only in accordance with all applicable laws. Manager shall obtain and hold all necessary permits and licenses for such storage and use.
- ii. Manager will work with the City to identify and prioritize major course improvements and other capital maintenance needs.

C. Golf Course Clubhouse

- i. Manager shall provide food and beverage concession operations at the Clubhouse, providing grab-and-go food at a minimum equal standard of concession operations of other metropolitan public golf courses. All concession operations must meet all State and local health and safety requirements, and must be maintained in a clean, sanitary manner. Manager is responsible for obtaining any licenses required for the operation of food and beverage service at the Clubhouse.
- ii. Manager shall market and promote the use of the Clubhouse for meetings, banquets, private parties, receptions, luncheons and other events, and will create and maintain a positive and customer-friendly atmosphere.
- iii. During the normal golf season, Manager shall keep the Clubhouse open from sunrise to sunset, except when the golf course closes due to inclement weather. In the event of a closure not due to inclement weather, Manager must promptly notify appropriate city official. The Clubhouse may open earlier or remain open later for special events, but must comply with City Code.
- iv. The Clubhouse remains property of the City, and the City is entitled to the use of its property without charge. All such use will be coordinated with the Manager and requests by the City for use will be subject to availability; Manager is not obligated to cancel rentals already booked.
- v. Manager shall provide routine maintenance of plumbing systems, lighting systems, mechanical systems for heating, ventilation, or air conditioning systems, including period cleaning and changing of filters or similar consumable components, changing light bulbs, and fuses as they burn out.

- vi. Manager shall at all times maintain the Clubhouse in at least as good condition as existed at the commencement of the Agreement term. Manager is responsible for regular garbage pick-up of all trash, refuse, or other garbage accumulated within the Clubhouse to dispose in the garbage and recycling dumpsters.

3. Furnishings and Equipment:

- A. All existing Golf Course fixtures, signs, landscaping, and other items shall remain the property of the City but may be used by Manager during the term of this Agreement. Manager will be responsible for reasonable care and maintenance of these items.
- B. Simulators will remain the property of Foursome Golf

4. Utility Costs: Manager shall pay all utility costs associated with the Golf Course, including but not limited to, electricity, water, sewer, cable, internet, security system, and natural gas. All such billings shall be sent directly to Manager from the start of the Agreement period until the Agreement is terminated.

5. Payment:

- A. Net Operating Income Up to \$50,000 Per Year. Manager shall be entitled to all net operating income from the Golf Course and Clubhouse up to \$50,000 per year.
 - B. Net Operating Income Exceeding \$50,000 Per Year. In the event the net operating income from the Golf Course and Clubhouse exceeds \$50,000 per year, the City and Manager shall split the excess over \$50,000 at 50% for the City and 50% for the Manager ("Shared Profit").
 - C. Net Operating Income Failing to Meet \$50,000 Per Year. If net operating income per year is less than \$50,000, then the City shall pay the Manager the difference between the net operating income and the sum of the \$50,000.00 ("True Up").
 - D. The existence and amount of any Shared Profit or True Up shall be determined by the financial report required per Paragraph 7. Manager shall pay to the City its portion of the Shared Profit, if any, within 30 days after delivery of the financial report. The City shall pay Manager the True Up, if any, within 30 days after delivery of the financial report.
- 6. Bookkeeping & MGDPA Requirements:** Manager shall maintain books and records for the operation of the Golf Course and such books and records must be kept on an accrual basis of accounting for the operation of facilities such as the Golf Course and Clubhouse.

All books and records shall be available for inspection and copying during normal business hours by the City upon request and within forty-eight (48) hours of any request. The City has the right to audit and inspect Manager's books, or to have an audit performed by a third party at the City's expense. Manager must give to the City all books, records, and reports relating to the operation of the Golf Course at the termination of this Agreement.

Manager must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to (1) all data provided by the City pursuant to this Agreement, and (2) all data created, collected, received, stored, used, maintained, or disseminated by Manager pursuant to this Agreement.

This Paragraph shall survive the cancellation or termination of this Agreement.

7. **Rounds & Participant Records:** Manager shall maintain records for all rounds played during the year. In addition, Manager shall maintain records for each participant in leagues, annual passes and other organized activities, including name, address, phone number, and email, and any other contact information required by the City.
8. **Financial Reports:** Manager shall deliver to the City a Profit and Loss Summary and Profit and Loss Detail Report for Golf Course upon completion of Manager's annual taxes, no later than April 1st of each year of the Agreement. Said reports shall accurately reflect the revenue and expense of the operations at the Golf Course.

Manager shall provide the City with a complete annual budget for Golf Course operations for each year of this Agreement, no later than April 1, annually.

9. **Website and Social-Media:** Manager shall develop and operate a website and social media accounts for the Golf Course and Clubhouse ("Social Media"). The Social Media domains and accounts shall be and remain property of the City. Manager shall operate the Social Media in compliance with Minnesota Data Practices Act and the City's social media policy. Manager shall deliver to the City all Social Media password and account information upon the completion and termination of this Agreement.
10. **Ski Operations:** During the winter season, the public may utilize the Golf Course for non-golf related recreation activities, including but not limited to cross country skiing, at the City's expense. City may cause the Golf Course to be groomed by the City or other party, for use by cross country skiers.
11. **Insurance:** At all times during the term of this Agreement, Manager shall maintain the following forms of insurance:

- A. General liability insurance, including products liability insurance and completed operations, contractual liability coverage, and personal injury and advertising coverage in the amount of \$1,500,000 per occurrence, \$2,000,000 aggregate, on account of bodily or personal injuries, including death, or on account of property

damage arising from or related to the management and operation the Golf Course or maintenance equipment used for golf course maintenance, or directly or indirectly, Manager's acts or omissions in the performance of this Agreement in a per occurrence policy. The policy shall also cover Operations, Products and Completed Operations, Contractual Liability covering Manager's indemnity obligations contained herein, severability of interest, and cross liability clauses. The limits of liability of the insurance coverage specified in this paragraph may be provided by any combination of primary and excess liability policies by Manager.

- B. Worker's compensation insurance in at least the minimum amount required by applicable Minnesota Statutes.
- C. Business automobile liability insurance in the amount of at least \$1,500,000 per person, \$2,000,000 per accident, on account of bodily or personal injury, including death, or on account of property damage arising from or caused, directly or indirectly, by Manager's acts or omissions in the performance of this agreement and covering the use of all automobiles, trucks, and other motor vehicles utilized by Manager and Manager's agents or employees in connection with this Agreement. The insurance shall be a per occurrence policy.
- D. Manager shall provide evidence of such insurance prior to execution of this Agreement and at any subsequent time upon request of the City. All liability insurance policies shall name the City as an additional insured.

12. Hold Harmless: Manager agrees that it shall be solely responsible for any and all liability arising in any way, manner or form out of the management, maintenance or operation of the Golf Course, including the Clubhouse and service building, including but not limited to, damages incurred by or to individuals, groups, organizations, and neighboring residential properties, motor vehicles (whether in the parking lot or on adjoining roads), or other personal property. Manager shall hold harmless and defend and indemnify the City, its officers, agents, and employees, from any and all claims, actions, or suits, of any character brought for or on account of any claimed or alleged injuries or damages received by any person or property whatsoever arising out of Manager's maintenance and/or operation of the Golf Course, including the Clubhouse and service building. Manager must submit notice of any injuries, claims, or suits to the City within thirty (30) days of receipt of such notice.

13. Immunity: Nothing in this Agreement, shall be deemed to waive the City's immunities under Minn. Stat. § 466.03 or other laws.

14. Termination of Agreement: Either party may terminate this Agreement upon sixty (60) days' advance written notice to the other party, without penalty or cause. The City may terminate this Agreement upon Manager's material breach of the terms and conditions of this Agreement immediately upon written notice.

15. **Independent Contractor:** The parties hereto agree that Manager is acting as an independent contractor and that nothing in this Agreement is intended to create, nor shall anything herein be construed or interpreted as creating, a partnership, joint venture, or any other such mutual relationship between the City and Manager except as expressly agreed herein. Each party shall be responsible for its own separate debts, obligations, and other liabilities.
16. **Waiver:** Failure of the City to seek redress for violations of, or to insist upon the strict performance of, any covenants or conditions of this Agreement and any and all extensions and renewals, shall not prevent a subsequent act that would have originally constituted a violation from having the force and effect of an original violation.
17. **Golf Course Name:** Manager shall use the name Castlewood and/or Castlewood Golf Course in connection with the operation of the Golf Course during the term of this Agreement. Manager may also use the slogan “The Rock” in connection with its advertising materials and brochures so long as the name Castlewood Golf Course also appears prominently on such materials.
18. **Maintenance Building:** Manager shall maintain the maintenance building servicing the Golf Course in good and proper conditions at all times.
19. **Entire Agreement:** This Agreement shall constitute the entire Agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.
20. **Modification of Agreement:** Any amendment or modification to this Agreement shall be made in writing, signed by both parties.
21. **Assignment:** Manager shall not assign this Agreement or its rights, title, or interest herein without the express prior written consent of the City.
22. **Paragraph Headings:** The titles to the paragraphs of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.
23. **Exclusivity:** The foregoing rights and remedies are not intended to be exclusive, but are in addition to all rights and remedies the City would otherwise have by law.
24. **Governing Law:** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.
25. **Notices:** Any and all notice or demand permitted or required to be given or made pursuant to this Agreement shall be delivered personally or mailed by certified United States Mail to the parties at the addresses set forth herein. Such notices, demand or payment shall be

deemed timely given or made when delivered personally or when deposited in the United States Mail in accordance with U. S. Postal Service regulations.

Addresses of the parties hereto are as follows:

CITY:

Ms. Jolleen Chaika
City Clerk
City of Forest Lake
1408 Lake Street South
Forest Lake, MN 55025

MANAGER:

Mr. Tim Kuebelbeck
Foursome Golf Management Group, LLC
1615 Phalen Park Drive
Saint Paul, MN 55106

- 26. Dispute Resolution:** In the event that a dispute arises under the terms of this Agreement and Manager and the City are unable to solve the dispute, the matter shall be submitted to mediation. The cost of any mediation proceedings shall be borne equally between the parties unless otherwise determined by the mediator. If the dispute is not resolved through mediation, either party may commence a lawsuit in Washington County District Court.
- 27. Binding Effect:** The terms and provisions hereof shall be binding on both parties hereto. This Agreement is nontransferable and may not be assigned by Manager.

{Remainder of the page intentionally left blank.}

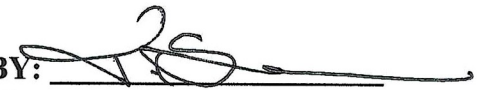
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above written.

CITY OF FOREST LAKE

BY: _____
Mara Bain, Mayor

BY: _____
Jolleen Chaika City Clerk

**FOURSOME GOLF
MANAGEMENT GROUP, LLC**

BY:  _____
Tim Kuebelbeck
Its: Manager 5.30.24



Date: May 31, 2024

To: Mayor, and Members of the City Council

From: Dave Adams, Public Works Director

Re: Castlewood Golf Course Revised and Restated Management Agreement

Mayor and City Council,

The City of Forest Lake is currently in an agreement with Foursome Golf Management Group, LLC for the management of Castlewood Golf Course. This agreement began in 2021 and during the term of the agreement the City added the clubhouse to the Course and removed the Pro Shop that was located on Stella's property. This change has both parties in agreement that the current agreement needed to be renegotiated. The updated agreement has removed mention of the Pro Shop, has included language about management and maintenance of the new clubhouse, thresholds for repairs of irrigation and maintenance equipment, and updated Manager responsibilities for utility costs.

The Castlewood Golf Course Revised and Restated Management Agreement has been reviewed and approved by the City's attorney and has been signed/accepted by Foursome Golf.

Council Action: Should the Council be favorable to the staff recommendation, Council should motion to approve the Castlewood Golf Course Revised and Restated Management Agreement.

Attachment:

Castlewood Golf Course Revised and Restated Management Agreement

Public Works Department



Date: June 3, 2024
To: Forest Lake City Council
From: Dave Adams, Public Works Director
RE: Street Sweeping Policy

Mayor and Council,

At a past City Council meeting, it was expressed that the City Council desired that the City sweep portions of County and State roads on a monthly basis. Staff suggested that an adjustment to the street sweeping policy could be made to accommodate this request. When looking to this adjustment, staff noticed that the City does not have a full street sweeping policy, but rather an “Enhanced Sweeping Program” that Public Works follows. This has resulted in staff creating a policy for your review and approval.

Recommendation:

Approve City of Forest Lake Street Sweeping Policy.

Attachment

City of Forest Lake Street Sweeping Policy



City of Forest Lake Street Sweeping Policy

1. Introduction

The City of Forest Lake, Minnesota finds that it is in the best interest of the residents for the city to assume responsibility of sweeping city streets. Reasonable sweeping is necessary for vehicle and pedestrian safety, water quality issues, and environmental concerns. The city will provide such service in a cost-effective manner, keeping in mind safety, budget, personnel, and environmental concerns. The city will use city employees, equipment and/or private contractors to provide this service. Completion dates are dependent on weather conditions, personnel, and equipment availability. The Public Works Director or his/her designee will be responsible for scheduling of personnel and equipment.

2. Application

This policy applies to city streets. With the exception noted below for specific sections of MN 61 and CSAH 2, it does not apply to other governmental unit's roads that go through the city (such as County and State roadways) or privately owned roads within the city unless there is a specific agreement between the city and that other entity.

Due to water quality concerns of direct drainage into the lake, Forest Lake, along Lake Street (MN 61) between 4th Ave S. and 2nd Ave N and additional Regional stormwater management ponds along the Broadway Ave W (CSAH 2) between Lake Street and Interstate 35, The City of Forest Lake will perform monthly street sweeping along both corridors.

3. When Will the City Perform Street Sweeping Operations?

- A. Spring sweeping of snow and ice control aggregate will begin when streets are significantly clear of snow and ice, usually early April, after the risk of later snowfall has passed. Spring sweeping is typically completed by the end of April or Early May.
- B. Fall sweeping will commence mid-October and continue until weather becomes a factor, such as snow or consistent below freezing temperatures. Areas with extensive foliage will be swept after most of the leaves have fallen.
- C. Enhanced Street Sweeping Program occurs in between Spring and Fall sweeping and is storm water quality based. During the enhanced street sweeping period all City streets will be swept at a minimum, monthly, and up to twice per month. Frequency

is determined by factors that include pavement type and condition, traffic volume, maintenance practices, adjacent land use, and over-street tree canopy.

- D. Erosion/siltation dirt & debris cleanup from construction projects is the responsibility of the developer, contractor, or property owner. Except in cases of emergency, the streets shall be cleaned and swept within 24 hours of notification. If the streets are not swept within the specified time allowed, or in the case of an emergency, the city may sweep the street and the responsible party will reimburse the City for all associated costs.
- E. Tree trimming and pruning areas will be swept as needed.
- F. Citizen requests for sweeping will be evaluated and the Public Works Director or his/her assigned designee will determine the priority.

3. **How Will Streets Be Swept?**

Sweeping is a slow process with average gutter line speeds for the first sweeping in spring that can be as slow as 2 to 3 miles per hour. The city will sweep with its own equipment and personnel. Normally centerlines are swept after gutter lines are cleaned. Equipment may include mechanical, vacuum, or regenerative air sweepers.

4. **Priorities**

The city has classified city streets based on the street function, traffic volume, impact on water quality and the environment and the importance to the welfare of the Community. Accordingly, sweeping routes will be designed to provide the maximum possible benefit to higher volume and water quality sensitive areas. See attached maps or routes.

5. **Weather Conditions**

Sweeping operations will be conducted when weather conditions permit. Factors that may delay sweeping operations include: temperatures below 32°F, wind, rain, snow and frozen gutter lines.

6. **Work Schedule**

Sweeping operations are performed in conjunction with and can be impacted by other maintenance operations. Sweeping operations will normally be conducted Monday - Friday, from 7:00 a.m. to 3:30 p.m. Extended workdays and shift changes may be utilized for spring cleanup, high traffic roads, or emergency sweeping to provide maximum efficiency.

7. **Sidewalks and Trails**

The city will sweep trails and City owned sidewalks once in the spring after the risk of snow has passed and they are clear of snow and ice, or on an as-needed basis.

8. Safety

Sand, sealcoat rock or other dirt and debris on the street can create a potentially dangerous condition for vehicles, motorcyclists, bicyclists, and pedestrians. It would not be practical or effective to sign all streets for potentially dangerous conditions. Employees will follow all work rules, OSHA regulations, and Federal and State laws to ensure a safe sweeping operation.

10. Review and Modification of Policy

The Public Works Director shall keep on file all comments and complaints received regarding this policy. The policy will be reviewed periodically. Any review will consider comments and complaints since the last review and any other factors affecting the policy or its implementation.

**Office of Engineering**

1408 Lake Street South
 Forest Lake, MN 55025
www.ci.forest-lake.mn.us

June 4, 2024

Honorable Mayor and City Council
 City of Forest Lake
 1408 Lake Street South
 Forest Lake, MN 55025

RE: Forest Lake Pet Care Site Improvements
 Final Project Acceptance

Dear Mayor and Council:

The Representatives from Forest Lake Pet Care Site Improvements have requested formal acceptance of the site improvements as identified within the Site Improvement Agreement. The project included construction of parking lot expansion and installation of landscaping enhancements. Improvements were completed in 2023 including punch list work

We have reviewed the project with City Staff along with City Staff completing and approving a landscaping warranty inspection in June 2024 and Rice Creek Watershed District and has been determined all the constructed improvements are in general conformance with the plans approved by the City. Upon approval signatures will be obtained for the Project Acceptance form enclosed.

At this time, we recommend the City Council consider formal Project Acceptance of the private improvements for the Forest Lake Pet Care Site Improvements. In addition, it would also be appropriate to release the remaining financial surety for the project. Acceptance should be contingent upon payment of any outstanding city or consultant fees for site review and preparation of acceptance documents.

Please feel free to contact me if there are any questions or require any additional information.

Sincerely,

Ryan J. Goodman, P.E.
 City Engineer
 612-597-7140

Enclosure: Project Acceptance Form

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



PROJECT ACCEPTANCE FORM

Forest Lake Pet Care Site Improvements

CITY OF FOREST LAKE

Project No. N15.106081, Phase 098

RECOMMENDATION FOR ACCEPTANCE

The project included construction of parking lot expansion and installation of landscaping enhancements. Improvements were completed in 2023 including punch list work.

This project was constructed in general conformance with standard policy and procedures of the City of Forest Lake. The work is complete and in general conformance with the plans and specifications. Therefore this project is recommended for formal acceptance by the City Council.

City Engineer Date: _____

Public Works Director Date: _____

Finance Director Date: _____

Community Development Director Date: _____

City Council Acceptance Date: _____

**Office of Engineering**

1408 Lake Street S.

Forest Lake, MN 55025

651.325.5066

651.464.6874 fax

www.ci.forest-lake.mn.us

June 4, 2024

Honorable Mayor and City Council
City of Forest Lake
1408 Lake Street S
Forest Lake, MN 55025

RE: Third Lake Estates - Letter of Credit Release – Warranty Closeout

Dear Mayor and Council:

Site inspection was completed on Third Lake Estates prior to the 2-year project warranty expiring on June 3, 2024. The site was found to be compliance and no warranty correction work was found from the visual inspection conducted. The warranty has reached the two-year mark as required by the Development Agreement. We request that the City Council release the financial securities where the City is holding a letter of credit in the amount of \$54,100 and close out the warranty period.

Please contact me if you have any questions regarding this letter of credit release and warranty closeout.

Sincerely,

Ryan J. Goodman, P.E.
City Engineer
612-597-7140

Enclosure: Letter of Credit Reduction No. 4 - Warranty

**Office of Engineering**

1408 Lake Street S.

Forest Lake, MN 55025

651.325.5066

651.464.6874 fax

www.ci.forest-lake.mn.us

August 1, 2022

Honorable Mayor and City Council
City of Forest Lake
1408 Lake Street S
Forest Lake, MN 55025

RE: Third Lake Estates - Letter of Credit Reduction No. 4 - Warranty

Dear Mayor and Council:

The Representatives from the Third Lake Estates have requested Final Project Acceptance, but as part of the Development Agreement requirements during the warranty period the final 10% (\$54,100) of an irrevocable letter of credit, or cash, or a bond shall be required and held by the City until the two-year warranty period expires. All work was completed and found accepted on June 3, 2022, thus the expiration date of the letter of credit shall be retained until June 3, 2024.

The current Letter of Credit is in the amount of \$79,000. **We request that the City Council consider the request to reduce the financial securities for the improvements to an amount no less than \$54,100 for this project.**

Please contact me if you have any questions regarding this letter of credit reduction and amount to be retained over the warranty period.

Sincerely,

Ryan J. Goodman, P.E.
City Engineer
612-597-7140



Date: June 10, 2024

Agenda Item: Consent Item – LG220 Exempt Gambling Permit

To: Honorable Mayor and City Council

From: Jolleen Chaika, City Clerk

BACKGROUND: The Forest Lake Area Chamber of Commerce has applied to conduct a raffle on July 20, 2024.

Pursuant to Minn. Stat. 349.166, organizations are eligible to obtain an exempt permit to conduct a raffle without obtaining a full gambling license and without abiding by all provisions required by licensed organizations if:

- The organization conducts lawful gambling on five or less days per year;
- The organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;
- The organization submits a board-prescribed application and pays a fee of \$100 to the board for each gambling occasion, and receives an exempt permit number from the board...The application must include the date and location of the occasion and the types of lawful gambling to be conducted;
- The organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;
- The organization purchases all gambling equipment and supplies from a licensed distributor; and,
- The organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

Additionally, City Ordinance, Section 116.10 requires that any organization applying for any lawful gambling permit under Minn. Stat. 349.166 must obtain a local (city) permit specific to the dates. No background check is required for exempt or excluded gambling permit approval.

Forest Lake Area Chamber of Commerce meets all state and local requirements for approval of the LG220 application. Staff has not located any information which would allow Council to deny the permit application per code.

RECOMMENDATIONS: Approve Application for Exempt Permit and authorize City Clerk to sign the same to return to the MN Gambling Control Board

ATTACHMENTS: LG220 Application

MINNESOTA LAWFUL GAMBLING

LG220 Application for Exempt Permit

4/22
Page 1 of 4

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: Forest Lake Area Chamber of Commerce

Previous Gambling Permit Number: X- 03473-23-012

Minnesota Tax ID

Federal Employer ID

Number, if any: _____ Number (FEIN), if any: _____

Mailing Address: PO Box 474

City: Forest Lake State: MN Zip: 55025 County: Washington

Name of Chief Executive Officer (CEO): Nannette M LaNasa

CEO Daytime Phone: _____

Email permit to (if other than the CEO): _____

NONPROFIT STATUS

Type of Nonprofit Organization (check one):

☐ Fraternal

☐ Religious

☐ Veterans

☒ Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

**A current calendar year Certificate of Good Standing**

Don't have a copy? Obtain this certificate from:

MN Secretary of State, Business Services Division
60 Empire Drive, Suite 100
St. Paul, MN 55103

Secretary of State website, phone numbers:

www.sos.state.mn.us

651-296-2803, or toll free 1-877-551-6767

**IRS income tax exemption (501(c)) letter in your organization's name**

Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.

**IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**

If your organization falls under a parent organization, attach copies of both of the following:

1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted

(for raffles, list the site where the drawing will take place): Forest Hills Golf Club

Physical Address (do not use P.O. box): 7530 210th St N

Check one:



City: Forest Lake

Zip: 55025

County: Washington



Township: _____

Zip: _____

County: _____

Date(s) of activity (for raffles, indicate the date of the drawing): Monday, July 22nd, 2024

Check each type of gambling activity that your organization will conduct:

☐ Bingo

☐ Paddlewheels

☐ Pull-Tabs

☐ Tipboards

☒ Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

LG220 Application for Exempt Permit

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)**CITY APPROVAL
for a gambling premises
located within city limits**

- ☐ The application is acknowledged with no waiting period.
- ☐ The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
- ☐ The application is denied.

Print City Name: _____

Signature of City Personnel: _____

Title: _____ Date: _____

**The city or county must sign before
submitting application to the
Gambling Control Board.**

**COUNTY APPROVAL
for a gambling premises
located in a township**

- ☐ The application is acknowledged with no waiting period.
- ☐ The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.
- ☐ The application is denied.

Print County Name: _____

Signature of County Personnel: _____

Title: _____ Date: _____

TOWNSHIP (if required by the county)

On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)

Print Township Name: _____

Signature of Township Officer: _____

Title: _____ Date: _____

CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: Nannette M LaNasa Date: June 3, 2024
(Signature must be CEO's signature; designee may not sign)

Print Name: Nannette M LaNasa**REQUIREMENTS****Complete a separate application for:**

- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

Financial report to be completed within 30 days after the gambling activity is done:

A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

MAIL APPLICATION AND ATTACHMENTS**Mail application with:**

- _____ a copy of your proof of nonprofit status; and
- _____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**. Make check payable to **State of Minnesota**.

To: Minnesota Gambling Control Board
1711 West County Road B, Suite 300 South
Roseville, MN 55113

Questions?

Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the

application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Depart-

ment of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.

An equal opportunity employer



Date: June 10, 2024

Agenda Item: Host City Approval of Issuance of Bonds for Multifamily Housing Project (Metis)

To: Mayor and City Council

From: Kristina Handt, Interim City Administrator

BACKGROUND:

Metis Development Group LLC is planning to acquire and rehabilitate five Gaughan affordable housing facilities located in five different cities including the approximately 42-unit rental housing facility known as Westridge Townhomes located at 816-848 12th St SW in Forest Lake. Metis has requested that Oakdale issue conduit revenue bonds to finance all five of the facilities.

State and federal laws require that, in order to issue bonds for a housing project in Forest Lake, Oakdale must receive consent from Forest Lake ("host approval") and enter into a Joint Powers Agreement with Forest Lake under which Oakdale is authorized to issue the bonds for the portion of the Westridge Townhomes located in Forest Lake.

ISSUE BEFORE COUNCIL:

Should the City Council give host approval and approve the joint powers agreement with the City of Oakdale to issue bonds for the housing program?

PROPOSAL/ANALYSIS:

The bonds if and when issued by Oakdale will not constitute a charge, lien or encumbrance upon any property of Forest Lake, will not be backed by the full faith and credit of Forest Lake, will not be a charge against Forest Lake's general credit or taxing powers, and will not constitute a general or moral obligation of Forest Lake, but will be payable solely from revenues of the housing facilities and other sums paid by Metis pursuant to a revenue agreement. No money or assets of Forest Lake would ever be pledged or available to pay the bonds. **See attached memo from Kennedy & Graven for further information and analysis.** A representative from Kennedy and Graven and Metis will be at the meeting to present information and answer any questions.

FISCAL IMPACT:

None. As noted in the resolution, the Borrower (Metis) has agreed and it is hereby determined that any and all costs incurred by Forest Lake in connection with the financing of the Project will be paid by the Borrower, whether or not the Project is carried to completion and whether or not Oakdale issues the Bonds.

OPTIONS: Hold the public hearing which has been duly noticed for June 10 then

1. Approve Resolution No 06-10-24-01
2. Postpone Resolution No 06-10-24-01
3. Deny giving Host Approval

RECOMMENDATIONS:

After holding the public hearing:

“Motion to Approve Resolution 06-10-24-01, A Resolution Giving Host Approval to the Issuance by the City of Oakdale of Conduit Multifamily Housing Revenue Bonds on Behalf of Metis Development Group LLC.”

ATTACHMENTS:

- Memo from Kennedy and Graven
- Resolution No 06-10-24-01
- Joint Powers Agreement
- Housing Program



150 South 5th Street, Suite 700
 Minneapolis MN 55402
 (612) 337-9300 telephone
 (612) 337-9310 fax
www.kennedy-graven.com
 Affirmative Action Equal Opportunity Employer

TO: City of Forest Lake, Minnesota
 FROM: Jenny Boulton, Kennedy & Graven, Chartered
 DATE: June 3, 2024
 RE: Conduit Revenue Bonds for Westridge Townhomes Housing Project

Metis Development Group LLC, a Minnesota limited liability company (or one or more other entities to be formed by or affiliated with Metis Development Group LLC, the “Borrower”) has requested that the City of Oakdale, Minnesota (“Oakdale”) issue up to \$26,000,000 of tax-exempt, conduit housing revenue bonds in one or more series in 2024, if possible (the “Bonds”) to finance the acquisition and rehabilitation of the following facilities (collectively, the “Project Facilities”):

(a) an approximately 42-unit rental housing facility and related amenities known as Westridge Townhomes located at 816-848 12th St SW in Forest Lake (“Forest Lake”);

(b) an approximately 42-unit rental housing facility and related amenities known as Sandy Pines located at 709 Old Military Rd S, Sandstone, Minnesota (“Sandstone”);

(c) an approximately 42-unit rental housing facility and related amenities known as Braham Meadows located at 106-108 5th St NW, Braham, Minnesota (“Braham”);

(d) an approximately 40-unit rental housing facility and related amenities known as Victoria Villa located at 1451 Greeley St, Stillwater, Minnesota (“Stillwater” and, together with Forest Lake, Sandstone, and Braham, the “Host Cities”); and

(e) an approximately 48-unit rental housing facility and related amenities known as Gentry Townhomes located at 1301–1327, 1333-1341 and 1345-1399 Gentry Avenue N and 1329-1331 Glenbrook Ave N in Oakdale.

Conduit revenue bonds give the Borrower access to tax exempt financing so the Borrower realizes lower interest costs and the public achieves a public purpose, in this case the preservation and rehabilitation of existing affordable housing units.

State laws and federal laws require that, in order to issue bonds for a housing project in Forest Lake, Oakdale must receive consent from Forest Lake and enter into a Joint Powers Agreement with Forest Lake under which Oakdale is authorized to issue the Bonds for the portion of the Project Facilities located in Forest Lake.

Because of the for-profit ownership of the Project Facilities, the Bonds will need an allocation of bonding authority from the State. In order to submit an application to the State by a June 24th deadline, Forest Lake is being asked to hold a public hearing on June 10, and adopt a

resolution to give host approval authorizing the issuance of the Bonds for the portion of the Project Facilities in Forest Lake, and execute a Joint Powers Agreement with Oakdale. Kennedy and Graven, as bond counsel, will provide the form of resolution and all the necessary documents.

The Bonds if and when issued will not constitute a charge, lien or encumbrance upon any property of Forest Lake, will not be backed by the full faith and credit of Forest Lake, will not be a charge against Forest Lake's general credit or taxing powers, and will not constitute a general or moral obligation of Forest Lake, but will be payable solely from revenues of the Project and other sums paid by the Borrower pursuant to a revenue agreement. No money or assets of Forest Lake would ever be pledged or available to pay the Bonds.

The Bonds will not affect any debt limitation imposed on Forest Lake and the issuance of the Bonds will not have any adverse impact on the credit rating of Forest Lake, even in the event that Borrower encounters financial difficulties with respect to the Project Facilities to be financed with the proceeds of the Bonds.

The Bonds cannot be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") which relates to a deduction available to banks and other financial institutions (sometimes referred to as "bank-qualified bonds"). The Bonds will not count against Forest Lake's \$10,000,000 annual limit on its ability to designate its own bonds, if any, as bank qualified bonds in 2024 or any future year.

The Borrower will be required to pay all the expenses of Forest Lake paid or incurred with respect to the Bonds and will be required to indemnify Forest Lake for any potential liability incurred by Forest Lake with respect to the Bonds, the Project Facilities, and granting necessary approvals.

RESOLUTION NO. 06-10-24-01

CITY OF FOREST LAKE
COUNTY OF WASHINGTON
STATE OF MINNESOTARESOLUTION GIVING HOST APPROVAL TO THE ISSUANCE BY THE
CITY OF OAKDALE OF CONDUIT MULTIFAMILY HOUSING
REVENUE BONDS ON BEHALF OF METIS DEVELOPMENT GROUP LLC
(METIS PORTFOLIO PROJECT)

WHEREAS, the City of Forest Lake, Minnesota (the “Forest Lake”) is a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota;

WHEREAS, Minnesota Statutes, Chapter 462C, as amended (the “Act”) confers upon cities the power to issue revenue bonds to finance a program for the purposes of planning, administering, making or purchasing loans with respect to one or more multifamily housing developments within the boundaries of the city or under a joint powers agreement with the jurisdiction in which the development is located and pursuant to Minnesota Statutes, Section 471.59, as amended. By the terms of a joint powers agreement entered into through action of their governing bodies, two cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised;

WHEREAS, Metis Investments LLC, a Minnesota limited liability company (one or more other entities to be formed by or affiliated with Metis Investments LLC, the “Borrower”) has proposed to finance the acquisition, renovation, construction and equipping of (a) an approximately 42-unit rental housing facility and related amenities known as Westridge Townhomes located at 816-848 12th St SW, in Forest Lake; (b) an approximately 42-unit rental housing facility and related amenities known as Sandy Pines located at 709 Old Military Rd S, Sandstone, Minnesota (“Sandstone”); (c) an approximately 42-unit rental housing facility and related amenities known as Braham Meadows located at 106-108 5th St NW, Braham, Minnesota (“Braham”); (d) an approximately 40-unit rental housing facility and related amenities known as Victoria Villa located at 1451 Greeley St, Stillwater, Minnesota (“Stillwater” and, together with Forest Lake, Sandstone, and Braham, the “Host Cities”); and (e) an approximately 48-unit rental housing facility and related amenities known as Gentry Townhomes located at 1301–1327, 1333-1341 and 1345-1399 Gentry Avenue N and 1329-1331 Glenbrook Ave N in City of Oakdale, Minnesota (“Oakdale”) each constituting a multifamily housing development authorized under the terms of the Act (collectively, the “Project”);

WHEREAS, the Borrower will be the initial owner and operator of the Project;

WHEREAS, in order to better leverage public funding by creating project cost efficiencies, the Borrower has proposed that Oakdale undertake a housing finance program (the “Housing Program”) to finance the Project pursuant to the Act through the issuance by Oakdale of

multifamily housing revenue bonds in one or more series in a principal amount not to exceed \$26,000,000, approximately \$6,000,000 of which will be used for the Forest Lake portion of the Project (the “Bonds”);

WHEREAS, the Bonds will be payable solely from revenues of the Borrower, and will not be a general or moral obligation of Forest Lake, Oakdale, or any other political subdivision of the State of Minnesota, but will be payable solely from revenues of the Borrower, to the extent and in the manner provided in the documents executed in connection with the issuance of the Bonds;

WHEREAS, pursuant to a resolution adopted on May 28, 2024, Oakdale has preliminarily approved the issuance of the Bonds to finance the Project;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) requires that an applicable elected representative of each governmental unit in which facilities to be financed by the Bonds are located must approve the issuance of the Bonds following a public hearing;

WHEREAS, pursuant to the Act, Minnesota Statutes, Sections 471.59 and 471.656, as amended, and Section 147(f) of the Code, a public hearing on the Housing Program, the Project and the proposed issuance of the Bonds by Oakdale was held by the City Council of Forest Lake this same date, following duly published notice, at which time all persons who desired to speak were heard;

WHEREAS, there has been presented to the City Council of Forest Lake the form of a Joint Powers Agreement anticipated to be executed upon issuance of the Bonds between Forest Lake and Oakdale (the “Joint Powers Agreement”);

WHEREAS, the Borrower’s proposal calls for Oakdale to loan the proceeds realized upon the issuance and delivery of the Bonds to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of Forest Lake incident to the issuance of the Bonds;

WHEREAS, Forest Lake desires to facilitate the preservation, renovation and rehabilitation of affordable multifamily housing facilities within Minnesota and the efficient use of limited resources available for funding affordable housing; and the Project will assist Forest Lake in achieving these objectives; and

WHEREAS, no public official of Forest Lake has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

BE IT RESOLVED by the City Council (the “Council”) of Forest Lake, as follows:

1. The City Council finds that it is in the best interest of Forest Lake to approve the issuance of the Bonds by Oakdale to finance, in part, the acquisition renovation and equipping of the Project and hereby consents to the issuance of the Bonds by Oakdale for the purposes set forth above. The Housing Program is hereby approved.

2. Upon payment by the Borrower of any expenses and applicable fees charged by Forest Lake, if any, Forest Lake hereby consents to and approves the issuance of the Bonds by Oakdale to finance the Project.

3. The Joint Powers Agreement is approved in substantially the form submitted. Forest Lake hereby authorizes and directs the Mayor and the City Clerk of Forest Lake to execute and deliver the Joint Powers Agreement with such omissions and insertions as do not materially change the substance thereof, or as the Mayor and the City Clerk, in their discretion, shall determine, and the execution thereof by the Mayor and the City Clerk shall be conclusive evidence of such determination. The Mayor and City Clerk are authorized and directed to execute any additional documents deemed necessary to carry out the intentions of this resolution and to complete the financing described herein, so long as Forest Lake staff and legal counsel approve such documents.

4. In no event shall the Bonds ever be payable from or charged upon any funds of Forest Lake; nor shall Forest Lake be subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of Forest Lake to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of Forest Lake; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of Forest Lake; and the Bonds do not constitute an indebtedness of Forest Lake within the meaning of any constitutional or statutory limitation. The City Clerk's, staff and legal counsel are authorized and directed to take all necessary action to implement this Resolution.

5. The Borrower has agreed and it is hereby determined that any and all costs incurred by Forest Lake in connection with the financing of the Project will be paid by the Borrower, whether or not the Project is carried to completion and whether or not Oakdale issues the Bonds.

6. Kennedy & Graven, Chartered, acting as bond counsel, is authorized to assist in the preparation and review of necessary documents relating to the Project and the financing program therefor.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FOREST LAKE, MINNESOTA, THIS 10TH DAY OF JUNE, 2024.

Mayor

ATTEST:

City Clerk

JOINT POWERS AGREEMENT METIS PORTFOLIO PROJECT

THIS JOINT POWERS AGREEMENT (this “Agreement”) is entered into as of the _____ day of _____, 2024, between the CITY OF OAKDALE, MINNESOTA, a statutory city and political subdivision duly organized under the laws of the State of Minnesota (“Oakdale”) and the CITY OF FOREST LAKE, MINNESOTA, a statutory city and political subdivision duly organized under the laws of the State of Minnesota (“Forest Lake”). Oakdale and Forest Lake are collectively, the “Parties,” or each individually, a “Party”.

WHEREAS, Minnesota Statutes, Section 471.59 et seq. (the “Joint Powers Act”) provides that two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties, and may provide for the exercise of such power by one of the participating governmental units.

WHEREAS, in connection with revenue bonds issued under Minnesota Statutes, Chapter 462C, as amended (the “Act”), Section 462C.14, Subd. 3 provides for joint action between cities pursuant to the Joint Powers Act.

WHEREAS, Metis Investments LLC, a Minnesota limited liability company (one or more other entities to be formed by or affiliated with Metis Investments LLC, the “Borrower”), has proposed that Oakdale issue one or more series of conduit revenue obligations pursuant to the Act in an amount not to exceed approximately \$26,000,000 (the “Bonds”) to (i) finance the acquisition, renovation, construction and equipping of (a) an approximately 42-unit rental housing facility and related amenities known as Westridge Townhomes located at 816-848 12th St SW in Forest Lake; (b) an approximately 42-unit rental housing facility and related amenities known as Sandy Pines located at 709 Old Military Rd S, Sandstone, Minnesota (“Sandstone”); (c) an approximately 42-unit rental housing facility and related amenities known as Braham Meadows located at 106-108 5th St NW, Braham, Minnesota (“Braham”); (d) an approximately 40-unit rental housing facility and related amenities known as Victoria Villa located at 1451 Greeley St, Stillwater, Minnesota (“Stillwater” and, together with Forest Lake, Sandstone, and Braham, the “Host Cities”); and (e) an approximately 48-unit rental housing facility and related amenities known as Gentry Townhomes located at 1301–1327, 1333-1341 and 1345-1399 Gentry Avenue N and 1329-1331 Glenbrook Ave N in Oakdale (collectively, the “Project”); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; and (iii) pay the costs of issuing the Bonds.

WHEREAS, Minnesota Statutes, Section 471.656, as amended, provides a city may issue obligations to finance the acquisition or improvement of property located outside of the corporate boundaries of such city if the obligations are issued under a joint powers agreement in which one or more of the parties to the joint powers agreement issues such obligations and the property is located entirely within the boundaries of one or more of the parties to the joint powers agreement. Pursuant to Minnesota Statutes, Section 471.59, as amended, by the terms of a joint powers agreement entered into through action of their governing bodies, two cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be

exercised. The joint powers agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units.

WHEREAS, the Parties are authorized by the Act, to issue revenue obligations to finance multifamily rental housing developments; and

WHEREAS, Oakdale and Forest Lake are proposing to enter into this Joint Powers Agreement pursuant to which Forest Lake will consent to the issuance of such revenue obligations and the financing of the Metis Portfolio Project by Oakdale, and Oakdale will agree to issue such revenue obligations to finance the Project.

NOW, THEREFORE, Oakdale and Forest Lake hereby agree as follows:

1. The revenue obligations proposed to be issued by Oakdale for the benefit of the Borrower shall not constitute general or moral obligations of, or pledge the full faith and credit or taxing powers of, Forest Lake, Oakdale, the State of Minnesota, or any other agency or political subdivision thereof, but shall be payable solely from the revenues pledged and assigned thereto pursuant to one or more agreements between the Oakdale and the Borrower.

2. The Parties have each previously (i) conducted a public hearing with respect to the Project, (ii) approved a housing finance program related to the Bonds in accordance with the Act, (iii) approved the issuance of the Bonds as required under the Code; and (iv) adopted a resolution approving this Joint Powers Agreement and authorizing its execution and delivery.

3. Forest Lake hereby consents to and approves: (a) the issuance of the Bonds by Oakdale; and (b) the financing of the Project by Oakdale with the proceeds of the Bonds.

4. Oakdale shall exercise the powers of the Joint Powers Act and the Act by adopting, approving, and executing such resolutions, documents, and agreements as shall be necessary or convenient to authorize, issue, and sell the Bonds and such other resolutions, documents, and agreements as shall be necessary or required in connection with the issuance of the Bonds and giving effect to or carrying out the provisions of this Agreement and documents under which the Bonds are issued and/or secured.

5. The Bonds shall be special, limited obligations of Oakdale, payable solely from proceeds, revenues, and other amounts pledged thereto and more fully described in the Loan Agreement between Oakdale and the Borrower, dated as of _____ 1, 2024 (the "Loan Agreement"). In no event shall the Bonds ever be payable from or charged upon the general credit, taxing powers, or any funds of the Parties; the Parties are not subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the Parties to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Parties; the Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Parties; and the Bonds do not constitute an indebtedness of the Parties within the meaning of any constitutional or statutory limitation.

6. Pursuant to the Loan Agreement, Oakdale will require that, as a condition to issuing the Bonds, the Borrower shall pay all fees of the Parties then due and all costs incurred by the

Parties in the authorization, execution, delivery, and performance of this Joint Powers Agreement and all related transactions.

7. This Agreement shall terminate upon the retirement or defeasance of the last of the outstanding Bonds, and this Agreement may not be terminated in advance of such retirement or defeasance.

8. This Agreement may be executed in counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

9. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (a) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (b) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers, all as of the day and year first above written.

CITY OF OAKDALE, MINNESOTA

By _____
Mayor

By _____
City Administrator

Signature page to Joint Powers Agreement

CITY OF FOREST LAKE, MINNESOTA

By _____
Mayor

By _____
City Clerk

Signature page to Joint Powers Agreement

MULTIFAMILY RENTAL HOUSING PROGRAM OF THE CITY OF OAKDALE, MINNESOTA

(Metis Portfolio Project)

Adopted _____, 2024

Proposal; Authority. Pursuant to Minnesota Statutes, Chapter 462C (the “Housing Act”), the City of Oakdale, Minnesota (“Oakdale”) is authorized to develop and administer programs to finance multifamily housing projects such as the project described herein (the “Program”) under the circumstances and within the limitations set forth in the Housing Act. Section 462C.07 of the Housing Act provides that such programs for multifamily housing developments may be financed by bonds, notes or similar revenue obligations (the “Bonds”) issued by a city, if located within the corporate boundaries thereof or under a joint powers agreement with a jurisdiction in which the development is located. Pursuant to Minnesota Statutes, Section 471.59, as amended, by the terms of a joint powers agreement entered into through action of their governing bodies, two or more cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised.

Purposes. In creating this Program, Oakdale is acting in furtherance of the findings of the City of Braham, Minnesota (“Braham”), the City of Forest Lake, Minnesota (“Forest Lake”), the City of Sandstone, Minnesota (“Sandstone”) and the City of Stillwater, Minnesota (“Stillwater” and, together with Braham, Forest Lake, and Sandstone, the “Host Cities”) and Oakdale (collectively, the “Cities”) that the preservation of the quality of life in the Cities is, in part, dependent upon the maintenance and provision of adequate, decent, safe, sanitary, and affordable housing stock; that accomplishing the goals of this Program is a public purpose and will benefit the residents of the Cities; that the need exists within the Cities to provide in a timely fashion additional affordable rental housing to and for the benefit of persons residing and expected to reside within the Cities; that there exist or are expected to exist persons within the Cities who are and will be able to benefit from and are in need of the Program; that the Program is necessary in view of the limited resources that may be available to such persons relative to the expenses involved in accomplishing the type of objectives outlined in this Program in the absence of one or more of the forms of assistance described herein or otherwise available pursuant to the Act; and that the Cities find that such forms of assistance are often necessary for the benefit of such persons, families, and goals and that, furthermore, the successful implementation of the objectives of the kind described in this Program has been found to provide impetus for the development of other housing in the Cities, as well as the general development of the Cities, by other persons who are not the beneficiaries of such governmentally sponsored or assisted activities.

Rental Housing Purposes. More particularly, the Cities find that there exists a need for multifamily rental housing, due to a variety of factors, including that the cost of renovation of multifamily rental units may in many cases prove economically unfeasible, given the high costs of construction and prevailing area rental levels, and that therefore appropriate levels of public assistance may be helpful and necessary in bridging that gap.

General Description of the Program. This Program relates to the acquisition, renovation, construction and equipping of (a) an approximately 42-unit rental housing facility and related amenities known as Westridge Townhomes located at 816-848 12th St SW in Forest Lake; (b) an approximately 42-unit rental housing facility and related amenities known as Sandy Pines located at 709 Old Military Rd S in Sandstone; (c) an approximately 42-unit rental housing facility and related amenities known as Braham Meadows located at 106-108 5th St NW in Braham; (d) an approximately 40-unit rental housing facility and related amenities known as Victoria Villa located at 1451 Greeley St. in Stillwater; and (e) an

approximately 48-unit rental housing facility and related amenities known as Gentry Townhomes located at 1301–1327, 1333-1341 and 1345-1399 Gentry Avenue N and 1329-1331 Glenbrook Ave N in Oakdale (collectively, the “Project”). The Project will be owned by Metis Investments LLC, a Minnesota limited liability company (or one or more other entities to be formed by or affiliated with Metis Investments LLC) (the “Borrower”). It is expected that a portion of the dwelling units of the Project (the “Housing Units”) will be subject to occupancy limits imposed by federal income tax law and regulations such that only persons and families within designated income limits will be permitted to occupy such units.

Location. This Program is limited to the Project. The Project is located at 1301–1327, 1333-1341 and 1345-1399 Gentry Avenue N and 1329-1331 Glenbrook Ave N in Oakdale, and 816-848 12th St SW in Forest Lake, 709 Old Military Rd S in Sandstone, 106-108 5th St NW in Braham and 1451 Greeley St. in Stillwater.

Consent of the Host Cities. Oakdale is authorized and empowered, pursuant to the Act, with the consent and authorization of each of the Host Cities, to carry out the public purposes described in the Act to finance, in whole or in part, the portion of the Project located in each of the Host Cities. At the request of the Borrower, Oakdale and each of the Host Cities expect to enter into one or more joint powers agreements (collectively the “Joint Powers Agreements”) in accordance with the provisions and conditions of Minnesota Statutes, Sections 471.59 and 471.656, as amended. Under the terms of the Joint Powers Agreements, each of the Host Cities will consent to the issuance of revenue bonds by Oakdale to finance the Housing Project.

Revenue Bonds. The maximum amount of revenue Bonds issued or to be issued by Oakdale to finance the Program is approximately \$26,000,000, a portion of which (i) will be used to finance the costs of issuance and the cost of acquiring, renovation, and equipping the Project, (ii) may finance a portion of the costs of issuance of the Bonds, (iii) may be used to fund one or more reserve funds, and (iv) may be used to pay interest on the Bonds during the construction of the Project. It is anticipated that the Bonds will have a maturity of approximately 30 years or less. It is expected that the Bonds will bear interest at a fixed or variable rate or rates consistent with the market at the time of issuance. The Bonds may be structured so as to take advantage of whatever means are available or necessary and are permitted by law to enhance the security for and marketability of the Bonds. The Bonds are expected to be issued in the fourth calendar quarter of 2024.

The Project qualifies as a “multifamily housing development” within the meaning of the Housing Act, since it is comprised of an apartment facility, including an apartment or unit described in Minnesota Statutes, Chapter 515, 515A, or 515B, or a cooperative, or a group of townhouses, which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence, or a building or buildings which include one or more dwelling units, each to be rented by a person or family for use as a residence. Substantially all of the proceeds of the sale of the Bonds will be applied to the acquisition, renovation, and equipping of the Project, the payment of the costs of issuing the Bonds, the payment of interest on the Bonds during the renovation of the Project, and the funding of any required reserves.

In order to comply with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), it is expected that: (i) 20% of the Housing Units in each location of the Project will be held for occupancy by families or individuals with gross income not in excess of 50% of median family income, adjusted for family size; or (ii) 40% of the Housing Units in each location of the Project will be held for occupancy by families or individuals with gross income not in excess of 60% of median family income, adjusted for family size. This set aside also satisfies the low-income occupancy requirements of Section 462C.05, subdivision 2, of the Act.

In accordance with section 462C.05, subdivision 2 of the Act, the Project is designed to be affordable by persons and families with adjusted gross income not in excess of the limits set forth in section 462C.03, subdivision 2, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, with at least 20% of the dwelling units held for occupancy by families or individuals with adjusted gross income not in excess of 80% of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area.

The costs of the Project and the Program undertaken to finance the Project, including specifically the costs to the Cities, will be paid or reimbursed by the Borrower.

Housing Plan. Oakdale will apply its Comprehensive Plan as the housing plan relating to the Oakdale portion of the Project and adopts the Comprehensive Plans of Braham, Forest Lake, Sandstone and Stillwater as the housing plans relating to the Braham, Forest Lake, Sandstone and Stillwater portions of the Project, respectively.

Monitoring. The Program will be monitored by Oakdale. Oakdale expects to enter into or continue suitable agreements with necessary parties to ensure consistent compliance with the objectives of this Program, as well as with the requirements of applicable law. The Borrower will renovate the Project in compliance with all applicable development restrictions, and all renovation and equipping of the building is subject to applicable state and local building codes. The Borrower will be required to operate the Project in accordance with state and local anti-discrimination laws and ordinances.

Meeting Needs; Methods. The Program will help meet the need for affordable rental housing. Oakdale believes that this Program will help meet the identified needs under this Program. The specific methods anticipated to be used include the issuance of revenue bonds under the Housing Act to provide feasible financing for various aspects of the Program so undertaken. Oakdale or its agent will monitor the implementation of this Program pursuant to its loan agreement for the Project.

State Ceiling.

(1) Oakdale will apply for an allocation of the annual volume cap for private activity bonds to be issued to provide “qualified residential rental projects,” within the meaning of Sections 142(a)(7) and 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), in the amount of up to \$26,000,000 from the office of Minnesota Management & Budget, pursuant to Section 146 of the Code and Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”). In the event that the Borrower desires that the City issue tax-exempt bonds in an amount exceeding \$26,000,000, an additional application for allocation will be made in accordance with the Allocation Act or recycled bonding authority will be utilized as required by the Code and the Allocation Act.

(2) Pursuant to the terms and requirements of the Allocation Act: (i) the Project will meet the requirements of Section 142(d) of the Code regarding the incomes of the occupants of the Project; and (ii) the maximum rent for at least 20% of the Housing Units in each location of the Project will not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the United States Department of Housing and Urban Development.

(3) Prior to the issuance of the Bonds, the Borrower will enter into an agreement with Oakdale that specifies the maximum rental rates of the rent restricted units in the Project and the income levels of the residents of the Project occupying the income-restricted units. Such rental rates and income levels must be within the limitations established in accordance with the preceding

paragraph (2). The Borrower will be required to annually certify to Oakdale over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under the preceding paragraph (2). Oakdale may request individual certification of the income of residents of the income-restricted units of the Project. The office of Minnesota Management & Budget may request from Oakdale a copy of the annual certification prepared by the Borrower. The office of Minnesota Management & Budget may require Oakdale to request individual certification of all residents of the income-restricted units of the Project.

(4) Oakdale will monitor or cause an agent to monitor Project compliance with the rental rate and income level requirements established under the preceding paragraph (2). Oakdale may issue an order of noncompliance if the Project is found by Oakdale to be out of compliance with the rental-rate or income-level requirements established under the preceding paragraph (2). The Borrower shall pay a penalty to Oakdale equal to 0.5% of the total amount of the Bonds issued under the Housing Act for the Project if Oakdale issues an order of noncompliance. For each additional year the Project is out of compliance, the annual penalty must be increased by 0.5% of the principal amount of the Bonds issued under the Housing Act for the Project. Oakdale may waive insubstantial violations.

(5) Oakdale will enter into Regulatory Agreements with the Borrower for each location of the Project with a term of at least 15 years in order to ensure that the Project satisfies the requirements of this Program, Section 142(d) of the Code, the Housing Act, and the Allocation Act.

Authorization. The Program is undertaken pursuant to the Housing Act and is consistent with the Comprehensive Plans of the Cities.

Date: June 10, 2024
To: Honorable Mayor and Councilmembers
From: Kevin Knopik, Finance Director
Re: Approve 2023 Annual Comprehensive Financial Report

BACKGROUND:

The City has completed the annual audit for year-end 2023. Attached to this memo is the 2023 Annual Comprehensive Financial Report, 2023 Communications Letter, and the 2023 Reports on Compliance with Government Auditing Standards and Legal Compliance. The partner in-charge of the audit, Andrew Grice, from BerganKDV will be present to give a presentation on the above mentioned reports.

ISSUE BEFORE COUNCIL:

Should City Council approve the 2023 Annual Comprehensive Financial Report.

PROPOSAL/ANALYSIS:

Some highlights and results from the 2023 Annual Comprehensive Financial Report:

- Unmodified Opinion – best opinion an auditor is able to offer. This is the same opinion the City has received in past years
- No findings related to Minnesota Legal Compliance Audit
- Internal Control finding – Lack of Segregation of Accounting Duties
 - This finding has been presented for many of the past audits
 - Improvements have been made where finding is present due to Finance Director have access to entire system
 - City has proper segregation of duties and internal controls related the major accounting functions; accounts payable, accounts receivable, utility billing, and payroll
- General Fund balance increased by about \$318,000
 - Unassigned fund balance at the end for 2023 represents 49.9% of 2024 budget expenditures, which aligns with the City's fund balance policy of 50%.
- The Water fund had an operating income of \$985,526. Revenue increased from the previous due to an increase in rates and significant increase in water usage.
- The Sewer fund had an operating income of \$673,072. Revenue increased from the previous due to an increase in rates and significant increase in water usage.

FISCAL IMPACT:

None.

RECOMMENDATION:

Motion to approve the 2023 Annual Comprehensive Financial Report

ATTACHMENTS:

- 2023 Annual Comprehensive Financial Report
- 2023 Communications Letter
- 2023 Reports on Compliance with Government Auditing Standards and Legal Compliance

City of Forest Lake

Washington County, Minnesota

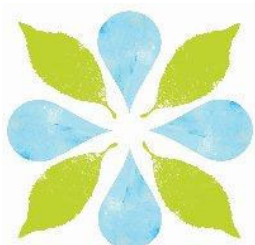


ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2023

Prepared By: The Department of Finance

Kevin Knopik, Finance Director



Forest Lake
AS GOOD AS IT SOUNDS

**CITY OF FOREST LAKE
FOREST LAKE, MINNESOTA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**For the Year Ended
December 31, 2023**

Prepared by

THE DEPARTMENT OF FINANCE

Kevin Knopik, Finance Director

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



Forest Lake
AS GOOD AS IT SOUNDS

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Forest Lake
AS GOOD AS IT SOUNDS

**City of Forest Lake
Elected Officials and Administration
As of December 31, 2023**

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

City of Forest Lake
Organizational Chart
December 31, 2023



Forest Lake
AS GOOD AS IT SOUNDS



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

Minnesota Statutes require all cities to issue an annual report on the financial position and related financial activity of the city. The report must be prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants (AICPA), the Office of the Minnesota State Auditor (OSA), and City policies. Pursuant to all legal requirements, we hereby issue the annual comprehensive financial report of the City of Forest Lake for the fiscal year ended December 31, 2023.

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

BerganKDV, a firm of licensed certified public accountants has audited the financial statements of the City of Forest Lake, for the year ended December 31, 2023. An independent audit was performed to provide reasonable assurance that the financial statements of the City of Forest Lake for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified ("clean") opinion on the City of Forest Lake's financial statements. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the Government

The City of Forest Lake, incorporated in 1893, is located in the northwestern corner of Washington County, Minnesota, which is in the northeastern suburbs of the Twin Cities metropolitan area. The City of Forest Lake and the entire northern suburbs area have experienced growth over the past decade as population and housing development in the metropolitan area increased. The economic recession temporarily hindered development efforts and growth. The City of Forest Lake currently occupies a land area of 36 square miles and serves an estimated population of 20,911 people. The City of Forest Lake is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by *Minnesota Statutes* to extend its corporate limits by annexation, which it has done from time to time. The City of Forest Lake and the Township of Forest Lake merged in September of 2001.

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

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

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

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

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

Local Economy

The largest employer within the boundaries of the City of Forest Lake is Independent School District #831, a K-12 educational facility employing over 1,000 people. Several discount retail stores located in the city also provide significant employment opportunities. Eight financial institutions have a presence in Forest Lake. Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate decreased from 3.6% in 2014 to about 2.7% in 2023. As a result of a variety of revitalization efforts undertaken over the past decade, the central business district has expanded dramatically.

Despite market challenges, the economic base of Forest Lake is increasing, and the next few years will further demonstrate the strength of the local development community. In 2024 alone, the City is slated to add nearly 100,000 square feet of new, non-residential space to its tax base. This will include the new construction of general retail, service, and light manufacturing, and warehousing uses. These non-residential uses are in addition to the 75 new multiple-family units and 100 single-family homes anticipated to be constructed in the same year.

Long-Term Financial Planning

The City has a capital improvement plan and long-term financial plan projects futures project and capital equipment needs over the next ten-years. Projected capital investment for the five-year period exceeds \$94 million and includes the completion of a \$20 million for a new public works facility, an average of \$8.4 million per year for proposed street improvements and reconstruction, \$20 million related to the downtown renovation and improvement plan, and a \$10 million for a new water tower. The City also plans to replace over \$15 million in capital equipment over the next ten years. The long term financial plan contains assumptions and estimates related to the economy over the next ten years, along with property tax impact estimates resulting from the economic assumptions and the City's capital improvement plan. The City is currently working on updating this plan.

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

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Relevant Financial Policies

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

The primary financial goal of the City investment policy is to ensure the safety of the principal invested by the City. Cash temporarily idle during the year is invested in certificates of deposit, commercial paper, and obligations of the U.S. Treasury and government agencies. The City only invests in instruments that are authorized under *Minnesota Statutes* § 118A. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of each month. At December 31, 2023, the maturities of the investments ranged from ten days to nine years with an average maturity of 3.20 years. Maturities are staggered in a way that avoids over concentration in a specific maturity sector. Extended maturities are utilized to take advantage of higher yields. However, maturities are not extended beyond the dates necessary to meet projected liquidity needs.

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

Major Initiatives

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

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

Major Initiatives (Continued)

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

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

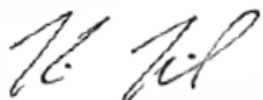
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Forest Lake for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Kevin Knopik
Finance Director

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



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



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial Reporting

Presented to

City of Forest Lake Minnesota

For its Annual Comprehensive Financial
Report
For the Fiscal Year Ended December 31, 2022

Christopher P. Morill

Executive Director/CEO



Forest Lake
AS GOOD AS IT SOUNDS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Forest Lake's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forest Lake's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, on our consideration of the City of Forest Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Forest Lake's internal control over financial reporting and compliance.

Bergan KDV, Ltd.

Minneapolis, Minnesota
May 30, 2024



Forest Lake
AS GOOD AS IT SOUNDS

City of Forest Lake Management's Discussion and Analysis

This section of the annual financial statements of the City of Forest Lake, Minnesota (the "City") presents a discussion and analysis of the City's financial performance during the year ending December 31, 2023. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the City exceeded the liabilities and deferred inflows of resources by \$85,666,333. Of this amount \$9,811,166 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- ◆ The City's total net position increased by \$6,907,261 due primarily to increases in revenue related to business-type activities in charges for services and capital grants and contributions. The City also has a significant increase in investment earnings due to market conditions.
- ◆ The City's governmental funds reported combined ending fund balances of \$13,768,355. Of this total amount, \$5,387,417 is unassigned and available for spending at the City's discretion.
- ◆ At the end of the current year, unassigned fund balance for the General Fund was \$6,177,253, or 53.5%, of total General Fund expenditures.
- ◆ The City's net bonded debt decreased by \$2,981,558 during the current year due to decrease by scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENT

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

Statement of Net Position and Statement of Activities

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

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

City of Forest Lake Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Net Position and Statement of Activities (Continued)

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

Fund Financial Statements

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

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

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

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

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 39-76 of this report.

City of Forest Lake Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Comparative Data

Certain comparative information between the current (2023) and prior year (2022) is required to be presented in the Management Discussion and Analysis (MD&A). Comparative data can be found on pages 17-18 of this report. This section will discuss and analyze significant differences between the two years.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position increased during 2023 by \$6,907,261. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activity

**Table 1
Statement of Net Position**

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 21,967,870	\$ 19,407,561	\$ 13,866,736	\$ 17,574,873	\$ 35,834,606	\$ 36,982,434
Capital assets	57,118,242	58,317,434	44,592,594	38,465,611	101,710,836	96,783,045
Total assets	79,086,112	77,724,995	58,459,330	56,040,484	137,545,442	133,765,479
Deferred Outflows of Resources						
Related to loss on bond refunding	244,262	264,617	-	-	244,262	264,617
Related to pensions	7,102,473	8,079,024	202,234	274,212	7,304,707	8,353,236
Related to OPEB	227,699	246,645	30,024	32,592	257,723	279,237
Total assets and deferred outflows of resources	<u>\$ 86,660,546</u>	<u>\$ 86,315,281</u>	<u>\$ 58,691,588</u>	<u>\$ 56,347,288</u>	<u>\$ 145,352,134</u>	<u>\$ 142,662,569</u>
Liabilities						
Noncurrent liabilities outstanding	\$ 31,376,709	\$ 38,802,357	\$ 14,700,760	\$ 15,383,497	\$ 46,077,469	\$ 54,185,854
Other liabilities	3,225,473	3,937,378	1,602,863	3,283,697	4,828,336	7,221,075
Total liabilities	<u>34,602,182</u>	<u>42,739,735</u>	<u>16,303,623</u>	<u>18,667,194</u>	<u>50,905,805</u>	<u>61,406,929</u>
Deferred Inflows of Resources						
Related to pensions	6,440,957	674,567	184,708	10,657	6,625,665	685,224
Related to OPEB	1,193,939	961,112	157,430	127,006	1,351,369	1,088,118
Related to leases	802,962	723,226	-	-	802,962	723,226
Net Position						
Net investment in capital assets	39,796,337	39,775,303	29,598,005	23,685,351	69,394,342	63,460,654
Restricted	6,460,825	5,553,620	-	-	6,460,825	5,553,620
Unrestricted	(2,636,656)	(4,112,282)	12,447,822	13,857,080	9,811,166	9,744,798
Total net position	<u>43,620,506</u>	<u>41,216,641</u>	<u>42,045,827</u>	<u>37,542,431</u>	<u>85,666,333</u>	<u>78,759,072</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 86,660,546</u>	<u>\$ 86,315,281</u>	<u>\$ 58,691,588</u>	<u>\$ 56,347,288</u>	<u>\$ 145,352,134</u>	<u>\$ 142,662,569</u>

City of Forest Lake Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Net position of the City's governmental activities increased by \$2,403,865. The increase was mainly due to program and general revenues exceeding expenses. Revenues increased primarily due to property taxes and investment earnings. Expenses increased due to the accounting for the net pension liability and changes in assumptions. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirement, was (\$2,636,656) at December 31, 2023.

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

**Table 2
Statement of Activities**

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 3,624,078	\$ 3,340,183	\$ 6,911,063	\$ 5,859,053	\$ 10,535,141	\$ 9,199,236
Operating grants and contributions	1,549,686	2,950,936	19,623	18,921	1,569,309	2,969,857
Capital grants and contributions	1,896,983	1,661,042	2,609,725	399,600	4,506,708	2,060,642
General revenues						
Property taxes and tax increments	13,363,981	12,642,857	-	-	13,363,981	12,642,857
Unrestricted state aids	8,592	7,778	-	-	8,592	7,778
Unrestricted investment earnings	593,770	(169,303)	396,811	(296,367)	990,581	(465,670)
Gain on sale of assets	244,896	40,088	178,480	-	423,376	40,088
Total revenues	<u>21,281,986</u>	<u>20,473,581</u>	<u>10,115,702</u>	<u>5,981,207</u>	<u>31,397,688</u>	<u>26,454,788</u>
Expenses						
General government	2,704,144	2,626,913	-	-	2,704,144	2,626,913
Public safety	7,535,018	6,530,987	-	-	7,535,018	6,530,987
Public works	5,317,966	5,600,424	-	-	5,317,966	5,600,424
Culture and recreation	1,518,313	1,166,339	-	-	1,518,313	1,166,339
Economic development	803,221	1,120,780	-	-	803,221	1,120,780
Airport	334,736	385,934	-	-	334,736	385,934
Interest on long-term debt	664,723	722,290	-	-	664,723	722,290
Water	-	-	2,375,866	2,396,833	2,375,866	2,396,833
Sewer	-	-	3,236,440	3,042,354	3,236,440	3,042,354
Total expenses	<u>18,878,121</u>	<u>18,153,667</u>	<u>5,612,306</u>	<u>5,439,187</u>	<u>24,490,427</u>	<u>23,592,854</u>
Excess of revenues over expenses	2,403,865	2,319,914	4,503,396	542,020	6,907,261	2,861,934
Transfers	-	(2,237,605)	-	2,237,605	-	-
Change in net position	<u>2,403,865</u>	<u>82,309</u>	<u>4,503,396</u>	<u>2,779,625</u>	<u>6,907,261</u>	<u>2,861,934</u>
Net position - beginning	<u>41,216,641</u>	<u>41,134,332</u>	<u>37,542,431</u>	<u>34,762,806</u>	<u>78,759,072</u>	<u>75,897,138</u>
Net position - ending	<u>\$ 43,620,506</u>	<u>\$ 41,216,641</u>	<u>\$ 42,045,827</u>	<u>\$ 37,542,431</u>	<u>\$ 85,666,333</u>	<u>\$ 78,759,072</u>

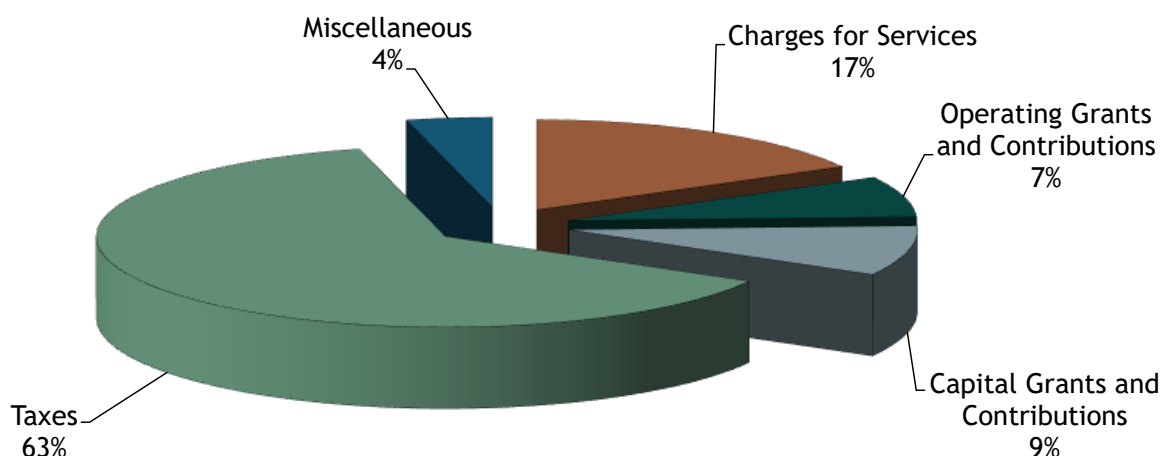
City of Forest Lake Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

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

Revenues by Source - Governmental Activities



Revenues for the City's governmental activities increased by \$808,405. The major component of this increase are explained as follows:

- ◆ Property Taxes and Tax Increments increased by \$721,124 or 5.70%, due to an increase in levy.
- ◆ Unrestricted investment earnings increased by \$763,073 or 450.71% due to significant change in market conditions in 2023 compared to 2022.
- ◆ Charges in Services increased by \$283,895 (8.50%).
- ◆ Operating Grants and Contributions decreased \$1,401,250 primarily due to a onetime federal coronavirus relief funds dollars received 2022.

Expenses for the City's governmental activities increased by \$724,454. The major components of this decrease are explained as follows:

- ◆ Public Safety expenses increased by \$1,004,031 primarily due planed budget increases and due to the accounting for the net pension liability and changes in assumptions.
- ◆ Culture and recreation expense increased by \$351,974 due to operational increased from the prior year.
- ◆ Increases in public safety and culture and recreations were offset by decreases in Public Works (\$282,458) and Economic Development (\$317,559).

City of Forest Lake Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities

The net position of the City's business-type activities increased by \$4,503,396.

Revenues for the City's business-type activities increased by \$4,134,495 from the prior year. This increase was primarily due to an increase in capital grants and contributions (\$2,210,125) related to development and grants received for projects. There were also increases in charges for services (\$1,052,010) due to planned increases in rates and higher usage compared to the prior year.

Expenses for the City's business-type activities increased by \$173,119 from the prior year. The increase was primarily due to expected and planned operational increases.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the City of Forest Lake's governmental funds reported combined ending fund balances of \$13,768,355. Approximately 39.1% of this total, \$5,387,417, constitutes the unassigned fund balance. The remainder of fund balance (\$8,380,938) is not available for new spending because it is either 1) nonspendable (\$809,143), 2) restricted (\$4,805,019), 3) committed (\$2,743,764) and 4) assigned (\$23,012).

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

General Fund - The General Fund is the chief operating fund of the City. The fund balance for the General fund increased \$318,191 from the prior year. Total revenues decreased from 2022 by \$1,206,437. However, this was due to one-time funds related to the onetime federal coronavirus relief fund dollars received totaling \$2,287,605 in 2022. Total revenues were higher than expectations in 2023 by \$460,000, which offset expenditures being over budget by \$171,110. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 53.5% of total 2023 expenditures.

Capital Improvement fund - Fund balance decreased \$424,463 during 2023. This is due to normal operations of the fund and planned future projects and funding for planned improvements.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position of the enterprise funds amount to \$12,447,822. Activity is discussed below:

Water Fund - The Water Funds net position increased \$1,239,416. Operating revenues increased \$594,332 due to increases in rates and water usage from the prior year. The fund also had an increase in capital contributions and investment earnings due to improved market conditions. Operating expenses experienced a slight decrease from the prior year.

Sewer Fund - The increase in net position of \$3,263,980 is primarily due to capital contributions of \$2,269,426 related to sewer infrastructure. Operating revenue also increased \$456,411 due to increases in rates and usage from the prior year. Expenses increased slightly due to expected operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the General Fund budget in 2023. Overall, actual revenues, expenditures, and other financing sources (uses) resulted in an increase in fund balance of \$318,191.

General Fund Budget Report				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 11,368,964	\$ 11,368,964	\$ 11,828,964	\$ 460,000
Expenditures	(11,368,964)	(11,368,964)	(11,540,074)	(171,110)
Other financing sources (uses)	-	-	29,301	29,301
Net change	<u>\$ -</u>	<u>\$ -</u>	318,191	<u>\$ 318,191</u>
Fund balance				
January 1, 2023			<u>6,321,231</u>	
December 31, 2023			<u>\$ 6,639,422</u>	

Significant variances from budget to actual in the year 2023 are described below and on the following page.

Revenues

Overall, actual revenue was \$460,000 over budget. Charges for services revenue was \$103,052 over budget due to conservative budgeting building permit plan check fees. Intergovernmental revenue was over budget by \$75,106 due to the City receiving higher than anticipated state fire aid and investment income was \$180,384 over budget due to positive market conditions related to unrealized gains on investments.

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

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Expenditures

In total, actual expenditures were over the amount budgeted by \$171,110. General government, public safety, and culture and recreation were over budget by \$49,676, \$155,216, and \$144,326, respectively. Public safety was over budget due to wages and benefits related to retirees and overtime pay and implementing online building permitting software. Culture and recreation was over budget due to capital items and contracted services that were unexpected not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had \$101,710,833 invested in a broad range of capital assets, net of accumulated depreciation. Refer to Note 5, Capital Assets, of the basic financial statements for a schedule showing the City's capital asset activity. This amount represents a net increase (including additions and deductions) of approximately \$4,927,788.

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

- ◆ Construction related to street improvements and water improvements to maintain proper infrastructure requirements including water treatment plant #4, lift station improvements and north shore circle street and utility reconstruction totaling \$8,380,734.
- ◆ Maintaining adequate levels of vehicles and equipment to support City operations totaling \$1,690,131.

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 9,850,619	\$ 114,573	\$ 9,965,192
Construction in progress	528,122	14,438,125	14,966,247
Infrastructure	29,444,818	24,956,325	54,401,143
Buildings and improvements	13,305,166	3,973	13,309,139
Machinery and equipment	3,989,517	5,079,595	9,069,112
Total	<u>\$ 57,118,242</u>	<u>\$ 44,592,591</u>	<u>\$ 101,710,833</u>

Long-Term Debt

At year-end the City had \$37,719,026 in bonds obligations outstanding.

During 2023, \$2,981,558 in debt was retired. Refer to Note 7 of the basic financial statements for a schedule showing the City's long-term debt activity. This included a payment for a bond refunding.

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

City of Forest Lake Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials considered many factors when adopting the 2024 budget and when setting the 2024 rates and fees that will be charged for the business-type activities. The major factors accounted for when adopting the General Fund budget were:

- ◆ A 3.0% contractual cost-of-living (COLA) increase was planned for all employees.
- ◆ The 2023 budget includes a property tax levy of \$14,952,629 which is 13.91% greater than the 2023 levy.
- ◆ The final city tax rate for taxes payable in 2024 is 37.615%.
- ◆ Washington County has an unemployment rate as of December 2023 of 2.7%. This compares with unemployment rates of 2.7% for the State of Minnesota and 3.7% for the United States.

CONTACT INFORMATION

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



Forest Lake
AS GOOD AS IT SOUNDS

BASIC FINANCIAL STATEMENTS



Forest Lake
AS GOOD AS IT SOUNDS

**City of Forest Lake
Statement of Net Position
December 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments (including cash equivalents)	\$ 14,526,503	\$ 11,060,154	\$ 25,586,657	\$ 259,660
Receivables				
Taxes receivable	221,003	-	221,003	-
Accounts receivable	511,229	1,747,327	2,258,556	5,700
Interest receivable	65,545	93,993	159,538	659
Special assessments receivable				
Deferred and delinquent	90,763	270,739	361,502	-
Due from other governments	2,509,051	10,000	2,519,051	-
Advances to other funds (internal balances)	(455,452)	455,452	-	-
Note receivable	834,137	-	834,137	-
Leases receivable	851,192	-	851,192	-
Inventory	26,462	22,153	48,615	-
Prepaid items	782,681	206,921	989,602	-
Net pension asset - fire relief association	2,004,756	-	2,004,756	-
Capital assets not being depreciated				
Land	9,850,619	114,573	9,965,192	-
Construction in progress	528,122	14,438,125	14,966,247	-
Capital assets being depreciated				
Infrastructure	138,149,042	40,879,920	179,028,962	-
Buildings and improvements	18,238,399	14,465	18,252,864	-
Machinery and equipment	15,003,690	10,074,230	25,077,920	-
Less accumulated depreciation	(124,651,630)	(20,928,722)	(145,580,352)	-
Total assets	79,086,112	58,459,330	137,545,442	266,019
Deferred Outflows of Resources				
Deferred loss on bond refunding	244,262	-	244,262	-
Deferred outflows of resources related to pensions	7,102,473	202,234	7,304,707	-
Deferred outflows of resources related to OPEB	227,699	30,024	257,723	-
Total deferred outflows of resources	7,574,434	232,258	7,806,692	-
Total assets and deferred outflows of resources	\$ 86,660,546	\$ 58,691,588	\$ 145,352,134	\$ 266,019
Liabilities				
Accounts payable	\$ 725,096	\$ 78,589	\$ 803,685	\$ 630
Contracts payable	58,803	887,078	945,881	-
Escrow payable	1,009,883	-	1,009,883	-
Due to other governments	30,192	30,603	60,795	-
Salaries and benefits payable	197,451	16,563	214,014	1,587
Unearned revenue	37,425	-	37,425	-
Interest payable	443,996	201,068	645,064	-
Bond principal payable, net of premiums				
Payable within one year	1,500,000	1,130,000	2,630,000	-
Payable after one year	22,111,518	12,977,508	35,089,026	-
Compensated absences payable				
Payable within one year	306,671	46,115	352,786	-
Payable after one year	415,956	75,145	491,101	-
Total OPEB liability				
Payable within one year	52,000	8,000	60,000	-
Payable after one year	1,978,237	259,702	2,237,939	-
Net pension liability				
Payable after one year	5,734,954	593,252	6,328,206	-
Total liabilities	34,602,182	16,303,623	50,905,805	2,217
Deferred Inflows of Resources				
Deferred inflows of resources related to pensions	6,440,957	184,708	6,625,665	-
Deferred inflows of resources related to OPEB	1,193,939	157,430	1,351,369	-
Deferred inflows of resources related to leases receivable	802,962	-	802,962	-
Total deferred inflows of resources	8,437,858	342,138	8,779,996	-
Net Position				
Net investment in capital assets	39,796,337	29,598,005	69,394,342	-
Restricted for				
Pensions	2,004,756	-	2,004,756	-
Debt service	1,990,295	-	1,990,295	-
Tax increment	71,342	-	71,342	-
Park land acquisition	1,413,308	-	1,413,308	-
Public safety	969,660	-	969,660	-
Recycling	11,464	-	11,464	-
Unrestricted	(2,636,656)	12,447,822	9,811,166	263,802
Total net position	43,620,506	42,045,827	85,666,333	263,802
Total liabilities, deferred inflows of resources, and net position	\$ 86,660,546	\$ 58,691,588	\$ 145,352,134	\$ 266,019

See notes to basic financial statements.

City of Forest Lake
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,704,144	\$ 230,348	\$ -	\$ -
Public safety	7,535,018	1,393,720	1,461,676	-
Public works	5,317,966	1,805,034	3,872	1,621,527
Culture and recreation	1,518,313	87,890	65,612	22,500
Economic development	803,221	-	-	-
Airport	334,736	107,086	18,526	252,956
Interest on long-term debt	664,723	-	-	-
Total governmental activities	<u>18,878,121</u>	<u>3,624,078</u>	<u>1,549,686</u>	<u>1,896,983</u>
Business-type activities				
Water	2,375,866	3,067,126	15,920	340,299
Sewer	3,236,440	3,843,937	3,703	2,269,426
Total business-type activities	<u>5,612,306</u>	<u>6,911,063</u>	<u>19,623</u>	<u>2,609,725</u>
Total governmental and business-type activities	<u>\$ 24,490,427</u>	<u>\$ 10,535,141</u>	<u>\$ 1,569,309</u>	<u>\$ 4,506,708</u>
Component unit				
Economic Development Authority	<u>\$ 137,784</u>	<u>\$ -</u>	<u>\$ 14,068</u>	<u>\$ -</u>
General revenues				
Property taxes				
Tax increment				
Unrestricted state aids				
Unrestricted investment earnings				
Gain on sale of asset				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
\$ (2,473,796)	\$ -	\$ (2,473,796)	\$ -
(4,679,622)	-	(4,679,622)	-
(1,887,533)	-	(1,887,533)	-
(1,342,311)	-	(1,342,311)	-
(803,221)	-	(803,221)	-
43,832	-	43,832	-
(664,723)	-	(664,723)	-
<u>(11,807,374)</u>	<u>-</u>	<u>(11,807,374)</u>	<u>-</u>
-	1,047,479	1,047,479	-
-	2,880,626	2,880,626	-
<u>-</u>	<u>3,928,105</u>	<u>3,928,105</u>	<u>-</u>
<u>(11,807,374)</u>	<u>3,928,105</u>	<u>(7,879,269)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,716)</u>
12,948,627	-	12,948,627	150,000
415,354	-	415,354	-
8,592	-	8,592	-
593,770	396,811	990,581	9,672
244,896	178,480	423,376	-
<u>14,211,239</u>	<u>575,291</u>	<u>14,786,530</u>	<u>159,672</u>
<u>2,403,865</u>	<u>4,503,396</u>	<u>6,907,261</u>	<u>35,956</u>
<u>41,216,641</u>	<u>37,542,431</u>	<u>78,759,072</u>	<u>227,846</u>
<u>\$ 43,620,506</u>	<u>\$ 42,045,827</u>	<u>\$ 85,666,333</u>	<u>\$ 263,802</u>

City of Forest Lake
Balance Sheet - Governmental Funds
December 31, 2023

		Capital Projects		
	General Fund	Capital	Nonmajor	
	(101)	Improvements	Governmental	Total
		(211)	Funds	
Assets				
Cash and investments	\$ 6,842,804	\$ 924,493	\$ 6,759,206	\$ 14,526,503
Taxes receivable	221,003	-	-	221,003
Special assessments receivable				
Deferred and delinquent	-	40,946	49,817	90,763
Accounts receivable	49,677	328,600	132,952	511,229
Interest receivable	36,900	12,574	16,071	65,545
Due from other governments	89,328	2,344,538	75,185	2,509,051
Note receivable	834,137	-	-	834,137
Leases receivable	315,174	-	536,018	851,192
Inventory	-	-	26,462	26,462
Prepaid items	418,960	-	363,721	782,681
Advances to other funds	275,000	35,000	-	310,000
Total assets	<u>\$ 9,082,983</u>	<u>\$ 3,686,151</u>	<u>\$ 7,959,432</u>	<u>\$ 20,728,566</u>
Liabilities				
Accounts payable	\$ 180,725	\$ 108,097	\$ 436,274	\$ 725,096
Contracts payable	-	58,803	-	58,803
Escrows payable	731,903	277,980	-	1,009,883
Interest payable	-	-	95,046	95,046
Due to other governments	30,192	-	-	30,192
Salaries and benefits payable	194,530	-	2,921	197,451
Unearned revenue	37,425	-	-	37,425
Advances from other funds	-	-	765,452	765,452
Total liabilities	<u>1,174,775</u>	<u>444,880</u>	<u>1,299,693</u>	<u>2,919,348</u>
Deferred Inflows of Resources				
Unavailable revenue - state shared taxes	-	2,170,201	-	2,170,201
Unavailable revenue - taxes	143,248	-	-	143,248
Unavailable revenue - special assessments	-	40,946	49,369	90,315
Unavailable revenue - note receivable	834,137	-	-	834,137
Deferred inflows of resources related				
to leases receivable	291,401	-	511,561	802,962
Total deferred inflows of resources	<u>1,268,786</u>	<u>2,211,147</u>	<u>560,930</u>	<u>4,040,863</u>
Fund Balances				
Nonspendable	418,960	-	390,183	809,143
Restricted	11,464	-	4,793,555	4,805,019
Committed	8,733	1,030,124	1,704,907	2,743,764
Assigned	23,012	-	-	23,012
Unassigned	6,177,253	-	(789,836)	5,387,417
Total fund balances	<u>6,639,422</u>	<u>1,030,124</u>	<u>6,098,809</u>	<u>13,768,355</u>
Total liabilities, deferred inflows of				
resources, and fund balances	<u>\$ 9,082,983</u>	<u>\$ 3,686,151</u>	<u>\$ 7,959,432</u>	<u>\$ 20,728,566</u>

See notes to basic financial statements.

City of Forest Lake
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2023

Total fund balances - governmental funds \$ 13,768,355

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Capital assets	181,769,872
Less accumulated depreciation	(124,651,630)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable, net of premiums	(23,611,518)
Deferred loss on bond refunding	244,262
Compensated absences payable	(722,627)
Total OPEB liability	(2,030,237)
Net pension liability	(5,734,954)

Deferred outflows of resources and deferred inflows of resources are created as a result of differences between actual and expected contributions and earnings on plan investments as well as changes in proportion and are not recognized in the governmental funds.

Deferred outflows of resources related to pensions	7,102,473
Deferred inflows of resources related to pensions	(6,440,957)
Deferred outflows of resources related to OPEB	227,699
Deferred inflows of resources related to OPEB	(1,193,939)

Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.

2,004,756

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	143,248
Special assessments	2,549

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	87,766
Note receivable	834,137
MSA	2,170,201

Governmental funds do not report a liability for accrued interest until due and payable.

(348,950)

Total net position - governmental activities

\$ 43,620,506

City of Forest Lake
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2023

		Capital Projects		
	General Fund (101)	Capital Improvements (211)	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 9,316,102	\$ 200,000	\$ 3,392,480	\$ 12,908,582
Tax increments	-	-	415,354	415,354
Franchise fees	-	808,835	-	808,835
Special assessments	-	20,505	-	20,505
Licenses and permits	609,080	-	-	609,080
Intergovernmental	528,106	658,149	1,190,054	2,376,309
Charges for services	850,942	21,961	862,605	1,735,508
Fines and forfeitures	89,559	-	9,208	98,767
Miscellaneous				
Investment income	275,384	42,277	251,814	569,475
Contributions and donations	63,765	-	8,920	72,685
Other	96,026	226,910	97,922	420,858
Total revenues	<u>11,828,964</u>	<u>1,978,637</u>	<u>6,228,357</u>	<u>20,035,958</u>
Expenditures				
Current				
General government	2,188,514	-	-	2,188,514
Public safety	6,614,657	-	9,443	6,624,100
Public works	1,209,865	224,164	285,065	1,719,094
Culture and recreation	1,045,924	-	125,004	1,170,928
Economic development	338,763	-	379,356	718,119
Airport	-	-	90,579	90,579
Debt service				
Principal	-	-	1,430,000	1,430,000
Interest and other charges	-	-	886,434	886,434
Capital outlay				
Public safety	-	-	427,210	427,210
Public works	-	2,178,936	812,705	2,991,641
Culture and recreation	142,351	-	158,827	301,178
Airport	-	-	257,772	257,772
Total expenditures	<u>11,540,074</u>	<u>2,403,100</u>	<u>4,862,395</u>	<u>18,805,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>288,890</u>	<u>(424,463)</u>	<u>1,365,962</u>	<u>1,230,389</u>
Other Financing Sources				
Proceeds from sale of capital asset	-	-	302,693	302,693
Insurance recoveries	29,301	-	-	29,301
Total other financing sources	<u>29,301</u>	<u>-</u>	<u>302,693</u>	<u>331,994</u>
Net change in fund balances	318,191	(424,463)	1,668,655	1,562,383
Fund Balances				
Beginning of year	<u>6,321,231</u>	<u>1,454,587</u>	<u>4,430,154</u>	<u>12,205,972</u>
End of year	<u>\$ 6,639,422</u>	<u>\$ 1,030,124</u>	<u>\$ 6,098,809</u>	<u>\$ 13,768,355</u>

See notes to basic financial statements.

City of Forest Lake
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2023

Net change in fund balances - governmental funds \$ 1,562,383

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	3,404,848
Depreciation expense	(4,546,243)
Book value of disposals	(57,797)

Compensated absences are recognized as paid in the governmental funds, but recognized as the expense is incurred in the Statement of Activities.	1,313
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OPEB costs are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(11,397)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds, but as an increase in the net position in the Statement of Activities.	1,430,000
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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 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.	26,333
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Bonds premiums are recognized when the debt is issued in the governmental funds but amortized over the life of the debt in the Statement of Activities.	215,733
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Refunding losses are recognized when paid in the governmental funds but amortized over the life of the debt in the Statement of Activities.	(20,355)
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Governmental Funds recognize pension contributions as expenditures at the time of payment in the whereas the Statement of Activities factors in differences between actual and expected contributions and earnings on plan investments as well as changes in proportion.

State aid related to pension expense	11,333
Pension expense	(602,085)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments deferred	(2,095)
Special assessments delinquent	(1,331)
Note receivable	24,295
MSA	928,885

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	40,045
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Change in net position - governmental activities	\$ 2,403,865
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City of Forest Lake
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 9,383,874	\$ 9,316,102	\$ (67,772)
Licenses and permits	542,000	609,080	67,080
Intergovernmental	453,000	528,106	75,106
Charges for services	747,890	850,942	103,052
Fines and forfeitures	76,500	89,559	13,059
Miscellaneous revenues			
Investment income	95,000	275,384	180,384
Contributions and donations	11,300	63,765	52,465
Other	59,400	96,026	36,626
Total revenues	<u>11,368,964</u>	<u>11,828,964</u>	<u>460,000</u>
Expenditures			
Current			
General government	2,138,838	2,188,514	49,676
Public safety	6,459,441	6,614,657	155,216
Public works	1,287,947	1,209,865	(78,082)
Culture and recreation	993,949	1,045,924	51,975
Economic development	438,789	338,763	(100,026)
Capital outlay			
Culture and recreation	50,000	142,351	92,351
Total expenditures	<u>11,368,964</u>	<u>11,540,074</u>	<u>171,110</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>288,890</u>	<u>288,890</u>
Other Financing Sources			
Insurance recoveries	-	29,301	29,301
Net change in fund balance	<u>\$ -</u>	<u>318,191</u>	<u>\$ 318,191</u>
Fund Balance			
Beginning of year		6,321,231	
End of year		<u>\$ 6,639,422</u>	

City of Forest Lake
Statement of Net Position - Proprietary Funds
December 31, 2023

	Water (631)	Sewer (632)	Total
Assets			
Current assets			
Cash and investments (including cash equivalents)	\$ 5,085,456	\$ 5,974,698	\$ 11,060,154
Special assessments receivable Deferred and delinquent	112,362	158,377	270,739
Accounts receivable	669,979	1,077,348	1,747,327
Interest receivable	45,871	48,122	93,993
Due from other governments	10,000	-	10,000
Inventory	22,153	-	22,153
Prepaid items	29,230	177,691	206,921
Total current assets	<u>5,975,051</u>	<u>7,436,236</u>	<u>13,411,287</u>
Noncurrent assets			
Advance to other funds	<u>227,726</u>	<u>227,726</u>	<u>455,452</u>
Capital assets			
Land	114,573	-	114,573
Construction in progress	9,942,262	4,495,863	14,438,125
Infrastructure	29,295,071	11,584,849	40,879,920
Buildings and improvements	14,465	-	14,465
Machinery and equipment	460,510	9,613,720	10,074,230
Total capital assets	<u>39,826,881</u>	<u>25,694,432</u>	<u>65,521,313</u>
Less accumulated depreciation	<u>(11,559,987)</u>	<u>(9,368,735)</u>	<u>(20,928,722)</u>
Net capital assets	<u>28,266,894</u>	<u>16,325,697</u>	<u>44,592,591</u>
Total noncurrent assets	<u>28,494,620</u>	<u>16,553,423</u>	<u>45,048,043</u>
Total assets	<u>34,469,671</u>	<u>23,989,659</u>	<u>58,459,330</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	108,835	93,399	202,234
Deferred outflows of resources related to OPEB	16,298	13,726	30,024
Total deferred outflows of resources	<u>125,133</u>	<u>107,125</u>	<u>232,258</u>
Total assets and deferred outflows of resources	<u>\$ 34,594,804</u>	<u>\$ 24,096,784</u>	<u>\$ 58,691,588</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 52,084	\$ 26,505	\$ 78,589
Contracts payable	661,083	225,995	887,078
Due to other governments	18,302	12,301	30,603
Salaries and benefits payable	8,814	7,749	16,563
Interest payable	174,226	26,842	201,068
Compensated absences due within one year	23,058	23,057	46,115
Bonds payable due within one year	850,000	280,000	1,130,000
Total OPEB liability due within one year	4,500	3,500	8,000
Total current liabilities	<u>1,792,067</u>	<u>605,949</u>	<u>2,398,016</u>
Noncurrent liabilities			
Compensated absences	60,630	60,630	121,260
Less compensated absences due within one year	(23,058)	(23,057)	(46,115)
Bonds payable, net of premiums	11,328,399	2,779,109	14,107,508
Less bonds payable due within one year	(850,000)	(280,000)	(1,130,000)
Total OPEB liability	145,317	122,385	267,702
Less total OPEB liability due within one year	(4,500)	(3,500)	(8,000)
Net pension liability	319,267	273,985	593,252
Total noncurrent liabilities	<u>10,976,055</u>	<u>2,929,552</u>	<u>13,905,607</u>
Total liabilities	<u>12,768,122</u>	<u>3,535,501</u>	<u>16,303,623</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	99,403	85,305	184,708
Deferred inflows of resources related to OPEB	85,458	71,972	157,430
Total deferred inflows of resources	<u>184,861</u>	<u>157,277</u>	<u>342,138</u>
Net Position			
Net investment in capital assets	16,277,412	13,320,593	29,598,005
Unrestricted	5,364,409	7,083,413	12,447,822
Total net position	<u>21,641,821</u>	<u>20,404,006</u>	<u>42,045,827</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,594,804</u>	<u>\$ 24,096,784</u>	<u>\$ 58,691,588</u>

See notes to basic financial statements.

City of Forest Lake
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2023

	Water (631)	Sewer (632)	Total
Operating Revenues			
User charges	\$ 2,994,344	\$ 3,811,880	\$ 6,806,224
Other	72,782	35,760	108,542
Total operating revenues	<u>3,067,126</u>	<u>3,847,640</u>	<u>6,914,766</u>
Operating Expenses			
Wages and salaries	440,503	370,989	811,492
Employee benefits	172,227	164,006	336,233
Materials and supplies	356,152	35,633	391,785
Repairs and maintenance	113,008	125,462	238,470
Professional services	48,875	43,831	92,706
Insurance	35,000	40,000	75,000
Utilities	200,580	71,066	271,646
Depreciation	656,928	697,018	1,353,946
Equipment	2,412	-	2,412
Metro sewer service charges	-	1,617,158	1,617,158
Miscellaneous	55,915	9,405	65,320
Total operating expenses	<u>2,081,600</u>	<u>3,174,568</u>	<u>5,256,168</u>
Operating income	<u>985,526</u>	<u>673,072</u>	<u>1,658,598</u>
Nonoperating Revenues (Expenses)			
Investment income	174,104	222,707	396,811
Intergovernmental grants	15,920	-	15,920
Interest and other debt service expense	(294,266)	(61,872)	(356,138)
Gain on sale of asset	17,833	160,647	178,480
Total nonoperating revenues (expenses)	<u>(86,409)</u>	<u>321,482</u>	<u>235,073</u>
Income before capital contributions and transfers	899,117	994,554	1,893,671
Capital Contributions	<u>340,299</u>	<u>2,269,426</u>	<u>2,609,725</u>
Change in net position	1,239,416	3,263,980	4,503,396
Net position			
Beginning of year	<u>20,402,405</u>	<u>17,140,026</u>	<u>37,542,431</u>
End of year	<u>\$ 21,641,821</u>	<u>\$ 20,404,006</u>	<u>\$ 42,045,827</u>

City of Forest Lake
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Water (631)	Sewer (632)	Total
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 3,017,340	\$ 4,340,926	\$ 7,358,266
Payments to suppliers	(868,196)	(2,030,927)	(2,899,123)
Payments to employees	(584,040)	(490,733)	(1,074,773)
Net cash flows - operating activities	<u>1,565,104</u>	<u>1,819,266</u>	<u>3,384,370</u>
Cash Flows - Noncapital			
Financing Activities			
Intergovernmental grants	5,920	-	5,920
Net cash flows - noncapital financing activities	<u>5,920</u>	<u>-</u>	<u>5,920</u>
Cash Flows - Capital and Related			
Financing Activities			
Capital contributions	340,299	2,269,426	2,609,725
Principal paid on long-term debt	(840,000)	(365,000)	(1,205,000)
Interest and issuance costs paid on long-term debt	(436,014)	(68,590)	(504,604)
Proceeds from sale of asset	41,459	184,270	225,729
Acquisition of capital assets	(5,410,853)	(2,797,961)	(8,208,814)
Net cash flows - capital and related financing activities	<u>(6,305,109)</u>	<u>(777,855)</u>	<u>(7,082,964)</u>
Cash Flows - Investing Activities			
Interest received	187,481	220,159	407,640
Net change in cash and cash equivalents	(4,546,604)	1,261,570	(3,285,034)
Cash and Cash Equivalents			
January 1	<u>9,632,060</u>	<u>4,713,128</u>	<u>14,345,188</u>
December 31	<u>\$ 5,085,456</u>	<u>\$ 5,974,698</u>	<u>\$ 11,060,154</u>
Reconciliation of Operating Income to			
Net Cash Flows - Operating Activities			
Operating income	\$ 985,526	\$ 673,072	\$ 1,658,598
Adjustments to reconcile operating income to net cash flows - operating activities			
Depreciation expense	656,928	697,018	1,353,946
Accounts receivable	(59,332)	431,464	372,132
Special assessments receivable	9,546	61,822	71,368
Prepaid items	(5,398)	(16,190)	(21,588)
Inventory	359	-	359
Accounts payable	(62,147)	(84,483)	(146,630)
Due to other governments	10,932	12,301	23,233
Salaries payable	(186)	(928)	(1,114)
Compensated absences payable	4,309	4,309	8,618
Net pension liability	45,515	52,280	97,795
Net OPEB obligation	(20,948)	(11,399)	(32,347)
Total adjustments	<u>579,578</u>	<u>1,146,194</u>	<u>1,725,772</u>
Net cash flows - operating activities	<u>\$ 1,565,104</u>	<u>\$ 1,819,266</u>	<u>\$ 3,384,370</u>

See notes to basic financial statements.



Forest Lake
AS GOOD AS IT SOUNDS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

1. Discretely Presented Component Unit

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit’s governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent upon the potential component unit.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures

a. Fire Contracts

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

b. I-35 WE Coalition

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

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

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

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

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

c. School Liaison Officer

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures (Continued)

d. Cable Commission

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

e. Washington County Drug Task Force

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

f. Metro I-Net

The Metro I-Net is a joint powers agreement between several metro cities to share computing technology assistance. Subsequently, the City entered into an agreement with the City of Roseville to receive information technology and network related service and support. Currently, the City compensates the City of Roseville approximately \$226,844 annually for services rendered. Financial information for the Metro I-net is reported in the City of Roseville financial statements, available by contacting administration at 2660 Civic Center Drive, Roseville, MN 55113.

B. Government-Wide and Fund Financial Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Description of Funds:

Major Governmental Funds:

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

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

Major Proprietary Funds:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

1. Discretely Presented Component Unit

The Forest Lake EDA activities are governmental in nature and records are maintained on the modified accrual basis of accounting. There were no government-wide reconciling items for the year-ended December 31, 2023. The Forest Lake EDA's records are reported on the accrual basis of accounting for the Statement of Net Position and the Statement of Activities.

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

1. Cash and Investments

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

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

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

Certain investments for the City and EDA are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments (Continued)

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn.

2. Receivables and Payables

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

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

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

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

3. Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

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

4. Capital Assets

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

5. Lease Receivable

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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

7. Compensated Absences

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

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

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

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

8. Other Post-Employment Benefits

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Long-Term Obligations

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

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

11. Fund Balance

a. Classification

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

- ◆ **Nonspendable Fund Balances** - These are amounts that cannot be spent because they are not in spendable form, such as inventories and prepaid items.
- ◆ **Restricted Fund Balances** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- ◆ **Committed Fund Balances** - These are amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City Council (highest level of decision-making authority) and that remain committed unless modified or removed by the City Council by subsequent resolution.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fund Balance (Continued)

a. Classification (Continued)

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

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

b. Minimum Fund Balance

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

12. Net Position

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

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following nonmajor funds had deficit fund balances at December 31, 2023:

TIF No. 86 Centennial Office Park Special Revenue Fund	\$ 41,493
TIF Former City Hall Site	226,975
Headwaters Industrial Park Special Revenue Fund	521,368

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

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

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

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City and EDA's investment policy states all deposits will be insured or collateralized at a level of 110% of the fair value of principal and accrued interest as required in *Minnesota Statutes* 118. As of December 31, 2023, the City and EDA's bank balance was not exposed to custodial credit risk because it was insured through FDIC insurance and fully collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

As of December 31, 2023, the City and EDA had the following deposits:

Checking	<u><u>\$ 2,093,940</u></u>
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B. Investments

As of December 31, 2023, the City and EDA had the following investments:

Investment Type	Rating	Amount	Maturities		
			Less than 1 year	1 - 5 years	Over 5 years
Brokered money market accounts	N/A	\$ 75,239	\$ 75,239	\$ -	\$ -
4M Fund	AAAm	10,494,815	10,494,815	-	-
4M Plus	AAAm	205	205	-	-
Municipal securities	A3-Aaa	2,477,098	652,529	1,824,569	-
U.S. securities	Aaa	10,704,520	602,209	9,154,842	947,469
Total		<u><u>\$ 23,751,877</u></u>	<u><u>\$ 11,824,997</u></u>	<u><u>\$ 10,979,411</u></u>	<u><u>\$ 947,469</u></u>

Interest Rate Risk: This is the risk that fair values of securities in a portfolio would decrease due to changes in market interest rates. The City and EDA 's investment policy states the City and EDA will diversify their investments in a way that allows securities to mature in order to meet cash requirements for ongoing operations. The City and EDA 's investment maturities are noted in the table above.

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

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City and EDA's investment policy states their investment portfolio will reflect diversity by class of maturity and issuer. The policy lists specific limits that are imposed for investments of a specific class, such as at any one time, no more than 90% of the total portfolio shall consist of certificates of deposit, no more than 30% of the total portfolio shall consist of local government securities, and maximum holding for any one issuer of collateralized certificates of deposit will be 5% of the total portfolio. As of December 31, 2023, the City's investments in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association securities exceeded 5% of the total portfolio. The City and EDA are in compliance with its investment policy.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

The City and EDA had the following investments subject to recurring fair value measurements as of December 31, 2023:

- ◆ \$13,181,618 of investments are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments Summary

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 2,093,940
Petty cash	500
Investments (Note 3.B.)	<u>23,751,877</u>
Total deposits and investments	<u><u>\$ 25,846,317</u></u>

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

Primary Government	
Cash and investments	\$ 25,586,657
EDA Component Unit	
Cash and investments	<u>259,660</u>
Total deposits and investments	<u><u>\$ 25,846,317</u></u>

NOTE 4 - NOTE AND LEASES RECEIVABLE

As of December 31, 2023, the City had a note receivable in the amount of \$834,137 including accrued interest due from Lighthouse Lofts, LLC related to the sale of the former City Hall site. This amount will be paid to the City through tax increment collections commencing August 1, 2034. The note bears interest until paid at 3.0% per annum. If, as of the termination date of the TIF District, the City has received tax increments totaling less than \$700,000 plus accrued interest, the City will forgive the remaining principal amount.

The City owns and operates the Forest Lake Airport and has leases receivable in the Airport Fund related to hanger space. These leases are generally leased to tenants for 25 years with payments due annually. In addition, the City leases airport land for agricultural purposes. The lease receivable totaled \$322,698 as of December 31, 2023, related to these leases. Total inflows related to these leases amounted to \$34,647 for the year ended December 31, 2023.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 4 - NOTE AND LEASES RECEIVABLE (CONTINUED)

The City entered into leases for antenna space. These leases had an initial 5-year contract with periodic automatic extensions between 20-25 years. The lease receivable totaled \$315,174 as of December 31, 2023, related to these leases. Total inflows related to these leases amounted to \$88,172 for the year ended December 31, 2023.

The City entered into a lease agreement for the rental of boat slips through October 31, 2024. The lease receivable totaled \$7,668 as of December 31, 2023. Total inflows related to this lease amounted to \$7,601 for the year ended December 31, 2023.

The City entered into a lease agreement for the rental of its south building through September 30, 2028. The lease receivable totaled \$205,652 as of December 31, 2023. Total inflows related to this lease amounted to \$11,422 for the year ended December 31, 2023.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,850,619	\$ -	\$ -	\$ 9,850,619
Construction in progress	2,067,922	1,690,522	3,230,322	528,122
Total capital assets not being depreciated	11,918,541	1,690,522	3,230,322	10,378,741
Capital assets being depreciated				
Infrastructure	134,918,719	3,230,323	-	138,149,042
Buildings and improvements	17,980,627	257,772	-	18,238,399
Machinery and equipment	14,021,348	1,456,552	474,210	15,003,690
Total capital assets being depreciated	166,920,694	4,944,647	474,210	171,391,131
Less accumulated depreciation for				
Infrastructure	(105,667,827)	(3,036,397)	-	(108,704,224)
Buildings and improvements	(4,491,982)	(441,251)	-	(4,933,233)
Machinery and equipment	(10,361,992)	(1,068,595)	(416,414)	(11,014,173)
Total accumulated depreciation	(120,521,801)	(4,546,243)	(416,414)	(124,651,630)
Total capital assets being depreciated, net	46,398,893	398,404	57,796	46,739,501
Governmental activities capital assets, net	\$ 58,317,434	\$ 2,088,926	\$ 3,288,118	\$ 57,118,242

City of Forest Lake
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 114,573	\$ -	\$ -	\$ 114,573
Construction in progress	9,192,728	6,690,212	1,444,815	14,438,125
Total capital assets not being depreciated	9,307,301	6,690,212	1,444,815	14,552,698
Capital assets being depreciated				
Infrastructure	39,310,606	1,569,314	-	40,879,920
Buildings and improvements	14,465	-	-	14,465
Machinery and equipment	9,858,599	713,468	497,837	10,074,230
Total capital assets being depreciated	49,183,670	2,282,782	497,837	50,968,615
Less accumulated depreciation for				
Infrastructure	(15,054,013)	(869,582)	-	(15,923,595)
Buildings and improvements	(10,050)	(442)	-	(10,492)
Machinery and equipment	(4,961,297)	(483,922)	(450,584)	(4,994,635)
Total accumulated depreciation	(20,025,360)	(1,353,946)	(450,584)	(20,928,722)
Total capital assets being depreciated, net	29,158,310	928,836	47,253	30,039,893
Business-type activities capital assets, net	<u>\$ 38,465,611</u>	<u>\$ 7,619,048</u>	<u>\$ 1,492,068</u>	<u>\$ 44,592,591</u>

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

Governmental activities	
General government	\$ 515,911
Public safety	431,822
Public works	3,170,071
Airport	240,876
Culture and recreation	187,563
Total depreciation expense - governmental activities	<u>\$ 4,546,243</u>
Business-type activities	
Water	\$ 656,928
Sewer	697,018
Total depreciation expense - business-type activities	<u>\$ 1,353,946</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 6 - INTERFUND ACTIVITY

A. Advance to/from Other Funds

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

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

NOTE 7 - LONG-TERM DEBT

A. General Obligation Bonds

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

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

City of Forest Lake
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities

	Issued Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Long-term liabilities					
Governmental activities					
2014A G.O. Tax Abatement Bonds	10/30/14	2.1%-3.5%	\$ 8,895,000	02/01/35	\$ 5,955,000
2019A G.O. Bonds	12/12/19	3.0%-5.0%	19,225,000	02/01/35	15,350,000
Premium on bonds payable					2,306,518
Compensated absences					722,627
Total governmental activities					<u>24,334,145</u>
Business-type activities					
2013B G.O. Refunding Bonds	11/06/13	2.00%-3.00%	2,940,000	02/01/24	225,000
2016A G.O. Wastewater Revenue Bonds	12/21/16	2.00%-2.75%	4,315,000	02/01/32	2,750,000
2019A G.O. Bonds	12/12/19	3.00%-5.00%	11,485,000	02/01/35	9,785,000
Premium on bonds payable					1,347,508
Compensated absences					121,260
Total business-type activities					<u>14,228,768</u>
Total all long-term liabilities					<u>\$ 38,562,913</u>

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

C. Minimum Debt Payments

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

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	G.O. Bonds			G.O. Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,500,000	\$ 806,215	\$ 2,306,215	\$ 1,130,000	\$ 461,467	\$ 1,591,467
2025	1,555,000	742,056	2,297,056	940,000	421,145	1,361,145
2026	1,620,000	674,225	2,294,225	975,000	381,822	1,356,822
2027	1,695,000	602,088	2,297,088	1,020,000	340,500	1,360,500
2028	1,765,000	526,050	2,291,050	1,060,000	296,969	1,356,969
2029-2033	10,055,000	1,422,231	11,477,231	5,655,000	791,381	6,446,381
2034-2035	3,115,000	78,325	3,193,325	1,980,000	59,850	2,039,850
Total	<u>\$ 21,305,000</u>	<u>\$ 4,851,190</u>	<u>\$ 26,156,190</u>	<u>\$ 12,760,000</u>	<u>\$ 2,753,134</u>	<u>\$ 15,513,134</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
G.O. bonds payable	\$ 22,735,000	\$ -	\$ 1,430,000	\$ 21,305,000	\$ 1,500,000
Premium on bonds payable	2,522,251	-	215,733	2,306,518	-
Total G.O bonds payable	25,257,251	-	1,645,733	23,611,518	1,500,000
Compensated absences	723,940	456,962	458,275	722,627	306,671
Total governmental activities	25,981,191	456,962	2,104,008	24,334,145	1,806,671
Business-type activities					
G.O. bonds payable	13,965,000	-	1,205,000	12,760,000	1,130,000
Premium on bonds payable	1,478,333	-	130,825	1,347,508	-
Total bonds payable	15,443,333	-	1,335,825	14,107,508	1,130,000
Compensated absences	112,642	57,835	49,217	121,260	46,115
Total business-type activities	15,555,975	57,835	1,385,042	14,228,768	1,176,115
Total long-term liabilities	<u>\$ 41,537,166</u>	<u>\$ 514,797</u>	<u>\$ 3,489,050</u>	<u>\$ 38,562,913</u>	<u>\$ 2,982,786</u>

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

NOTE 8 - CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2023, the City's conduit debt consisted of the following:

Forest Lake Athletic Association	
Recreational Facility Revenue Note, Series 2008A	\$ 2,927,617
Lakes International Language Academy Project	
Charter School Lease Revenue Bonds, Series 2014A	14,675,000
YMCA	
Recreational Facility Revenue Note, Series 2015	2,404,000
Lakes International Language Academy Project	
Charter School Lease Revenue Bonds, Series 2019A & 2019B	21,055,000
North Lakes Academy Project	
Charter School Lease Revenue and Refunding Bonds, Series 2021A & 2021B	29,090,000
Total conduit debt obligations	<u>\$ 70,151,617</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 9 - FUND BALANCES/NET POSITION

A. Fund Balance Classifications

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

	General Fund	Capital Improvements	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 26,462	\$ 26,462
Prepaid items	418,960	-	363,721	782,681
Total nonspendable	<u>418,960</u>	<u>-</u>	<u>390,183</u>	<u>809,143</u>
Restricted				
Recycling	11,464	-	-	11,464
Park improvements	-	-	1,413,308	1,413,308
Debt service	-	-	2,339,245	2,339,245
Public safety	-	-	969,660	969,660
Tax increment	-	-	71,342	71,342
Total restricted	<u>11,464</u>	<u>-</u>	<u>4,793,555</u>	<u>4,805,019</u>
Committed				
Bixby Dog Park	-	-	695	695
Veterans Memorial	-	-	68,561	68,561
Lake improvements	-	-	54,973	54,973
Safety camp	8,733	-	-	8,733
Surface water management	-	-	1,208,585	1,208,585
Airport	-	-	214,433	214,433
Capital	-	1,030,124	157,660	1,187,784
Total committed	<u>8,733</u>	<u>1,030,124</u>	<u>1,704,907</u>	<u>2,743,764</u>
Assigned				
Irrigation at Fenway Athletic Facility	<u>23,012</u>			<u>23,012</u>
Unassigned	<u>6,177,253</u>	<u>-</u>	<u>(789,836)</u>	<u>5,387,417</u>
Total fund balance	<u>\$ 6,639,422</u>	<u>\$ 1,030,124</u>	<u>\$ 6,098,809</u>	<u>\$ 13,768,355</u>

B. Net Position

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

NOTE 10 - RISK MANAGEMENT

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

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

NOTE 10 - RISK MANAGEMENT (CONTINUED)

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2023 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2023, there were no other claims liabilities reported based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$1,466,649. The components of pension expense are noted in the following plan summaries for the General Employees Retirement Plan, the Public Employees Police and Fire Plan, the Defined Contribution Plan, and the Volunteer Firefighter's Relief Association Plan.

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

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

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

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

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023, and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$229,980. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$569,158. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$2,337,409 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$64,356.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0418% at the end of the measurement period and 0.0386% at the beginning of the period.

City's proportionate share of the net pension liability	\$ 2,337,409
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State of Minnesota's proportionate share of the net pension liability associated with the City	64,356
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Total	\$ 2,401,765
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City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$481,834 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the City recognized \$289 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

As of December 31, 2023, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 75,349	\$ 14,291
Changes in actuarial assumptions	336,388	640,664
Net difference between projected and actual investment earnings	-	72,791
Changes in proportion	270,072	-
Contributions paid to PERA subsequent to the measurement date	<u>114,990</u>	<u>-</u>
Total	<u><u>\$ 796,799</u></u>	<u><u>\$ 727,746</u></u>

The \$114,990 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 157,494
2025	(247,739)
2026	95,014
2027	<u>(50,706)</u>
Total	<u><u>\$ (45,937)</u></u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

As of December 31, 2023, the City reported a liability of \$3,990,797 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2311% at the end of the measurement period and 0.2297% at the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2022. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$160,746.

City's proportionate share of the net pension liability	\$ 3,990,797
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>160,746</u>
Total	<u><u>\$ 4,151,543</u></u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$1,190,031 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized (\$9,682) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$20,799 for the year ended December 31, 2023, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,089,223	\$ -
Changes in actuarial assumptions	4,515,810	5,610,864
Net difference between projected and actual investment earnings	-	90,866
Changes in proportion	121,966	80,607
Contributions paid to PERA subsequent to the measurement date	284,579	-
	<u>284,579</u>	<u>-</u>
Total	<u>\$ 6,011,578</u>	<u>\$ 5,782,337</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The \$284,579 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 188,816
2025	55,033
2026	925,861
2027	(245,056)
2028	(979,992)
Total	<u>\$ (55,338)</u>

E. Long-Term Expected Return on Investment

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

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	\$ 4,135,065	\$ 2,337,409	\$ 858,769
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 7,918,216	\$ 3,990,797	\$ 761,932

I. Pension Plan Fiduciary Net Position

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

Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. Minnesota Statutes Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made by the City. Total contributions during fiscal year 2023 were \$550, which amounted to 5% of covered payroll as required.

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association

A. Plan Description

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

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

B. Benefits Provided

Volunteer firefighters of the City are members of the Forest Lake Fire Department Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service. The lump sum pension is based on completed months of service. The current lump sum pension measured in the actuarial study is based on \$5,900 (effective October 25, 2022) per year of service plus a supplemental benefit of 10% of the regular lump sum distribution, but not more than \$1,000. Partial benefits are payable to members who have reached 50 and have completed ten years of service (five years for those hired prior to January 1, 2007). Disability benefits and widow and children's survivor benefits are also payable to members, or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

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

C. Members Covered by Benefit Terms

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

Inactive members entitled to but not yet receiving benefits	4
Active members	<u>28</u>
Total	<u><u>32</u></u>

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten-year period. The City's obligation is the financial requirement for the year less State aids received. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year ended December 31, 2023, the City recognized as revenue and as an expenditure an on behalf payment of \$206,188 made by the State of Minnesota for the Relief Association. The City also contributed \$18,500 to the Relief Association during the year ended December 31, 2023.

E. Net Pension Liability

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

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

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

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

E. Net Pension Liability (Continued)

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

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions

- ◆ The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020, Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022, Minnesota PERA Police and Fire Plan actuarial valuation.
- ◆ The inflation assumption increased from 2.25% to 2.5%.

Changes in Plan Provisions

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

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

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

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021, measurement date	\$ 1,081,048	\$ 3,476,953	\$ (2,395,905)
Changes for the year			
Service cost	78,560	-	78,560
Interest cost	68,132	-	68,132
Difference between expected and actual experience	(75,364)	-	(75,364)
Changes of assumptions	(4,667)	-	(4,667)
Changes of benefit terms	33,218	-	33,218
State and municipal contributions	-	198,492	(198,492)
Member contributions	-	640	(640)
Net investment income	-	(475,835)	475,835
Benefit payments	(48,158)	(48,158)	-
Administrative expense	-	(14,567)	14,567
Other charges	-	-	-
Net changes	51,721	(339,428)	391,149
Balances at December 31, 2022, measurement date	\$ 1,132,769	\$ 3,137,525	\$ (2,004,756)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate 5.0%	Current Discount Rate 6.0%	1% Increase in Discount Rate 7.0%
Net pension asset	\$ 1,962,783	\$ 2,004,756	\$ 2,045,219

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

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

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

For the year ended December 31, 2023, the City recognized pension expense of \$205,766. As of December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ -	\$ 111,369
Net collective difference between projected and actual investment earnings	233,657	-
Changes in assumptions	37,985	4,213
Contributions paid to Association subsequent to the measurement date	224,688	-
Total	<u>\$ 496,330</u>	<u>\$ 115,582</u>

The \$224,688 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ (36,450)
2025	34,187
2026	66,220
2027	127,909
2028	(7,790)
Thereafter	(28,016)
Total	<u>\$ 156,060</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

B. Benefits Provided

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

C. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners. The required contributions are based on projected pay-as-you-go financing requirements. For 2023, the City contributed \$63,553 to the plan.

D. Members

As of the December 31, 2021, valuation date, the following were covered by the benefit terms:

Active employees electing coverage	55
Active employees waiving coverage	2
Retirees electing coverage	<u>3</u>
Total	<u><u>60</u></u>

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions.

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	4.05%
Inflation	2.50%
Healthcare cost trend increases	6.8% for 2022, gradually decreasing over several decades to an ultimate rate of 3.9% in 2075.
Mortality assumption - general employees	Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Mortality assumption - police and fire employees	Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ None

F. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2022.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at December 31, 2021, measurement date	\$ 2,570,662
Changes for the year	
Service cost	210,578
Interest	50,593
Differences between expected and actual economic experience	8,668
Changes of assumptions	(479,353)
Employer contributions	(63,209)
Net changes	(272,723)
Balances at December 31, 2022, measurement date	\$ 2,297,939

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

City of Forest Lake
Notes to Basic Financial Statements

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

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

Total OPEB Liability Total OPEB Liability/(Asset)		
1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
\$ 2,507,839	\$ 2,297,939	\$ 2,101,419

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability Total OPEB Liability/(Asset)		
1% Decrease in Trend Rate (5.8% Decreasing to 2.9%)	Current Trend Rate (6.8% Decreasing to 3.9%)	1% Increase in Trend Rate (7.8% Decreasing to 4.9%)
\$ 1,984,268	\$ 2,297,939	\$ 2,668,071

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$84,184. As of December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ 7,657	\$ 666,932
Changes of assumptions	186,513	684,437
Contributions made subsequent to the measurement date	63,553	-
Total	<u>\$ 257,723</u>	<u>\$ 1,351,369</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The \$63,553 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2024	\$ (176,987)
2025	(176,987)
2026	(176,987)
2027	(191,387)
2028	(166,491)
Therafter	(268,360)
Total	<u><u>\$ (1,157,199)</u></u>

NOTE 13 - CONTRACT COMMITMENTS

The City had \$722,286 in contract commitments as of December 31, 2023, related to the water treatment plant, lift station and force main improvements projects, and Well 6 & 7 project.

NOTE 14 - TAX INCREMENT FINANCING

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

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

During the year ended December 31, 2023, the City generated \$415,354 in tax increment revenue and made \$374,778 in payments to developers.

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

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

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

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

December 31, 2022	December 31, 2023
\$ 186,471	\$ 210,578
60,938	50,593
(495,708)	8,668
(57,146)	(479,353)
39,178	-
(46,966)	(63,209)
<u>(313,233)</u>	<u>(272,723)</u>
<u>2,883,895</u>	<u>2,570,662</u>
<u>\$ 2,570,662</u>	<u>\$ 2,297,939</u>
\$ 5,741,070	\$ 5,730,776
44.78%	40.10%

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

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

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

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

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

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

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

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

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

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

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

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

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

	Measurement Date		
	12/31/2014	12/31/2015	12/31/2016
Total Pension Liability (TPL)			
Service cost	\$ 58,473	\$ 60,081	\$ 72,882
Interest costs	85,447	87,680	106,581
Changes of assumptions	-	138,729	-
Changes of benefit terms	-	-	-
Differenced between expected and actual experience	-	-	(77,657)
Benefit payments	(142,192)	(82,696)	(68,652)
Net change in total pension liability	1,728	203,794	33,154
Beginning of year	1,278,508	1,280,236	1,484,030
End of Year	<u>\$ 1,280,236</u>	<u>\$ 1,484,030</u>	<u>\$ 1,517,184</u>
Plan Fiduciary Net Pension (FNP)			
State and municipal contributions	\$ 145,743	\$ 152,203	\$ 154,922
Donations and other income contributions	-	-	-
Member contributions	-	740	1,300
Net investment income	127,032	(30,658)	153,854
Benefit payments	(142,192)	(82,696)	(68,652)
Administrative expense	(8,058)	(9,162)	(9,531)
Net change in plan fiduciary net position	122,525	30,427	231,893
Beginning of year	2,086,142	2,208,667	2,239,094
End of year	<u>\$ 2,208,667</u>	<u>\$ 2,239,094</u>	<u>\$ 2,470,987</u>
Net Pension Liability (NPL)	<u>\$ (928,431)</u>	<u>\$ (755,064)</u>	<u>\$ (953,803)</u>
FNP as a percentage of the TPL	172.52%	150.88%	162.87%

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

Measurement Date					
12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 58,606	\$ 60,218	\$ 52,577	\$ 59,436	\$ 74,161	\$ 78,560
91,659	76,387	69,253	79,472	70,547	68,132
-	21,081	-	26,126	-	(4,667)
-	-	98,861	40,684	45,956	33,218
-	(52,520)	-	(5,423)	-	(75,364)
(532,758)	(207,320)	(39,353)	(101,320)	(422,466)	(48,158)
(382,493)	(102,154)	181,338	98,975	(231,802)	51,721
1,517,184	1,134,691	1,032,537	1,213,875	1,312,850	1,081,048
<u>\$ 1,134,691</u>	<u>\$ 1,032,537</u>	<u>\$ 1,213,875</u>	<u>\$ 1,312,850</u>	<u>\$ 1,081,048</u>	<u>\$ 1,132,769</u>
\$ 159,531	\$ 162,745	\$ 167,070	\$ 175,885	\$ 184,035	\$ 198,492
-	289	-	-	-	-
900	680	650	900	590	640
324,177	(143,161)	524,069	319,263	491,526	(475,835)
(532,758)	(207,320)	(39,353)	(101,320)	(422,466)	(48,158)
(9,036)	(8,764)	(15,534)	(8,697)	(17,935)	(14,567)
(57,186)	(195,531)	636,902	386,031	235,750	(339,428)
2,470,987	2,413,801	2,218,270	2,855,172	3,241,203	3,476,953
<u>\$ 2,413,801</u>	<u>\$ 2,218,270</u>	<u>\$ 2,855,172</u>	<u>\$ 3,241,203</u>	<u>\$ 3,476,953</u>	<u>\$ 3,137,525</u>
<u>\$ (1,279,110)</u>	<u>\$ (1,185,733)</u>	<u>\$ (1,641,297)</u>	<u>\$ (1,928,353)</u>	<u>\$ (2,395,905)</u>	<u>\$ (2,004,756)</u>
212.73%	214.84%	235.21%	246.88%	321.63%	276.98%

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

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>
City			
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -
Actual contribution	<u>1,060</u>	<u>18,500</u>	<u>18,500</u>
Contribution deficiency (excess)	<u>\$ (1,060)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>
State Pass Through			
2% Aid	<u>\$ 144,683</u>	<u>\$ 134,703</u>	<u>\$ 135,422</u>

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

<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>
\$ - 18,500	\$ - 18,500	\$ - 18,500	\$ - 18,500	\$ - 18,500	\$ - 18,500	\$ - 18,500
<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>
<u>\$ 138,031</u>	<u>\$ 146,245</u>	<u>\$ 149,570</u>	<u>\$ 158,385</u>	<u>\$ 162,535</u>	<u>\$ 181,992</u>	<u>\$ 206,188</u>



Forest Lake
AS GOOD AS IT SOUNDS

City of Forest Lake
Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- ◆ Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- ◆ Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- ◆ Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- ◆ The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- ◆ The assumed spouse age difference was changed from two years older for females to one year older.

City of Forest Lake
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Contribution stabilizer provisions were repealed.
- ◆ Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- ◆ For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- ◆ Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- ◆ The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.

City of Forest Lake
Notes to Required Supplementary Information

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Forest Lake Notes to Required Supplementary Information

Police and Fire Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The inflation assumption was changed from 2.5% to 2.25%.
- ◆ The payroll growth assumption was changed from 3.25% to 3.0%.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- ◆ The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- ◆ Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- ◆ Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- ◆ Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- ◆ Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- ◆ Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

◆ **2021 Changes (Continued)**

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- ◆ Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- ◆ Assumed rates of retirement were changed, resulting in fewer retirements.
- ◆ The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- ◆ The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retiree

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- ◆ Assumed percentage of married female members was decreased from 65% to 60%.
- ◆ Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed percentage of female members electing Joint and Survivor annuities was increased.
- ◆ The assumed annual increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- ◆ The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Forest Lake Notes to Required Supplementary Information

Fire Department Relief Association

2023 Changes

Changes in Actuarial Assumptions

- ◆ The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020, Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022, Minnesota PERA Police and Fire Plan actuarial valuation.
- ◆ The inflation assumption increased from 2.25% to 2.5%.

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

- ◆ None

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

- ◆ The expected investment return and discount rate decreased from 6.50% to 6.00% to reflect updated capital market assumptions.
- ◆ The mortality assumptions were updated from the rates used in the July 8, 2019, Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020, Minnesota PERA Police and Fire Plan actuarial valuation.
- ◆ The inflation assumption decreased from 2.50% to 2.25%.

2020 Changes

Changes in Actuarial Assumptions

- ◆ None

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

- ◆ The assumed investment return was changed from 7.0% to 6.5%. The discount rate was changed from 7.0% to 6.5%.
- ◆ The inflation assumption decreased from 2.75% to 2.5%.
- ◆ The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016, Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018, Minnesota Police and Fire Plan actuarial valuation.

2018 Changes

None

2017 Changes

None

2016 Changes

Changes in Actuarial Assumptions

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

City of Forest Lake
Notes to Required Supplementary Information

Post Employment Health Care Plan

No assets have been accumulated in a qualifying trust to pay related OPEB benefits.

2023 Changes

Changes in Actuarial Assumptions

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

2022 Changes

Changes in Actuarial Assumptions

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

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- ◆ Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- ◆ Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- ◆ Mortality and salary increase rates were updated.
- ◆ The percent of future non-Medicare eligible, non-Local No. 49 retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

2019 Changes

Changes in Actuarial Assumptions

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

2018 Changes

Changes in Actuarial Assumptions

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

SUPPLEMENTARY INFORMATION

City of Forest Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue		
	TIF No. 83 Teamvantage (214)	TIF No. 84 Cherrywood Pointe (215)	TIF No. 86 Centennial Office Park (216)
Assets			
Cash and investments	\$ 23,124	\$ 120,360	\$ 6,835
Special assessments receivable			
Deferred and delinquent	-	-	-
Accounts receivable	-	-	-
Interest receivable	-	-	-
Due from other governments	-	-	-
Leases receivable	-	-	-
Inventory	-	-	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 23,124</u>	<u>\$ 120,360</u>	<u>\$ 6,835</u>
Liabilities			
Accounts payable	\$ -	\$ 72,142	\$ 3,723
Interest payable	-	-	9,605
Advances from other funds	-	-	35,000
Salaries and benefits payable	-	-	-
Total liabilities	<u>-</u>	<u>72,142</u>	<u>48,328</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	23,124	48,218	-
Committed	-	-	-
Unassigned	-	-	(41,493)
Total fund balances	<u>23,124</u>	<u>48,218</u>	<u>(41,493)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,124</u>	<u>\$ 120,360</u>	<u>\$ 6,835</u>

Special Revenue

TIF Former City Hall Site (217)	Park Dedication (203)	Surface Water Management Fund (205)	Drug Forfeiture (207)	Airport (250)	Headwaters Industrial Park (251)	Public Safety Aid (403)
\$ 177,446	\$ 1,532,269	\$ 1,088,848	\$ 50,959	\$ 194,628	\$ -	\$ 918,572
-	-	49,817	-	-	-	-
-	-	120,912	-	6,907	-	-
-	3,891	2,765	129	494	-	-
-	-	-	-	-	-	-
-	7,668	-	-	322,698	-	-
-	-	-	-	26,462	-	-
-	-	-	-	4,872	-	-
<u>\$ 177,446</u>	<u>\$ 1,543,828</u>	<u>\$ 1,262,342</u>	<u>\$ 51,088</u>	<u>\$ 556,061</u>	<u>\$ -</u>	<u>\$ 918,572</u>
\$ 109,896	\$ -	\$ 1,965	\$ -	\$ 795	\$ -	\$ -
19,525	-	-	-	-	65,916	-
275,000	-	-	-	-	455,452	-
-	-	2,423	-	498	-	-
<u>404,421</u>	<u>-</u>	<u>4,388</u>	<u>-</u>	<u>1,293</u>	<u>521,368</u>	<u>-</u>
-	-	49,369	-	-	-	-
-	6,291	-	-	309,001	-	-
-	6,291	49,369	-	309,001	-	-
-	-	-	-	31,334	-	-
-	1,413,308	-	51,088	-	-	918,572
-	124,229	1,208,585	-	214,433	-	-
(226,975)	-	-	-	-	(521,368)	-
<u>(226,975)</u>	<u>1,537,537</u>	<u>1,208,585</u>	<u>51,088</u>	<u>245,767</u>	<u>(521,368)</u>	<u>918,572</u>
<u>\$ 177,446</u>	<u>\$ 1,543,828</u>	<u>\$ 1,262,342</u>	<u>\$ 51,088</u>	<u>\$ 556,061</u>	<u>\$ -</u>	<u>\$ 918,572</u>

City of Forest Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Debt Service		
	2019A Refunding Bonds (323)	YMCA Debt Service (325)	Street Projects Bond (326)
Assets			
Cash and investments	\$ 1,549,094	\$ 538,398	\$ 245,828
Special assessments receivable			
Deferred and delinquent	-	-	-
Accounts receivable	-	-	-
Interest receivable	3,934	1,367	624
Due from other governments	-	-	-
Leases receivable	-	-	-
Inventory	-	-	-
Prepaid items	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,553,028</u>	<u>\$ 539,765</u>	<u>\$ 246,452</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Interest payable	-	-	-
Advances from other funds	-	-	-
Salaries and benefits payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	1,553,028	539,765	246,452
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>1,553,028</u>	<u>539,765</u>	<u>246,452</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,553,028</u>	<u>\$ 539,765</u>	<u>\$ 246,452</u>

Capital Projects

Capital Equipment Replacement (401)	Total Nonmajor Governmental Funds
\$ 312,845	\$ 6,759,206
-	49,817
5,133	132,952
2,867	16,071
75,185	75,185
205,652	536,018
-	26,462
358,849	363,721
<u>\$ 960,531</u>	<u>\$ 7,959,432</u>
\$ 247,753	\$ 436,274
-	95,046
-	765,452
-	2,921
<u>247,753</u>	<u>1,299,693</u>
-	49,369
<u>196,269</u>	<u>511,561</u>
<u>196,269</u>	<u>560,930</u>
358,849	390,183
-	4,793,555
157,660	1,704,907
-	(789,836)
<u>516,509</u>	<u>6,098,809</u>
<u>\$ 764,262</u>	<u>\$ 7,959,432</u>

City of Forest Lake
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue			
	TIF No. 83 Teamvantage (214)	TIF No. 84 Cherrywood Pointe (215)	TIF No. 86 Centennial Office Park (216)	TIF Former City Hall Site (217)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	160,315	10,826	244,213
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	-	160,315	10,826	244,213
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	1,731	147,555	9,854	220,216
Airport	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	1,400	14,025
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Airport	-	-	-	-
Total expenditures	1,731	147,555	11,254	234,241
Excess (deficiency) of revenues over (under) expenditures	(1,731)	12,760	(428)	9,972
Other Financing Sources				
Proceeds from sale of capital asset	-	-	-	-
Net change in fund balances	(1,731)	12,760	(428)	9,972
Fund Balances				
Beginning of year	24,855	35,458	(41,065)	(236,947)
End of year	\$ 23,124	\$ 48,218	\$ (41,493)	\$ (226,975)

Special Revenue					
Park Dedication (203)	Surface Water Management Fund (205)	Drug Forfeiture (207)	Airport (250)	Headwaters Industrial Park (251)	Public Safety Aid (403)
\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	271,482	-	918,572
30,720	595,553	-	105,413	-	-
-	-	724	-	-	-
56,590	40,958	1,847	13,723	-	-
8,920	-	-	-	-	-
-	56,873	-	1,673	-	-
146,230	693,384	2,571	392,291	-	918,572
-	-	9,443	-	-	-
-	285,065	-	-	-	-
125,004	-	-	-	-	-
-	-	-	-	-	-
-	-	-	90,579	-	-
-	-	-	-	-	-
-	-	-	-	1,139	-
-	-	-	-	-	-
-	53,448	-	-	-	-
-	-	-	-	-	-
-	-	-	257,772	-	-
125,004	338,513	9,443	348,351	1,139	-
21,226	354,871	(6,872)	43,940	(1,139)	918,572
-	17,833	-	-	-	-
21,226	372,704	(6,872)	43,940	(1,139)	918,572
1,516,311	835,881	57,960	201,827	(520,229)	-
\$ 1,537,537	\$ 1,208,585	\$ 51,088	\$ 245,767	\$ (521,368)	\$ 918,572

City of Forest Lake
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2023

	Debt Service		
	2019A Refunding Bonds (323)	YMCA Debt Service (325)	Street Projects Bond (326)
Revenues			
Taxes	\$ 1,419,100	\$ 602,630	\$ 315,750
Tax increments	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous			
Investment income	56,949	19,793	9,041
Contributions and donations	-	-	-
Other	-	-	-
Total revenues	<u>1,476,049</u>	<u>622,423</u>	<u>324,791</u>
Expenditures			
Current			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Airport	-	-	-
Debt service			
Principal	835,000	415,000	180,000
Interest and other charges	560,132	179,330	130,408
Capital outlay			
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	-	-
Airport	-	-	-
Total expenditures	<u>1,395,132</u>	<u>594,330</u>	<u>310,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,917</u>	<u>28,093</u>	<u>14,383</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	-
Net change in fund balances	80,917	28,093	14,383
Fund Balances			
Beginning of year	<u>1,472,111</u>	<u>511,672</u>	<u>232,069</u>
End of year	<u>\$ 1,553,028</u>	<u>\$ 539,765</u>	<u>\$ 246,452</u>

<u>Capital Projects</u>	
<u>Capital Equipment Replacement (401)</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,005,000	\$ 3,392,480
-	415,354
-	1,190,054
130,919	862,605
8,484	9,208
52,913	251,814
-	8,920
39,376	97,922
<u>1,236,692</u>	<u>6,228,357</u>
-	9,443
-	285,065
-	125,004
-	379,356
-	90,579
-	1,430,000
-	886,434
427,210	427,210
759,257	812,705
158,827	158,827
-	257,772
<u>1,345,294</u>	<u>4,862,395</u>
<u>(108,602)</u>	<u>1,365,962</u>
<u>284,860</u>	<u>302,693</u>
176,258	1,668,655
<u>340,251</u>	<u>4,430,154</u>
<u>\$ 516,509</u>	<u>\$ 6,098,809</u>

City of Forest Lake
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 9,383,874	\$ 9,316,102	\$ (67,772)
Licenses and permits	542,000	609,080	67,080
Intergovernmental revenue			
Market value credit	8,000	8,592	592
Fire aid	180,000	236,295	56,295
Police aid	255,000	263,093	8,093
Federal grants	10,000	16,254	6,254
Other grants and aids	-	3,872	3,872
Total intergovernmental revenue	453,000	528,106	75,106
Charges for services			
General government	10,000	10,221	221
Public safety	610,390	680,388	69,998
Public works	71,400	72,387	987
Culture and recreation	35,800	56,289	20,489
Economic development	20,300	31,657	11,357
Total charges for services	747,890	850,942	103,052
Fines and forfeitures	76,500	89,559	13,059
Miscellaneous			
Investment income	95,000	275,384	180,384
Contributions and donations	11,300	63,765	52,465
Other	59,400	96,026	36,626
Total miscellaneous	165,700	435,175	269,475
Total revenues	11,368,964	11,828,964	460,000
Expenditures			
General government			
Mayor and council	61,579	58,247	(3,332)
Administrative and finance	1,239,668	1,210,948	(28,720)
Other general government	837,591	919,319	81,728
Total general government	2,138,838	2,188,514	49,676

City of Forest Lake
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023
(Continued)

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures			
Public safety			
Police	\$ 4,943,381	\$ 4,999,451	\$ 56,070
Fire	989,158	1,049,922	60,764
Other	526,902	565,284	38,382
Total public safety	<u>6,459,441</u>	<u>6,614,657</u>	<u>155,216</u>
Public works			
Streets and highways			
Street maintenance	1,115,527	1,025,158	(90,369)
Street engineering	42,000	30,000	(12,000)
Street lighting	115,000	138,193	23,193
Sanitation			
Garbage and other refuse			
Collection and disposal	15,420	16,022	602
Other sanitation	-	492	492
Total public works	<u>1,287,947</u>	<u>1,209,865</u>	<u>(78,082)</u>
Culture and recreation			
Parks and recreation	993,949	1,045,924	51,975
Capital outlay	50,000	142,351	92,351
Total culture and recreation	<u>1,043,949</u>	<u>1,188,275</u>	<u>144,326</u>
Economic development	438,789	338,763	(100,026)
Total expenditures	<u>11,368,964</u>	<u>11,540,074</u>	<u>171,110</u>
Excess of revenues over under) expenditures	<u>-</u>	<u>288,890</u>	<u>288,890</u>
Other Financing Sources			
Insurance recoveries	-	29,301	29,301
Net change in fund balance	<u>\$ -</u>	<u>318,191</u>	<u>\$ 318,191</u>
Fund Balance			
Beginning of year		<u>6,321,231</u>	
End of year		<u>\$ 6,639,422</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Improvements Capital Projects Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 200,000	\$ 200,000	\$ -
Franchise fees	770,000	808,835	38,835
Special assessments	18,518	20,505	1,987
Intergovernmental	1,235,000	658,149	(576,851)
Charges for services	-	21,961	21,961
Miscellaneous			
Investment income	23,971	42,277	18,306
Other	20,000	226,910	206,910
Total revenues	<u>2,267,489</u>	<u>1,978,637</u>	<u>(288,852)</u>
Expenditures			
Current			
Public works	255,000	224,164	(30,836)
Capital outlay			
Public works	<u>2,700,000</u>	<u>2,178,936</u>	<u>(521,064)</u>
Total expenditures	<u>2,955,000</u>	<u>2,403,100</u>	<u>(551,900)</u>
Net change in fund balance	<u>\$ (687,511)</u>	<u>(424,463)</u>	<u>\$ 263,048</u>
Fund Balance			
Beginning of year		<u>1,454,587</u>	
End of year		<u>\$ 1,030,124</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - TIF No. 84 Cherrywood Pointe Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 149,522	\$ 160,315	\$ 10,793
Total revenues	<u>149,522</u>	<u>160,315</u>	<u>10,793</u>
Expenditures			
Current			
Economic development	137,570	147,555	9,985
Total expenditures	<u>137,570</u>	<u>147,555</u>	<u>9,985</u>
Net change in fund balance	<u>\$ 11,952</u>	12,760	<u>\$ 808</u>
Fund Balance			
Beginning of year		<u>35,458</u>	
End of year		<u>\$ 48,218</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - TIF No. 86 Centennial Office Park Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 12,736	\$ 10,826	\$ (1,910)
Total revenues	<u>12,736</u>	<u>10,826</u>	<u>(1,910)</u>
Expenditures			
Current			
Economic development	11,462	9,854	(1,608)
Debt service			
Interest and other charges	-	1,400	1,400
Total expenditures	<u>11,462</u>	<u>11,254</u>	<u>(208)</u>
Net change in fund balance	<u>\$ 1,274</u>	<u>(428)</u>	<u>\$ (1,702)</u>
Fund Balance			
Beginning of year		<u>(41,065)</u>	
End of year		<u>\$ (41,493)</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
TIF Former City Hall Site Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over
Revenues			
Tax increments	\$ 256,979	\$ 244,213	\$ (12,766)
Total revenues	<u>256,979</u>	<u>244,213</u>	<u>(12,766)</u>
Expenditures			
Current			
Economic development	234,281	220,216	(14,065)
Debt service			
Interest and other charges	-	14,025	14,025
Total expenditures	<u>234,281</u>	<u>234,241</u>	<u>(40)</u>
Net change in fund balance	<u>\$ 22,698</u>	9,972	<u>\$ (12,726)</u>
Fund Balance			
Beginning of year		<u>(236,947)</u>	
End of year		<u>\$ (226,975)</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Park Dedication Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 50,000	\$ 50,000	\$ -
Intergovernmental	300,000	-	(300,000)
Charges for services	75,000	30,720	(44,280)
Miscellaneous revenues			
Investment income	16,299	56,590	40,291
Contributions and donations	-	8,920	8,920
Total revenues	<u>441,299</u>	<u>146,230</u>	<u>(295,069)</u>
Expenditures			
Current			
Culture and recreation	5,000	125,004	120,004
Capital outlay			
Culture and recreation	800,000	-	(800,000)
Total expenditures	<u>805,000</u>	<u>125,004</u>	<u>(679,996)</u>
Net change in fund balance	<u>\$ (363,701)</u>	21,226	<u>\$ 384,927</u>
Fund Balance			
Beginning of year		<u>1,516,311</u>	
End of year		<u>\$ 1,537,537</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Surface Water Management Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 551,052	\$ 595,553	\$ 44,501
Miscellaneous			
Investment income	4,696	40,958	36,262
Other	2,500	56,873	54,373
Total revenues	<u>558,248</u>	<u>693,384</u>	<u>135,136</u>
Expenditures			
Current			
Public works	527,380	285,065	(242,315)
Capital outlay			
Public works	61,250	53,448	(7,802)
Total expenditures	<u>588,630</u>	<u>338,513</u>	<u>(250,117)</u>
Excess of revenues over (under) expenditures	(30,382)	354,871	385,253
Other Financing Sources			
Proceeds from sale of capital asset	-	17,833	17,833
Net change in fund balance	<u>\$ (30,382)</u>	372,704	<u>\$ 403,086</u>
Fund Balance			
Beginning of year		<u>835,881</u>	
End of year		<u>\$ 1,208,585</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Drug Forfeiture Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Fines and forfeitures	\$ 20,000	\$ 724	\$ (19,276)
Miscellaneous			
Investment income	-	1,847	1,847
Total revenues	<u>20,000</u>	<u>2,571</u>	<u>(17,429)</u>
Expenditures			
Current			
Public safety	20,000	9,443	(10,557)
Total expenditures	<u>20,000</u>	<u>9,443</u>	<u>(10,557)</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,872)</u>	<u>\$ (6,872)</u>
Fund Balance			
Beginning of year		<u>57,960</u>	
End of year		<u>\$ 51,088</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Airport Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Intergovernmental	\$ 256,964	\$ 271,482	\$ 14,518
Charges for services	126,646	105,413	(21,233)
Miscellaneous			
Investment income	-	13,723	13,723
Other	-	1,673	1,673
Total revenues	<u>383,610</u>	<u>392,291</u>	<u>8,681</u>
Expenditures			
Current			
Airport	126,236	90,579	(35,657)
Capital outlay			
Airport	250,988	257,772	6,784
Total expenditures	<u>377,224</u>	<u>348,351</u>	<u>(28,873)</u>
Net change in fund balance	<u>\$ 6,386</u>	43,940	<u>\$ 37,554</u>
Fund Balance			
Beginning of year		<u>201,827</u>	
End of year		<u>\$ 245,767</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - 2019A Refunding Bonds Debt Service Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 1,419,100	\$ 1,419,100	\$ -
Miscellaneous			
Investment income	-	56,949	56,949
Total revenues	<u>1,419,100</u>	<u>1,476,049</u>	<u>56,949</u>
Expenditures			
Debt service			
Principal	835,000	835,000	-
Interest and other charges	559,975	560,132	157
Total expenditures	<u>1,394,975</u>	<u>1,395,132</u>	<u>157</u>
Net change in fund balance	<u>\$ 24,125</u>	80,917	<u>\$ 56,792</u>
Fund Balance			
Beginning of year		<u>1,472,111</u>	
End of year		<u>\$ 1,553,028</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - YMCA Debt Service Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over
Revenues			
Taxes	\$ 602,630	\$ 602,630	\$ -
Miscellaneous			
Investment income	-	19,793	19,793
Total revenues	<u>602,630</u>	<u>622,423</u>	<u>19,793</u>
Expenditures			
Debt service			
Principal	415,000	415,000	-
Interest and other charges	178,855	179,330	475
Total expenditures	<u>593,855</u>	<u>594,330</u>	<u>475</u>
Net change in fund balance	<u>\$ 8,775</u>	28,093	<u>\$ 19,318</u>
Fund Balance			
Beginning of year		<u>511,672</u>	
End of year		<u>\$ 539,765</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Street Projects Bond Debt Service Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 315,750	\$ 315,750	\$ -
Miscellaneous			
Investment income	-	9,041	9,041
Total revenues	<u>315,750</u>	<u>324,791</u>	<u>9,041</u>
Expenditures			
Debt service			
Principal	180,000	180,000	-
Interest and other charges	129,750	130,408	658
Total expenditures	<u>309,750</u>	<u>310,408</u>	<u>658</u>
Net change in fund balance	<u>\$ 6,000</u>	14,383	<u>\$ 8,383</u>
Fund Balance			
Beginning of year		<u>232,069</u>	
End of year		<u>\$ 246,452</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Capital Equipment Replacement Capital Project Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 1,005,000	\$ 1,005,000	\$ -
Charges for services	25,200	130,919	105,719
Fines and Forfeitures	-	8,484	8,484
Miscellaneous			
Investment income	910	52,913	52,003
Other	157,163	39,376	(117,787)
Total revenues	<u>1,188,273</u>	<u>1,236,692</u>	<u>48,419</u>
Expenditures			
Capital outlay			
Public safety	1,056,939	427,210	(629,729)
Public works	1,019,500	759,257	(260,243)
Park and recreation	203,500	158,827	(44,673)
Total expenditures	<u>2,279,939</u>	<u>1,345,294</u>	<u>(934,645)</u>
Excess of revenues over (under) expenditures	(1,091,666)	(108,602)	983,064
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	10,000	284,860	274,860
Bond proceeds	2,281,916	-	(2,281,916)
Total other financing sources (uses)	<u>2,291,916</u>	<u>284,860</u>	<u>(2,007,056)</u>
Net change in fund balance	<u>\$ 1,200,250</u>	176,258	<u>\$ (1,023,992)</u>
Fund Balance			
Beginning of year		<u>340,251</u>	
End of year		<u>\$ 516,509</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Forest Lake
Economic Development Authority Component Unit General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Actual Amounts	
Revenues			
Taxes	\$ 150,000	\$ 150,000	\$ -
Intergovernmental	-	6,068	6,068
Miscellaneous			
Investment income	-	9,672	9,672
Contributions and donations	-	8,000	8,000
Total revenues	<u>150,000</u>	<u>173,740</u>	<u>23,740</u>
Expenditures			
Current			
Economic development	158,647	137,784	(20,863)
Total expenditures	<u>158,647</u>	<u>137,784</u>	<u>(20,863)</u>
Net change in fund balance	<u>\$ (8,647)</u>	35,956	<u>\$ 44,603</u>
Fund Balance			
Beginning of year		<u>227,846</u>	
End of year		<u>\$ 263,802</u>	

STATISTICAL SECTION



Forest Lake
AS GOOD AS IT SOUNDS

City of Forest Lake Statistical Section

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

CONTENTS

Financial Trend Data

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

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

Revenue Capacity Data

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

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

Debt Capacity Data

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

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



Forest Lake
AS GOOD AS IT SOUNDS

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

CONTENTS (CONTINUED)

Demographic and Economic Information

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

Table 16 Demographic and Economic Statistics

Table 17 Principal Employers

Operating Indicators

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

Table 18 Full-Time City Government Employees by Function

Table 19 Operating Indicators by Function

Table 20 Capital Asset Statistics by Function

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 43,769,182	\$ 43,073,454	\$ 45,602,784	\$ 45,738,474
Restricted	220,373	701,800	493,300	475,062
Unrestricted	(3,200,256)	(5,450,368)	(7,051,800)	(5,741,412)
Total governmental activities net position	<u>\$ 40,789,299</u>	<u>\$ 38,324,886</u>	<u>\$ 39,044,284</u>	<u>\$ 40,472,124</u>
Business-Type Activities				
Net investment in capital assets	\$ 20,509,751	\$ 20,969,470	\$ 20,770,081	\$ 20,584,297
Unrestricted	7,143,678	6,673,357	7,733,935	8,789,634
Total business-type activities net position	<u>\$ 27,653,429</u>	<u>\$ 27,642,827</u>	<u>\$ 28,504,016</u>	<u>\$ 29,373,931</u>
Primary Government				
Net investment in capital assets	\$ 64,278,933	\$ 64,042,924	\$ 66,372,865	\$ 66,322,771
Restricted	220,373	701,800	493,300	475,062
Unrestricted	3,943,422	1,222,989	682,135	3,048,222
Total primary government net position	<u>\$ 68,442,728</u>	<u>\$ 65,967,713</u>	<u>\$ 67,548,300</u>	<u>\$ 69,846,055</u>

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 43,966,786	\$ 43,627,340	\$ 42,287,488	\$ 41,552,299	\$ 39,775,303	\$ 39,796,337
487,664	1,222,266	2,427,969	2,913,376	5,553,620	6,460,825
(5,010,337)	(4,319,011)	(5,652,766)	(3,331,343)	(4,112,282)	(2,636,656)
<u>\$ 39,444,113</u>	<u>\$ 40,530,595</u>	<u>\$ 39,062,691</u>	<u>\$ 41,134,332</u>	<u>\$ 41,216,641</u>	<u>\$ 43,620,506</u>
\$ 20,642,110	\$ 20,546,324	\$ 20,718,755	\$ 20,649,070	\$ 23,685,351	\$ 29,598,005
9,556,781	11,223,049	11,831,033	14,113,736	13,857,080	12,447,822
<u>\$ 30,198,891</u>	<u>\$ 31,769,373</u>	<u>\$ 32,549,788</u>	<u>\$ 34,762,806</u>	<u>\$ 37,542,431</u>	<u>\$ 42,045,827</u>
\$ 64,608,896	\$ 64,173,664	\$ 63,006,243	\$ 62,201,369	\$ 63,460,654	\$ 69,394,342
487,664	1,222,266	2,427,969	2,913,376	5,553,620	6,460,825
4,546,444	6,904,038	6,178,267	10,782,393	9,744,798	9,811,166
<u>\$ 69,643,004</u>	<u>\$ 72,299,968</u>	<u>\$ 71,612,479</u>	<u>\$ 75,897,138</u>	<u>\$ 78,759,072</u>	<u>\$ 85,666,333</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 1,421,125	\$ 1,983,033	\$ 2,147,880	\$ 2,156,638
Public safety	5,360,742	5,338,228	6,342,219	5,447,153
Public works	6,402,864	6,515,860	5,944,268	5,853,014
Culture and recreation	704,004	573,149	628,689	749,946
Economic development	10,075,755	293,358	375,090	697,093
Airport	202,987	213,916	208,854	362,317
Interest and fiscal charges	232,141	864,519	827,959	802,986
Total governmental activities expenses	<u>24,399,618</u>	<u>15,782,063</u>	<u>16,474,959</u>	<u>16,069,147</u>
Business-type activities				
Utility - water	1,729,357	1,576,842	1,541,777	1,664,095
Utility - sewer	2,194,032	2,192,685	2,286,959	2,504,095
Total business-type activities expenses	<u>3,923,389</u>	<u>3,769,527</u>	<u>3,828,736</u>	<u>4,168,190</u>
Total primary government expenses	<u>\$ 28,323,007</u>	<u>\$ 19,551,590</u>	<u>\$ 20,303,695</u>	<u>\$ 20,237,337</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 169,198	\$ 213,130	\$ 137,684	\$ 187,406
Public safety	1,226,335	1,328,506	1,174,347	1,666,362
Public works	487,475	1,159,793	1,216,046	1,213,181
Culture and recreation	11,571	13,036	13,177	14,562
Economic development	-	74,082	-	204,871
Airport	115,604	124,772	111,821	228,659
Operating grants and contributions	778,467	829,748	847,448	850,446
Capital grants and contributions	1,621,167	1,977,996	4,451,116	3,426,619
Total government activities program revenues	<u>4,409,817</u>	<u>5,721,063</u>	<u>7,951,639</u>	<u>7,792,106</u>
Business-type activities				
Charges for services				
Utility - water	1,510,051	1,479,458	1,508,420	1,614,337
Utility - sewer	2,311,517	2,315,310	2,492,894	2,762,957
Operating grants and contributions	-	5,225	6,527	3,520
Capital grants and contributions	507,860	395,404	674,417	643,200
Total business-type activities program revenues	<u>4,329,428</u>	<u>4,195,397</u>	<u>4,682,258</u>	<u>5,024,014</u>
Total primary government program revenues	<u>\$ 8,739,245</u>	<u>\$ 9,916,460</u>	<u>\$ 12,633,897</u>	<u>\$ 12,816,120</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 2,022,683	\$ 2,318,054	\$ 2,275,786	\$ 2,617,502	\$ 2,626,913	\$ 2,704,144
5,202,111	5,367,940	6,760,665	4,975,804	6,530,987	7,535,018
6,298,346	6,306,460	8,069,141	5,392,760	5,600,424	5,317,966
717,086	864,031	855,391	1,004,878	1,166,339	1,518,313
487,600	348,219	837,350	558,798	1,120,780	803,221
416,756	403,593	566,492	383,844	385,934	334,736
821,798	584,188	864,176	780,124	722,290	664,724
<u>15,966,380</u>	<u>16,192,485</u>	<u>20,229,001</u>	<u>15,713,710</u>	<u>18,153,667</u>	<u>18,878,122</u>
1,658,608	1,943,997	2,090,059	2,261,181	2,396,833	2,375,866
2,541,934	2,881,957	3,107,518	2,985,811	3,042,354	3,236,440
4,200,542	4,825,954	5,197,577	5,246,992	5,439,187	5,612,306
<u>\$ 20,166,922</u>	<u>\$ 21,018,439</u>	<u>\$ 25,426,578</u>	<u>\$ 20,960,702</u>	<u>\$ 23,592,854</u>	<u>\$ 24,490,428</u>
\$ 198,155	\$ 513,213	\$ 154,874	\$ 316,285	\$ 239,685	\$ 214,563
1,480,220	1,322,694	1,261,381	1,285,806	1,202,746	1,393,720
1,253,153	1,268,032	1,327,342	1,392,040	1,699,099	1,805,034
15,539	17,171	9,122	46,696	53,539	87,890
20,000	20,000	26,073	15,322	15,602	15,786
530,976	117,756	105,672	116,905	129,512	107,086
901,842	630,166	1,756,460	576,213	2,950,936	1,549,686
1,216,085	2,417,234	5,118,074	1,816,989	1,661,042	1,896,983
<u>5,615,970</u>	<u>6,306,266</u>	<u>9,758,998</u>	<u>5,566,256</u>	<u>7,952,161</u>	<u>7,070,748</u>
1,752,797	1,877,571	2,268,242	2,539,333	2,472,794	3,067,126
2,809,341	2,966,759	3,109,278	3,440,656	3,386,259	3,843,937
12,756	794	2,483	1,482	18,921	19,623
709,034	1,345,488	405,122	1,573,041	399,600	2,609,725
<u>5,283,928</u>	<u>6,190,612</u>	<u>5,785,125</u>	<u>7,554,512</u>	<u>6,277,574</u>	<u>9,540,411</u>
<u>\$ 10,899,898</u>	<u>\$ 12,496,878</u>	<u>\$ 15,544,123</u>	<u>\$ 13,120,768</u>	<u>\$ 14,229,735</u>	<u>\$ 16,611,159</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Program Revenues				
Net (expense)/revenue				
Governmental activities	\$ (19,989,801)	\$ (10,061,000)	\$ (8,523,320)	\$ (8,277,041)
Business-type activities	406,039	425,870	853,522	855,824
Total primary government net expense	<u>\$ (19,583,762)</u>	<u>\$ (9,635,130)</u>	<u>\$ (7,669,798)</u>	<u>\$ (7,421,217)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities				
General revenues				
Taxes	\$ 8,734,781	\$ 9,085,709	\$ 8,963,300	\$ 9,515,119
Franchise fees	720,512	-	-	-
Unrestricted state aid	69,733	89,207	86,983	87,339
Unrestricted investment earnings	44,337	50,243	131,671	52,423
Gain on sale of assets	-	236,517	10,764	-
Transfers	(132,058)	50,000	50,000	50,000
Total governmental activities	<u>9,437,305</u>	<u>9,511,676</u>	<u>9,242,718</u>	<u>9,704,881</u>
Business-type activities				
General revenues				
Unrestricted investment earnings	18,260	24,949	56,857	64,091
Gain on sale of assets	-	-	810	-
Transfers	132,058	(50,000)	(50,000)	(50,000)
Total business-type activities	<u>150,318</u>	<u>(25,051)</u>	<u>7,667</u>	<u>14,091</u>
Total primary government	<u>\$ 9,587,623</u>	<u>\$ 9,486,625</u>	<u>\$ 9,250,385</u>	<u>\$ 9,718,972</u>
Change in net position				
Governmental activities	\$ (10,552,496)	\$ (549,324)	\$ 719,398	\$ 1,427,840
Business-type activities	556,357	400,819	861,189	869,915
Total primary government	<u>\$ (9,996,139)</u>	<u>\$ (148,505)</u>	<u>\$ 1,580,587</u>	<u>\$ 2,297,755</u>

Table 2 (Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (10,350,410)	\$ (9,886,219)	\$ (10,470,003)	\$ (10,147,454)	\$ (10,201,506)	\$ (11,807,374)
1,083,386	1,364,658	587,548	2,307,520	838,387	3,928,105
<u>\$ (9,267,024)</u>	<u>\$ (8,521,561)</u>	<u>\$ (9,882,455)</u>	<u>\$ (7,839,934)</u>	<u>\$ (9,363,119)</u>	<u>\$ (7,879,269)</u>
\$ 10,171,356	\$ 10,404,392	\$ 11,256,691	\$ 11,852,874	\$ 12,642,857	\$ 13,363,981
-	-	-	-	-	-
107,544	109,032	95,140	8,534	7,778	8,592
153,078	381,553	331,157	(4,164)	(169,303)	593,770
26,189	27,724	37,005	311,851	40,088	244,896
100,000	50,000	325,000	50,000	(2,237,605)	-
<u>10,558,167</u>	<u>10,972,701</u>	<u>12,044,993</u>	<u>12,219,095</u>	<u>10,283,815</u>	<u>14,211,239</u>
52,983	255,824	517,867	(44,502)	(296,367)	396,811
-	-	-	-	-	178,480
(100,000)	(50,000)	(325,000)	(50,000)	2,237,605	-
<u>(47,017)</u>	<u>205,824</u>	<u>192,867</u>	<u>(94,502)</u>	<u>1,941,238</u>	<u>575,291</u>
<u>\$ 10,511,150</u>	<u>\$ 11,178,525</u>	<u>\$ 12,237,860</u>	<u>\$ 12,124,593</u>	<u>\$ 12,225,053</u>	<u>\$ 14,786,530</u>
\$ 207,757	\$ 1,086,482	\$ 1,574,990	\$ 2,071,641	\$ 82,309	\$ 2,403,865
1,036,369	1,570,482	780,415	2,213,018	2,779,625	4,503,396
<u>\$ 1,244,126</u>	<u>\$ 2,656,964</u>	<u>\$ 2,355,405</u>	<u>\$ 4,284,659</u>	<u>\$ 2,861,934</u>	<u>\$ 6,907,261</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 206,589	\$ 244,463	\$ 228,514	\$ 225,283
Restricted	-	-	-	-
Committed	-	-	10,455	10,889
Assigned	138,664	46,290	-	-
Unassigned	4,907,352	5,321,846	5,374,313	5,441,822
Total general fund	\$ 5,252,605	\$ 5,612,599	\$ 5,613,282	\$ 5,677,994
All Other Governmental Funds				
Nonspendable	\$ 15,222	\$ 18,705	\$ 17,098	\$ 13,164
Restricted	182,620	3,475,526	2,701,539	2,625,422
Committed	3,015,317	3,401,315	4,116,894	5,042,712
Assigned	22,577	-	-	-
Unassigned, reported in				
Special revenue funds	(2,345,401)	(1,989,786)	(1,580,558)	(1,102,852)
Capital projects funds	-	-	(1,065,996)	(1,059,321)
Total all other governmental funds	\$ 890,335	\$ 4,905,760	\$ 4,188,977	\$ 5,519,125

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 284,179	\$ 332,654	\$ 318,198	\$ 302,734	\$ 345,559	\$ 418,960
-	-	-	-	15,964	11,464
12,803	12,803	12,803	14,628	14,777	8,733
-	-	-	-	-	23,012
5,312,485	5,774,245	6,082,653	6,237,790	5,944,931	6,177,253
<u>\$ 5,609,467</u>	<u>\$ 6,119,702</u>	<u>\$ 6,413,654</u>	<u>\$ 6,555,152</u>	<u>\$ 6,321,231</u>	<u>\$ 6,639,422</u>
\$ 13,808	\$ 83,594	\$ 59,143	\$ 11,970	\$ 10,240	\$ 390,183
2,628,312	6,223,302	5,460,895	4,402,768	3,733,201	4,793,555
4,441,434	4,213,273	1,912,104	2,259,029	2,939,541	2,735,031
195,346	-	-	-	-	-
(949,669)	(910,678)	(858,887)	(595,963)	(798,241)	(789,836)
(79,469)	-	-	-	-	-
<u>\$ 6,249,762</u>	<u>\$ 9,609,491</u>	<u>\$ 6,573,255</u>	<u>\$ 6,077,804</u>	<u>\$ 5,884,741</u>	<u>\$ 7,128,933</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 8,789,109	\$ 9,119,114	\$ 8,963,590	\$ 9,555,584
Franchise fees	720,512	728,663	738,326	749,047
Special assessments	229,057	183,723	226,761	173,250
Licenses and permits	463,504	661,452	525,723	916,531
Intergovernmental	2,048,127	3,147,640	5,541,593	5,361,886
Charges for services	1,622,561	1,469,408	1,816,968	1,627,647
Fines and forfeits	175,609	151,236	156,754	133,899
Interest income	44,337	50,243	131,671	52,423
Miscellaneous revenue	124,384	176,245	70,160	477,818
Total revenues	14,217,200	15,687,724	18,171,546	19,048,085
Expenditures				
General government	1,377,948	1,465,656	1,538,660	1,550,256
Public safety	5,065,915	5,199,213	4,818,732	4,941,709
Public works	2,587,403	2,727,579	2,544,844	2,500,057
Culture and recreation	495,627	361,661	432,999	523,807
Economic development	10,077,685	877,915	1,395,051	2,047,506
Airport	91,036	99,916	94,167	97,723
Capital outlay	2,075,981	3,047,538	5,667,773	3,711,740
Debt service				
Principal	1,849,464	839,464	1,634,464	1,570,811
Interest	209,755	804,281	851,503	827,003
Total expenditures	23,830,814	15,423,223	18,978,193	17,770,612
Excess (deficiency) of revenues over (under) expenditures	(9,613,614)	264,501	(806,647)	1,277,473
Other Financing Sources (Uses)				
Transfers in	807,568	325,000	1,540,151	1,131,152
Transfers out	(939,626)	(275,000)	(1,490,151)	(1,081,152)
Proceeds from sale of capital assets	7,695	236,517	10,764	27,242
Insurance recoveries	31,495	6,776	29,783	40,145
Lease proceeds	-	-	-	-
Note receivable forgiveness	-	-	-	-
Bond issuance and bond premium/discount	9,152,629	-	-	-
Total other financing sources (uses)	9,059,761	293,293	90,547	117,387
Net change in fund balances	\$ (553,853)	\$ 557,794	\$ (716,100)	\$ 1,394,860
Debt service as a percentage of noncapital expenditures	9.6%	13.2%	18.6%	16.8%

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

Source: City of Forest Lake, audited financial statements.

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 10,170,281	\$ 10,442,615	\$ 11,236,273	\$ 11,865,658	\$ 12,660,371	\$ 13,323,936
762,319	775,374	784,670	790,260	792,351	808,835
177,501	49,641	47,699	34,036	70,290	20,505
741,201	608,952	531,168	564,223	566,469	609,080
3,428,605	4,102,690	6,842,838	1,621,262	3,388,770	2,376,309
1,473,475	2,091,078	1,420,239	2,046,109	1,583,516	1,735,508
124,049	123,599	85,245	86,009	72,892	98,767
127,236	360,553	308,752	(23,759)	(190,303)	569,475
602,631	162,747	138,746	167,218	386,650	493,544
17,607,298	18,717,249	21,395,630	17,151,016	19,331,006	20,035,959
1,611,201	1,645,356	1,595,822	2,108,925	2,026,941	2,188,514
5,323,082	5,524,766	6,736,018	5,611,427	6,112,395	6,624,100
2,853,630	2,803,445	4,346,110	2,200,117	1,974,643	1,719,094
542,724	581,570	653,027	789,445	916,124	1,170,928
1,961,782	1,852,259	837,539	570,940	1,091,739	718,119
147,677	105,053	82,987	114,859	127,046	90,579
2,193,021	3,280,936	6,803,818	4,218,454	3,093,837	3,977,801
1,676,385	20,213,053	1,385,000	1,280,000	1,370,000	1,430,000
844,914	1,140,961	747,611	997,352	942,834	886,435
17,154,416	37,147,399	23,187,932	17,891,519	17,655,559	18,805,570
452,882	(18,430,150)	(1,792,302)	(740,503)	1,675,447	1,230,389
1,616,761	19,289,714	886,904	251,472	75,000	-
(1,516,761)	(19,239,714)	(561,904)	(201,472)	(2,312,605)	-
26,189	27,724	37,005	335,120	48,304	302,693
3,600	31,333	44,934	1,430	86,870	29,301
79,439	-	-	-	-	-
-	-	-	-	-	-
-	22,191,057	-	-	-	-
209,228	22,300,114	406,939	386,550	(2,102,431)	331,994
\$ 662,110	\$ 3,869,964	\$ (1,385,363)	\$ (353,953)	\$ (426,984)	\$ 1,562,383
16.6%	62.4%	12.2%	16.5%	15.4%	15.0%

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

Table 5

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2014	\$ 8,078,654	\$ 710,455	\$ 720,512	\$ 9,509,621
2015	8,376,912	742,202	728,663	9,847,777
2016	8,907,689	55,901	738,326	9,701,916
2017	9,393,964	161,620	749,047	10,304,631
2018	9,990,257	180,024	762,319	10,932,600
2019	10,224,054	218,561	775,374	11,217,989
2020	10,791,643	444,630	784,670	12,020,943
2021	11,400,768	464,890	790,260	12,655,918
2022	12,172,137	488,234	792,351	13,452,722
2023	12,908,582	415,354	808,835	14,132,771

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

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2014	\$ 8,007,398	\$ 727,383	\$ 720,512	\$ 9,455,293
2015	8,343,507	742,202	728,663	9,814,372
2016	8,907,399	55,901	738,326	9,701,626
2017	9,355,629	159,490	749,047	10,264,166
2018	9,991,332	180,024	762,319	10,933,675
2019	10,185,831	218,561	775,374	11,179,766
2020	10,812,061	444,630	784,670	12,041,361
2021	11,387,984	464,890	790,260	12,643,134
2022	12,154,623	488,234	792,351	13,435,208
2023	12,948,627	415,354	808,835	14,172,816

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

Fiscal Year	Real and Personal Property ⁽¹⁾					Taxable Value
	Total Tax Capacity	Tax Increment Tax Capacity	Net Area-Wide Allocation	Powerline Deduction		
2014	\$ 18,493,584	\$ (733,687)	\$ 301,125	\$ (1,971)	\$ 18,059,051	
2015	19,690,075	(705,082)	414,628	(1,894)	19,397,727	
2016	20,200,023	(58,432)	543,683	(1,105)	20,684,169	
2017	21,001,075	(154,646)	957,175	(132)	21,803,472	
2018	22,852,723	174,490	1,100,790	(138)	24,127,865	
2019	24,794,718	216,019	1,178,008	(135)	25,756,382	
2020	26,173,346	434,752	1,927,508	(128)	26,964,622	
2021	27,246,999	460,794	1,945,126	(131)	28,193,557	
2022	28,848,769	485,155	2,066,327	(156)	29,986,047	
2023	35,759,208	468,321	2,234,082	(156)	33,056,649	

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

Table 7

Real and Personal Property (1)		Ratio of Net Tax Capacity to Taxable Market Value
Total Direct Tax Rate	Taxable Market Value	
44.653%	\$ 1,604,411,300	1.15%
42.839%	1,728,267,700	1.14%
43.385%	1,778,773,900	1.14%
43.473%	1,854,093,700	1.13%
41.871%	2,021,431,100	1.13%
39.580%	2,296,633,200	1.08%
40.333%	2,330,489,500	1.12%
40.641%	2,418,267,600	1.13%
40.991%	2,550,416,600	1.13%
35.450%	3,199,026,500	1.12%

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

Fiscal Year	City of Forest Lake			Overlapping Rates ⁽²⁾		
	City of Forest Lake			School District No. 831 ⁽¹⁾		
	Operating Rate	Debt Service Rate	Total Tax Capacity Rate	Operating Rate	Debt Service Rate	Total Tax Capacity Rate
2014	38.530%	6.123%	44.653%	13.425%	10.471%	23.896%
2015	34.478%	8.362%	42.839%	11.748%	9.398%	21.146%
2016	34.098%	9.287%	43.385%	12.096%	12.806%	24.902%
2017	33.701%	9.772%	43.473%	13.784%	17.412%	31.196%
2018	32.030%	9.841%	41.871%	10.901%	15.329%	26.230%
2019	31.940%	7.640%	39.580%	11.220%	13.640%	24.860%
2020	31.855%	8.478%	40.333%	11.228%	13.756%	24.984%
2021	32.365%	8.276%	40.641%	11.205%	13.885%	25.089%
2022	33.210%	7.781%	40.991%	11.614%	12.812%	24.426%
2023	28.853%	6.596%	35.450%	10.891%	11.376%	22.267%

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

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

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

Table 8

Overlapping Rates ⁽²⁾				Total Direct and Overlapping Rates
Washington County			Special Districts ⁽³⁾	
Operating Rate	Debt Service Rate	Total Tax Capacity Rate		
28.347%	4.464%	32.811%	9.078%	110.439%
25.999%	4.186%	30.186%	8.356%	102.527%
26.410%	4.153%	30.564%	8.727%	107.578%
26.251%	4.184%	30.435%	9.358%	114.462%
23.349%	6.634%	29.983%	9.241%	107.324%
25.560%	3.740%	29.300%	9.650%	103.390%
25.380%	3.460%	28.840%	8.340%	102.497%
24.023%	3.413%	27.435%	9.217%	102.382%
24.536%	2.996%	27.532%	9.808%	102.757%
20.918%	2.707%	23.625%	9.192%	90.535%

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

Table 9

Taxpayer	Taxes Payable 2023			Taxes Payable 2014		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity ⁽¹⁾	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity ⁽²⁾
Villages Apartments LLC	\$ 326,576	1	0.91%			
Lighthouse Lofts, LLC	295,020	2	0.83%			
WM Forest Lake Minnesota, LLC	289,964	3	0.81%			
Xcel Energy	233,540	4	0.65%	\$ 202,477	2	1.09%
Inland Forest Lake Marketplace	218,360	5	0.61%	198,192	3	1.07%
Menard, Inc. & Corporate Accounting	204,186	6	0.57%	189,146	4	1.02%
Dayton Hudson Corp T-1244	201,668	7	0.56%	169,658	5	0.92%
MN-Forest Westlake LLC	179,398	8	0.50%			
Vorandesoto, LLC	156,460	9	0.44%			
TMI LLC	154,734	10	0.43%			
MRLR Real Estate Partners				247,140	1	1.34%
IRET Properties				149,590	6	0.81%
Forest Lake Facilities, LLC				117,182	7	0.63%
Wilcox Properties Forest lake LLC				115,620	8	0.63%
Michael Roberts and Steven Sanders				98,538	9	0.53%
Desoto Associates				94,306	10	0.51%
Total	<u>\$ 2,259,906</u>		<u>6.32%</u>	<u>\$ 1,581,849</u>		<u>8.55%</u>

⁽¹⁾ Real and Personal Property Total Net Tax Capacity \$35,759,208

⁽²⁾ Real and Personal Property Total Net Tax Capacity \$ 18,493,584

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

Table 10

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2014	\$ 8,034,682	\$ 7,931,601	98.7%	\$ 99,972	\$ 8,031,573	100.0%
2015	8,350,000	8,255,116	98.9%	88,568	8,343,684	99.9%
2016	8,961,015	8,853,903	98.8%	89,266	8,943,170	99.8%
2017	9,476,225	9,362,131	98.8%	38,273	9,400,404	99.2%
2018	10,002,450	9,891,074	98.9%	61,551	9,952,625	99.5%
2019	10,255,333	10,152,485	99.0%	56,092	10,208,577	99.5%
2020	10,851,961	10,773,416	99.3%	54,016	10,827,432	99.8%
2021	11,447,799	11,353,289	99.2%	66,223	11,419,512	99.8%
2022	12,278,700	12,217,145	99.5%	43,261	12,260,406	99.9%
2023	13,126,354	12,995,782	99.0%		12,995,782	99.0%

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

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

Fiscal Year	Governmental Activities					
	G.O. Bonds	Special Assessment Bonds	Tax Abatement Bonds	Tax Increment Bonds	Lease Revenue Bonds	Capital Leases
2014	\$ 905,000	\$ 530,000	\$ 9,152,629	\$ 925,000	\$ -	\$ 39,739
2015	680,000	395,000	9,152,629	465,000	22,105,000	20,275
2016	455,000	265,000	8,864,748	-	21,585,000	811
2017	230,000	135,000	8,505,510	-	20,715,000	-
2018	-	-	8,131,951	-	19,785,000	58,053
2019	22,191,056	-	7,748,391	-	-	-
2020	20,983,883	-	7,354,832	-	-	-
2021	19,891,710		6,951,273			
2022	18,724,538		6,532,713			
2023	17,507,364		6,104,154			

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

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

Table 11

Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
Utility Revenue Bonds	Special Assessment Bonds			
\$ 6,047,336	\$ -	\$ 17,599,704	0.32%	\$ 903
5,333,603	-	38,151,507	0.15%	1,883
8,959,448	-	40,130,007	0.15%	1,973
8,177,036	-	37,762,546	0.17%	1,823
7,134,664	-	35,109,668	0.19%	1,683
19,300,808	-	49,240,255	0.14%	2,368
18,084,983	-	46,423,698	0.16%	2,232
16,789,157		43,632,140	0.17%	2,117
15,443,333		40,700,584	0.12%	1,946
14,107,508		37,719,026	0.14%	1,808

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

Table 12

Fiscal Year	General Obligation Bonds	Accumulated Resources Restricted for Paying Principal	Total	Percentage of Total Estimated Taxable Market Value of Property	Per Capita
2014	\$ 905,000	\$ -	\$ 905,000	0.06%	\$ 46
2015	680,000	(393,455)	286,545	0.02%	14
2016	455,000	(479,068)	(24,068)	0.00%	(1)
2017	230,000	(457,575)	(227,575)	-0.01%	(11)
2018	-	-	-	0.00%	-
2019	22,191,056	(654,369)	21,536,687	0.94%	1,036
2020	20,983,883	(1,739,292)	19,244,591	0.83%	925
2021	19,891,710	(1,822,451)	18,069,259	0.75%	877
2022	18,724,538	(1,840,569)	16,883,969	0.66%	807
2023	17,507,364	(1,990,295)	15,517,069	0.49%	744

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

City of Forest Lake
Computation of Direct and Overlapping Debt
Unaudited

Table 13

Governmental Unit	As of 12/31/23 Debt Outstanding ⁽¹⁾	City's Share	
		Percent ⁽²⁾	Amount
Direct			
City of Forest Lake	\$ 23,611,518	100.00%	\$ 23,611,518
Overlapping			
School District No. 831	150,985,000	72.264%	109,108,102
Washington County	98,060,000	7.954%	7,799,987
Metropolitan Council	238,225,000	0.621%	1,478,901
Total Overlapping Debt	487,270,000		118,386,990
Total Direct and Overlapping Debt	\$ 510,881,518		\$ 141,998,508

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

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

	Fiscal Year			
	2014	2015	2016	2017
Debt Limit	\$ 51,597,756	\$ 55,071,417	\$ 56,567,751	\$ 58,744,557
Total Net Debt Applicable to Limit	905,000	680,000	455,000	230,000
Legal Debt Margin	<u>\$ 50,692,756</u>	<u>\$ 54,391,417</u>	<u>\$ 56,112,751</u>	<u>\$ 58,514,557</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.75%	1.23%	0.80%	0.39%

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

Table 14

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 63,805,653	\$ 68,898,996	\$ 72,890,199	\$ 75,334,230	\$ 79,240,695	\$ 98,151,666
-	19,225,000	20,983,883	15,623,708	14,660,819	15,707,883
<u>\$ 63,805,653</u>	<u>\$ 49,673,996</u>	<u>\$ 51,906,316</u>	<u>\$ 59,710,522</u>	<u>\$ 64,579,876</u>	<u>\$ 82,443,783</u>

0.00%

27.90%

28.79%

20.74%

18.50%

16.00%

Legal debt margin calculation for fiscal year 2023

Estimated Market Value \$ 3,271,722,200

Debt limit (3% of taxable market value) 98,151,666

Debt applicable to Llimit

G.O. Bonds 17,507,364

Less amount set aside for
payment of G.O. Debt (1,799,481)Total net debt applicable
to limit 15,707,883

Legal Debt Margin \$ 82,443,783

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage (percentage)
				Principal	Interest	
2014	\$ 3,839,828	\$ 2,817,750	\$ 1,022,078	\$ 3,705,000	\$ 140,731	0.27
2015	3,824,942	2,696,706	1,128,236	700,000	122,314	1.37
2016	4,065,508	2,684,972	1,380,536	730,000	109,178	1.65
2017	4,444,905	3,014,548	1,430,357	765,000	152,866	1.56
2018	4,627,877	3,068,160	1,559,717	1,025,000	171,215	1.30
2019	5,100,948	3,386,538	1,714,410	1,060,000	148,400	1.42
2020	5,910,356	3,544,756	2,365,600	1,085,000	440,414	1.55
2021	5,936,969	3,579,934	2,357,035	1,165,000	585,753	1.35
2022	5,581,607	3,770,657	1,810,950	1,215,000	546,971	1.03
2023	7,505,977	3,902,222	3,603,755	1,205,000	504,604	2.11

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

Note: Principal payments for 2014 include payment of an advance refunding in the amount of \$3,305,000 and another in the amount of \$635,000.

Table 15

Special Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage (percentage)	
	Principal	Interest		
\$ 229,057	\$ 635,000	\$ 16,133	0.35	
183,723	135,000	4,399	1.32	
226,762	130,000	3,440	1.70	
173,250	130,000	2,770	1.30	
177,501	135,000	810	1.31	
49,641	-	-	N/A	
47,699	-	-	N/A	
34,036	-	-	N/A	
70,290	-	-	N/A	
20,505	-	-	N/A	
Tax Increment Bonds				
Fiscal Year	Tax Increment Collections	Debt Service		Coverage (percentage)
		Principal	Interest	
2014	\$ 710,455	\$ 450,000	\$ 23,000	1.50
2015	742,202	460,000	13,900	1.57
2016	55,902	465,000	4,650	0.12
2017	161,620	-	-	N/A
2018	180,024	-	-	N/A
2019	218,561	-	-	N/A
2020	444,630	-	-	N/A
2021	464,890	-	-	N/A
2022	488,234	-	-	N/A
2023	415,354	-	-	N/A

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

Table 16

Fiscal Year	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾	Population Over Age 25 with Post Secondary Education ⁽⁴⁾	District No. 831 School Enrollment ⁽⁵⁾	Unemployment Rate ⁽⁶⁾
2014	19,484	\$ 1,091,513,164	\$ 56,021	42	4,205	6,716	3.6%
2015	20,261	1,178,440,543	58,163	42	4,205	6,595	3.2%
2016	20,344	1,215,533,656	59,749	42	4,205	6,378	3.3%
2017	20,497	1,333,309,353	65,049	42	4,205	6,261	3.1%
2018	20,598	1,383,588,258	67,171	42	4,205	6,124	2.6%
2019	20,798	1,425,182,950	68,525	42	4,205	6,059	2.9%
2020	20,798	1,500,721,286	72,157	42	4,205	5,905	4.3%
2021	20,611	1,489,618,803	72,273	39.5	9,399	5,958	2.2%
2022	20,911	1,049,878,577	50,207	39.5	9,849	5,958	2.8%
2023	20,862	1,135,268,316	54,418	39.8	9,993	5,763	2.7%

Sources:

⁽¹⁾ Metropolitan Council, except year 2018 estimated by City of Forest Lake.

⁽²⁾ Calculated using population and per capita personal income.

⁽³⁾ Bureau of Economic Analysis for Washington County, except year 2020 estimated by City of Forest Lake.

⁽⁴⁾ U.S. Census 2020. Includes population with degrees awarded only.

⁽⁵⁾ Minnesota Department of Education, Data Center.

⁽⁶⁾ Minnesota Department of Employment and Economic Development, Washington County unemployment statistics.

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

Table 17

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 831 (Forest Lake)	1,300	1	0.90%	1,700	1	1.30%
Walmart Supercenter	500	2	0.35%	368	2	0.28%
TeamVantage & Custom Mold	300	3	0.21%	205	4	0.16%
Menard's, Inc.	190	4	0.13%	190	5	0.14%
Target Store	160	5	0.11%	160	6	0.12%
Cub Foods	150	6	0.10%	150	7	0.11%
Morrie's Foresty Lake Chevrolet	150	7	0.10%			
Gaughan Properties	125	8	0.09%	125	8	0.10%
Home Depot	115	9	0.08%	115	9	0.09%
Birchwood Health Center	110	10	0.08%	220	3	0.17%
Lake International language Academy			-	105	10	0.08%
Total	3,100		2.14%	3,338		2.54%

Note: Data for total City employment is not available. Therefore, the percentage of total employment was calculated using total Washington County employment data. Total county employment for 2023 was 144,669. Total county employment for 2014 was 131,226.

Sources:

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

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

Function	2014	2015	2016	2017	2018	2019
General Government						
Administration	3	3	3	3	3	3
Finance	3	2	2	2	2	3
Community Development	1	1	1	1	1	1
Facilities Maintenance	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1
Public Safety						
Police:						
Police Chief	1	1	1	1	1	1
Police Captain	1	1	1	1	1	1
Sworn Officers	26	26	25	25	25	25
Civilians	3	3	2	2	2	3
Fire:						
Fire Chief	1	1	1	1	1	1
Fire Inspection	0	0	0	0	0	0
Building Inspection	3	3	3	3	4	2
Public Works						
Highways and Streets	6	5	5	5	5	6
Maintenance	1	1	1	1	1	1
Surface Water Management	1	1	1	1	1	1
Culture and Recreation						
Parks Programs	1	1	1	1	1	1
Parks Maintenance	1	1	1	1	1	2
Proprietary						
Water	2	2	2	2	2	2
Sewer	2	2	2	2	2	2
Finance	1	1	1	1	1	1
Total	60	58	56	56	57	59

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

Table 18

2020	2021	2022	2023
3	3	3	3
3	3	4	4
1	1	2	3
2	2	2	2
1	1	1	1
1	1	1	1
1	1	1	1
25	25	25	25
3	3	3	3
1	1	1	1
0	0	0	0
3	3	4	4
6	6	7	7
1	1	1	1
1	1	1	1
1	1	1	1
2	3	3	3
2	3	3	3
2	2	2	2
1	1	1	1
60	62	66	67

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

Function	Fiscal Year			
	2014	2015	2016	2017
Public Safety				
Police				
Number of Calls Answered	14,697	14,222	13,857	15,902
Number of Citations	1,841	1,725	1,359	1,133
Number of Sworn Officers	26	26	25	25
Fire				
Number of Calls Answered	359	356	430	472
Number of Volunteer Firefighters	34	31	29	31
Number of fire inspections ⁽¹⁾	80	24	-	-
Building Inspection				
Number of New Residential Permits	80	72	45	57
Number of New Commercial Permits	13	8	12	7
Number of Other Permits	404	1,457	1,182	2,709
Number of Inspections	3,184	2,975	2,635	3,165
Total Permit Valuation	\$ 52,859,459	\$ 34,573,624	\$ 68,065,656	\$ 101,999,277
Public Works				
Streets and Highways				
Miles of Streets Resurfaced	12	5	10	6
Water System				
Number of Service Connections	4,000	4,012	4,025	4,104
Number of Water Main Breaks	28	18	3	3
Average Daily Consumption	1,067,159	1,160,000	1,205,083	1,250,608
Sewage System				
Number of Service Connections	5,854	5,789	5,833	5,888
Number of Sewer Backups	5	4	1	1
Culture and Recreation				
Parks				
Number of Seasonal Workers	21	12	12	13

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

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

Table 19

Fiscal Year					
2018	2019	2020	2021	2022	2023
18,065	19,061	16,768	16,638	14,909	16,297
1,276	1,138	667	637	654	917
25	25	25	25	25	
487	536	495	482	495	508
29	31	31	27	28	32
-	-	-	-	-	
59	52	43	34	32	22
13	6	-	12	5	2
1,730	1,389	1,666	1,516	1,125	1,224
3,267	3,672	4,049	3,178	2,580	2,603
\$ 79,479,396	\$ 75,337,753	\$ 50,561,535	\$ 71,486,414	\$ 54,561,535	\$ 61,743,660
1	3.5	4.7	5.4	2	2.6
4,145	4,213	4,243	4,260	4,296	4,325
6	7	15	8	4	3
1,247,216	1,176,000	1,233,000	1,215,814	1,133,680	1,309,704
5,918	5,969	6,014	6,058	6,092	6,166
2	1	2	2	3	2
13	14	16	14	15	15

Source: City of Forest Lake departmental records.

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

Function	Fiscal Year			
	2014	2015	2016	2017
Public Safety				
Police				
Number of Stations	1	1	1	1
Number of Patrol Units	14	14	14	15
Fire				
Number of Stations	2	2	2	2
Number of Response Units	11	11	11	11
Public Works				
Streets and Highways				
Municipal Streets and Roads	130	127	136	137
Number of Street Lights	N/A	N/A	N/A	N/A
Water System				
Miles of Water Mains	69	71	73	73
Number of Fire Hydrants	705	714	708	708
Sewage System				
Miles of Sanitary Sewers	91	104	106	106
Culture and Recreation				
Parks				
Number of Parks	20	20	20	20
Park Acreage	282	282	282	282
Tennis Courts	1	1	1	2
Pickleball Courts	-	-	-	-
Basketball Courts	3	3	3	3
Softball Fields	10	10	10	10
Soccer Fields	3	3	3	3
Baseball Fields	1	1	1	1
Ice Rinks	2	3	3	3

Table 20

Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
15	15	16	17	18	18
2	2	2	2	2	2
11	11	11	11	11	12
138	139	139	139	139	140
N/A	N/A	N/A	132	132	132
74	75	75	75	75	76
791	796	798	800	800	805
106	107	107	107	107	108
20	20	20	20	20	20
282	282	282	282	282	282
2	2	2	2	2	2
-	-	-	-	7	7
3	3	3	3	3	3
10	10	10	10	8	8
3	3	3	3	3	3
1	1	1	1	5	5
3	3	3	3	3	3



**City of Forest Lake
Washington County, Minnesota**

Communications Letter

December 31, 2023

**City of Forest Lake
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**Report on Matters Identified as a Result of
the Audit of the Basic Financial Statements**

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

In planning and performing our audit of the basic financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake as of and for the year ended December, 31, 2023, in accordance with auditing standards generally accepted in the United States of America, 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 opinion 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated May 30, 2024, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the Members of the City Council and management and others within the City and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Bergan KDV, Ltd.

Minneapolis, Minnesota
May 30, 2024

City of Forest Lake Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended December 31, 2023, the City had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ The Finance Director has full general ledger access, including the ability to write and post journal entries, and is also responsible for review of the financial statements and bank reconciliations.
- ◆ The Finance Director maintains and reconciles the capital asset listing.

Management and Members of the City Council are aware of the lack of segregation of accounting duties and have taken certain steps to compensate for the condition, but due to the number of accounting staff needed to properly segregate all the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and Members of the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

City of Forest Lake Required Communication

We have audited the basic financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City for the year ended December 31, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our responsibility with respect to the other information in documents containing the audited basic financial statements and auditor's report does not extend beyond the basic financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited and we do not express an opinion or provide any assurance on it.

City of Forest Lake Required Communication

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- ◆ Management Override of Internal Control - This is considered a risk in substantially all engagements as management may be incentivized to produce better results. Management override of control through the journal entry process was identified as a risk.
- ◆ Revenue Recognition - This is considered a fraud risk on substantially all engagements as it is generally one of the largest line items impacting a city's operating results. Improper revenue recognition specifically related to charges for services for the Water, Sewer, and Surface Water Management Funds was identified as a risk.
- ◆ If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of unauthorized transactions. In addition, generally this results in less review taking place as transactions are recorded in the financial statements. The City's lack of segregation of accounting duties was considered when completing all audit work.
- ◆ Misappropriation of assets through the creation of fictitious vendors and the disbursement process was identified as a risk.
- ◆ Capital Assets Valuation - Capital assets and related depreciation are material to the financial statements and involve significant estimates.
- ◆ Other Post Employment Benefits (OPEB) Valuation - Total OPEB liability, deferred outflows of resources related to OPEB, and deferred inflows of resources related to OPEB are generally material to the financial statements and involve significant estimates.
- ◆ Pension Valuation - Net pension liability, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions are generally material to the financial statements and involve significant estimates.
- ◆ Lease Valuation - Lease receivable and related deferred inflows of resources are material to the financial statements and involve significant estimates.

City of Forest Lake Required Communication

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the basic financial statements. There have been no initial selection of accounting policies during 2023. The City amended its Investment Policy during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on 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 basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation - The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB - These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions, and Deferred Inflows of Resources relating to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

Lease Receivable and Related Deferred Inflows of Resources - These balances are based on estimates and judgments determined by the City related to the discount rate, lease term, and lease payments.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

City of Forest Lake Required Communication

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements 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.

**City of Forest Lake
Required Communication**

Other Information Included in Annual Reports (Continued)

With respect to the supplementary information accompanying the financial statements, 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 basic financial statements or to the basic financial statements themselves.

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

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

City of Forest Lake Financial Analysis

The following pages provide graphic representations of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

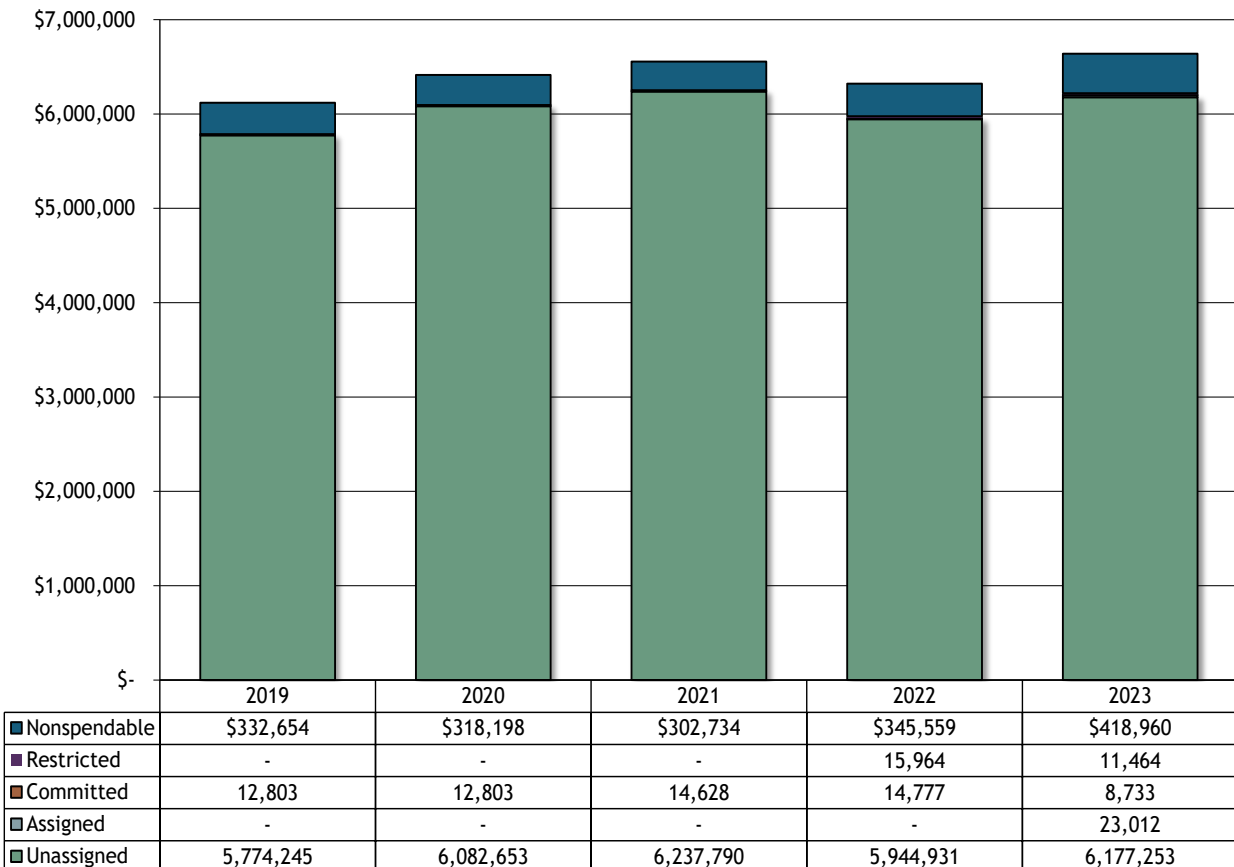
General Fund - Fund Balance

Total fund balance in the General Fund increased \$318,191 in 2023. On the following pages, we will discuss the revenues and expenditures of the General Fund.

As seen below, the City's total fund balance has remained at a relatively consistent level over the past five years. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, the City implemented a fund balance policy, which states the City's minimum fund balance goals. The City's policy is to maintain an unassigned fund balance of 50% of the subsequent year's total budgeted expenditures in the General Fund. The December 31, 2023, unassigned fund balance represents 49.9% of 2024 budgeted expenditures.

The components of fund balance for the General Fund are depicted in the bar graph below.

Fund Balance - General Fund

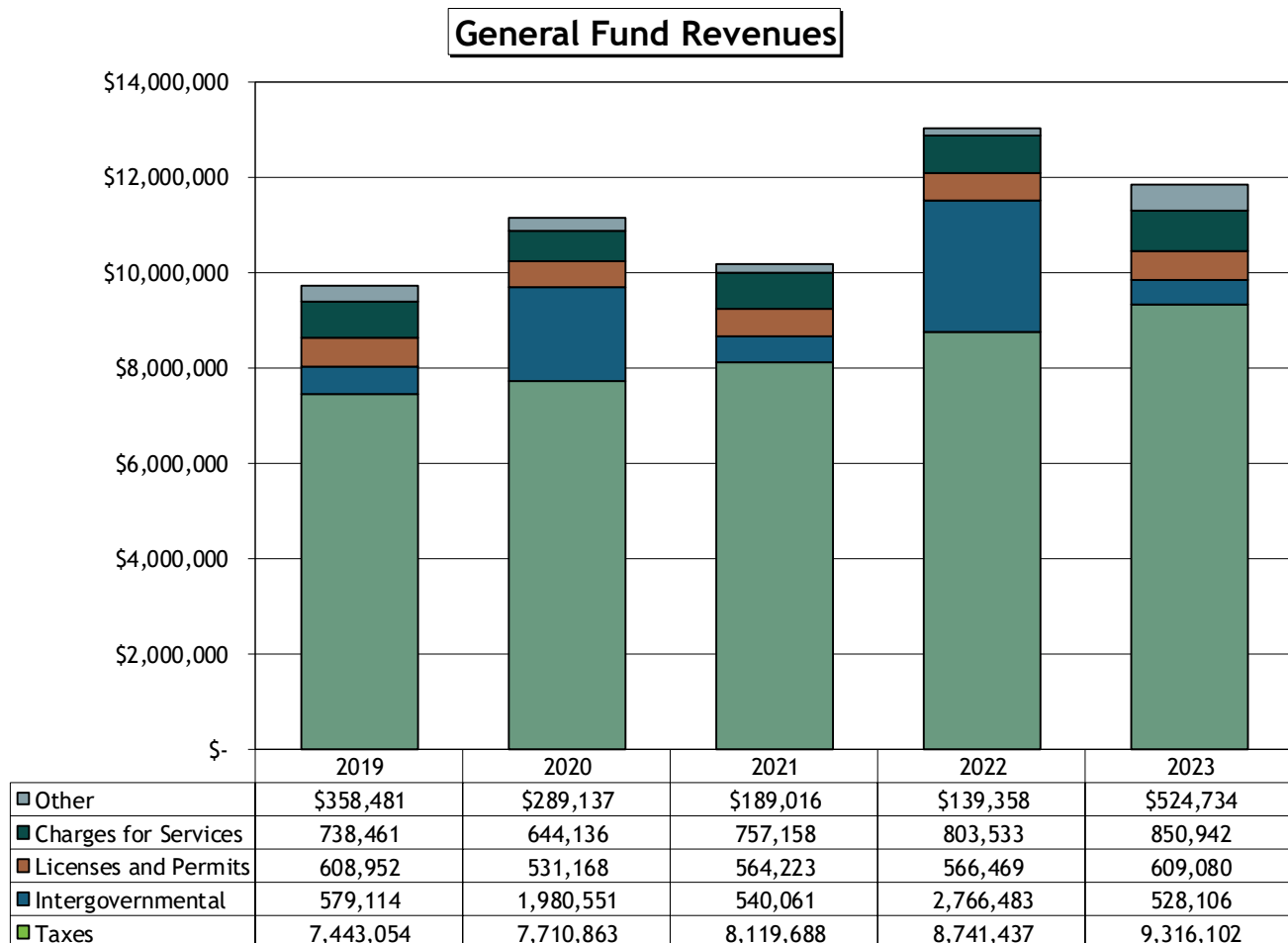


City of Forest Lake Financial Analysis

General Fund - Revenues

The chart below represents comparisons of revenues by source for the last five years, illustrating the majority of revenue for the General Fund was from taxes. Tax revenue represents 79% of total General Fund revenue for 2023. Other percentages of total revenue can be seen on the following page. Miscellaneous revenues include items such as fines and forfeitures, investment income, contributions and donations, and other miscellaneous items.

Overall, General Fund revenue decreased 9.1%, or \$1,188,316, from 2022 to 2023. This decrease was primarily attributable to a decrease of intergovernmental revenues in the amount of \$2,238,377 due to the City spending \$2,287,605 of federal coronavirus relief funds in 2022. Partially offsetting this decrease, property tax revenues increased \$574,665 due to an increase in amount levied in the General Fund, and other revenues increased \$385,376 due to the City's investments reporting an unrealized loss in 2022 compared to an unrealized gain in 2023.

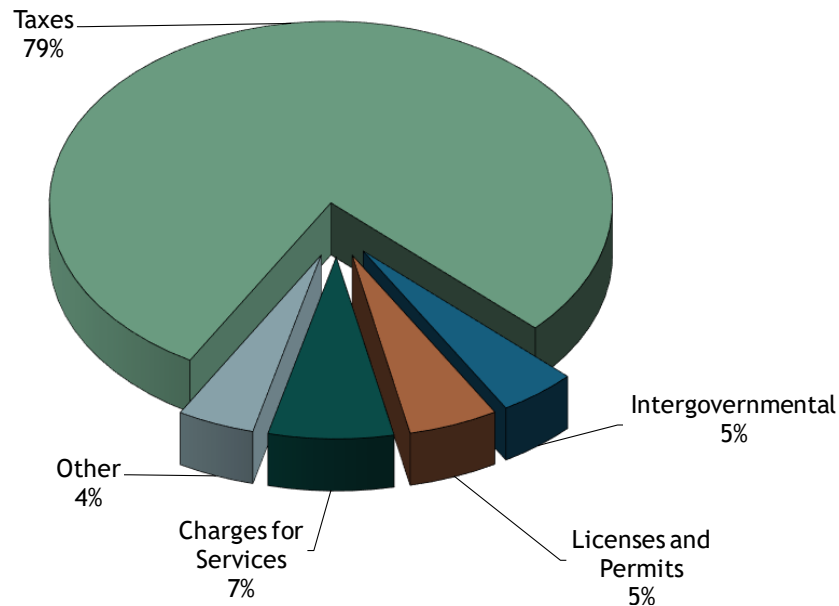


City of Forest Lake Financial Analysis

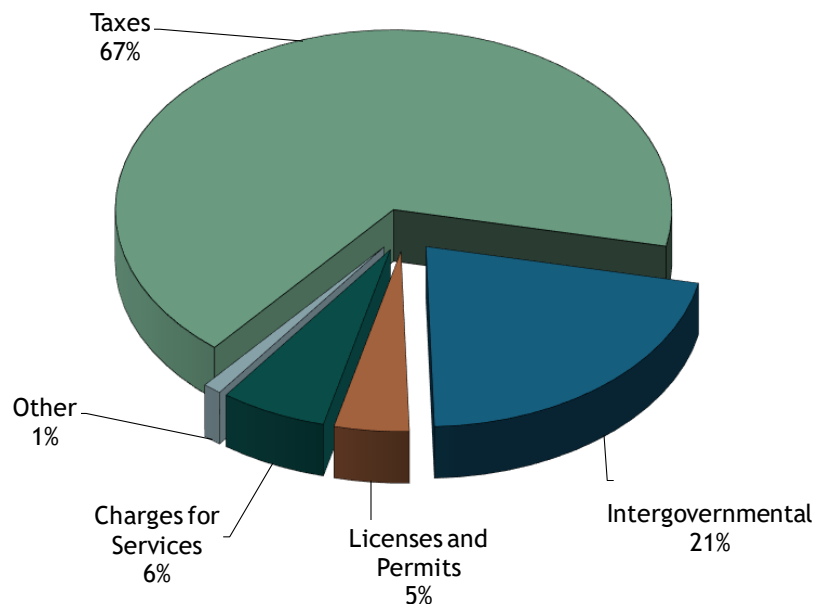
General Fund - Revenues (Continued)

Allocations of the City's revenue by source for the current and preceding year are displayed below. Intergovernmental revenues decreased from 21% of total revenues in 2022 to 5% of total revenues in 2023 with the spending of federal coronavirus relief funds in the previous year.

2023 General Fund Revenues



2022 General Fund Revenues

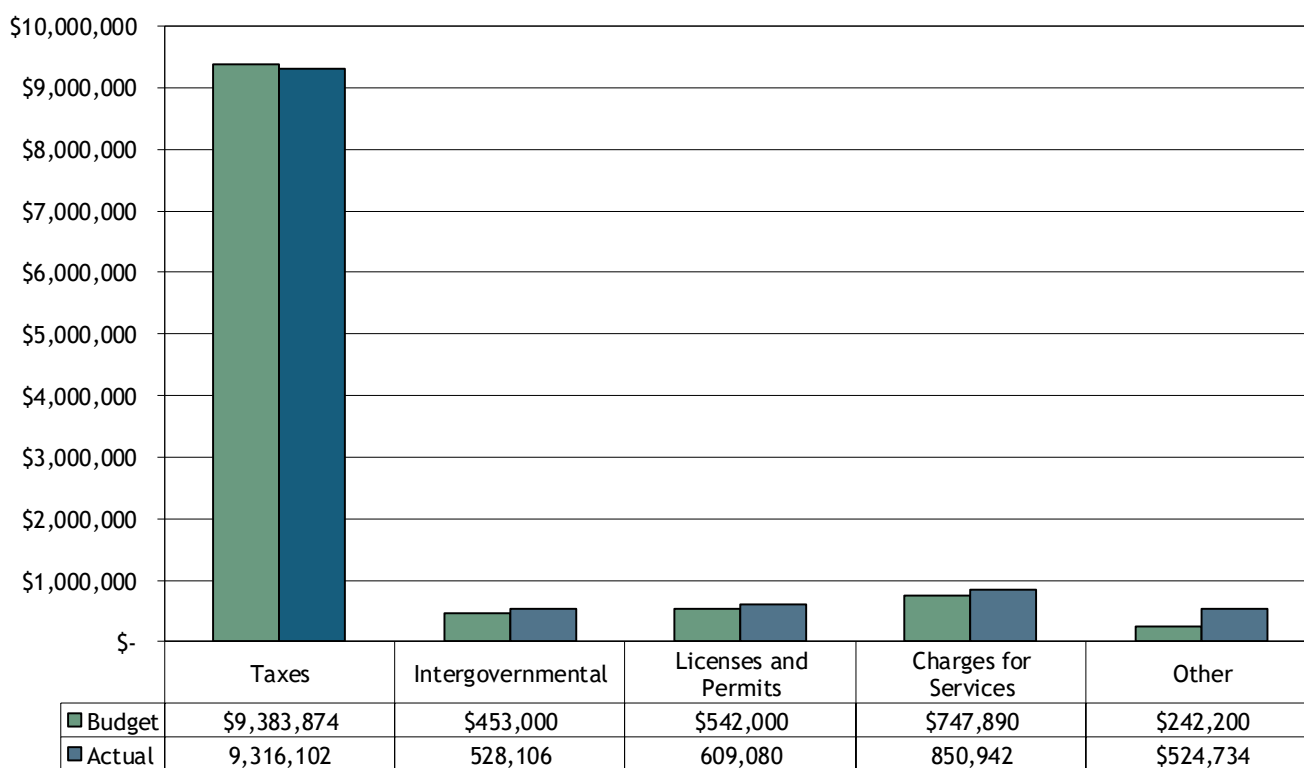


City of Forest Lake Financial Analysis

General Fund - Revenues (Continued)

The following graph outlines the budget to actual results of the General Fund revenue. Overall, actual revenue was \$460,000 over budget. Other revenue was \$282,534 over budget due to a conservative budget for investment income including changes in the fair market value of investments. As discussed previously, the City's investments experienced a significant unrealized gain in 2023.

**General Fund Revenues
Budget and Actual**



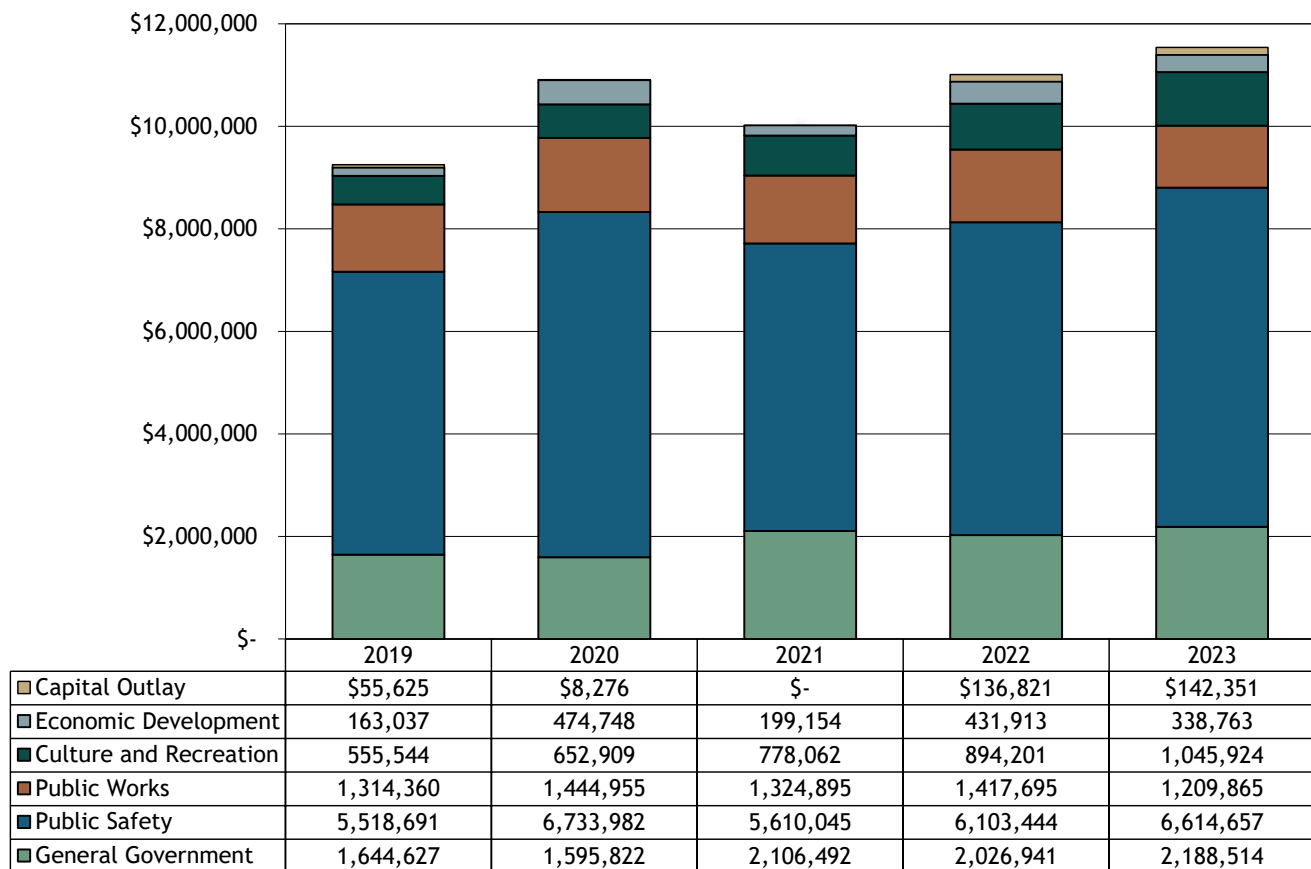
City of Forest Lake Financial Analysis

General Fund - Expenditures

The graph below represents the breakdown of General Fund expenditures by function. Overall, expenditures increased \$529,059, or 4.6%, from 2022.

Public safety expenditures increased \$511,213, or 7.7%, primarily due to cost of living increases and step movement for police officers; there were also increases in fire wages and State fire pension aid which flows through the City. General government expenditures increased \$161,573, or 7.4%, due to increases in legal and technology costs. Culture and recreation expenditures increased \$151,723 and public works expenditures decreased \$207,830 from 2022 primarily due to a change in wage allocations based on staff time from streets to parks. Economic development expenditures decreased \$93,150 due to the City contracting for planning and zoning services for much of 2022 and having City staff hired for all of 2023.

General Fund Expenditures

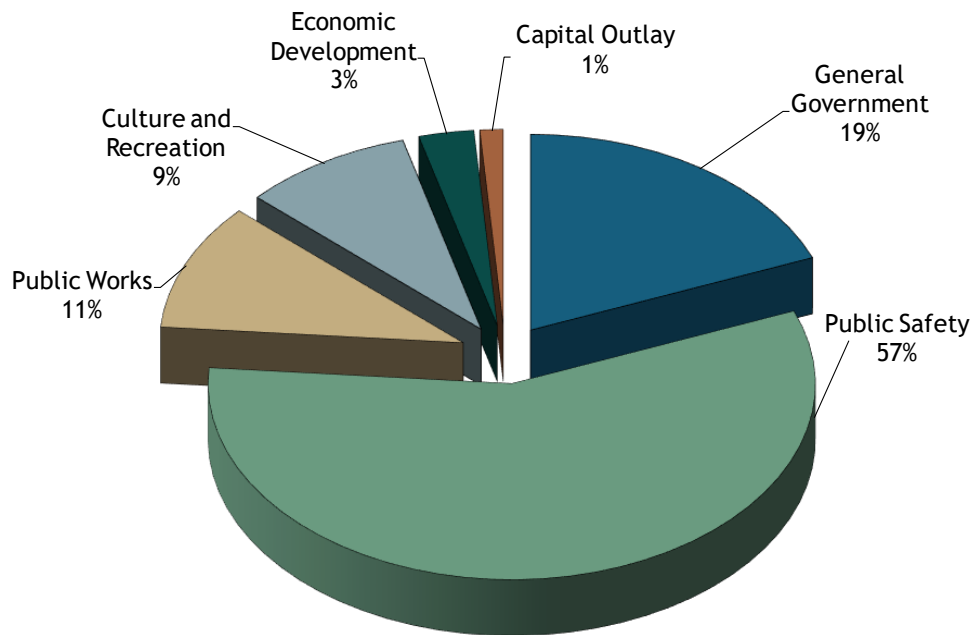


City of Forest Lake Financial Analysis

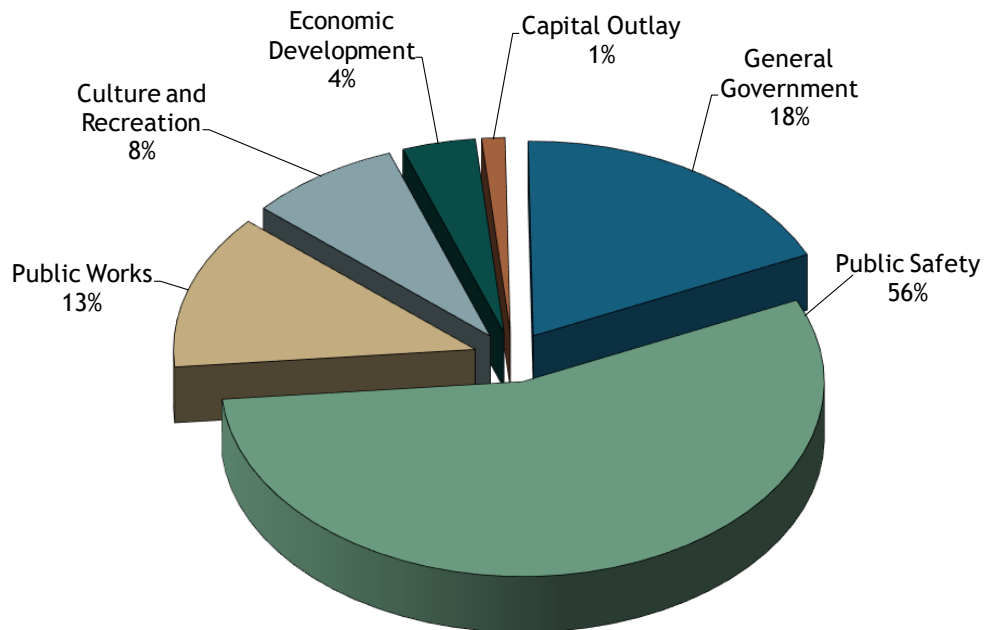
General Fund - Expenditures (Continued)

Allocations of the City's expenditures by function for the current and preceding year are displayed below. All expenditures by function remained relatively consistent from 2022 to 2023.

2023 General Fund Expenditures



2022 General Fund Expenditures

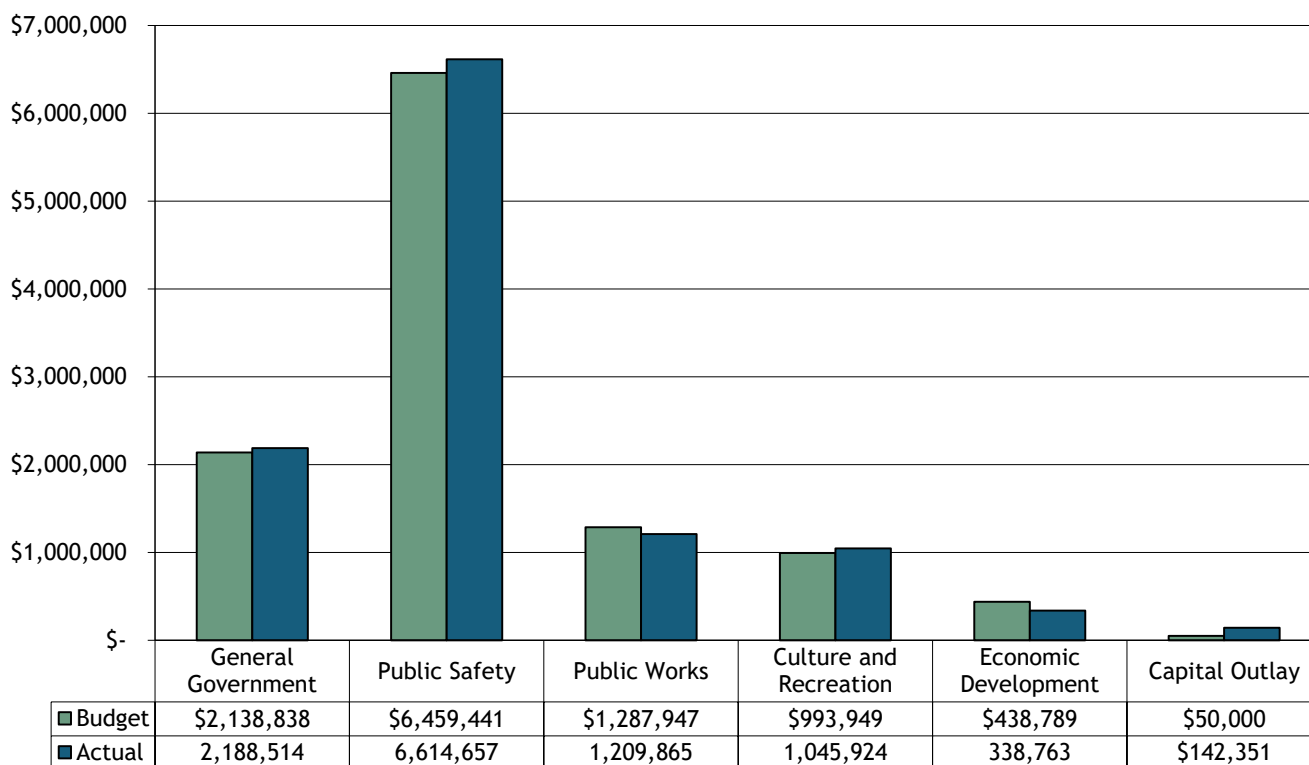


City of Forest Lake Financial Analysis

General Fund - Expenditures (Continued)

The following graph outlines the budget and actual of the General Fund's expenditures. In total, actual expenditures exceeded the budgeted amount by \$171,110, or 1.5%. The largest variance was public safety expenditures, which were \$155,216 over budget due to police wage and benefits expenditures coming in higher than anticipated. Economic development expenditures were \$100,026 under budget due to legal and other professional service fees being less than anticipated. Capital outlay expenditures were \$92,351 over budget due to the purchase of a dock, which was not budgeted but Council approved, and higher management fees for the golf course than anticipated.

**General Fund Expenditures
Budget to Actual**



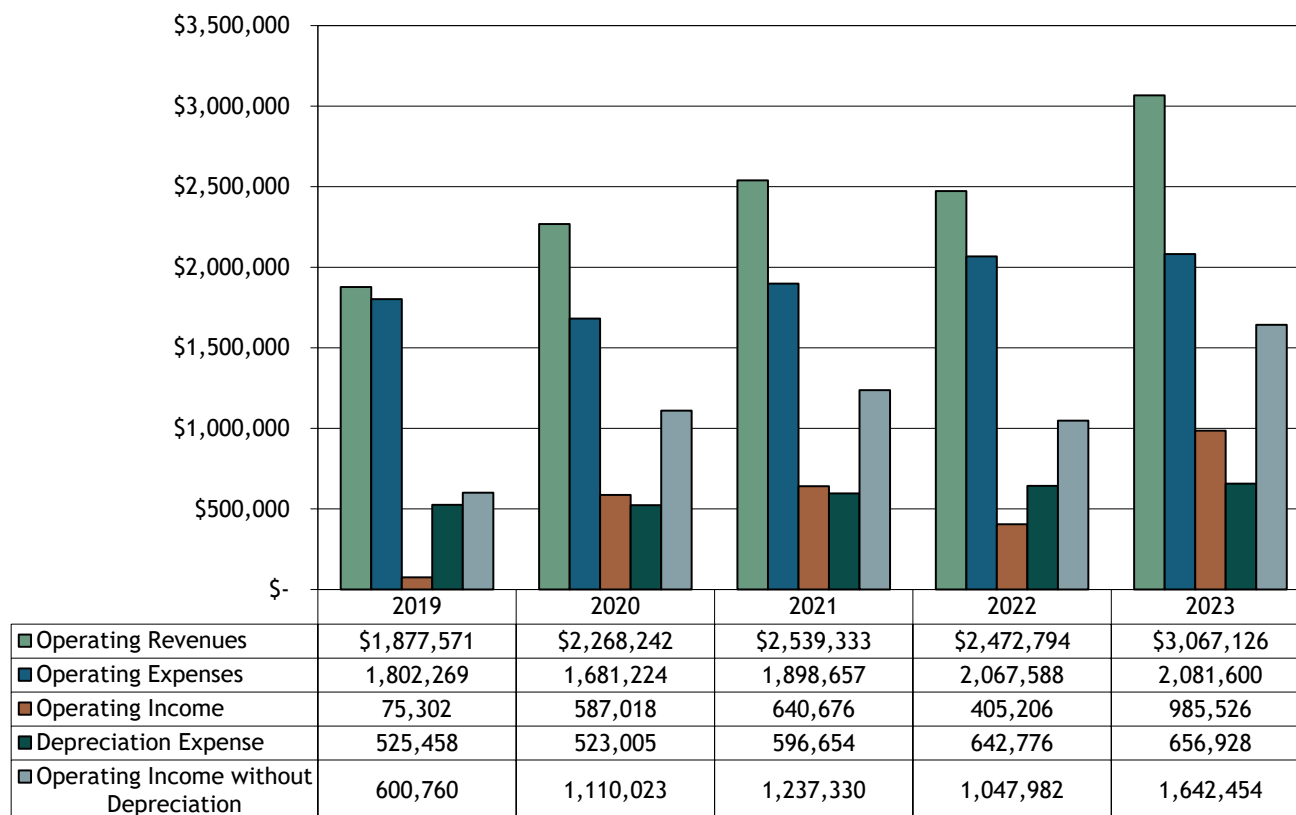
City of Forest Lake Financial Analysis

Water Enterprise Fund

Operating results of the City's Water Enterprise Fund are shown below. Operating revenues increased \$594,332, or 24.0%, while operating expenses increased just \$14,012. Operating revenues increased due to an increase in rates of 6% combined with a significant increase in usage.

The Water Fund reported operating income of \$985,526 including depreciation expense of \$656,928 and operating income of \$1,642,454 excluding depreciation expense.

Water Fund



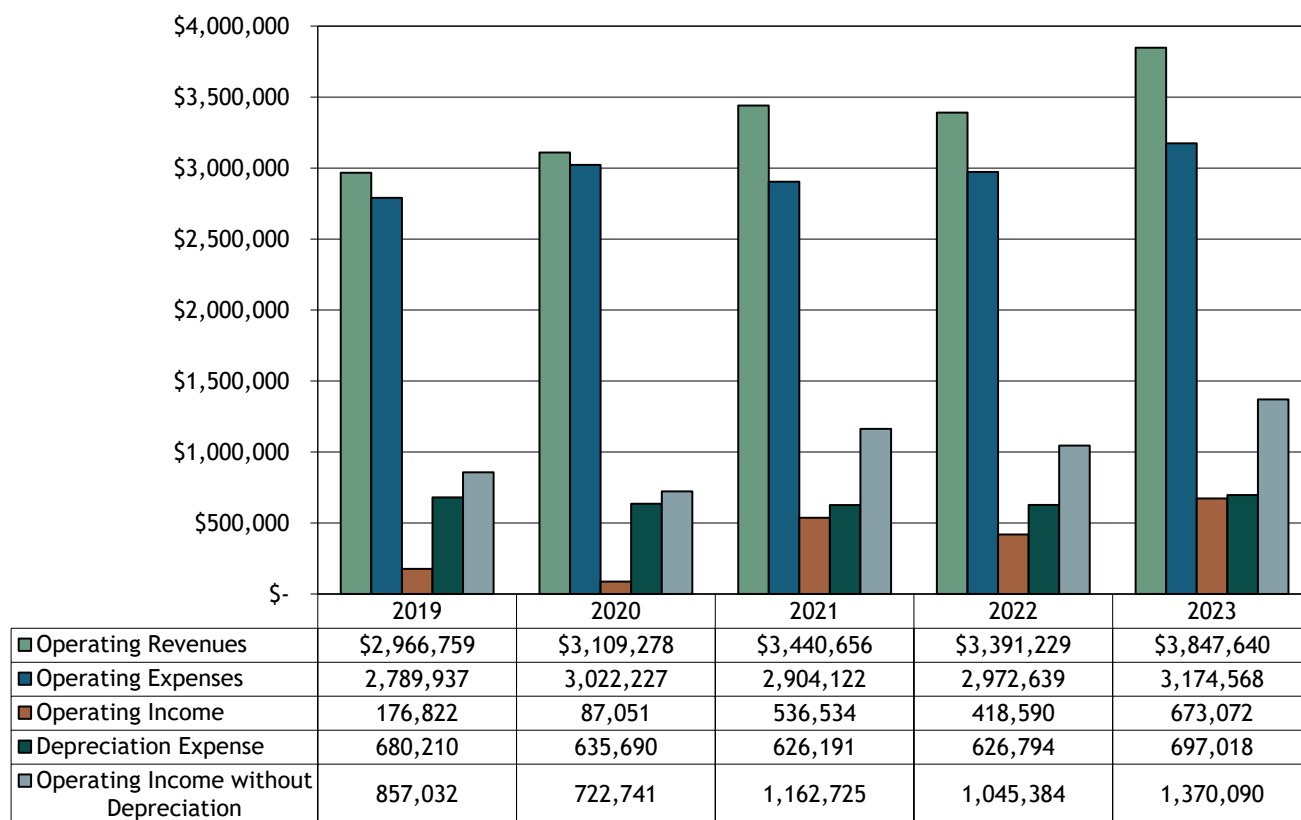
City of Forest Lake Financial Analysis

Sewer Enterprise Fund

Operating results of the City's Sewer Enterprise Fund are shown below. Operating revenues increased \$456,411, or 13.5%, while operating expenses increased \$201,929, or 6.8%. Operating revenues increased due to an increase in rates of 6% combined with an increase in usage. Operating expenses increased due to increases across wages, benefits, repairs and maintenance, professional services, and depreciation expense with the completion of the North Shore Circle project and purchase of a sewer cleaner.

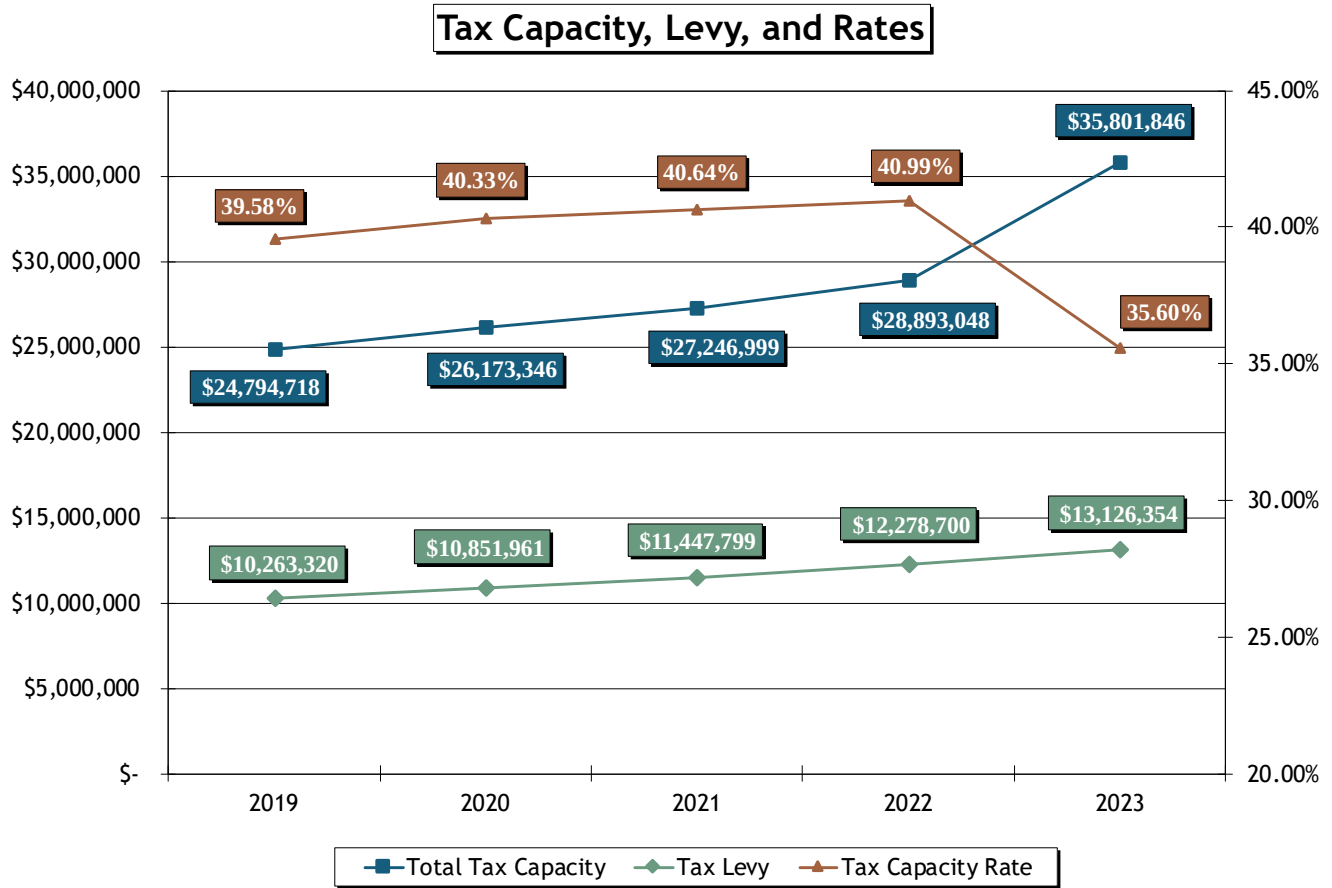
The Sewer Fund reported operating income of \$673,072 including depreciation expense of \$697,018 and operating income of \$1,370,090 excluding depreciation expense.

Sewer Fund



City of Forest Lake Financial Analysis

Tax Capacity, Levy, and Rates



The chart above graphs the tax capacity, certified tax levy and tax capacity rate for 2019 through 2023. The tax capacity is based on total tax capacity, prior to adjustments for captured Tax Increment Financing (TIF) and fiscal disparities. The certified tax levy amount is also prior to fiscal disparity adjustments.

The City's tax capacity has been increasing over each of the last five years with a significant increase in 2023 as market values have risen. The City's levy has also increased over each of the last five years, but at a lesser rate. This resulted in the City's tax capacity rate decreasing overall over the last five years.

City of Forest Lake Emerging Issues

Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Implementation Guide No. 2021-1 - Amending Capitalization Requirements**
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- ◆ **Accounting Standard Update - GASB Statement No. 100 - Accounting Changes and Error Corrections**
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- ◆ **Accounting Standard Update - GASB Statement No. 101 - Compensated Absences**
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

Implementation Guide No. 2021-1 - Amending Capitalization Requirements

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers.

Information provided above was obtained from www.gasb.org.

**City of Forest Lake
Emerging Issues**

Accounting Standard Update - GASB Statement No. 100 - *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in Required Supplementary Information (RSI) and Supplementary Information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

City of Forest Lake Emerging Issues

Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

**City of Forest Lake
Washington County, Minnesota**

**Reports on Compliance with
Government Auditing Standards and
Legal Compliance**

December 31, 2023



Forest Lake
AS GOOD AS IT SOUNDS

**City of Forest Lake
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**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***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 30, 2024.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Finding and Response on Internal Control as Audit Finding 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit that is described in the accompanying Schedule of Finding and Response on Internal Control. 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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota
May 30, 2024



Minnesota Legal Compliance

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake, Minnesota, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2024.

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 related 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 related to accounting matters.

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

BerganKDV, Ltd.

Minneapolis, Minnesota
May 30, 2024

**City of Forest Lake
Schedule of Finding and Response on
Internal Control**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:

Significant Deficiency:

Audit Finding 2023-001 - Lack of Segregation of Accounting Duties

During the year ended December 31, 2023, the City and its discretely presented component unit had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

- ◆ The Finance Director has full general ledger access, including the ability to write and post journal entries, and is also responsible for review of the financial statements and bank reconciliations.
- ◆ The Finance Director maintains and reconciles the capital asset listing.

Management and the City Council are aware of the lack of segregation of accounting duties and have taken certain steps to compensate for the condition, but due to the number of accounting staff needed to properly segregate all the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

City's Response:

The City has taken measures to further improvement related controls related to the items above. For journal entries made by the Finance Director, the Accounting Manager reviews these entries. Additionally, the Accounting Manager completes and reconciles the bank to the City's general ledger. City staff is working on training staff to improve internal processes and procedures related to capital assets.

Date: June 10, 2024
To: Honorable Mayor and Councilmembers
From: Kevin Knopik, Finance Director
Re: Approving Issuance and Sale of General Obligation Equipment Certificates

BACKGROUND:

The City's 10-year capital plan was completed and approved in 2023. The 10-year capital plan identifies capital purchases and also identifies funding sources for capital purchases. The City identified issuing Equipment Certificates for the purchase of two fire engines and two plow trucks. The Equipment Certificates were planned to be issued in 2023, however with many delays in the production and assembly for these purchases, the issuance of equipment certificates was delayed to 2024.

ISSUE BEFORE COUNCIL:

Should City Council approve the attached resolution approving the issuance and sale of general obligation equipment certificates.

PROPOSAL/ANALYSIS:

The funding for these purchases was presented to City Council in the 10-year capital plan and was approved by City Council in 2023. The City has committed to these purchases and if the attached resolution is not approved, the City will need to find alternate funding sources.

This is the first approval that is needed from City Council to issue equipment certificates. This resolution authorizes Ehler's, the City's consultant, to start the competitive sale process. If this resolution is approved, City staff will work with Ehler's for a bond rating call. The better the City's bond rating, the better interest rate the City will receive. Currently, the City's bond rating is AA+ with Standard's and Poor's which is very good. It is currently proposed that the City Council will approve the competitive bid winning bidder at the July 8th, 2024 City Council meeting.

FISCAL IMPACT:

An increase in the tax levy will be required for the repayment of the equipment certificates as presented in the 10-year capital plan.

RECOMMENDATION:

Approve resolution 06-10-24-05.

ATTACHMENTS:

- Resolution 06-10-24-05

RESOLUTION NO. 06-10-24-05

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION EQUIPMENT CERTIFICATES, SERIES 2024A IN THE PROPOSED AGGREGATE PRINCIPAL AMOUNT OF \$2,390,000

BE IT RESOLVED by the City Council (the “Council”) of the City of Forest Lake, Minnesota (the “City”) as follows:

Section 1. Certificates Authorized

1.01. It is hereby found, determined and declared that the City should issue its General Obligation Equipment Certificates (the “Certificates”) in the approximate principal amount of \$2,390,000, in order to finance the acquisition of various capital equipment (the “Equipment”), including costs of issuance of the Certificates, subject to further details regarding the sale of the Certificates to be set forth in a resolution to be considered by the City Council at a subsequent meeting.

1.02. City staff are authorized and directed to take all other actions necessary to carry out the intent of this resolution.

Section 2. Authority of Municipal Advisor. Ehlers and Associates, Inc. (the “Municipal Advisor”) is authorized and directed to negotiate the sale of the Certificates. The City Council will meet on Monday, July 8, 2024, or another date selected by City staff, to consider proposals on the Certificates and take any other appropriate action with respect to the Certificates.

Section 3. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, as bond counsel for the City (“Bond Counsel”), is authorized to act as bond counsel and to assist in the preparation and review of necessary documents, certificates and instruments relating to the Certificates. The officers, employees and agents of the City are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

Section 4. Covenants. In the resolution awarding the sale of the Certificates, the City Council will set forth the covenants and undertakings required by Minnesota Statutes, Chapters 412 and 475, as amended (collectively, the “Act”).

Section 5. Official Statement. In connection with the sale of the Certificates, the officers or employees of the City are authorized and directed to cooperate with the Municipal Advisor and participate in the preparation of an official statement for the Certificates and to deliver it on behalf of the City upon its completion.

Section 6. Declaration of Official Intent to Reimburse Expenditures.

6.01 The Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt bonds used to reimburse

prior expenditures will not be deemed spent unless certain requirements are met; the City expects to incur certain expenditures with respect to projects that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of tax-exempt bonds.

6.02 The City has determined to make a declaration of official intent (the “Declaration”) to reimburse certain costs with respect to the Equipment from proceeds of the Certificates in accordance with the Reimbursement Regulations.

6.03 All reimbursed expenditures will be capital expenditures, costs of issuance of the Certificates, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

6.04 This Declaration has been made not later than sixty (60) days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of the Certificates, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5% of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20% of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

6.05 This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the Equipment and the principal amount of the Certificates described herein are consistent with the City’s budgetary and financial circumstances. No sources other than proceeds of the Certificates to be issued by the City are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City’s budget or financial policies to pay such expenditures.

6.06 This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Approved this 10th day of June, 2024 by the City Council of the City of Forest Lake, Minnesota.

CITY OF FOREST LAKE, MINNESOTA

Mara Bain, Mayor

ATTEST:

Jolleen Chaika, City Clerk



Date: May 20, 2024

Agenda Item: Streetlight Request

To: Honorable Mayor and City Council

From: Dave Adams, Public Works Director

BACKGROUND:

Last year, Public Works received a street light request from the homeowner's association on Iden Ave N. Initial request asked for a total of 6 lights that would run from Highway 97 to the housing development where streetlights are present. When costs came back, the association understood that the price was too high and went back to the drawing board. In February of 2024 the association came back to the City and made an amended request to install one single light approximately 300 feet off of Highway 97. Staff evaluated the request following the City's Street Light Policy and determined that the request be denied due to financial constraints and a low score on criteria. The City's Street Light Policy (attached) uses criteria in determining if a street light request is justified. These criteria's are: Traffic Hazard, Intersections, Dead End Streets, and Mid-Block locations

ISSUE BEFORE COUNCIL:

Should City Council approve streetlight to be installed on Iden Ave N?

PROPOSAL/ANALYSIS:

The City's 2024 budget does not allow for the funding of this project as most street light requests are not anticipated. Additionally, typical streetlight request approvals at a staff level are in locations such as dead ends and intersections, and installing just one light on this stretch of road may lead to complaints or additional requests for more lights. Iden Ave N is unique in that the housing development itself has streetlights, but development was not responsible to light the street entering into it. Their original request of six streetlights would have placed lights at City standard from Highway 97 to the houses, but at a cost of approximately \$30,000.

FISCAL IMPACT:

There are two option for installation of this light. Standard Service or Pre-Pay. Both will cost the City approximately \$13,000 for the light over 25 years. Standard service offers a lower installation cost of \$5,827 but a higher monthly cost of \$23.91/month and the Pre-pay offers a higher installation cost of \$10,770 and a lower monthly cost of \$5.59/month.

RECOMMENDATION:

Staff is seeking City Council guidance to either uphold denial of street light request or approve request and funding for street light request in 2025 budget.

ATTACHMENTS:

- City of Forest Lake Street Light Policy
- Petition
- Location Map
- Original Streetlight Request Map
- Amended Streetlight Request
- Xcel Energy Pricing

STREETLIGHT REQUEST FORM

REQUEST TAKEN BY: _____ DATE: _____

REQUESTOR'S INFORMATION

NAME OF REQUESTOR: Pioneer Point Homeowners Assn. (Teri Green)

ADDRESS OF REQUESTOR: 21865 Iden Ave N.
Forest Lake, MN 55025

TELEPHONE NUMBER (S): HOME 612 802 3475 WORK _____

EMAIL Terigrn@gmail.com

PROPOSED LOCATION

IS THERE A POLE AT THE REQUESTED LOCATION? _____ YES X NO

IF YES, WHAT IS POLE NUMBER (ON POLE)? _____

REQUESTED STREETLIGHT IS TO BE LOCATED AT THE INTERSECTION OF: on the road leading into neighborhood
Hwy 97 AND Iden Ave N.

OR

IF STREETLIGHT IS NOT TO BE LOCATED AT AN INTERSECTION, INSTALLATION IS

REQUESTED AT: (NEAREST STREET ADDRESS)

Iden Ave. N coming into Pioneer Point Neighborhood
off of Hwy 97. There is high pedestrian traffic on this road.

We feel these street lights on this city street are necessary
for the health, safety & welfare of the general public
traveling on this public roadway.

REASON YOU FEEL THE STREET LIGHT IS NECESSARY

This stretch of road is
very dark at night and we feel adding street lights
would help for security and safety purposes.
Many of our residents and the neighboring community
use this road to walk and walk their dogs. At night
& dusk and early morning we have had very
close calls. We are not a private development.

STREETLIGHT PETITION FORM

This petition is in request for the installation of a streetlight at the following location(s):

see attached map. We are recommending
3-6 lights if possible. There is electrical available.

Please obtain signatures of all property owners within five hundred (500) feet to the location(s) noted above. A majority of affected property owners must have signed this petition.

NOTE: This petition is a method of evaluating support for a streetlight at a given location(s).

Signing a streetlight petition does not legally bind you to anything.

NAME

ADDRESS

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

RETURN FORMS TO:

DEPARTMENT OF PUBLIC WORKS
ATTN: Public Works Superintendent
1408 Lake Street South
Forest Lake, MN 55025

Or by email:

dave.adams@ci.forest-lake.mn.us

Legend

-  City Limits
-  Parcels (1/1/2024)
-  Lot Lines
-  Street Lights



0 132 Feet

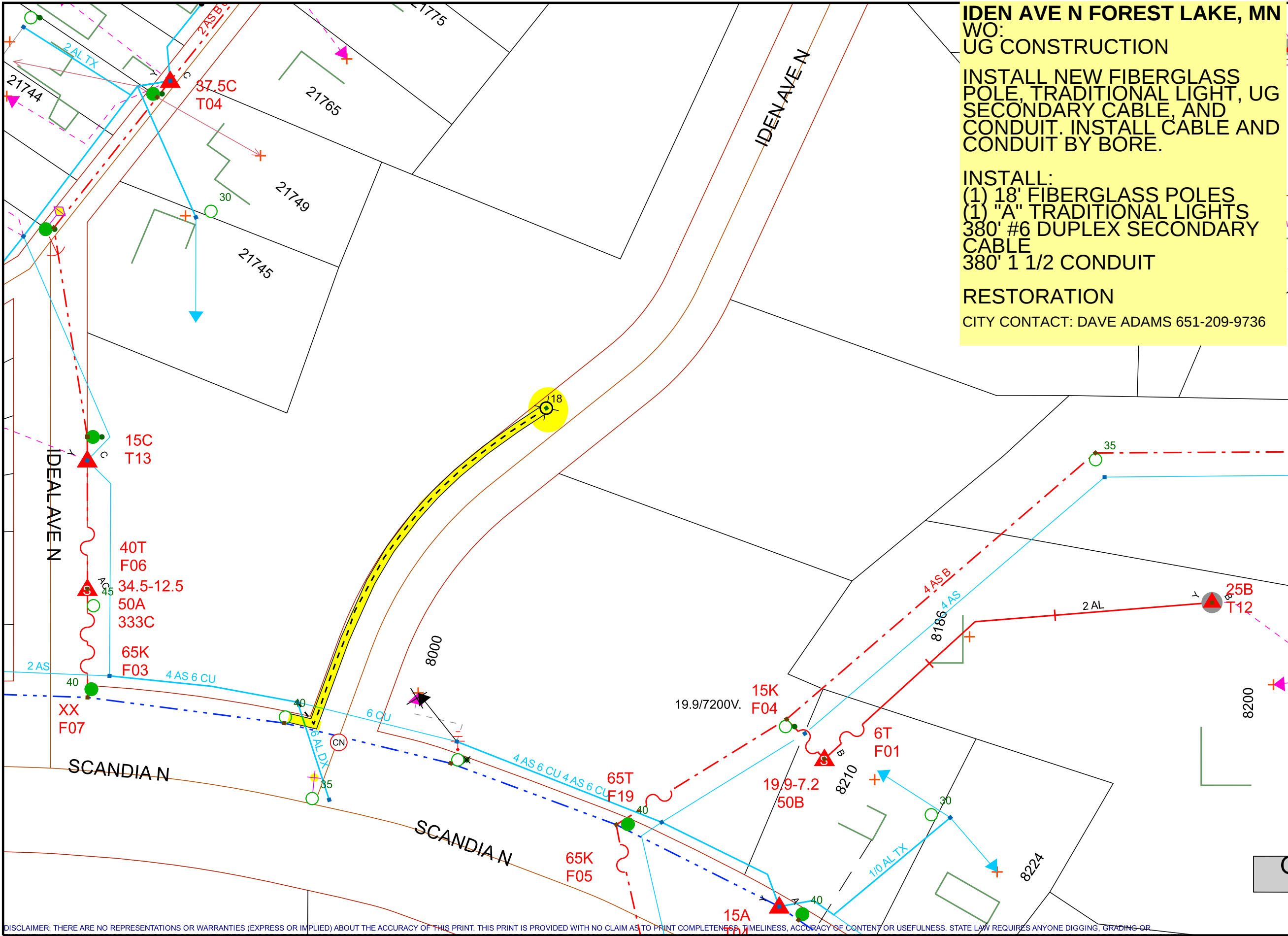
Map Name



Disclaimer:
This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the area shown, and is to be used for reference purposes only. The City of Forest Lake is not responsible for any inaccuracies herein contained.



PIONEER POINT PROPOSED STREET LIGHT LAYOUT



IDEN AVE N FOREST LAKE, MN
WO:
UG CONSTRUCTION

**INSTALL NEW FIBERGLASS
POLE, TRADITIONAL LIGHT, UG
SECONDARY CABLE, AND
CONDUIT. INSTALL CABLE AND
CONDUIT BY BORE.**

INSTALL:
(1) 18' FIBERGLASS POLES
(1) "A" TRADITIONAL LIGHTS
380' #6 DUPLEX SECONDARY
CABLE
380' 1 1/2 CONDUIT

RESTORATION

CITY CONTACT: DAVE ADAMS 651-209-9736



Work Order Information	
Service Request #	: 000013788312
Design Number	: 000137883121
Designer/Planner ID	: 243934
Designer/Planner Name	:
Designer/Planner Ph #	: 612-346-2952
Manager Approval	:

Joint Utility	
E:	G:
T:	C:

Design Location	
Division	: White Bear Lake
County	: Washington
City	: Forest Lake
Address	: IDEN AVE N
T: 32N	R: 21W S: 15
Map #	: ZA964 Permit :

Electric	
Feeder:	Voltage:
Phase:	Bkup Dev ID:

Gas	
System	: Pressure :
Size	: Material :
Dead End	:

Work Order # :

Date: 05/06/2024

Sketch: #1 Of #1 Sketch Data

Scale: 1" equals 83'



CONSTRUCTION USE ONLY
☐ NO CHANGES (BUILT AS DESIGNED)
☐ CHANGES MADE AS INDICATED
(ALL URD MUST HAVE ACTUAL MEASUREMENTS FROM THE FIELD SITE)

RFO _____
FOREMAN _____ DATE _____
TEAM LEADER _____

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Idea Ave N – SAP Notification # 13788312

Standard Service Underground rate upfront installation cost is - **\$5,827.00.**

Monthly Standard Service Underground rate A30 (3,500 Lumens, Letter A) per light currently is - **\$23.91.**

Monthly Standard Service Underground rate includes ongoing electricity and maintenance.

Install (1) 18' direct buried fiberglass pole and LED Traditional fixture.

Install cable and conduit by bore, approx. 380' #6 Duplex Secondary Cable, 380' 1 ½ conduit.

Restoration included.

Idea Ave N – SAP Notification # 13788312

Pre-Pay Option rate upfront installation cost is - **\$10,770.00.**

Monthly Pre-Pay Option rate A30 (3,500 Lumens, Letter A) per light currently is - **\$5.59.**

Monthly Pre-Pay Option rate includes electricity and maintenance for 25 years.

Install (1) 18' direct buried fiberglass pole and LED Traditional fixture.

Install cable and conduit by bore, approx. 380' #6 Duplex Secondary Cable, 380' 1 ½ conduit.

Restoration included.

Date: June 10, 2024

Agenda Item: Request for Proposals for Public Works Facility Space Needs Study

To: Mayor and City Council

From: Kristina Handt, Interim City Administrator

BACKGROUND:

One of the projects in the City's Capital Improvement Plan in the next 10 years is a new public works facility. While the city has the land identified on Hwy 61 where the facility would go, no analysis of the existing buildings, cost estimates, or other options have been explored. The best way to gather that information objectively is to hire a firm to complete a space needs study.

ISSUE BEFORE COUNCIL:

Should the City Council authorize the issuance of a Request for Proposals for a Public Works Facility Space Needs Study?

PROPOSAL/ANALYSIS:

Included in your packet is a proposed Request for Proposals (RFP) for a Public Works Facility Space Needs Assessment. This RFP has been pared back considerably from the one issued last fall. It does not include a parks master plan for the current public works facility once it is relocated. What happens at the site can be determined at a later date. It also does not ask for utility information/analysis. We know with the extension of water and sewer from CSAH 50 to the new Washington County Environmental Center where the utilities can be stubbed from on the site. Lastly, we aren't focused on what other uses may be around the site. Again we know that Washington County will be located to the south. If there is any excess land after the public works facility is constructed, the conversation can occur at that time about other uses.

This study will result in a report to the city council that provides information about the existing facilities, future facility needs based upon project growth, a preliminary cost estimate and site design layout, identify funding sources, discuss potential improvements to the existing buildings and lay out a timeline for the preferred option.

FISCAL IMPACT:

The 2024 budget includes \$50,000 for this project. I would expect it to cost less than half that amount given prior examples in other Washington County communities.

OPTIONS:

- 1) Authorize the Issuance of an RFP for a Public Works Facility Assessment
- 2) Amend the RFP for a Public Works Facility Assessment and then Authorize Issuance
- 3) Do not authorize issuance of an RFP for a Public Works Facility Assessment

RECOMMENDATION:

“Motion to Authorize the Issuance of a Request for Proposals for a Public Works Facility Assessment.”

ATTACHMENTS:

- Public Works Facility Space Needs Study Request for Proposals.



Forest Lake

AS GOOD AS IT SOUNDS

Request for Proposals

Public Works Facility Space Needs Assessment

Forest Lake, MN

June 2024

Introduction

The City of Forest Lake is seeking proposals from qualified architectural/engineering firms to perform a Public Works Facility Space Needs Assessment for the facility located at 843 4th St. SW. This will include (1) an overview of the existing Public Works Facility, all buildings currently used to store public works equipment and supplies, and other structures located on the proposed property, (2) determine if existing Public Works Facility has reached its useful life or can be rehabbed or modified to meet current needs and (3) provide an updated space program for the City of Forest Lake Public Works Department.

Scope of Work

The Assessment will consist of a formal report to the City Council that addresses and makes recommendations on the following items for the facilities located at 843 4th St.:

- A. Identify Current Facility Conditions and Deficiencies.
 - Age of Facility
 - Structural Issues
 - Size (sq. ft.)
 - Number of Staff
 - Equipment
 - * Storage
 - * ADA Compliance
 - * Utility Costs
 - * Hours of Operation
 - * Photos
- B. City Population and Growth Projections
- C. Future Facility Needs
 - Identify Shared Space Potential
 - Workspace
 - Storage
 - Meeting Rooms
 - Sustainable Buildings/LEED
 - IT and Computer Equipment
- D. Space Needs
 - Square Footage, as requested by staff
 - Square Footage, as suggested by standard
- E. Preliminary Cost Estimates
- F. Preliminary Site Design layouts
- G. Potential Funding Sources
- H. Potential Improvements to Existing Buildings
- I. Timeline

Facility Location Information

Public Works is located at 843 4th St. SW. This original building was constructed in the 1950s and the old fire hall was constructed in the 1960s. The existing City of Forest Lake Public Works

Facility (Appendix A) has significantly outgrown its facility's capacity. Staff is also housed at various water treatment plant buildings as there is inadequate space at this location for all public works staff. In addition, equipment is stored at the South Shop, Hangar E at the airport and Water Treatment Plant #1. The existing buildings have inadequate ventilation, deteriorated building envelope, limited storage space for vehicles and equipment, and inadequate staff space. The buildings also have a number of outdated systems that are already beyond their service life.

The purpose of the study would be to plan to meet future needs by moving to one location on City property (20001 Forest Blvd N) at the southwest corner of Hwy 61 and CSAH 50 (Appendix B).

Specifications

The firm selected will be required to make site visits and conduct interviews with appropriate personnel to derive a final set of recommendations. At a minimum, proposals should include the following information and be limited to no more than 20 pages:

- A. A Narrative relating to your general approach to this project.
- B. Company History
- C. Examples of work in the past five years in government planning or analysis.
- D. Resumes, including responsibilities, background, and relevant experience of key personnel that will be working directly on this project.
- E. Names of three to five individuals that can be contacted as references concerning the professional capabilities of your firm to perform on this project.
- F. Additional information or materials that you believe communicate the capabilities of your firm to perform this project.

Fee and Timeline

Please submit the fee for your services on this project and include a timeline for these services.

The consultant shall break down the fees as follows:

- Proposed cost of each scope of work listed above
- Hourly rates for all consultant employees who are expected to work on the project. These rates shall be the agreed upon rates for any additional services requested by the City of Forest Lake above what is detailed in the RFP.
- Reimbursable costs include detail of service or item and applicable charge per unit.
- Not to exceed cost for the Project.

Completion is anticipated within approximately 120 to 180 days of an executed agreement.

Proposal Submission Directions

Please send one original copy and one electronic copy of your responses to this Request for Proposal. These copies are to be received at the offices of the City of Forest Lake no later than 4:00pm on July 15, 2024. Proposals should be directed and delivered to:

City of Forest Lake

Attn: City Administrator-RFP-Public Works Facility Space Needs Assessment

1408 S Lake St.

Forest Lake, MN 55025

Please direct questions to Kristina Handt 651.209.9750 or kristina.handt@ci.forest-lake.mn.us

Following the review of the received Requests for Proposals by the City, firms may be contacted for additional information or to participate in an interview process.

General evaluation criteria

- A Demonstrated understanding of the requirements of this project.
- Project approach and schedule.
- Qualifications and expertise of key personnel assigned to the project and their proven ability to efficiently complete similar projects.
- Experience of the firm and project team, directly relating to this project.
- Comments and opinions of references.
- Firm possesses resources required to complete the project.
- Clarity, consciousness, and organization of the Proposal.
- Cost of the Proposal.

This Request for Proposal is only a solicitation for information. The City is not obligated to enter into a contract nor is it responsible for any costs associated with the preparation of Proposals and interviews. Proposals received after the deadline will be disqualified from consideration. The City reserves the right to reject any and all proposals and to interview firms, which in the City's judgment, will best meet City needs.

Rights of Review

The City of Forest Lake reserves the right to reject any or all quotes, to request additional information from any or all applicants or waive any informality in the bids as is determined to be in the best interest of the City.

Affirmative Action

The City of Forest Lake requires affirmative action and, therefore, the contractor selected shall not discriminate under the contract against any person in accordance with federal, state, and local regulations.

Contract Execution

The contractor chosen will be required to enter into a contract with the City of Forest Lake for the proposed work prior to commencement of any work (see attached draft contract). The contractor chosen will also be required to provide a certificate of insurance demonstrating compliance with the minimum insurance requirements. The information below is being provided as part of this request for proposals to give contractors an understanding of the City's expectations with respect to contract execution.

A. Negotiations and Contract Execution

The City reserves the right to negotiate the final terms and conditions of the contract to be executed. Should the City and contractor be unable to agree upon the entire contract, the City reserves the right to discontinue negotiations, select another contractor, or reject all of the proposals. Upon completion of negotiations agreeable to the City and the contractor, a contract shall be executed.

B. Contracting Ethics

1. No elected official or employee of the City of Forest Lake who exercises any responsibilities in the review, approval, or implementation of the proposal shall participate in any decision, which affects his or her direct or indirect financial interests.
2. It is a breach of ethical standards for any person to offer, give, or agree to give any City of Forest Lake employee or Council person, or for any City of Forest Lake employee or Council person to solicit, demand, accept, or agree to accept from another person or firm, a gratuity or an offer of employment whenever a reasonable prudent person would conclude that such consideration was motivated by an individual, group or corporate desire to obtain special, preferential, or more favorable treatment than is normally accorded the general public.
3. The contractor shall not assign any interest in this contract and shall not transfer any interest in the same without the prior written consent of the City.
4. The contractor shall not accept any private client or project which, by nature, places it in ethical conflict during its representation of the City of Forest Lake.

PROFESSIONAL SERVICES AGREEMENT

Forest Lake Public Works Facility Space Needs Assessment

AGREEMENT made this _____ day of _____, 20____, by and between the **CITY OF Forest Lake**, a Minnesota municipal corporation ("City") and _____.

IN CONSIDERATION OF THEIR MUTUAL COVENANTS THE PARTIES AGREE AS FOLLOWS:

1. SCOPE OF SERVICES. The City retains Consultant to conduct a Facility Space Needs Assessment of Forest Lake Public Works Facilities. At a minimum, as part of the Facility Space Needs Assessment, the Consultant's study and report shall include:

Identify Current Facility Conditions and Deficiencies

- Age of Facility
- Structural Issues
- Size (sq. ft.)
- Number of Staff
- Equipment
- * Storage
- * ADA Compliance
- * Utility Costs
- * Hours of Operation
- * Photos

City Population and Growth Projections

Future Facility Needs

- Identify Shared Space Potential
- Workspace
- Storage
- Meeting Rooms
- Sustainable Buildings/LEED
- IT and Computer Equipment

Space Needs

- Square Footage, as requested by staff
- Square Footage, as suggested by standard

Preliminary Cost Estimates

Preliminary Site Design layouts

Potential Funding Sources

Potential Improvements to Existing Buildings

Timeline

The Consultant agrees to perform the Study and prepare the Report consistent with the RFP issued by the City and the Consultant proposal dated _____.

2. COMPENSATION. Consultant shall be paid _____ by the City in accordance with the Consultant's proposal, except that following submittal and acceptance by the City of the Draft Study the City shall pay the Consultant _____, and shall pay the remaining _____ upon presentation and acceptance of the Final Study and Presentation.

3. COMPLETION DATE. The Consultant must complete the services on or before _____ for the Draft Study and _____ for the Final Study. The obligation to provide further services under this Agreement may be terminated by City without cause upon written notice to the Consultant. Upon termination Consultant shall only be paid for work actually performed.

4. TERMINATION. The City may terminate this Agreement at any time without cause upon not less than seven (7) days' prior written notice to the Consultant. Upon termination of this Agreement, the Consultant shall only be paid for work in progress or completed as of the effective date of termination.

5. DOCUMENTS. The City shall be the owner of all documents, reports, studies, analysis and the like prepared by the Consultant in conjunction with this contract.

6. COMPLIANCE WITH LAWS AND REGULATIONS. In providing services hereunder, Consultant shall abide by all statutes, ordinances, rules and regulations pertaining to the provisions of services to be provided.

7. STANDARD OF CARE. Consultant shall exercise the same degrees of care, skill, and diligence in the performance of the Services as is ordinarily possessed and exercised by a professional Consultant under similar circumstances. No other warranty, expressed or implied, is included in this Agreement. City shall not be responsible for discovering deficiencies in the accuracy of Consultant's services.

8. INDEMNIFICATION. The Consultant shall indemnify and hold harmless the City, its officers, agents, and employees, of and from any and all claims, demands, actions, causes of action, including costs and attorney's fees, arising out of or by reason of the execution or performance of the work or services provided for herein and further agrees to defend at its sole cost and expense any action or proceeding commenced for the purpose of asserting any claim of whatsoever character arising hereunder.

9. INSURANCE. Consultant shall secure and maintain such insurance as will protect Consultant from claims under the Worker's Compensation Acts, automobile liability, and from claims for bodily injury, death, or property damage which may arise from the performance of services under this Agreement. Such insurance shall be written for amounts not less than:

Commercial General Liability	\$2,000,000 each occurrence/aggregate
Automobile Liability	\$2,000,000 combined single limit
Excess/Umbrella Liability	\$2,000,000 each occurrence/aggregate

The City shall be named as an additional insured on the general liability and umbrella policies.

The Consultant shall secure and maintain a professional liability insurance policy. Said policy shall insure payment of damages for legal liability arising out of the performance of professional services for the City, in the insured's capacity as Consultant, if such legal liability is caused by a negligent act, error or omission of the insured or any person or organization for which the insured is legally liable. Said policy shall provide minimum limits of \$1,000,000 with a deductible maximum of \$125,000 unless the City agrees to a high deductible.

Before commencing work the Consultant shall provide the City a certificate of insurance evidencing the required insurance coverage in a form acceptable to City. The certificate shall provide that such insurance cannot be cancelled until thirty (30) days after the City has received written notice of the insurer's intention of cancel this insurance.

10. INDEPENDENT CONTRACTOR. The City hereby retains the Consultant as an independent contractor upon the terms and conditions set forth in this Agreement. The Consultant is not an employee of the City and is free to contract with other entities as provided herein. Consultant shall be responsible for selecting the means and methods of performing the work. Consultant shall furnish any and all supplies, equipment, and incidentals necessary for Consultant's performance under this Agreement. City and Consultant agree that Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's agents or employees are in any manner agents or employees of the City. Consultant shall be exclusively responsible under this Agreement for Consultant's own FICA payments, workers compensation payments, unemployment compensation payments, withholding amounts, and/or self-employment taxes if any such payments, amounts, or taxes are required to be paid by law or regulation.

11. SUBCONTRACTORS. Consultant shall not enter into subcontracts for services provided under this Agreement without the express written consent of the City. Consultant shall comply with Minnesota Statute § 471.425. Consultant must pay Subcontractor for all undisputed services provided by Subcontractor within ten days of Consultant's receipt of payment from City. Consultant must pay interest of 1.5 percent per month or any part of a month to Subcontractor on any undisputed amount not paid on time to Subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10.

12. NONDISCRIMINATION. All Contractors and subcontractors employed shall comply with all applicable provisions of all federal, state and municipal laws which prohibit discrimination in employment to members of a protected class and all rules and regulations, promulgated and adopted pursuant thereto. The Contractor will include a similar provision in all subcontracts entered into for the performance of this contract.

13. ASSIGNMENT. Neither party shall assign this Agreement, nor any interest arising herein, without the written consent of the other party.

14. WAIVER. Any waiver by either party of a breach of any provisions of this Agreement shall not affect, in any respect, the validity of the remainder of this Agreement.

15. ENTIRE AGREEMENT. The entire agreement of the parties is contained herein. This Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the parties relating to the subject matter hereof. Any alterations, amendments, deletions, or waivers of the provisions of this

Agreement shall be valid only when expressed in writing and duly signed by the parties, unless otherwise provided herein.

16. CONTROLLING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

17. COPYRIGHT. Consultant shall defend actions or claims charging infringement of any copyright or patent by reason of the use or adoption of any designs, drawings or specifications supplied by it, and it shall hold harmless the City from loss or damage resulting there from.

18. RECORDS. The Consultant shall maintain complete and accurate records of time and expense involved in the performance of services.

19. MINNESOTA GOVERNMENT DATA PRACTICES ACT. Consultant must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to (1) all data provided by the City pursuant to this Agreement, and (2) all data, created, collected, received, stored, used, maintained, or disseminated by the Consultant pursuant to this Agreement. Consultant is subject to all the provisions of the Minnesota Government Data Practices Act, including but not limited to the civil remedies of Minnesota Statutes Section 13.08, as if it were a government entity. In the event Consultant receives a request to release data, Consultant must immediately notify City. City will give Consultant instructions concerning the release of the data to the requesting party before the data is released. Consultant agrees to defend, indemnify, and hold City, its officials, officers, agents, employees, and volunteers harmless from any claims resulting from Consultant's officers', agents', city's, partners', employees', volunteers', assignees' or subcontractors' unlawful disclosure and/or use of protected data. The terms of this paragraph shall survive the cancellation or termination of this Agreement.

CITY OF FOREST LAKE

Mayor Mara Bain

Kristina Handt, City Administrator

ATTEST:

Jolleen Chaika, City Clerk

Company Name

By: _____

Its _____

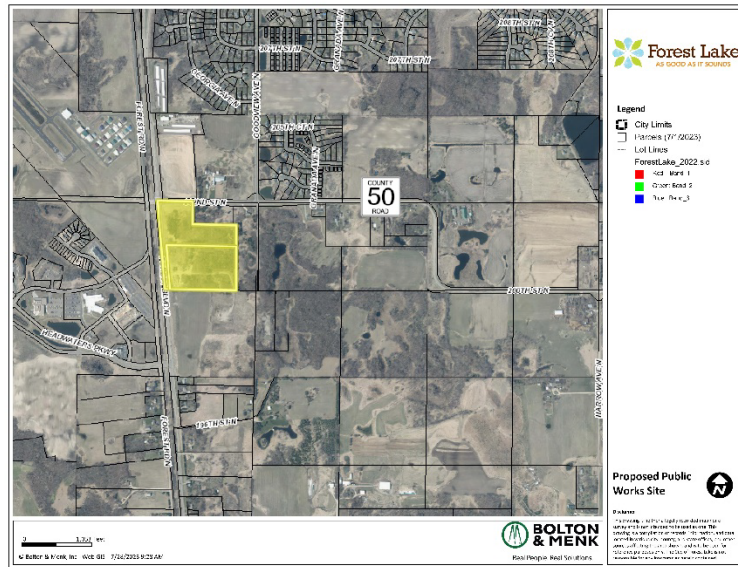
APPENDIX A

Current Public Works Site



APPENDIX B

Proposed Public Works Site





Date: June 10, 2024

Agenda Item: Amendments to City Code 31.57-31.59

To: Mayor and City Council

From: Kristina Handt, Interim City Administrator

BACKGROUND:

The ordinance establishing the Airport Commission was adopted in 2001. Since that time there have been two minor amendments to the membership section (31.57) in 2006 and 2017. Otherwise, the ordinance has been largely unchanged for over two decades.

At the May 13, 2024 City Council meeting, staff presented some updates to membership and meeting times along with sample ordinances from other cities with an airport commission. Staff also received feedback about adding language regarding an Airport Manager as was found in other examples.

ISSUE BEFORE COUNCIL:

Should the City Council approve amendments to the Airport Commission City Code?

PROPOSAL/ANALYSIS:

Included in your packet is a copy of the Airport Commission code. I've made a few suggested changes to the membership section. First, this is the only commission in which a Council Member is a voting member. I'm proposing to change the language so that there is one Council Member on the Airport Commission but they serve in a non-voting ad hoc capacity. This language is similar to what is in code for the Human Rights Commission. As noted at the previous meeting, a review of other airports (those used in the 2016 rate study) provides a mixed bag with regards to council members being voting members on the commission.

In addition, I'm proposing adding language to include designating a Vice Chair and Secretary. The ordinance currently only requires the appointment of a Chair. It is customary to also appoint a Vice Chair so should the Chair be absent it is clear who should run a meeting. I've also suggested appointing a Secretary as currently a member of the commission serve as Secretary by completing the minutes of the meeting.

The last updated suggested by staff at the last meeting was to update the meeting schedule of the commission to be bi-monthly to reflect their current practice.

Language in the code still allows them to meet more frequently should the need arise.

New language since the last draft centers around the Airport Manager role. Language is suggested in Section 31.58 which is largely modeled after the language in code for South St. Paul (Fleming Airport) regarding the airport manager preparing and disseminating the agenda. Language about minute taking and recording keeping doesn't conflict with the Secretary role as it just means the Airport Manager is ultimately responsible for keeping the records. As mentioned last time, the city could send the meeting recordings to Timesavers to do the minutes as is done with our other meetings. Lastly, the section on Administrative Control was updated just to note the City Council is the one who appoints the Airport Manager and they are responsible for overseeing the daily operations and compliance with regulations. Duties beyond this could be flushed out in a job description if needed.

FISCAL IMPACT:

Small publication fee in local newspaper.

OPTIONS:

- 1) Approve Ordinance No 738
- 2) Amend and then Approve Ordinance No 738
- 3) Do not make any changes to Airport Commission in City Code.

RECOMMENDATION:

"Motion to adopt Ordinance No 738, An Ordinance Amending the Airport Commission."

ATTACHMENTS:

- Ordinance 738.

CITY OF FOREST LAKE
WASHINGTON COUNTY, MINNESOTA
ORDINANCE NO. 738

The City Council of the City of Forest Lake does ordain:

SECTION 1. AMEND. Forest Lake City Code Sections 31.57-31.59 are amended as follows:

§ 31.57 MEMBERSHIP.

The Airport Commission shall be composed of 5 members appointed by the Mayor with the approval of the City Council from persons interested in the development and utilization of the municipal airport. Members ~~may include both citizens and up to 2 members of the City Council and~~ shall be residents of the city. In addition, one non-voting ad hoc representative from the City Council shall be appointed by the Mayor. The non-voting ad hoc Council representative shall attend meetings of the Commission and participate in the discussion of the matters coming before the Commission and may participate as deemed appropriate in other activities of the Commission. The Commission shall designate 1 of its members as Chairperson, 1 as Vice Chair and 1 as Secretary. Two members of the original Commission shall serve for a term expiring on the date of the second regular City Council meeting held in January 2003. Three members of the original Commission shall serve for a term expiring on the date of the second regular City Council meeting held in January 2004. After the terms of the original Commission members expire, members shall be appointed for terms of 3 years with the exception of City Council members, who shall be appointed for a term of 1 year. Vacancies shall be filled by appointment of the Mayor with approval of the City Council for the balance of the term.

§ 31.58 MEETINGS AND REPORTS.

The Commission shall adopt bylaws and/or rules of conduct to govern its affairs and may otherwise conduct its business as it chooses consistent with the laws and ordinances of the city. It shall meet ~~bi-~~monthly, or more often, on the call of its Chairperson or a majority of its members and shall keep accurate minutes of its proceedings. The Airport Manager, or designee, shall prepare for and plan all meeting agendas and supply a written agenda of all meetings to all commission members and the public no less than three business days before each meeting. The Airport Manager shall provide for minute-taking and record-keeping services at the meetings. The minutes shall be furnished to the City Council following a meeting. At the end of each year, the Commission shall make and file with the City Council a full report of its transactions for the preceding year.

§ 31.59 ADMINISTRATIVE CONTROL.

Nothing in this subchapter shall be construed as removing from the City Council any of its governmental power or authority to manage the municipal airport, personnel, funds and properties. The City Council shall appoint an Airport Manager who shall oversee the daily operations to ensure compliance with local, state, and federal regulations.

SECTION 2. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes § 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance:

This ordinance amends the Airport Commission Ordinance Sections pertaining to Membership, Meetings and Reports, and Administrative Control.

SECTION 3. EFFECTIVE DATE. This ordinance, Ordinance No. 738, shall become effective upon publication. Passed by the City Council on the ____ day of _____, 2024.

CITY OF FOREST LAKE

By: _____
Mara Bain
Its: Mayor

Attested:

By: _____
Jolleen Chaika
Its: City Clerk

(Published in the *Forest Lake Times* on _____, 2024)



Real People. Real Solutions.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: (763) 433-2851
Fax: (763) 427-0833
Bolton-Menk.com

May 23, 2024

Honorable Mayor and City Council
1408 Lake Street South
Forest Lake, MN 55025

RE: Bid Results and Award Recommendation
2024 Airport Taxiway A3 and Taxilane Bravo Extension Project

Dear Mayor and Council:

On May 8, 2024, five (5) bids were received for the 2024 Airport Taxiway A3 and Taxilane Bravo Extension project. The following is a summary of the bids received:

Bidders	Total Base Bid
Dresel Contracting, Inc.	\$631,288.65
Asphalt Surface Technologies, Corp.	\$695,359.26
Peterson Companies	\$767,028.94
Forest Lake Contracting, Inc.	\$771,495.30
Urban Companies	\$994,656.80

In further review of the low bid, all necessary documentation was included to consider the bid as responsive. In addition, Dresel Contracting, Inc. submitted documentation to verify they are a responsible contractor and are qualified to complete construction for this project.

Based on the above information, I recommend awarding the contract to Dresel Contracting, Inc. for the 2024 Airport Taxiway A3 and Taxilane Bravo project in the amount of \$631,288.65. The funding participation rates for the project are 90% State and 5% Local. The State has confirmed sufficient funding is available to complete the project.

If you have any questions, please feel welcome to contact me at 612-987-0138 or silas.parmar@bolton-menk.com

Sincerely,

Silas Parmar, P.E.
Aviation Project Manager

Enclosure: Bid Abstract
Responsible Contractor Documents

ABSTRACT

TAXIWAY A3 AND TAXILANE BRAVO EXTENSION
SP. A8206-26
FOREST LAKE MUNICIPAL AIRPORT
FOREST LAKE, MINNESOTA
BMI PROJECT NO. OTS.126347

Item No.	Spec. No.	Item Description	Unit	Quantity	1		2		4		3		5	
					Dresel Contracting Inc.		Asphalt Surface Technologies Corp.		Peterson Companies		Forest Lake Contracting, Inc.		Urban Companies	
					Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
BASE BID: TAXILANE BRAVO EXTENSION														
1	GP 50-60	CONTRACTOR STAKING	LUMP SUM	1	\$13,557.50	\$13,557.50	\$12,000.00	\$12,000.00	\$9,954.00	\$9,954.00	\$21,000.00	\$21,000.00	\$18,000.00	\$18,000.00
2	GP 70-08	PROVIDE & INSTALL LOW PROFILE BARRICADES	EACH	8	\$76.50	\$612.00	\$82.50	\$660.00	\$224.95	\$1,799.60	\$75.00	\$600.00	\$270.00	\$2,160.00
3	2021.501	MOBILIZATION	LUMP SUM	1	\$29,640.00	\$29,640.00	\$55,000.00	\$55,000.00	\$62,276.00	\$62,276.00	\$29,000.00	\$29,000.00	\$57,000.00	\$57,000.00
4	2104.504	SAWCUTTING BITUMINOUS PAVEMENT	LIN FT	20	\$5.10	\$102.00	\$4.40	\$88.00	\$28.58	\$571.60	\$10.00	\$200.00	\$18.00	\$360.00
5	2104.504	DISCONNECT AND RECONNECT EXISTING ELECTRICAL LINE	LUMP SUM	1	\$1,938.00	\$1,938.00	\$2,090.00	\$2,090.00	\$2,011.00	\$2,011.00	\$1,900.00	\$1,900.00	\$4,500.00	\$4,500.00
6	2104.504	REMOVE BITUMINOUS PAVEMENT	SQYD	580	\$2.51	\$1,455.80	\$5.50	\$3,190.00	\$3.20	\$1,856.00	\$9.00	\$5,220.00	\$13.50	\$7,830.00
7	2106.507	COMMON EXCAVATION (EV) P	CU YD	3,000	\$9.52	\$28,560.00	\$4.40	\$13,200.00	\$10.29	\$30,870.00	\$14.00	\$42,000.00	\$25.20	\$75,600.00
8	2106.507	SUBGRADE EXCAVATION	CU YD	300	\$6.80	\$2,040.00	\$4.40	\$1,320.00	\$9.82	\$2,946.00	\$16.00	\$4,800.00	\$52.20	\$15,660.00
9	2106.507	COMMON BORROW - OFF SITE	CU YD	5,280	\$18.65	\$98,472.00	\$7.70	\$40,656.00	\$15.60	\$82,368.00	\$15.00	\$79,200.00	\$23.40	\$123,552.00
10	2106.507	SELECT GRANULAR BORROW (CV)	CU YD	540	\$24.31	\$13,127.40	\$16.50	\$8,910.00	\$22.75	\$12,285.00	\$26.00	\$14,040.00	\$18.00	\$9,720.00
11	2211.507	AGGREGATE BASE (CV) CLASS 5	CU YD	400	\$29.63	\$11,852.00	\$65.78	\$26,312.00	\$47.39	\$18,956.00	\$40.00	\$16,000.00	\$49.50	\$19,800.00
12	2360.509	TYPE SP 9.5 NON WEARING COURSE MIXTURE (2,B)	TON	160	\$111.01	\$17,761.60	\$123.20	\$19,712.00	\$115.20	\$18,432.00	\$108.83	\$17,412.80	\$148.50	\$23,760.00
13	2360.509	TYPE SP 9.5 WEARING COURSE MIXTURE (2,B)	TON	160	\$108.85	\$17,416.00	\$124.85	\$19,976.00	\$112.95	\$18,072.00	\$106.72	\$17,075.20	\$148.50	\$23,760.00
14	2545.503	2-WAY, 3" RIGID STEEL CONDUIT	LIN FT	45	\$117.30	\$5,278.50	\$126.50	\$5,692.50	\$121.75	\$5,478.75	\$115.00	\$5,175.00	\$117.00	\$5,265.00
15	2545.602	ELECTRICAL HANDHOLE	EACH	2	\$1,836.00	\$3,672.00	\$1,980.00	\$3,960.00	\$1,905.00	\$3,810.00	\$1,800.00	\$3,600.00	\$1,800.00	\$3,600.00
16	2573.503	SILT FENCE TYPE MS	LIN FT	2,700	\$3.09	\$8,343.00	\$4.07	\$10,989.00	\$3.79	\$10,233.00	\$1.95	\$5,265.00	\$5.40	\$14,580.00
17	2574.507	TOPSOIL RESPREAD	CU YD	2,400	\$5.10	\$12,240.00	\$4.40	\$10,560.00	\$8.14	\$19,536.00	\$8.00	\$19,200.00	\$15.30	\$36,720.00
18	2575.504	SEED, FERTILIZER, AND HYDROMULCH	ACRE	3	\$6,815.45	\$22,490.99	\$11,000.00	\$36,300.00	\$11,266.00	\$37,177.80	\$2,650.00	\$8,745.00	\$10,800.00	\$35,640.00
19	2582.503	6" SOLID LINE MULTI COMP	LIN FT	200	\$10.20	\$2,040.00	\$11.00	\$2,200.00	\$25.40	\$5,080.00	\$10.00	\$2,000.00	\$22.50	\$4,500.00
20	2502.503	FILTRATION SOIL MEDIA	CU YD	538	\$36.53	\$19,653.14	\$48.40	\$26,039.20	\$60.14	\$32,355.32	\$60.00	\$32,280.00	\$49.50	\$26,631.00
21	2502.503	6" PERFORATED PVC DRAINTILE	LIN FT	1,610	\$11.26	\$18,128.60	\$25.74	\$41,441.40	\$15.78	\$25,405.80	\$16.00	\$25,760.00	\$27.00	\$43,470.00
22	2503.602	CONNECT TO EXISTING MANHOLES (SAN)	EACH	1	\$1,198.50	\$1,198.50	\$1,320.00	\$1,320.00	\$3,090.00	\$3,090.00	\$4,800.00	\$4,800.00	\$1,800.00	\$1,800.00
23	2503.602	CONNECT TO EXISTING SANITARY SERVICE	EACH	1	\$561.00	\$561.00	\$770.00	\$770.00	\$3,947.00	\$3,947.00	\$4,800.00	\$4,800.00	\$1,800.00	\$1,800.00
24	2503.602	PLUG AND ABANDON PIPE SEWER	EACH	1	\$561.00	\$561.00	\$1,210.00	\$1,210.00	\$282.60	\$282.60	\$2,900.00	\$2,900.00	\$2,700.00	\$2,700.00
25	2503.602	8"x4" PVC WYE	EACH	5	\$247.94	\$1,239.70	\$302.50	\$1,512.50	\$596.85	\$2,984.25	\$1,500.00	\$7,500.00	\$675.00	\$3,375.00
26	2503.603	CLEAN AND VIDEO TAPE PIPE SEWER	LIN FT	732	\$4.80	\$3,513.60	\$26.40	\$19,324.80	\$2.71	\$1,983.72	\$5.00	\$3,660.00	\$2.70	\$1,976.40
27	2503.603	8" PVC PIPE SEWER	LIN FT	732	\$49.93	\$36,548.76	\$44.00	\$32,208.00	\$29.35	\$21,484.20	\$55.00	\$40,260.00	\$2.70	\$1,976.40
28	2503.603	4" PVC SANITARY SEWER PIPE	LIN FT	115	\$31.59	\$3,632.85	\$34.76	\$3,997.40	\$21.70	\$2,495.50	\$165.00	\$18,975.00	\$31.50	\$3,622.50
29	2506.502	CONSTRUCT DRAINAGE STRUCTURE DESIGN SPECIAL 1	EACH	4	\$5,242.19	\$20,968.76	\$5,291.00	\$21,164.00	\$6,242.00	\$24,968.00	\$6,200.00	\$24,800.00	\$9,000.00	\$36,000.00
30	2451.603	GRANULAR BEDDING	LIN FT	1,102	\$3.17	\$3,493.34	\$15.73	\$17,334.46	\$5.27	\$5,807.54	\$4.00	\$4,408.00	\$13.50	\$14,877.00
31	2504.602	CONNECT TO EXISTING WATER MAIN	EACH	1	\$867.00	\$867.00	\$880.00	\$880.00	\$2,375.00	\$2,375.00	\$2,000.00	\$2,000.00	\$3,600.00	\$3,600.00
32	2504.602	CONNECT TO EXISTING WATER SERVICE	EACH	1	\$739.50	\$739.50	\$500.00	\$500.00	\$5,287.00	\$5,287.00	\$2,700.00	\$2,700.00	\$1,800.00	\$1,800.00
33	2504.602	HYDRANT	EACH	2	\$7,303.20	\$14,606.40	\$8,415.00	\$16,830.00	\$7,644.00	\$15,288.00	\$8,200.00	\$16,400.00	\$10,800.00	\$21,600.00
34	2504.602	ABANDON WATER SERVICE	EACH	1	\$612.00	\$612.00	\$739.20	\$739.20	\$282.60	\$282.60	\$1,000.00	\$1,000.00	\$1,800.00	\$1,800.00
35	2504.602	1" CORPORATION STOP	EACH	4	\$487.56	\$1,950.24	\$990.00	\$3,960.00	\$1,384.00	\$5,536.00	\$2,700.00	\$10,800.00	\$1,350.00	\$5,400.00
36	2504.602	2" CORPORATION STOP	EACH	1	\$1,060.80	\$1,060.80	\$1,600.50	\$1,600.50	\$1,713.00	\$1,713.00	\$3,000.00	\$3,000.00	\$1,800.00	\$1,800.00
37	2504.602	6" GATE VALVE AND BOX	EACH	2	\$3,192.60	\$6,385.20	\$3,091.00	\$6,182.00	\$2,341.00	\$4,682.00	\$3,500.00	\$7,000.00	\$3,600.00	\$7,200.00
38	2504.602	8" GATE VALVE AND BOX	EACH	1	\$3,570.00	\$3,570.00	\$4,125.00	\$4,125.00	\$4,341.00	\$4,341.00	\$3,700.00	\$3,700.00	\$5,400.00	\$5,400.00
39	2504.602	1" CURB STOP AND BOX	EACH	4	\$892.50	\$3,570.00	\$891.00	\$3,564.00	\$446.45	\$1,785.80	\$1,100.00	\$4,400.00	\$900.00	\$3,600.00
40	2504.602	2" CURB STOP AND BOX	EACH	1	\$1,377.00	\$1,377.00	\$1,463.00	\$1,463.00	\$836.20	\$836.20	\$1,450.00	\$1,450.00	\$1,980.00	\$1,980.00
41	2504.603	VALVE BOX EXTENSION	LIN FT	3	\$374.00	\$1,122.00	\$184.80	\$554.40	\$71.57	\$214.71	\$250.00	\$750.00	\$450.00	\$1,350.00
42	2504.603	HYDRANT RISER	LIN FT	1	\$1,734.00	\$1,734.00	\$1,320.00	\$1,320.00	\$114.70	\$114.70	\$1,500.00	\$1,500.00	\$1,800.00	\$1,800.00
43	2504.603	1" TYPE PE PIPE	LIN FT	130	\$26.60	\$3,458.00	\$25.30	\$3,289.00	\$29.51	\$3,836.30	\$40.00	\$5,200.00	\$9.00	\$1,170.00
44	2504.603	2" TYPE PE PIPE	LIN FT	45	\$26.85	\$1,208.25	\$28.60	\$1,287.00	\$32.26	\$1,451.70	\$32.00	\$1,440.00	\$10.80	\$486.00
45	2504.603	6" PVC WATERMAIN	LIN FT	42	\$62.19	\$2,611.98	\$42.90	\$1,801.80	\$33.17	\$1,393.14	\$90.00	\$3,780.00	\$81.00	\$3,402.00
46	2504.603	8" PVC WATERMAIN	LIN FT	830	\$52.98	\$43,973.40	\$52.80	\$43,824.00	\$57.48	\$47,708.40	\$77.00	\$63,910.00	\$81.00	\$67,230.00
47	2504.608	DUCTILE IRON FITTINGS	POUND	370	\$12.96	\$4,795.20	\$25.30	\$9,361.00	\$18.64	\$6,896.80	\$12.00	\$4,440.00	\$18.00	\$6,660.00
48	2451.603	GRANULAR BEDDING	LIN FT	1,132	\$3.11	\$3,520.52	\$4.40	\$4,980.80	\$3.15	\$3,565.80	\$4.00	\$4,528.00	\$13.50	\$15,282.00
TOTAL BASE BID						\$497,259.53		\$545,398.96		\$575,824.83		\$600,574.00		\$771,795.30

ABSTRACT

TAXIWAY A3 AND TAXILANE BRAVO EXTENSION
 SP. A8206-26
 FOREST LAKE MUNICIPAL AIRPORT
 FOREST LAKE, MINNESOTA
 BMI PROJECT NO. OTS.126347

					1		2		4		3		5	
					Dresel Contracting Inc.		Asphalt Surface Technologies Corp.		Peterson Companies		Forest Lake Contracting, Inc.		Urban Companies	
Item No.	Spec. No.	Item Description	Unit	Quantity	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
ALTERNATE BID: TAXIWAY A3 EXTENSION														
49	GP 50-60	CONTRACTOR STAKING	LUMP SUM	1	\$2,550.00	\$2,550.00	\$5,500.00	\$5,500.00	\$1,991.00	\$1,991.00	\$5,000.00	\$5,000.00	\$4,500.00	\$4,500.00
50	GP 70-08	PROVIDE & INSTALL LOW PROFILE BARRICADES	EACH	8	\$76.50	\$612.00	\$82.50	\$660.00	\$224.95	\$1,799.60	\$75.00	\$600.00	\$270.00	\$2,160.00
51	2021.501	MOBILIZATION	LUMP SUM	1	\$10,420.80	\$10,420.80	\$17,000.00	\$17,000.00	\$20,993.00	\$20,993.00	\$8,000.00	\$8,000.00	\$17,000.00	\$17,000.00
52	2106.507	COMMON EXCAVATION (EV) P	CU YD	2,100	\$9.71	\$20,391.00	\$4.40	\$9,240.00	\$18.65	\$39,165.00	\$17.00	\$35,700.00	\$25.20	\$52,920.00
53	2106.507	SUBGRADE EXCAVATION	CU YD	300	\$6.80	\$2,040.00	\$4.40	\$1,320.00	\$12.24	\$3,672.00	\$16.00	\$4,800.00	\$52.20	\$15,660.00
54	2106.507	SELECT GRANULAR BORROW (CV)	CU YD	410	\$26.72	\$10,955.20	\$16.50	\$6,765.00	\$28.50	\$11,685.00	\$26.00	\$10,660.00	\$18.00	\$7,380.00
55	2211.507	AGGREGATE BASE (CV) CLASS 5	CU YD	200	\$43.66	\$8,732.00	\$65.78	\$13,156.00	\$53.45	\$10,690.00	\$40.00	\$8,000.00	\$49.50	\$9,900.00
56	2360.509	TYPE SP 9.5 NON WEARING COURSE MIXTURE (2,B)	TON	70	\$112.15	\$7,850.50	\$123.20	\$8,624.00	\$116.40	\$8,148.00	\$109.95	\$7,696.50	\$148.50	\$10,395.00
57	2360.509	TYPE SP 9.5 WEARING COURSE MIXTURE (2,B)	TON	70	\$110.00	\$7,700.00	\$124.85	\$8,739.50	\$114.15	\$7,990.50	\$107.84	\$7,548.80	\$148.50	\$10,395.00
58	2501.502	15" RC PIPE APRON	EACH	2	\$1,170.35	\$2,340.70	\$1,155.00	\$2,310.00	\$1,385.00	\$2,770.00	\$1,400.00	\$2,800.00	\$2,250.00	\$4,500.00
59	2503.503	15" RC PIPE SEWER DES 3006 CL V	LIN FT	96	\$80.44	\$7,722.24	\$80.30	\$7,708.80	\$82.76	\$7,944.96	\$85.00	\$8,160.00	\$99.00	\$9,504.00
60	2511.507	RANDOM RIPRAP CLASS III	CU YD	8	\$109.01	\$872.08	\$132.00	\$1,056.00	\$253.35	\$2,026.80	\$150.00	\$1,200.00	\$180.00	\$1,440.00
61	2502.503	FILTRATION SOIL MEDIA	CU YD	821	\$34.71	\$28,496.91	\$48.40	\$39,736.40	\$33.95	\$27,872.95	\$60.00	\$49,260.00	\$49.50	\$40,639.50
62	2502.503	6" PERFORATED PVC DRAINTILE	LIN FT	414	\$19.55	\$8,093.70	\$26.40	\$10,929.60	\$39.20	\$16,228.80	\$29.00	\$12,006.00	\$27.00	\$11,178.00
63	2573.503	SILT FENCE TYPE MS	LIN FT	500	\$3.06	\$1,530.00	\$4.07	\$2,035.00	\$6.63	\$3,315.00	\$1.95	\$975.00	\$5.40	\$2,700.00
64	2574.507	TOPSOIL RESPREAD	CU YD	700	\$7.29	\$5,103.00	\$4.40	\$3,080.00	\$11.82	\$8,274.00	\$8.00	\$5,600.00	\$15.30	\$10,710.00
65	2575.504	SEED, FERTILIZER, AND HYDROMULCH	ACRE	1	\$7,835.45	\$8,619.00	\$11,000.00	\$12,100.00	\$15,125.00	\$16,637.50	\$2,650.00	\$2,915.00	\$10,800.00	\$11,880.00
TOTAL ALTERNATE BID						\$134,029.13		\$149,960.30		\$191,204.11		\$170,921.30		\$222,861.50
TOTAL PROJECT						\$631,288.65		\$695,359.26		\$767,028.94		\$771,495.30		\$994,656.80

RESPONSIBLE CONTRACTOR VERIFICATION AND CERTIFICATION OF COMPLIANCE

PRIME CONTRACTOR BID FORM ATTACHMENT

PROJECT NUMBER: OT5.132691

This form includes changes by statutory references from the Laws of Minnesota 2015, chapter 64, sections 1-9. This form must be submitted with the bid form submitted for this project. A bid form received without this form, may be rejected.

Minn. Stat. § 16C.285, Subd. 7. **IMPLEMENTATION.** ... any prime contractor or subcontractor or motor carrier that does not meet the minimum criteria in subdivision 3 or fails to verify that it meets those criteria is not a responsible contractor and is not eligible to be awarded a construction contract for the project or to perform work on the project...

Minn. Stat. § 16C.285, Subd. 3. **RESPONSIBLE CONTRACTOR, MINIMUM CRITERIA.** "Responsible contractor" means a contractor that conforms to the responsibility requirements in the solicitation document for its portion of the work on the project and verifies that it meets the following minimum criteria:

- | | |
|-----|--|
| (1) | <p>The Contractor:</p> <ul style="list-style-type: none"> (i) is in compliance with workers' compensation and unemployment insurance requirements; (ii) is in compliance with Department of Revenue and Department of Employment and Economic Development registration requirements if it has employees; (iii) has a valid federal tax identification number or a valid Social Security number if an individual; and (iv) has filed a certificate of authority to transact business in Minnesota with the Secretary of State if a foreign corporation or cooperative. |
| (2) | <p>The contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 177.24, 177.25, 177.41 to 177.44, 181.03, 181.101, 181.13, 181.14, or 181.722, and has not violated United States Code, title 29, sections 201 to 219, or United States Code, title 40, sections 3141 to 3148. For purposes of this clause, a violation occurs when a contractor or related entity:</p> <ul style="list-style-type: none"> (i) repeatedly fails to pay statutorily required wages or penalties on one or more separate projects for a total underpayment of \$25,000 or more within the three-year period, provided that a failure to pay is "repeated" only if it involves two or more separate and distinct occurrences of underpayment during the three-year period; (ii) has been issued an order to comply by the commissioner of Labor and Industry that has become final; (iii) has been issued at least two determination letters within the three-year period by the Department of Transportation finding an underpayment by the contractor or related entity to its own employees; (iv) has been found by the commissioner of Labor and Industry to have repeatedly or willfully violated any of the sections referenced in this clause pursuant to section 177.27; (v) has been issued a ruling or findings of underpayment by the administrator of the Wage and Hour Division of the United States Department of Labor that have become final or have been upheld by an administrative law judge or the Administrative Review Board; or (vi) has been found liable for underpayment of wages or penalties or misrepresenting a construction worker as an independent contractor in an action brought in a court having jurisdiction. Provided that, if the contractor or related entity contests a determination of underpayment by the Department of Transportation in a contested case proceeding, a violation does not occur until the contested case proceeding has concluded with a determination that the contractor or related entity underpaid wages or penalties;* |

This document is a MODIFIED version of the MnDOT Responsible Contractor Verification and Certification of Compliance form

City of Forest Lake - OT5.132691

RESPONSIBLE CONTRACTOR VERIFICATION AND
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April 2024

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(3)	The contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 181.723 or chapter 326B. For purposes of this clause, a violation occurs when a contractor or related entity has been issued a final administrative or licensing order;*
(4)	The contractor or related entity has not, more than twice during the three-year period before submitting the verification, had a certificate of compliance under section 363A.36 revoked or suspended based on the provisions of section 363A.36, with the revocation or suspension becoming final because it was upheld by the Office of Administrative Hearings or was not appealed to the office;*
(5)	The contractor or related entity has not received a final determination assessing a monetary sanction from the Department of Administration or Transportation for failure to meet targeted group business, disadvantaged business enterprise, or veteran-owned business goals, due to a lack of good faith effort, more than once during the three-year period before submitting the verification;*
	*Any violations, suspensions, revocations, or sanctions, as defined in clauses (2) to (5), occurring prior to July 1, 2014, shall not be considered in determining whether a contractor or related entity meets the minimum criteria.
(6)	The contractor or related entity is not currently suspended or debarred by the federal government or the state of Minnesota or any of its departments, commissions, agencies, or political subdivisions that have authority to debar a contractor; and
(7)	All subcontractors and motor carriers that the contractor intends to use to perform project work have verified to the contractor through a signed statement under oath by an owner or officer that they meet the minimum criteria listed in clauses (1) to (6).

Minn. Stat. § 16C.285, Subd. 5. SUBCONTRACTOR VERIFICATION.

A prime contractor or subcontractor shall include in its verification of compliance under subdivision 4 a list of all of its first-tier subcontractors that it intends to retain for work on the project. Prior to execution of a construction contract, and as a condition precedent to the execution of a construction contract, the apparent successful prime contractor shall submit to the contracting authority a supplemental verification under oath confirming compliance with subdivision 3, clause (7). Each contractor or subcontractor shall obtain from all subcontractors with which it will have a direct contractual relationship a signed statement under oath by an owner or officer verifying that they meet all of the minimum criteria in subdivision 3 prior to execution of a construction contract with each subcontractor.

If a prime contractor or any subcontractor retains additional subcontractors on the project after submitting its verification of compliance, the prime contractor or subcontractor shall obtain verifications of compliance from each additional subcontractor with which it has a direct contractual relationship and shall submit a supplemental verification confirming compliance with subdivision 3, clause (7), within 14 days of retaining the additional subcontractors.

A prime contractor shall submit to the contracting authority upon request copies of the signed verifications of compliance from all subcontractors of any tier pursuant to subdivision 3, clause (7). A prime contractor and subcontractors shall not be responsible for the false statements of any subcontractor with which they do not have a direct contractual relationship. A prime contractor and subcontractors shall be responsible for false statements by their first-tier subcontractors with which they have a direct contractual relationship only if they accept the verification of compliance with actual knowledge that it contains a false statement.

Subd. 5a. Motor carrier verification. A prime contractor or subcontractor shall obtain annually from all motor carriers with which it will have a direct contractual relationship a signed statement under oath by an owner or officer verifying that they meet all of the minimum criteria in subdivision 3 prior to execution of a construction contract with each motor carrier. A prime contractor or subcontractor shall require each such motor carrier to provide it with immediate written notification in the event that the motor carrier no longer meets one or more of the minimum criteria in subdivision 3 after submitting its annual verification. A motor carrier shall be ineligible to perform work on a project covered by this section if it does not meet all the minimum criteria in subdivision 3. Upon request, a prime contractor or subcontractor shall submit to the contracting authority the signed verifications of compliance from all motor carriers providing for-hire transportation of materials, equipment, or supplies for a project.

Minn. Stat. § 16C.285, Subd. 4. **VERIFICATION OF COMPLIANCE.**

A contractor responding to a solicitation document of a contracting authority shall submit to the contracting authority a signed statement under oath by an owner or officer verifying compliance with each of the minimum criteria in subdivision 3, with the exception of clause (7), at the time that it responds to the solicitation document.

A contracting authority may accept a signed statement under oath as sufficient to demonstrate that a contractor is a responsible contractor and shall not be held liable for awarding a contract in reasonable reliance on that statement. A prime contractor, subcontractor, or motor carrier that fails to verify compliance with any one of the required minimum criteria or makes a false statement under oath in a verification of compliance shall be ineligible to be awarded a construction contract on the project for which the verification was submitted.

A false statement under oath verifying compliance with any of the minimum criteria may result in termination of a construction contract that has already been awarded to a prime contractor or subcontractor or motor carrier that submits a false statement. A contracting authority shall not be liable for declining to award a contract or terminating a contract based on a reasonable determination that the contractor failed to verify compliance with the minimum criteria or falsely stated that it meets the minimum criteria. A verification of compliance need not be notarized. An electronic verification of compliance made and submitted as part of an electronic bid shall be an acceptable verification of compliance under this section provided that it contains an electronic signature as defined in section 325L.02, paragraph (h).

CERTIFICATION

By signing this document I certify that I am an owner or officer of the company, and I certify under oath that:

- 1) My company meets each of the Minimum Criteria to be a responsible contractor as defined herein and is in compliance with Minn. Stat. § 16C.285, and
- 2) if my company is awarded a contract, I will submit Attachment A-1 prior to contract execution, and
- 3) if my company is awarded a contract, I will also submit Attachment A-2 as required.

Authorized Signature of Owner or Officer:



Printed Name:

Josh Dresel

Title:

President

Date:

05/08/2024

Company Name:

Dresel Contracting, Inc.

NOTE: Minn. Stat. § 16C.285, Subd. 2, (c) If only one prime contractor responds to a solicitation document, a contracting authority may award a construction contract to the responding prime contractor even if the minimum criteria in subdivision 3 are not met.

****END OF SECTION****

This document is a MODIFIED version of the MnDOT Responsible Contractor Verification and Certification of Compliance form

City of Forest Lake - OT5.132691

RESPONSIBLE CONTRACTOR VERIFICATION AND
CERTIFICATION OF COMPLIANCE

April 2024

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24044 July Ave
Chisago City, MN 55013

Phone (651) 257-9469
Fax (651) 257-1169

To: City of Forest Lake, MN
RE: Addendum 1, Taxi-lane Bravo and Taxiway A3 extension.

Subject: Proposal for Airport Improvement Project in Forest Lake

To Whom It May Concern,

Dresel Contracting, a well-established business in the Chisago Lakes area, is pleased to submit this proposal for the Forest Lake airport improvement project. With our extensive experience and successful completion of numerous projects across the State of Minnesota, we are confident in our ability to deliver exceptional results.

Project Overview:

- **Existing Projects:** Our portfolio includes significant projects such as the Forest Lake airport runway extensions, pipe work, and stormwater treatment facilities. Additionally, we successfully completed the Lake Elmo airport project in 2023 for the Metropolitan Airports Commission (MAC) and the Rush City airport improvement project in the same year.
- **Current Workload:** Dresel Contracting is currently operating at approximately 50% of our annual workload for the 2024 season. Our ongoing projects encompass a range of services, including Lake Elmo airport service road improvements, City of Blaine southwest improvements, City of Oakdale 2024 city street improvements, City of Hugo city streets improvements, and City of Scandia stormwater improvements for the Carnelian-Marine watershed. These projects involve public sewer and water enhancements, street reconstruction, stormwater management, and paving with curb and gutter.

Our Commitment:

- **Scope of Work:** Dresel Contracting will self-perform all utility installations, grading, material import, and erosion control necessary for the successful completion of this project.
- **Subcontractors:** We have partnered with reputable subcontractors to ensure quality workmanship. Knife River will handle the paving portion, while NEO Electrical, known for its track record, will manage the electrical aspects. NEO previously completed all electrical work for the existing Lake Elmo airport.
- **Suppliers:** Ferguson Waterworks will supply watermain components, sanitary pipes, and drain tiles, ensuring reliable materials for the project.

Personal Investment:

- As owners of two hangars at the Forest Lake airport, this project holds personal significance for us. We are committed to delivering excellence and contributing to the growth and improvement of our local community.



24044 July Ave
Chisago City, MN 55013

Phone (651) 257-9469
Fax (651) 257-1169

Contact Information:

- Should you have any further questions or concerns, please feel free to reach out to us via email or phone. We appreciate the opportunity to enhance the Forest Lake airport and look forward to the possibility of working together.

Thank you for considering our proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Josh Dresel', is written over the printed name.

Josh Dresel

President, Dresel Contracting

Business Record Details »		Print	Order Certificate	File Amendment / Renewal	Order Copies	« Back to Search Results
Minnesota Business Name Dresel Contracting, Inc.						
Business Type Business Corporation (Domestic)		MN Statute 302A				
File Number 4V-610		Home Jurisdiction Minnesota				
Filing Date 01/17/1985		Status Active / In Good Standing				
Renewal Due Date 12/31/2024		Registered Office Address 24044 July Ave Chisago City, MN 55013 USA				
Number of Shares 25,000		Registered Agent(s) (Optional) Currently No Agent				
Chief Executive Officer Joshua Dresel 24044 July Ave Chisago City, MN 55013 USA		Principal Executive Office Address 24044 July Ave Chisago City, MN 55013 USA				

**CITY OF FOREST LAKE
WASHINGTON COUNTY, MINNESOTA**

RESOLUTION NO. 06-10-24-04

RESOLUTION ACCEPTING DONATIONS

WHEREAS, the Lions Club of Forest Lake has submitted two donations to the City of Forest Lake; and,

WHEREAS, a donation in the amount of \$2,600.00 was made for the purpose of funding at the Forest Lake Senior Center, supporting senior center activities; and,

WHEREAS, a donation in the amount of \$1,500.00 was made for the purpose of supporting the future Veterans' Memorial;

WHEREAS, the Forest Lake City Council is appreciative of the donations and finds that it is appropriate to accept the donations offered.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Forest Lake, Minnesota, that:

1. The donations are accepted and acknowledged with gratitude; and
2. The donations will be appropriated for the City of Forest Lake as designated; and,
3. The Finance Director is authorized to make the appropriate budget adjustment to account for the donations and related expenses.

Adopted by the City Council of the City of Forest Lake this 10th day of June, 2024.

Mara Bain, Mayor

Attest:

Jolleen Chaika, City Clerk