



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2024**

**CITY OF INVER GROVE HEIGHTS,
MINNESOTA**

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CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

REPORT PREPARED BY:
FINANCE DEPARTMENT

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INTRODUCTORY SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
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June 11, 2025

To the Mayor, City Council and Citizens of the City of Inver Grove Heights:

Minnesota statutes require every city to issue an annual report on its financial position and activity. These must be prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with audit standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Inver Grove Heights for the fiscal year ended December 31, 2024.

This report consists of management's representations concerning the finances of the City of Inver Grove Heights. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government'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 costs of internal controls should not outweigh their benefits, the City of Inver Grove Heights' internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

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



Profile of the Government

The City of Inver Grove Heights, incorporated in 1965, is a suburban community located about 12 miles south of St. Paul, Minnesota and part of the Twin Cities Metropolitan Area that includes Minneapolis, with a total population estimated to be 4 million. The city is in Dakota County, one of the fastest growing counties in the state in terms of population, housing, and business growth. The City of Inver Grove Heights currently occupies a land area of approximately 30 square miles and serves a population of approximately 36,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Inver Grove Heights is still developing within its corporate limits and is bordered on all sides by other incorporated communities.

The City of Inver Grove Heights became a statutory city in 1974. The City operates under a statutory form of government consisting of a four-member city council and the mayor who is a voting member. Council members serve four-year staggered terms, and the mayor also serves a four-year term. Among its primary duties, the City Council makes laws, sets policies, adopts budgets, and oversees a wide-ranging agenda for the community. The City Administrator is appointed by the City Council. The City Administrator heads the administrative branch of city government and directs all city operations, projects, and programs.

The City of Inver Grove Heights provides a full range of services, including police and fire protection, the construction and maintenance of streets, parks and other infrastructure, water and sewer services, community development support, and recreational activities and cultural events.

The annual budget serves as a foundation for the City of Inver Grove Heights' financial planning and control. All departments of the City submit requests for appropriation for the following year to the City Administrator, who uses this information to develop a proposed budget. This is presented to the City Council for their review. The City Council is required to adopt a proposed budget and tax levy by September 30. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 30.

Factors Affecting Financial Condition

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

Local Economy. The City of Inver Grove Heights continues to experience development and population growth. State Highway 52, which traverses north and south through the City, allows residents and businesses rapid and direct access directly north into downtown St. Paul and to Interstate Highway 94 which connects St. Paul with Minneapolis. This roadway has enhanced residents' access to the broader metropolitan area and increased opportunity for further industrial, commercial, and residential development.



Interstate Highway 494 traverses east and west through the City and connects with Interstate Highway 694 to form a freeway loop around the entire Twin Cities Metropolitan area. The highway system provides Inver Grove Heights ready access to the downtowns of Minneapolis and St. Paul as well as the international airport located 11 miles away.

Inver Grove Heights has several large industries which account for a significant portion of the City's commercial tax capacity. Some of the industries are highly automated and consequently are major taxpayers but not major employers.

Relevant Financial Policies.

In 2024, the City implemented GASB 101 for compensated absences as required by the Governmental Accounting Standards Board (GASB). The update provides a better definition as to what constitutes a compensated absence and when the related liability should be recognized - this should result in improved informational content for financial statement users.

The primary financial goal of the City's investment policy is to ensure the safety of principal invested by the City. Cash temporarily idle during the year is invested in instruments authorized under *Minnesota Statute No. 118A*. Instruments authorized include certificates of deposit, commercial paper, and obligations of U.S. Treasury and government agencies. To achieve diversification, the policy provides that, except for U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested with a single institution or in a single security type. A report summarizing investment activity and demonstrating compliance with this policy is prepared on a monthly basis for City Council review. 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.

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.

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



Major Initiatives.

Community Development

Inver Grove Heights remained a community of interest for developers looking to address market needs and gaps in housing locally and across the Twin Cities metropolitan area. The construction of new homes and housing units strengthened in 2024, with the construction of new single-family homes and attached townhome products, and a new 190-unit luxury apartment building, named Avalon. In total, permits were issued for 116 new single-family rental and owner-occupied housing units, compared to 93 issued the previous year.

Interest rates and changes to financial and lending standards for multi-family (apartment) developments forced several conceptual and approved projects to temporarily pause or shutter entirely. Still, that did not slow development planning efforts for 2025. Development plans were approved for a 159-unit rental townhome development adjacent to Argenta Trail and the City Council also approved a comprehensive plan amendment, paving the way for a 752-unit mixed residential development on 110 acres located on 70th Street and Robert Trail. That concept plan featured up to 500 market rate apartment units, 190 townhome units and 62 single-family homes.

On the commercial side, the final building in the Inver Point Business Park was completed and sold to Somic, a packaging machine manufacturer. A new 12,000-square-foot KinderCare Learning Center day care facility was approved in the Argenta Hills commercial district. One of the City's primary development focuses has been the expansion of dining options within the community and in 2024, the following new businesses were opened within Inver Grove Heights: YoYo Donuts, Pizza Pub, Chipotle Mexican Grill, Hangry Joe's Hot Chicken & Wings, and Tono's Pizzeria + Cheesesteaks.

Police Department

The Department had an authorized staff of 47 licensed peace officers in 2024 and stayed within one or two officers of a fully staffed department throughout the year. The Department applied for, and was awarded, a federal COPS grant to add 3 additional police officers in 2025. The department will work to hire and fill those additional positions in 2025 bringing the authorized staffing to 50 licensed peace officers.

Dakota County has continued to provide a full-time social worker to the Department who works with officers to follow up on calls for service that have a known or suspected mental health or substance abuse component. Internally, the Department continues to prioritize officer and staff mental health and wellness. As part of its wellness program, the Department added a therapy dog who contributes to the wellbeing of both officers and community members interacting with police.

Fire Department

For the first time in many years, calls were down slightly, from 3,060 in 2023 to 2,988 in 2024. Median response time was almost identical to the previous year at 5:37. The Fire Prevention Division completed 732 inspections and re-inspections, which included existing construction, new construction, and hood inspections in restaurants. These were in addition to 97 plan reviews and 12 formal fire investigations. An Assistant Chief of Operations was added to the staff.

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The Department held its first ever Recruitment Informational Sessions with more than 40 attending. Two sessions resulted in 13 starting recruit fire training beginning in January 2025. Additionally, two new medical protocols were added in 2024 to enhance service to the public. After researching benefits and training firefighters, the medical director approved adding Intravenous (IV) and Intraosseous (IO) lines for drug administration. Having an IV or IO line in for the paramedics when they arrive can make a significant difference in the outcome for the patient.

Public Works

In 2024, the City awarded a contract and work began on rehabilitation of the City's Water Treatment Facility. The project is being performed in response to elevated radium levels detected in the City's drinking water in 2022. At a cost of \$4,793,000, the project is being funded through a combination of American Rescue Plan Act Funds (52%), a low-interest Drinking Water Revolving Fund loan from the State of Minnesota Public Facilities Authority (45%), and water capital funds (3%). Work on the Water Treatment Facility is expected to be substantially complete by year end 2025.

The City also continued efforts on the Pavement Management Initiative (PMI) in 2024, with the rehabilitation of 5.6 miles of roadways (reclamation and mill & overlay projects). An additional 5.9 miles of roadway received pavement maintenance activities (ultra-thin bonded wear course and broad area patching). Re-designation of existing roadway right-of-way and jurisdictional transfers of several roadways between MnDOT, Dakota County, and the City of Inver Grove Heights resulted in a re-balancing of total mileage within the City's road network, reducing the total mileage of city-owned roadways by one (1) mile in 2024. No new roadways or utility infrastructure (water, sanitary sewer, and storm sewer) was added to the City's system in 2024.

The City continued its partnership with Dakota County on several projects, including completing the final design of a major street reconstruction and modernization project on 117th Street between Rich Valley Boulevard and TH 52. The City also partnered with Dakota County and the City of Eagan on the final design for Argenta Trail between TH 149 and Opperman Drive. Both of these projects are anticipated to begin construction in 2025. A preliminary design study with Dakota County on 70th Street (CSAH 26) from TH 3 to Cahill Ave. started in 2024 and is anticipated to be completed in 2025.

Finally, the City initiated a facility needs and site plan study for an expanded and/or new Central Maintenance Facility, to serve the City's Utilities, Streets, Parks Maintenance, and Central Equipment (Fleet) Divisions. The City acquired property adjacent to the current Central Maintenance Facility in 2021 in anticipation of an expanded maintenance facility, and the purpose of this study is to develop a site plan and possible facility scope and financing options for implementing improvements in the coming years. The study is anticipated to be complete in the first quarter of 2025.

Parks & Recreation

In 2024, the City completed Phase 1 of the South Valley Park redevelopment, Phase 4 construction of Heritage Village Park (HVP), and the Seidls Lake Shoreline Restoration and Trail Extension project. The South Valley Park Phase 1 redevelopment included a new playground, an open-air picnic shelter with a heated kitchen, restrooms, a fire pit, a performance area, a large gathering plaza, and an expanded parking lot. Phase 4 construction at HVP introduced key infrastructure elements, including



the Roundhouse Shelter, bench coverings, restrooms, concrete pavement, and railroad walkways—essential for supporting existing improvements and preparing for future phases. The Seidls Lake Shoreline Restoration and Trail Extension Project was a joint project between the cities of South St. Paul and Inver Grove Heights. The project included reconstruction the existing trail at Seidls Lake, extending the trail through Inver Grove Heights, reconstructing failing retaining walls and fences, and restoring the shoreline of Seidls Lake.

The Veteran’s Memorial Community Center (VMCC) also had a very strong year in 2024, marked by increased revenues and record attendance. Membership and admission revenue topped \$1.55 million, which was \$365,000 over budget projections and \$209,000 over 2023 membership and admission revenue. The VMCC offered over 1,100 program opportunities, including fitness classes, aquatic programs, youth activities, and special events, which served more than 8,450 registered participants. Over 7,500 participants attended the various special events put on by the Department over the course of the year. Inver Wood Golf Course had another exceptional season in 2024, with over 80,000 rounds of golf played on its championship and executive courses. The driving range was also consistently at full capacity with over 18,000 visitors.

Administration & Finance

The City Clerk’s office administered three elections during calendar year 2024, including the Presidential Nominating Primary in March, State Primary Election in August, and State General Election in November. Voter turnout for the November General Election exceeded 83%, with a total of just under 21,000 ballots cast in an election that returned two incumbent City Councilmembers and the incumbent Mayor to office for an additional four-years. Just under half of those who cast a ballot voted absentee, early or by mail, while just over half voted in person on Election Day.

In 2024, the Finance Department implemented a new chart of account structure for the City’s accounting system which provides staff, policymakers, and the public with a more transparent way to report financial data. The City also adopted a minimum cash reserve policy for the stormwater operating fund and consolidated the two stormwater capital funds - after adopting similar policies for the Water and Sewer funds in 2023. The purpose of such policies is to ensure there are adequate resources available to meet the ongoing financial obligations of each fund, and to plan for future capital needs.

For the Future.

Inver Grove Heights sees continued growth and progress in 2025 and beyond, as it invests in increased long-range planning for the maintenance and preservation of existing City assets and expansion to serve new residents.

The City anticipates an increase in residential and commercial development activity in 2025, with multiple projects already in the pipeline. Similarly, significant Parks and Public Works projects started in 2024 are expected to come to fruition in 2025, as noted above.



In 2025, the Police Department will be expanding community engagement efforts with both youth and adults as well as working to develop a Community Chaplain Program. The Department will continue to monitor state laws related to the sale and use of marijuana and THC products and create compliance check processes to support the State and local businesses.

For 2025, the Fire Department will continue exploring the future of Fire Station #3 and whether it is best to remodel or rebuild on the existing site or build new at a different location. Staffing will continue to be a priority, with an emphasis on retaining paid-on-call firefighters and adding part-time and full-time firefighters, as needed, to fill existing gaps in our response model. Present policies and procedures will be reviewed in order to update and add what is needed to ensure consistency with present fire department operations, applicable laws and best practices.

In addition to continued implementation of the annual Pavement Management Initiative and completion of the rehabilitation project at the City's Water Treatment Plant, the Public Works Department is anticipating taking the next steps in a final design for a new and/or expanded Central Maintenance Facility (2025), the completion of a Stormwater Rate Study (2025) and potential implementation of a revised rate structure (2026), and to begin a planning effort to review and possibly start the implementation of Advanced Metering Infrastructure (AMI) into the City's water and sewer utility systems (2025-2027).

In 2025, the City will embark on several transformative projects that will further enhance and define the City's park system, particularly in the northeast region. Among these initiatives is the Phase 5 construction of Heritage Village Park, which will introduce the community's first fully inclusive playground and splash pad—providing accessible and engaging recreational opportunities for individuals of all abilities. Additionally, the installation of lighting on the Rock Island Swing Bridge will improve safety, extend usability into the evening hours, and enhance its presence as a landmark destination. These projects mark a significant investment in the City's parks and recreational infrastructure, ensuring long-term benefits for residents and visitors alike.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Inver Grove Heights for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This Certificate recognizes the City for publishing an easily readable and efficiently organized financial report which satisfies both GAAP and applicable legal requirements. The City has consecutively received this award since 1986.

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 another certificate.



The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like 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 Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Inver Grove Heights' finances.
Respectfully submitted,

Amy Hove
Amy Hove
Finance Director

Kristine Lyndon Wilson
Kristine Lyndon Wilson
City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Inver Grove Heights
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

City of Inver Grove Heights, Minnesota
Elected and Appointed Officials
As of June 11, 2025

ELECTED

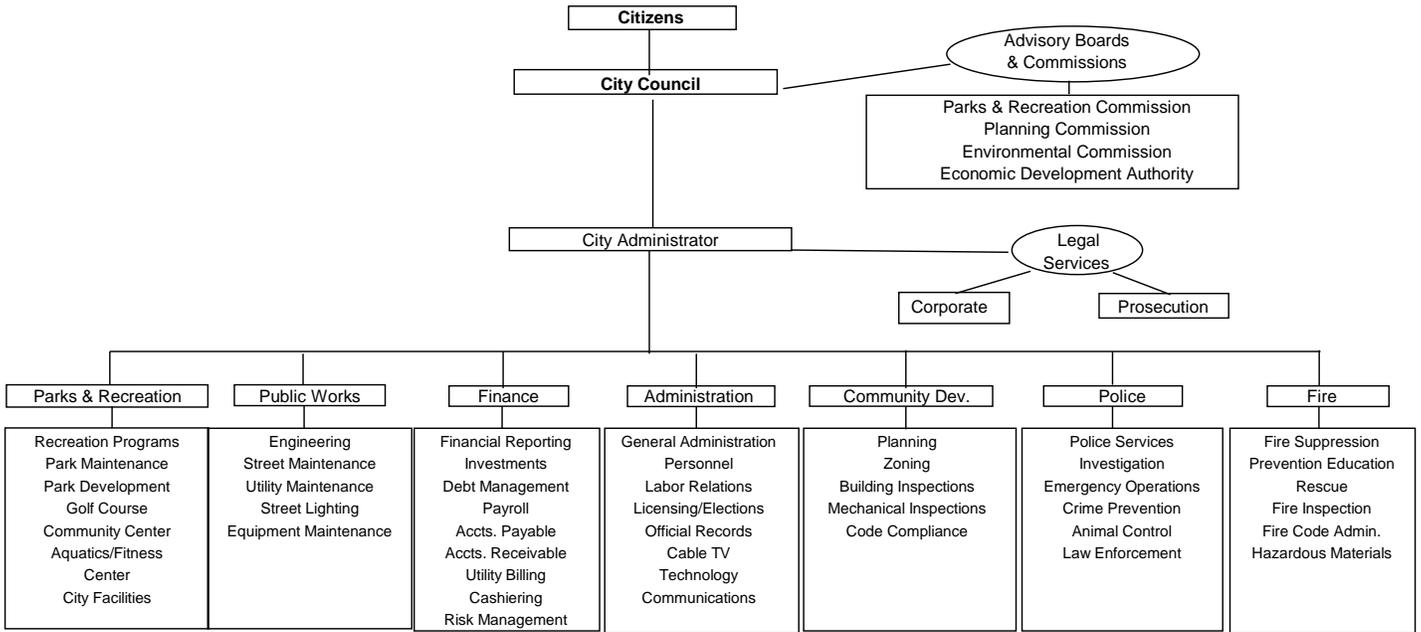
Name	Title	Term Expires
Brenda Dietrich	Mayor	12/31/28
Sue Gliva	Council Member	12/31/28
Tony Scales	Council Member	12/31/26
John Murphy	Council Member	12/31/28
Mary T'Kach	Council Member	12/31/26

APPOINTED

Name	Title
Kris Wilson	City Administrator
Amy Hove	Finance Director
Melissa Chiodo	Police Chief
Judy Thill	Fire Chief
Brian Connolly	Public Works Director
Jason Zeimer	Community Development Director
Adam Lares	Parks and Recreation Director

CITY OF INVER GROVE HEIGHTS, MINNESOTA

ORGANIZATION CHART



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FINANCIAL SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on 29 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 114 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.



Other Information

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

In connection with our audit of the 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 June 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
June 11, 2025



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Management's Discussion and Analysis

As management of the City of Inver Grove Heights, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 - 18 of this report.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. The increase this year was due to an increase in investment earnings and operating grants, and charges for services in the business-type activities continuing to outweigh expenses. Expenses also decreased compared to the prior year due to a decrease in the pension liability and related balances.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in permit revenue, investment earnings, and recognition of federal funding to cover a portion of police payroll costs. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled debt service payments as shown on the outstanding debt table.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, and interest on long-term debt. The business-type activities of the City include water, sewer, and storm water utilities and the golf course.

The government-wide financial statements start on page 47 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Improvement Bonds, Community Center, Host Community, Closed Bond, Local Improvement Construction, Pavement Management and Developer Escrow funds, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Community Center special revenue fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements start on page 52 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the water, sewer, storm water and golf course funds, which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for compensated absences, risk management, central equipment maintenance, city facilities and technology. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements start on page 62 of this report.

Notes to the 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 start on page 71 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pensions and other postemployment benefits to its employees.

Required supplementary information can be found starting on page 114 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information.

Combining and individual fund financial statements and schedules start on page 126 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$297,324,367 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Inver Grove Heights' Summary of Net Position

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets									
Current and other assets	\$ 101,054,688	\$ 101,521,869	\$ (467,181)	\$ 36,259,311	\$ 28,903,151	\$ 7,356,160	\$ 137,313,999	\$ 130,425,020	\$ 6,888,979
Capital assets, net of depreciation	150,665,968	149,832,521	833,447	72,028,014	69,552,921	2,475,093	222,693,982	219,385,442	3,308,540
Total Assets	251,720,656	251,354,390	366,266	108,287,325	98,456,072	9,831,253	360,007,981	349,810,462	10,197,519
Deferred Outflows of Resources									
Deferred charge on refunding	-	-	-	78,307	97,485	(19,178)	78,307	97,485	(19,178)
Deferred other postemployment benefits resources	2,004,414	2,009,948	(5,534)	268,463	247,488	20,975	2,272,877	2,257,436	15,441
Deferred pension resources	12,948,967	16,899,761	(3,950,794)	155,139	313,965	(158,826)	13,104,106	17,213,726	(4,109,620)
Total Deferred Outflows of Resources	14,953,381	18,909,709	(3,956,328)	501,909	658,938	(157,029)	15,455,290	19,568,647	(4,113,357)
Liabilities									
Long-term liabilities outstanding	40,351,106	46,516,870	(6,165,764)	10,706,316	11,885,271	(1,178,955)	51,057,422	58,402,141	(7,344,719)
Other liabilities	4,521,807	12,885,184	(8,363,377)	4,778,263	3,499,791	1,278,472	9,300,070	16,384,975	(7,084,905)
Total Liabilities	44,872,913	59,402,054	(14,529,141)	15,484,579	15,385,062	99,517	60,357,492	74,787,116	(14,429,624)
Deferred Inflows of Resources									
Deferred pension resources	15,491,437	15,393,925	97,512	542,839	360,491	182,348	16,034,276	15,754,416	279,860
Deferred other postemployment benefits resources	416,791	491,942	(75,151)	55,824	60,573	(4,749)	472,615	552,515	(79,900)
Deferred lease resources	972,528	1,090,150	(117,622)	-	-	-	972,528	1,090,150	(117,622)
Total Deferred Inflows of Resources	16,880,756	16,976,017	(95,261)	598,663	421,064	177,599	17,479,419	17,397,081	82,338
Net Position									
Net investment in capital assets	126,758,171	123,768,963	2,989,208	62,263,501	58,449,172	3,814,329	189,021,672	182,218,135	6,803,537
Restricted	14,440,794	13,588,429	852,365	-	-	-	14,440,794	13,588,429	852,365
Unrestricted	63,721,403	56,528,636	7,192,767	30,442,491	24,859,712	5,582,779	94,163,894	81,372,229	12,791,665
Total Net Position	\$ 204,920,368	\$ 193,886,028	\$ 11,034,340	\$ 92,705,992	\$ 83,308,884	\$ 9,397,108	\$ 297,626,360	\$ 277,178,793	\$ 20,447,567
Net Position as a Percent of Total									
Net investment in capital assets	61.9 %	63.8 %		67.2 %	70.2 %				
Restricted	7.0	7.0		-	-				
Unrestricted	31.1	29.2		32.8	29.8				
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>				

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

Significant changes from the prior year are noted below:

City of Inver Grove Heights' Changes in Net Position

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues									
Program Revenues									
Charges for services	\$ 10,519,224	\$ 9,902,871	\$ 616,353	\$ 12,919,293	\$ 12,289,646	\$ 629,647	\$ 23,438,517	\$ 22,192,517	\$ 1,246,000
Operating grants and contributions	6,537,627	5,024,620	1,513,007	3,873	17,776	(13,903)	6,541,500	5,026,277	1,515,223
Capital grants and contributions	4,662,760	5,242,172	(579,412)	1,727,855	2,783,985	(1,056,130)	6,390,615	8,026,157	(1,635,542)
General Revenues									
Taxes									
Property taxes	32,941,019	30,355,206	2,585,813	-	-	-	32,941,019	30,355,206	2,585,813
Other taxes	1,424,758	1,462,995	(38,237)	-	-	-	1,424,758	1,462,995	(38,237)
Grants and contributions not restricted to specific programs	648,106	591,785	56,321	-	-	-	648,106	591,785	56,321
Unrestricted investment earnings	3,006,601	2,409,969	596,632	1,292,459	1,120,872	171,587	4,299,060	3,530,841	768,219
Gain on sale of capital assets	124,634	199,300	(74,666)	34,000	-	34,000	158,634	199,300	(40,666)
Total Revenues	59,864,729	55,188,918	4,675,811	15,977,480	16,212,279	(234,799)	75,842,209	71,385,078	4,457,131
Expenses									
General government	4,741,396	4,520,300	221,096	-	-	-	4,741,396	4,520,300	221,096
Public safety	18,303,826	19,639,754	(1,335,928)	-	-	-	18,303,826	19,639,754	(1,335,928)
Public works	9,963,161	8,705,146	1,258,015	-	-	-	9,963,161	8,705,146	1,258,015
Culture and recreation	8,288,378	9,179,046	(890,668)	-	-	-	8,288,378	9,179,046	(890,668)
Community development	2,374,010	2,395,156	(21,146)	-	-	-	2,374,010	2,395,156	(21,146)
Interest on long-term debt	712,039	743,678	(31,639)	-	-	-	712,039	743,678	(31,639)
Water	-	-	-	3,435,876	3,960,358	(524,482)	3,435,876	3,960,358	(524,482)
Sewer	-	-	-	4,260,764	5,036,434	(775,670)	4,260,764	5,036,434	(775,670)
Storm water management	-	-	-	792,817	1,002,073	(209,256)	792,817	1,002,073	(209,256)
Golf course	-	-	-	2,538,494	2,028,445	510,049	2,538,494	2,028,445	510,049
Total Expenses	44,382,810	45,183,080	(800,270)	11,027,951	12,027,310	(999,359)	55,410,761	57,210,390	(1,799,629)
Excess before transfers	15,481,919	10,005,838	5,476,081	4,949,529	4,184,969	764,560	20,431,448	14,174,688	6,256,760
Transfers - capital assets	(3,271,723)	-	(3,271,723)	3,271,723	-	3,271,723	-	-	-
Transfers - internal activities	(1,175,856)	1,645,277	(2,821,133)	1,175,856	(1,645,277)	2,821,133	-	-	-
Change in Net Position	11,034,340	11,651,115	(616,775)	9,397,108	2,539,692	6,857,416	20,431,448	14,174,688	6,256,760
Net Position, January 1	193,886,028	182,234,913	11,651,115	83,308,884	80,769,192	2,539,692	277,194,912	263,004,105	14,190,807
Net Position, December 31	<u>\$ 204,920,368</u>	<u>\$ 193,886,028</u>	<u>\$ 11,034,340</u>	<u>\$ 92,705,992</u>	<u>\$ 83,308,884</u>	<u>\$ 9,397,108</u>	<u>\$ 297,626,360</u>	<u>\$ 277,178,793</u>	<u>\$ 20,447,567</u>

Governmental Activities

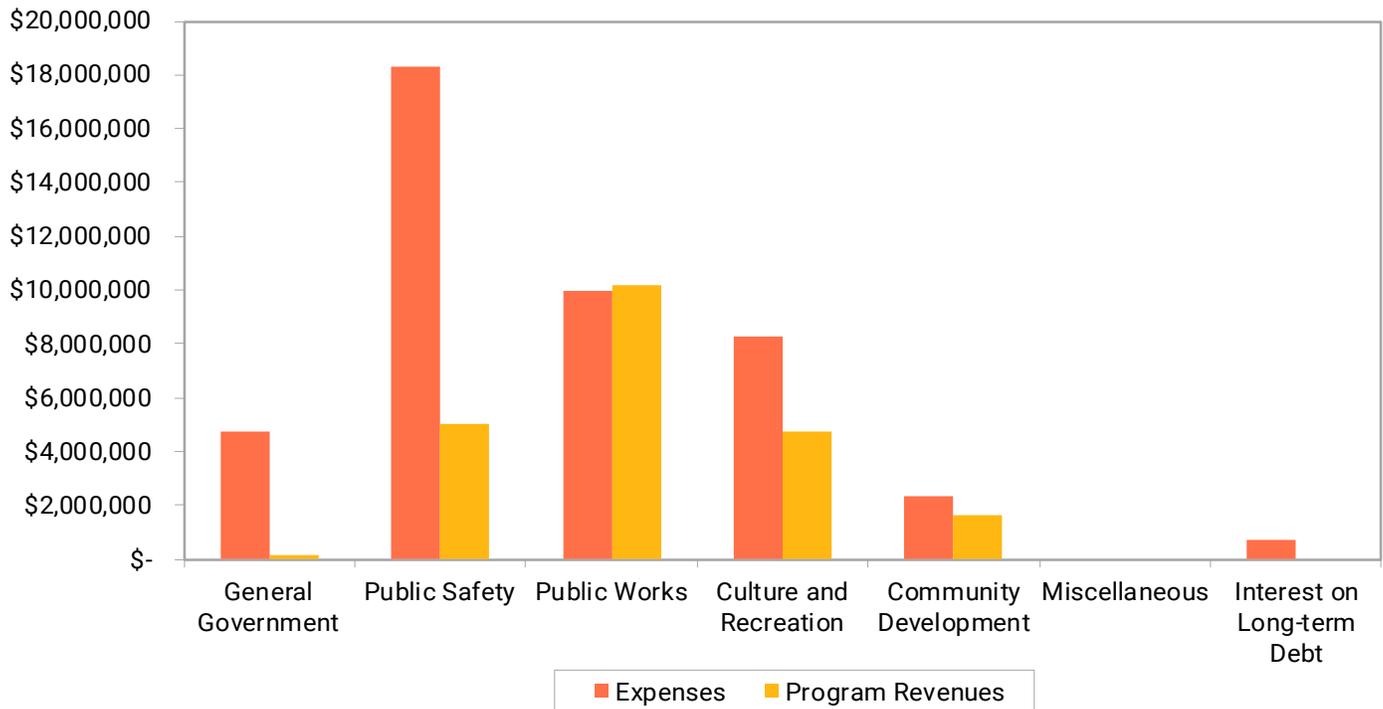
- The increase in operating grants and contributions from 2023 was due to the recognition of ARPA funds to pay for a portion of police wages and the receipt of local affordable housing aid, which will be used in future years.
- The decrease in capital grants and contributions from 2023 was primarily due to prior year drawdown of municipal state aid construction dollars towards intersection improvements at Trunk Highway 3 and 65th Street.
- The decrease in governmental activity expenses was largely due to the recognition of negative pension expense related to the decrease in the City's pension liability and related balances.

Business-type Activities

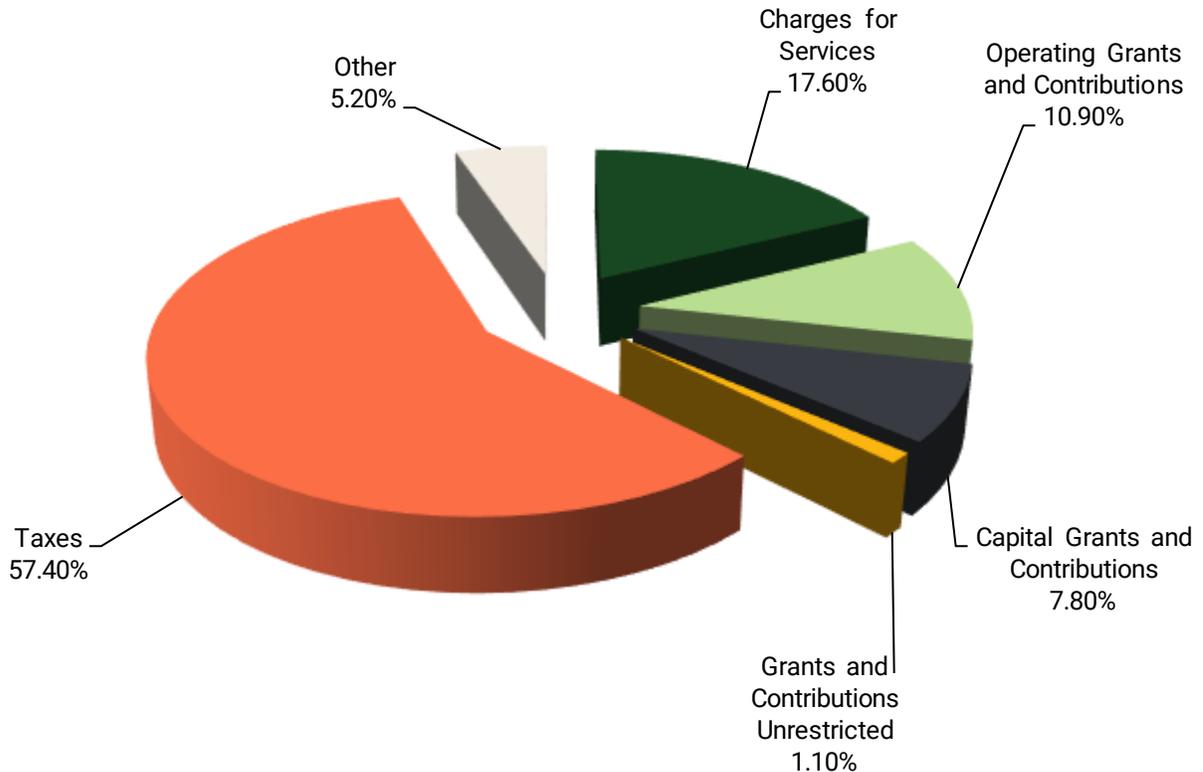
- The increase in charges for services from 2023 is largely due to the 2024 rate increases approved for water, sanitary sewer, and storm water services.
- The decrease in capital grants and contributions was due to larger 2023 development-related utility connection fees for water, sanitary sewer, and storm water.
- The decrease in business-type activity expenses was largely due to the recognition of negative pension expense related to the decrease in the City's pension liability and related balances.

Governmental Activities. Governmental activities increased the City's net position, as described above. The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

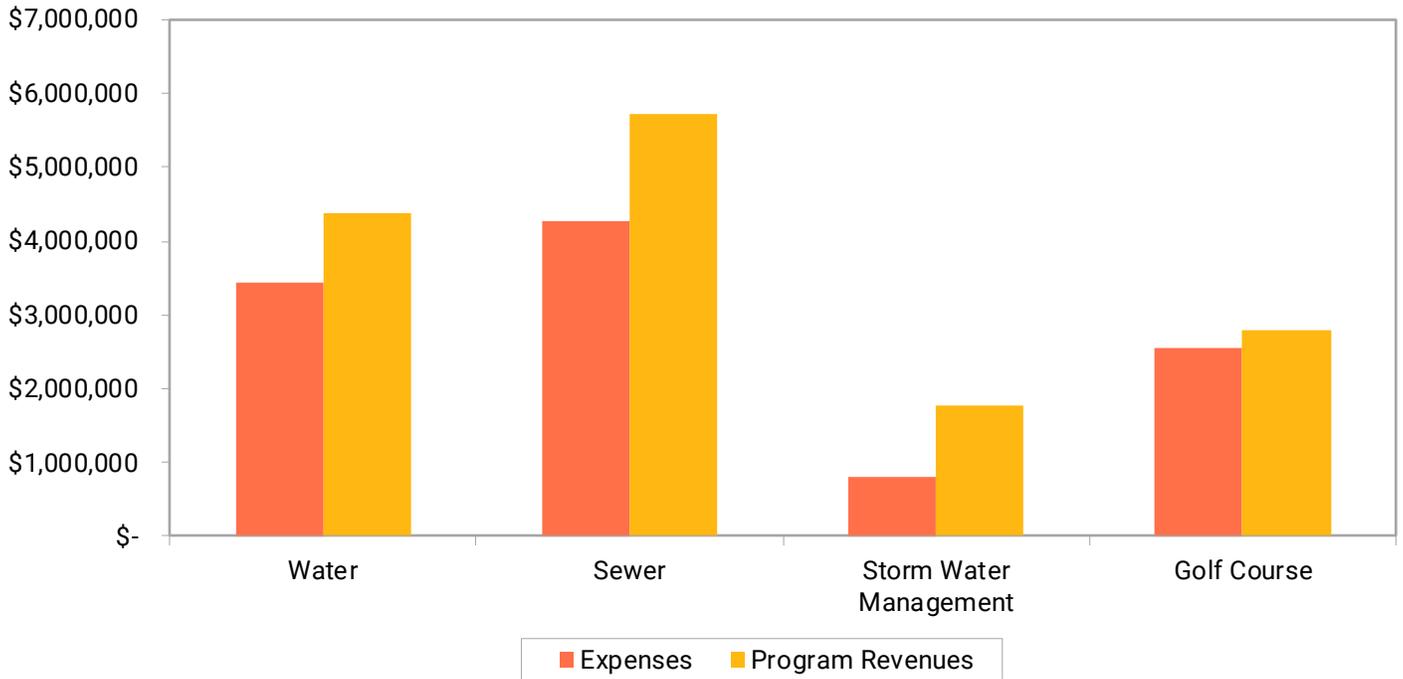


Revenues by Source - Governmental Activities

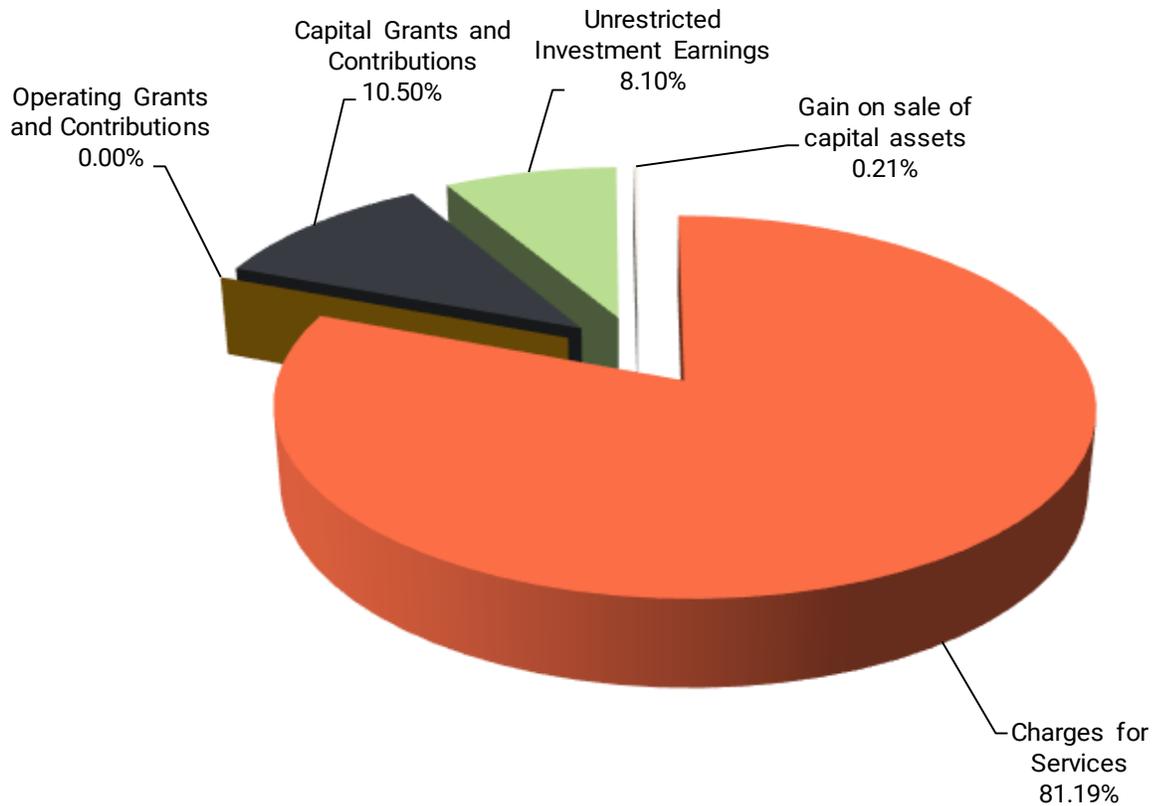


Business-type Activities. The business-type activities increased the City's net position, as described above. Below are graphs showing the business-type activities revenue and expense comparisons.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City'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. The table below outlines the governmental fund balances for the year ending December 31, 2024.

	General Fund	Improvement Bonds	Community Center	Host Community	Closed Bond	Local Improvement Construction
Fund Balances						
Nonspendable	\$ 279,183	\$ -	\$ 12,632	\$ -	\$ -	\$ -
Restricted	1,475,312	4,380,647	-	-	-	-
Committed	1,154,309	-	-	-	-	-
Assigned	-	-	312,390	5,647,771	1,316,985	3,196,272
Unassigned	18,004,549	-	-	-	-	-
Total	\$ 20,913,353	\$ 4,380,647	\$ 325,022	\$ 5,647,771	\$ 1,316,985	\$ 3,196,272

	Pavement Management	Developer Escrows	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances						
Nonspendable	\$ -	\$ -	\$ -	\$ 291,815	\$ 99,490	\$ 192,325
Restricted	-	-	6,872,524	12,728,483	11,908,892	819,591
Committed	-	-	823,364	1,977,673	1,354,225	623,448
Assigned	14,457,780	-	3,520,593	28,451,791	28,794,353	(342,562)
Unassigned	-	-	-	18,004,549	14,428,659	3,575,890
Total	\$ 14,457,780	\$ -	\$ 11,216,481	\$ 61,454,311	\$ 56,585,619	\$ 4,868,692

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 3 starting on page 81 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 279,183	\$ 88,444	\$ 190,739
Restricted	1,475,312	1,590,149	(114,837)
Committed	1,154,309	649,116	505,193
Assigned	-	-	-
Unassigned	18,004,549	14,487,833	3,516,716
	\$ 20,913,353	\$ 16,815,542	\$ 4,097,811
General Fund expenditures	\$ 31,258,681	\$ 29,262,350	
Unassigned Fund Balance as a percent of expenditures for the year	57.6%	49.5%	
Total Fund Balance as a percent of expenditures for the year	66.9%	57.5%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The large decrease in restricted fund balance is due to the City spending a portion of the one-time public safety aid received from the State of Minnesota. The large increase in committed fund balance is due to committing funds to offset future payroll costs, which are currently being funded with short-term grant revenue. The unassigned fund balance increased due to the recognition of ARPA funds to cover a portion of police payroll wages and higher than expected investment earnings and permit revenue.

Other major governmental fund analysis is shown below:

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2024	2023	
Community Center	\$ 325,022	\$ (48,128)	\$ 373,150
The Community Center fund balance increased from the prior year due to transfers in from other funds. Transfers were utilized to fund operating costs and capital improvements.			
Host Community	\$ 5,647,771	\$ 5,791,335	\$ (143,564)
The Host Community fund balance decreased primarily due to transfers to other funds to fund capital projects and Community Center operations.			
Improvement Bonds	\$ 4,380,647	\$ 4,260,594	\$ 120,053
The Improvement Bonds fund is restricted for the payment of debt service. The change in fund balance is a result of the collection of taxes and assessments and repayment of annual bond payments.			
Closed Bond	\$ 1,316,985	\$ 1,435,867	\$ (118,882)
The Closed Bond fund fund balance is assigned for capital improvements. The decrease can be attributed to the use of reserves to pay for certain capital improvements.			
Local Improvement Construction	\$ 3,196,272	\$ 3,922,345	\$ (726,073)
The Local Improvement Construction fund was established to account for the governmental portion of improvement projects. The decrease is primarily related to transfers to other funds for the payment of project costs.			
Pavement Management	\$ 14,457,780	\$ 13,552,310	\$ 905,470
The Pavement Management fund was established to account for the governmental portion of capital projects. The ending fund balance is assigned for capital improvements. In 2024, this fund received multiple transfers from utility funds to cover current and future utility costs related to the City's pavement management efforts.			
Developer Escrow	\$ -	\$ -	\$ -
The Developer Escrow fund was established to account for the developer escrow receipts and related costs. Revenue is recognized in this fund as funds are used for building related costs.			

Proprietary Funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City’s proprietary funds increased as follows:

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Water	\$ 46,595,310	\$ 43,571,414	\$ 3,023,896
The increase is primarily attributed to the excess of charges for services over related operating costs and the collection of connection fees			
Sewer	\$ 28,076,117	\$ 25,641,374	\$ 2,434,743
The increase is primarily attributed to the excess of charges for services over related operating costs and the collection of connection fees			
Stormwater	\$ 15,304,789	\$ 11,764,990	\$ 3,539,799
The increase is primarily attributed to the transfer in of funds from Host Community Fund for future capital projects.			
Golf Course	\$ 2,729,776	\$ 2,331,106	\$ 398,670
The increase is primarily attributed to the excess of charges for services over related operating costs.			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 32,432,380	\$ 43,000	\$ 32,475,380	\$ 35,215,215	\$ 2,739,835
Expenditures	32,636,365	571,209	33,207,574	31,258,681	1,948,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,985)	(528,209)	(732,194)	3,956,534	4,688,728
Other Financing Sources (Uses)					
Transfers in	688,500	-	688,500	689,517	1,017
Transfers out	(484,515)	(6,250)	(490,765)	(548,240)	(57,475)
Total Other Financing Sources (Uses)	203,985	(6,250)	197,735	141,277	(56,458)
Net Change in Fund Balances	-	(534,459)	(534,459)	4,097,811	4,632,270
Fund Balances, January 1	16,815,542	-	16,815,542	16,815,542	-
Fund Balances, December 31	\$ 16,815,542	\$ (534,459)	\$ 16,281,083	\$ 20,913,353	\$ 4,632,270

The City’s General fund budget was amended during the year as shown above. Budget amendments increased revenue for new grants and donations to be spent in 2024. Additional budget amendments reallocated personal services expenditures to different departments and increased costs for professional services.

Actual revenues were over the final budgeted amounts primarily due to the recognition of revenue for the American Rescue Plan Act dollars received in 2021 and 2022. Permit revenue and interest earnings also exceeded budget.

Actual expenditures were under the final budgeted amounts primarily due to the following:

- The City’s intentional budgeting and saving of fund balance to help pay for the cost of the new firefighters hired in 2022 whose wages are currently covered by a federal Staffing for Adequate Fire and Emergency Response grant. In 2024, the amount budgeted and saved to fund balances under this plan was \$525,000.
- Police and Fire personnel services were under budget by \$136,495 and \$247,044, respectively. For police, this was due to full-time position vacancies, and for fire, a reduction in spending for paid on call firefighters
- The engineering department was under budget by \$242,629. The budget variance was largely due to less personnel service costs and professional services than expected.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2024, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land (tangible and intangible), buildings, improvements, machinery and equipment, park facilities, roads and bridges, and other infrastructure.

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

- The City continued infrastructure projects including the reconstruction of 96th Street, Corcoran Path and Dawson Way Area Improvements, and the Southgrove Area Projects.
- The City purchased equipment in the amount of \$1,711,582 which included a new Bobcat Loader, Ford F550 with Crane Attachment, two Ferris Mowers, a Dump Truck, and Televising Equipment.
- The City has construction in progress at year-end for both governmental and business-type activities totaling \$27,387,817.
- The City has construction commitments relating to street, water, sanitary sewer, storm water, parks, and building improvements of \$6,141,985 at year-end.

**City of Inver Grove Heights’ Capital Assets
(Net of Depreciation)**

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 32,034,539	\$ 32,034,539	\$ -	\$ 4,389,159	\$ 4,389,159	\$ -
Construction in Progress	23,361,103	17,687,266	5,673,837	4,321,950	586,012	3,735,938
Infrastructure	66,406,726	69,757,127	(3,350,401)	-	-	-
Buildings and Systems	20,639,779	21,333,797	(694,018)	62,606,644	64,053,826	(1,447,182)
Improvements other than Buildings	2,377,753	3,058,666	(680,913)	251,429	268,655	(17,226)
Machinery and Equipment	5,806,934	5,862,564	(55,630)	458,832	255,269	203,563
Machinery and Equipment - Right to Use	39,134	98,562	(59,428)	-	-	-
Total	\$ 150,665,968	\$ 149,832,521	\$ 833,447	\$ 72,028,014	\$ 69,552,921	\$ 2,475,093

Additional information on the City’s capital assets can be found in Note 3B starting on page 85 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$32,160,000. All of the City’s bonds are backed by the full faith and credit of the City.

State statutes limit the amount of G.O. debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$165,354,142. Only the \$20,260,000 in G.O. bonds is counted within the statutory limitation. The other debt of the City is either wholly or partially financed by revenues other than a general tax levy.

City of Inver Grove Heights' Outstanding Debt

Additional information on the City's long-term debt can be found in Note 3D starting on page 87 of this report.

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
G.O. Bonds	\$ 20,260,000	\$ 21,785,000	\$ (1,525,000)	\$ -	\$ -	\$ -
G.O. Special Assessments Bonds	2,990,000	3,495,000	(505,000)	-	-	-
G.O. Revenue Bonds	-	-	-	8,910,000	9,690,000	(780,000)
Bond Premium	620,427	683,248	(62,821)	370,660	419,127	(48,467)
Lease Payable	37,370	100,310	(62,940)	-	-	-
Total	\$ 23,907,797	\$ 26,063,558	\$ (2,155,761)	\$ 9,280,660	\$ 10,109,127	\$ (828,467)

Economic Factors and Next Year's Budgets and Rates

- The City's net tax capacity increased by 2.9 percent for taxes payable 2025 which was less than the 6 percent growth experienced for taxes payable 2024. Tax capacity on Residential property increased 2.4 percent, Commercial property increased 5.5 percent, and Industrial property increased 9.7 percent. The City's levy increased \$1,473,363, or 4.5 percent for taxes payable 2025 which resulted in a tax rate increase of 1.2 percent.
- The 2025 budget reflects an increase in the City's investment towards personnel costs and infrastructure:
 - Other than covering a 3% general wage increase and 6.2% increased health insurance costs, the City added 6 new positions to the budget in 2025: two police officers, one police sergeant, and three additional full-time firefighters. Over the next four years, the City will utilize funds from a recently awarded COPS grant as well as some of its 2023 one-time public safety aid, to slowly transition the costs for the three new police department employees on to the levy.
 - 2025 is the first year for the City to start spending down previous year's savings under the SAFER Savings Plan (\$525,000 in 2025) to help mitigate the impact to the tax levy from the City's 2022 hiring of 9 new firefighters. Between 2025 and 2027, the City will spend the \$1 million in funds that were saved during fiscal years 2022, 2023, and 2024 to ensure the costs of those 9 new hires will be fully supported by the tax levy in 2028.
 - There was a procedural shift to Pavement Management funding related to Parks parking lots and trails – with that annual transfer now budgeted out of the General Fund instead of out of the Pavement Management Fund. After consideration of that procedural shift in dollars, the Pavement Management levy still increased by 5%, or \$139,000 to bring the total levy investment in the program to \$2,934,750.
 - The city increased the Fire Department's allocation to Central Equipment by \$540,500 to better save for future equipment replacements as fire trucks and apparatuses have outpaced current savings models.
- The City increased water rates by 10% in 2025. Although a sizable increase, it followed many years of smaller 2% rate increases that could not be maintained due to the need for future capital investment in the system. In 2025, the fixed rate for sanitary sewer was increased by 7 and the volumetric rate was increased by 6%. The City's sanitary sewer rates are largely driven by treatment costs (and subsequent fee increases to the City) approved by the Metropolitan Council Environmental Services (MCES) which were set at 4.05% for 2025. The water and sewer rate increases follow the proposed rate increases recommended from the City's 2022-2023 water and sewer rate study.
- In 2025, the City awarded a contract to Advanced Engineering and Environmental Services, LLC (AE2S) for a stormwater rate study. Stormwater is one area within the City that is most in need of funding as current resources are not sufficient to meet ongoing capital needs. To coincide with 2025 rate study efforts, staff will be engaging the public through a Citizen's Focus Group.

- At present, residents in the Northwest Area (NWA) pay higher stormwater rates than non-NWA residents. In an effort to bridge this gap, between 2022 and 2025 the City annually increased non-NWA rates by 25% but held NWA rate increases to only 5% annually during that same time period. The expectation is that these rates will be fully aligned by 2028.
- In 2024, the City obligated \$2.5 million from its American Rescue Plan Act (ARPA) dollars towards a \$4.8 million dollar Water Treatment Plant Rehabilitation Project. This project is expected to conclude in Fall of 2025. The City is financing the remaining portion of the project through a Drinking Water Revolving Loan (DWRL) from the Minnesota Public Facilities Authority (PFA). The loan is payable over 20 years at a low-interest rate of 2.155%.
- In 2024, the City allocated its remaining ARPA dollars (\$1,397,441) to full time police wages. This transfer resulted in approximately \$1.4 million in General Fund savings for the year (transfer plus interest accrued). After a year-end review of General Fund balances, it was the City Council's desire to use the savings generated by the 2024 transfer to provide residents with new and/or additional park amenities. And on April 14, 2025, the Council approved the transfer of \$1.4 million in excess General Fund balances to the Parks Acquisition & Development Fund for those future amenities – numerous options have been discussed but a specific project has not yet been identified.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director, City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412.

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BASIC FINANCIAL STATEMENTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Inver Grove Heights, Minnesota
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 82,757,747	\$ 33,917,172	\$ 116,674,919
Receivables			
Accrued interest	434,782	196,508	631,290
Taxes	2,628,140	-	2,628,140
Accounts	267,104	1,905,851	2,172,955
Special assessments	6,470,766	575,310	7,046,076
Leases	981,428	-	981,428
Due from other governments	3,419,460	-	3,419,460
Internal balances	546,054	(546,054)	-
Inventories	61,128	-	61,128
Prepaid items	481,080	210,524	691,604
Land held for resale	1,138,500	-	1,138,500
Net pension asset	1,868,499	-	1,868,499
Capital assets			
Land and construction in progress	55,395,642	8,711,109	64,106,751
Depreciable assets (net of accumulated depreciation)	95,270,326	63,316,905	158,587,231
Total Assets	<u>251,720,656</u>	<u>108,287,325</u>	<u>360,007,981</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	78,307	78,307
Deferred other postemployment benefits resources	2,004,414	268,463	2,272,877
Deferred pension resources	12,948,967	155,139	13,104,106
Total Deferred Outflows of Resources	<u>14,953,381</u>	<u>501,909</u>	<u>15,455,290</u>
Liabilities			
Accounts and contracts payable	1,383,973	592,556	1,976,529
Escrows payable	2,117,219	-	2,117,219
Accrued salaries payable	443,520	49,929	493,449
Due to other governments	59,764	263,533	323,297
Accrued interest payable	296,662	103,948	400,610
Deposits payable	9,353	99,156	108,509
Unearned revenue	211,316	3,669,141	3,880,457
Long-term liabilities			
Due within one year			
Long-term liabilities	3,532,280	1,003,203	4,535,483
Due in more than one year			
Long-term liabilities	36,818,826	9,703,113	46,521,939
Total Liabilities	<u>44,872,913</u>	<u>15,484,579</u>	<u>60,357,492</u>
Deferred Inflows of Resources			
Deferred lease resources	972,528	-	972,528
Deferred pension resources	15,491,437	542,839	16,034,276
Deferred other postemployment benefit resources	416,791	55,824	472,615
Total Deferred Inflows of Resources	<u>16,880,756</u>	<u>598,663</u>	<u>17,479,419</u>
Net Position			
Net investment in capital assets	126,758,171	62,263,501	189,021,672
Restricted for			
Debt service	4,224,459	-	4,224,459
Community development	4,303,785	-	4,303,785
Culture and recreation improvements	2,095,043	-	2,095,043
Public health	271,250	-	271,250
Public safety	1,475,312	-	1,475,312
Affordable housing	202,446	-	202,446
Fire relief pension	1,868,499	-	1,868,499
Unrestricted	63,721,403	30,442,491	94,163,894
Total Net Position	<u>\$ 204,920,368</u>	<u>\$ 92,705,992</u>	<u>\$ 297,626,360</u>

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

City of Inver Grove Heights, Minnesota

Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 4,741,396	\$ 138,918	\$ -	\$ 111
Public safety	18,303,826	525,304	4,478,048	-
Public works	9,963,161	4,083,059	1,434,620	4,660,569
Culture and recreation	8,288,378	4,376,984	365,360	2,080
Community development	2,374,010	1,394,959	259,599	-
Interest on long-term debt	712,039	-	-	-
Total Governmental Activities	44,382,810	10,519,224	6,537,627	4,662,760
Business-type Activities				
Water	3,435,876	3,886,195	3,873	485,104
Sewer	4,260,764	5,213,056	-	510,610
Stormwater	792,817	1,029,716	-	732,141
Golf course	2,538,494	2,790,326	-	-
Total Business-type Activities	11,027,951	12,919,293	3,873	1,727,855
Total	\$ 55,410,761	\$ 23,438,517	\$ 6,541,500	\$ 6,390,615

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - capital assets

Transfers - internal activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,602,367)	\$ -	\$ (4,602,367)
(13,300,474)	-	(13,300,474)
215,087	-	215,087
(3,543,954)	-	(3,543,954)
(719,452)	-	(719,452)
(712,039)	-	(712,039)
(22,663,199)	-	(22,663,199)
-	939,296	939,296
-	1,462,902	1,462,902
-	969,040	969,040
-	251,832	251,832
-	3,623,070	3,623,070
(22,663,199)	3,623,070	(19,040,129)
30,398,608	-	30,398,608
2,542,411	-	2,542,411
203,013	-	203,013
1,221,745	-	1,221,745
648,106	-	648,106
3,006,601	1,292,459	4,299,060
124,634	34,000	158,634
(3,271,723)	3,271,723	-
(1,175,856)	1,175,856	-
33,697,539	5,774,038	39,471,577
11,034,340	9,397,108	20,431,448
193,886,028	83,308,884	277,194,912
<u>\$ 204,920,368</u>	<u>\$ 92,705,992</u>	<u>\$ 297,626,360</u>

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

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FUND FINANCIAL STATEMENTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Inver Grove Heights, Minnesota

Balance Sheet
Governmental Funds
December 31, 2024

	General	Debt Service	Special Revenue	
		Improvement Bonds	Community Center	Host Community
Assets				
Cash and temporary investments	\$ 19,090,469	\$ 4,363,232	\$ 610,804	\$ 4,598,190
Receivables				
Accrued interest	85,994	16,793	5,535	24,228
Taxes	1,970,943	622	-	-
Accounts	63,079	-	165,830	27,338
Special assessments	8,609	140,474	-	-
Leases	981,428	-	-	-
Due from other governments	317,741	-	245,033	-
Advances to other funds	-	-	-	1,000,000
Prepaid items	270,283	-	12,632	-
Land held for resale	-	-	-	-
Total Assets	\$ 22,788,546	\$ 4,521,121	\$ 1,039,834	\$ 5,649,756
Liabilities				
Accounts and contracts payable	\$ 129,700	\$ -	\$ 29,625	\$ 935
Escrows payable	-	-	-	-
Accrued salaries payable	328,859	-	74,928	-
Due to other governments	50,615	-	7,553	1,050
Advances from other funds	-	-	279,105	-
Deposits payable	-	-	9,353	-
Unearned revenue	112,983	-	98,333	-
Total Liabilities	622,157	-	498,897	1,985
Deferred Inflows of Resources				
Unavailable revenues - delinquent taxes	271,899	-	-	-
Unavailable revenues - special assessments	8,609	140,474	-	-
Unavailable revenues - intergovernmental	-	-	215,915	-
Deferred lease resources	972,528	-	-	-
Total Deferred Inflows of Resources	1,253,036	140,474	215,915	-
Fund Balances				
Nonspendable	279,183	-	12,632	-
Restricted	1,475,312	4,380,647	-	-
Committed	1,154,309	-	312,390	5,647,771
Assigned	-	-	-	-
Unassigned	18,004,549	-	-	-
Total Fund Balances	20,913,353	4,380,647	325,022	5,647,771
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,788,546	\$ 4,521,121	\$ 1,039,834	\$ 5,649,756

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 1,309,080	\$ 2,992,914	\$ 14,388,627	\$ 2,143,135	\$ 11,244,608	\$ 60,741,059
7,908	20,044	94,921	-	66,147	321,570
-	-	645,611	-	10,964	2,628,140
-	-	-	-	-	256,247
731,327	4,309	5,578,047	-	8,000	6,470,766
-	-	-	-	-	981,428
-	236,993	2,619,693	-	-	3,419,460
-	-	-	-	-	1,000,000
-	-	-	-	-	282,915
-	-	-	-	1,138,500	1,138,500
<u>\$ 2,048,315</u>	<u>\$ 3,254,260</u>	<u>\$ 23,326,899</u>	<u>\$ 2,143,135</u>	<u>\$ 12,468,219</u>	<u>\$ 77,240,085</u>
\$ -	\$ 53,679	\$ 671,291	\$ 25,916	\$ 243,259	\$ 1,154,405
-	-	-	2,117,219	-	2,117,219
-	-	-	-	479	404,266
-	-	88	-	-	59,306
-	-	-	-	1,000,000	1,279,105
-	-	-	-	-	9,353
-	-	-	-	-	211,316
-	53,679	671,379	2,143,135	1,243,738	5,234,970
-	-	-	-	-	271,899
731,330	4,309	5,578,047	-	8,000	6,470,769
-	-	2,619,693	-	-	2,835,608
-	-	-	-	-	972,528
<u>731,330</u>	<u>4,309</u>	<u>8,197,740</u>	<u>-</u>	<u>8,000</u>	<u>10,550,804</u>
-	-	-	-	-	291,815
-	-	-	-	6,872,524	12,728,483
-	-	-	-	823,364	7,937,834
1,316,985	3,196,272	14,457,780	-	3,520,593	22,491,630
-	-	-	-	-	18,004,549
<u>1,316,985</u>	<u>3,196,272</u>	<u>14,457,780</u>	<u>-</u>	<u>11,216,481</u>	<u>61,454,311</u>
<u>\$ 2,048,315</u>	<u>\$ 3,254,260</u>	<u>\$ 23,326,899</u>	<u>\$ 2,143,135</u>	<u>\$ 12,468,219</u>	<u>\$ 77,240,085</u>

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

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City of Inver Grove Heights, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2024

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 61,454,311
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	1,868,499
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	219,717,268
Less: accumulated depreciation/amortization	(85,135,044)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities on the statement of net position.	35,071,759
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(23,250,000)
Plus premium on bonds issued	(620,427)
Lease payable	(37,370)
Other postemployment benefits payable	(2,610,107)
Net pension liability	(10,133,153)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	271,899
Special assessments	6,470,769
Intergovernmental	2,835,608
Governmental funds do not report long-term amounts related to pensions and OPEB.	
Deferred outflows other postemployment benefit resources	2,004,414
Deferred inflows other postemployment benefit resources	(416,791)
Deferred outflows of pension resources	12,841,780
Deferred inflows of pension resources	(15,116,385)
Governmental funds do not report a liability for accrued interest until due and payable.	(296,662)
Total Net Position - Governmental Activities	\$ 204,920,368

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Debt Service	Special Revenue	
		Improvement Bonds	Community Center	Host Community
Revenues				
Taxes	\$ 27,346,333	\$ 2,542,411	\$ -	\$ -
Licenses and permits	1,547,176	-	-	-
Intergovernmental	3,858,459	-	-	-
Charges for services	1,405,633	-	3,428,067	2,469,064
Fines and forfeitures	186,711	-	-	-
Special assessments	5,911	113,589	-	-
Donations	-	-	-	-
Investment earnings	628,425	113,682	34,913	168,613
Miscellaneous	236,567	-	200,528	1,158
Total Revenues	35,215,215	2,769,682	3,663,508	2,638,835
Expenditures				
Current				
General government	3,720,203	-	-	-
Public safety	17,284,650	-	-	-
Public works	4,621,423	-	-	-
Culture and recreation	3,439,493	-	3,955,412	-
Community development	2,089,558	-	-	-
Capital outlay				
Public safety	35,370	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	383,061	9,051
Community development	-	-	-	158,451
Debt service				
Principal	62,940	2,030,000	-	-
Interest and other charges	5,044	796,879	-	-
Total Expenditures	31,258,681	2,826,879	4,338,473	167,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,956,534	(57,197)	(674,965)	2,471,333
Other Financing Sources (Uses)				
Transfers in	689,517	177,250	1,048,115	37,975
Transfers out	(548,240)	-	-	(2,652,872)
Total Other Financing Sources (Uses)	141,277	177,250	1,048,115	(2,614,897)
Net Change in Fund Balances	4,097,811	120,053	373,150	(143,564)
Fund Balances, January 1	16,815,542	4,260,594	(48,128)	5,791,335
Fund Balances, December 31	\$ 20,913,353	\$ 4,380,647	\$ 325,022	\$ 5,647,771

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 79,394	\$ 4,161,698	\$ -	\$ 203,013	\$ 34,332,849
-	-	-	-	-	1,547,176
-	-	604,760	-	710,443	5,173,662
-	-	-	755,011	674,740	8,732,515
-	-	-	-	1,731	188,442
-	-	2,592,920	-	-	2,712,420
-	-	-	-	2,080	2,080
58,368	136,820	626,989	-	479,837	2,247,647
-	889,351	-	-	194,894	1,522,498
<u>58,368</u>	<u>1,105,565</u>	<u>7,986,367</u>	<u>755,011</u>	<u>2,266,738</u>	<u>56,459,289</u>
-	-	-	-	-	3,720,203
-	-	-	-	-	17,284,650
-	-	143,745	755,011	-	5,520,179
-	-	-	-	279,096	7,674,001
-	-	-	-	115,647	2,205,205
-	-	-	-	-	35,370
-	1,043,549	7,465,514	-	-	8,509,063
-	-	-	-	2,014,394	2,406,506
-	-	-	-	-	158,451
-	-	-	-	-	2,092,940
-	-	-	-	-	801,923
<u>-</u>	<u>1,043,549</u>	<u>7,609,259</u>	<u>755,011</u>	<u>2,409,137</u>	<u>50,408,491</u>
<u>58,368</u>	<u>62,016</u>	<u>377,108</u>	<u>-</u>	<u>(142,399)</u>	<u>6,050,798</u>
-	1,216,423	1,241,230	-	1,004,015	5,414,525
(177,250)	(2,004,512)	(712,868)	-	(500,889)	(6,596,631)
<u>(177,250)</u>	<u>(788,089)</u>	<u>528,362</u>	<u>-</u>	<u>503,126</u>	<u>(1,182,106)</u>
(118,882)	(726,073)	905,470	-	360,727	4,868,692
<u>1,435,867</u>	<u>3,922,345</u>	<u>13,552,310</u>	<u>-</u>	<u>10,855,754</u>	<u>56,585,619</u>
<u>\$ 1,316,985</u>	<u>\$ 3,196,272</u>	<u>\$ 14,457,780</u>	<u>\$ -</u>	<u>\$ 11,216,481</u>	<u>\$ 61,454,311</u>

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

City of Inver Grove Heights, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 4,868,692
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays and lease right to use outlay	9,333,862
Depreciation/Amortization expense	(4,705,105)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Capital assets transferred to enterprise funds	(3,271,723)
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.</p>	
Loss on disposals	(57,489)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	2,092,940
Current year amortization of bond premium	62,821
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	27,063
<p>Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, maintaining facilities, and maintenance of computer systems.</p>	
These balances are reported with governmental activities in the statement of activities.	574,313
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	443,169
Property taxes	32,928
Intergovernmental	1,412,551
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Other postemployment benefits	(266,933)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	416,629
Pension revenue from State contributions	70,622
	70,622
Change in Net Position - Governmental Activities	\$ 11,034,340

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 27,343,983	\$ 27,343,983	\$ 27,346,333	\$ 2,350
Licenses and permits	1,225,330	1,225,330	1,547,176	321,846
Intergovernmental	2,023,514	2,063,514	3,858,459	1,794,945
Charges for services	1,339,603	1,339,603	1,405,633	66,030
Fines and forfeitures	203,300	203,300	186,711	(16,589)
Special assessments	1,500	1,500	5,911	4,411
Investment earnings	150,000	150,000	628,425	478,425
Miscellaneous	145,150	148,150	236,567	88,417
Total Revenues	<u>32,432,380</u>	<u>32,475,380</u>	<u>35,215,215</u>	<u>2,739,835</u>
Expenditures				
Current				
General government	3,542,580	3,642,580	3,720,203	(77,623)
Public safety	18,266,120	18,494,619	17,284,650	1,209,969
Public works	4,956,955	5,050,855	4,621,423	429,432
Culture and recreation	3,566,235	3,638,296	3,439,493	198,803
Community development	2,259,475	2,265,224	2,089,558	175,666
Capital outlay				
Public safety	45,000	116,000	35,370	80,630
Debt service				
Principal	-	-	62,940	(62,940)
Interest and other charges	-	-	5,044	(5,044)
Total Expenditures	<u>32,636,365</u>	<u>33,207,574</u>	<u>31,258,681</u>	<u>1,948,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(203,985)</u>	<u>(732,194)</u>	<u>3,956,534</u>	<u>4,688,728</u>
Other Financing Sources (Uses)				
Transfers in	688,500	688,500	689,517	1,017
Transfers out	(484,515)	(490,765)	(548,240)	(57,475)
Total Financing Sources (Uses)	<u>203,985</u>	<u>197,735</u>	<u>141,277</u>	<u>(56,458)</u>
Net Change in Fund Balances	-	(534,459)	4,097,811	4,632,270
Fund Balances, January 1	<u>16,815,542</u>	<u>16,815,542</u>	<u>16,815,542</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 16,815,542</u>	<u>\$ 16,281,083</u>	<u>\$ 20,913,353</u>	<u>\$ 4,632,270</u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Center Special Revenue Fund
For the Year Ended December 31, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 2,772,115	\$ 2,772,115	\$ 3,428,067	\$ 655,952
Investment earnings	-	-	34,913	34,913
Miscellaneous	123,675	123,675	200,528	76,853
Total Revenues	<u>2,895,790</u>	<u>2,895,790</u>	<u>3,663,508</u>	<u>767,718</u>
Expenditures				
Current				
Culture and recreation	4,050,495	4,082,895	3,955,412	127,483
Capital outlay				
Culture and recreation	512,900	735,250	383,061	352,189
Total Expenditures	<u>4,563,395</u>	<u>4,818,145</u>	<u>4,338,473</u>	<u>479,672</u>
Excess (Deficiency) of Revenues Under Expenditures	(1,667,605)	(1,922,355)	(674,965)	1,247,390
Other Financing Sources				
Transfers in	<u>1,854,805</u>	<u>1,887,205</u>	<u>1,048,115</u>	<u>(839,090)</u>
Net Change in Fund Balances	187,200	(35,150)	373,150	408,300
Fund Balances, January 1	<u>(48,128)</u>	<u>(48,128)</u>	<u>(48,128)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 139,072</u>	<u>\$ (83,278)</u>	<u>\$ 325,022</u>	<u>\$ 408,300</u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Host Community Special Revenue Fund
For the Year Ended December 31, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 2,376,950	\$ 2,376,950	\$ 2,469,064	\$ 92,114
Investment earnings	110,139	110,139	168,613	58,474
Miscellaneous	-	-	1,158	1,158
Total Revenues	<u>2,487,089</u>	<u>2,487,089</u>	<u>2,638,835</u>	<u>151,746</u>
Expenditures				
Capital outlay				
Culture and recreation	-	-	9,051	(9,051)
Community development	183,401	195,469	158,451	37,018
Total Expenditures	<u>183,401</u>	<u>195,469</u>	<u>167,502</u>	<u>27,967</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>2,303,688</u>	<u>2,291,620</u>	<u>2,471,333</u>	<u>179,713</u>
Other Financing Sources (Uses)				
Transfers in	-	-	37,975	37,975
Transfers out	(3,459,805)	(3,492,205)	(2,652,872)	839,333
Total Financing Sources (Uses)	<u>(3,459,805)</u>	<u>(3,492,205)</u>	<u>(2,614,897)</u>	<u>877,308</u>
Net Change in Fund Balances	(1,156,117)	(1,200,585)	(143,564)	1,057,021
Fund Balances, January 1	<u>5,791,335</u>	<u>5,791,335</u>	<u>5,791,335</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 4,635,218</u>	<u>\$ 4,590,750</u>	<u>\$ 5,647,771</u>	<u>\$ 1,057,021</u>

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Golf Course	Total	Internal Service Funds
Assets						
Current Assets						
Cash and temporary investments	\$ 19,239,090	\$ 7,298,414	\$ 5,307,151	\$ 2,072,517	\$ 33,917,172	\$ 22,016,688
Receivables						
Accrued interest	108,386	41,698	29,867	16,557	196,508	113,212
Accounts	627,502	906,087	372,262	-	1,905,851	10,857
Special assessments	285,272	-	36,838	-	322,110	-
Due from other funds	-	-	-	-	-	639,088
Inventories	-	-	-	-	-	61,128
Prepaid items	2,119	202,841	-	5,564	210,524	198,165
Total Current Assets	<u>20,262,369</u>	<u>8,449,040</u>	<u>5,746,118</u>	<u>2,094,638</u>	<u>36,552,165</u>	<u>23,039,138</u>
Long-term Assets						
Advance to other funds	-	-	-	-	-	186,071
Special assessments	12,160	136,356	104,684	-	253,200	-
Capital assets						
Land	583,598	768,102	1,175,104	1,862,355	4,389,159	209,122
Construction in progress	1,788,144	1,119,856	1,413,950	-	4,321,950	-
Buildings and systems	52,810,815	45,636,531	24,199,657	971,217	123,618,220	17,470,280
Improvements other than buildings	98,108	39,924	-	4,501,427	4,639,459	240,717
Machinery and equipment	391,571	9,585	-	1,265,124	1,666,280	17,455,539
Total Capital Assets	55,672,236	47,573,998	26,788,711	8,600,123	138,635,068	35,378,658
Less accumulated depreciation	(25,739,693)	(17,676,616)	(17,192,325)	(5,998,420)	(66,607,054)	(19,291,914)
Net Capital Assets	<u>29,932,543</u>	<u>29,897,382</u>	<u>9,596,386</u>	<u>2,601,703</u>	<u>72,028,014</u>	<u>16,083,744</u>
Total Long-term Assets	<u>29,944,703</u>	<u>30,033,738</u>	<u>9,701,070</u>	<u>2,601,703</u>	<u>72,281,214</u>	<u>16,269,815</u>
Total Assets	<u>50,207,072</u>	<u>38,482,778</u>	<u>15,447,188</u>	<u>4,696,341</u>	<u>108,833,379</u>	<u>39,308,953</u>
Deferred Outflows of Resources						
Deferred charge on refunding	-	78,307	-	-	78,307	-
Deferred other postemployment benefits resources	91,518	43,724	22,896	110,325	268,463	-
Deferred pension resources	52,428	25,294	15,523	61,894	155,139	107,187
Total Deferred Outflows of Resources	<u>143,946</u>	<u>147,325</u>	<u>38,419</u>	<u>172,219</u>	<u>501,909</u>	<u>107,187</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Golf Course	Total	Internal Service Funds
Liabilities						
Current Liabilities						
Accounts and contracts payable	\$ 282,275	\$ 306,931	\$ 3,350	\$ -	\$ 592,556	\$ 229,568
Accrued salaries payable	18,772	8,818	5,904	16,435	49,929	39,254
Due to other governments	103,290	151,760	7,320	1,163	263,533	458
Accrued interest payable	-	103,948	-	-	103,948	-
Deposits payable	-	-	-	99,156	99,156	-
Unearned revenue	2,652,430	373,196	-	643,515	3,669,141	-
Compensated absences payable - current portion	56,455	26,955	1,105	49,485	134,000	1,301,914
Bonds payable - current portion	-	853,467	-	-	853,467	-
Other postemployment benefits payable - current portion	5,364	2,563	1,342	6,467	15,736	-
Total Current Liabilities	<u>3,118,586</u>	<u>1,827,638</u>	<u>19,021</u>	<u>816,221</u>	<u>5,781,466</u>	<u>1,571,194</u>
Long-term Liabilities						
Compensated absences payable	70,071	26,200	-	103,758	200,029	1,885,449
Advance from other funds	-	-	-	546,054	546,054	-
Bonds payable	-	8,427,193	-	-	8,427,193	-
Net pension liability	250,766	120,984	74,248	296,044	742,042	512,686
Other postemployment benefits payable	113,808	54,373	28,472	137,196	333,849	-
Total Long-term Liabilities	<u>434,645</u>	<u>8,628,750</u>	<u>102,720</u>	<u>1,083,052</u>	<u>10,249,167</u>	<u>2,398,135</u>
Total Liabilities	<u>3,553,231</u>	<u>10,456,388</u>	<u>121,741</u>	<u>1,899,273</u>	<u>16,030,633</u>	<u>3,969,329</u>
Deferred Inflows of Resources						
Deferred pension resources	183,447	88,506	54,316	216,570	542,839	375,052
Deferred other postemployment benefit resources	19,030	9,092	4,761	22,941	55,824	-
Total Deferred Inflows of Resources	<u>202,477</u>	<u>97,598</u>	<u>59,077</u>	<u>239,511</u>	<u>598,663</u>	<u>375,052</u>
Net Position						
Net investment in capital assets	29,674,669	20,390,743	9,596,386	2,601,703	62,263,501	16,083,744
Unrestricted	16,920,641	7,685,374	5,708,403	128,073	30,442,491	18,988,015
Total Net Position	<u>\$ 46,595,310</u>	<u>\$ 28,076,117</u>	<u>\$ 15,304,789</u>	<u>\$ 2,729,776</u>	<u>\$ 92,705,992</u>	<u>\$ 35,071,759</u>

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

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Golf Course	Total	Internal Service Funds
Operating Revenues						
Charges for services						
Water sales	\$ 3,759,335	\$ -	\$ -	\$ -	\$ 3,759,335	\$ -
Sewer charges	-	5,213,056	-	-	5,213,056	-
Storm Water charges	-	-	1,029,716	-	1,029,716	-
Late fees	88,225	-	-	-	88,225	-
Water meter sales	38,635	-	-	-	38,635	-
Green fees	-	-	-	872,610	872,610	-
Golf cart rentals	-	-	-	592,393	592,393	-
Practice center	-	-	-	279,786	279,786	-
Golf shop	-	-	-	96,885	96,885	-
Food and beverage	-	-	-	252,860	252,860	-
Other	-	-	-	695,792	695,792	6,611,940
Total Operating Revenues	<u>3,886,195</u>	<u>5,213,056</u>	<u>1,029,716</u>	<u>2,790,326</u>	<u>12,919,293</u>	<u>6,611,940</u>
Operating Expenses						
Personnel services	851,743	22,178	271,195	1,664,697	2,809,813	1,842,287
Other current expenses	1,556,885	3,144,215	270,697	757,831	5,729,628	3,679,481
Depreciation	1,019,248	869,027	250,925	115,966	2,255,166	1,887,589
Other	-	-	-	-	-	80,690
Total Operating Expenses	<u>3,427,876</u>	<u>4,035,420</u>	<u>792,817</u>	<u>2,538,494</u>	<u>10,794,607</u>	<u>7,490,047</u>
Operating Income (Loss)	<u>458,319</u>	<u>1,177,636</u>	<u>236,899</u>	<u>251,832</u>	<u>2,124,686</u>	<u>(878,107)</u>
Nonoperating Revenues (Expenses)						
Investment earnings	708,150	282,860	188,611	112,838	1,292,459	758,954
Miscellaneous revenues	3,873	-	-	-	3,873	562,582
Gain on sale of capital assets	-	-	-	34,000	34,000	124,634
Interest and amortization expense	(8,000)	(225,344)	-	-	(233,344)	-
Total Nonoperating Revenues (Expenses)	<u>704,023</u>	<u>57,516</u>	<u>188,611</u>	<u>146,838</u>	<u>1,096,988</u>	<u>1,446,170</u>
Income (Loss) Before Contributions and Transfers	1,162,342	1,235,152	425,510	398,670	3,221,674	568,063
Capital Contributions	1,745,903	1,335,230	1,918,445	-	4,999,578	-
Transfers In	864,846	844,095	1,610,248	-	3,319,189	6,250
Transfers Out	(749,195)	(979,734)	(414,404)	-	(2,143,333)	-
Change in Net Position	3,023,896	2,434,743	3,539,799	398,670	9,397,108	574,313
Net Position - January 1	<u>43,571,414</u>	<u>25,641,374</u>	<u>11,764,990</u>	<u>2,331,106</u>	<u>83,308,884</u>	<u>34,497,446</u>
Net Position, December 31	<u>\$ 46,595,310</u>	<u>\$ 28,076,117</u>	<u>\$ 15,304,789</u>	<u>\$ 2,729,776</u>	<u>\$ 92,705,992</u>	<u>\$ 35,071,759</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 3,789,511	\$ 5,122,967	\$ 961,560	\$ 2,167,524	\$ 12,041,562	\$ 6,601,728
Other operating receipts	3,873	-	-	-	3,873	562,582
Payments to suppliers	(1,705,676)	(3,444,105)	(444,740)	(765,587)	(6,360,108)	(3,774,923)
Payments to employees	(832,803)	(410,199)	(265,225)	(1,322,165)	(2,830,392)	(1,751,400)
Net Cash Provided by Operating Activities	<u>1,254,905</u>	<u>1,268,663</u>	<u>251,595</u>	<u>79,772</u>	<u>2,854,935</u>	<u>1,637,987</u>
Cash Flows from Noncapital Financing Activities						
Payments on interfund balances	-	-	-	(546,053)	(546,053)	639,088
Transfers from other funds	864,846	844,095	1,610,248	-	3,319,189	6,250
Transfers to other funds	(749,195)	(979,734)	(414,404)	-	(2,143,333)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>115,651</u>	<u>(135,639)</u>	<u>1,195,844</u>	<u>(546,053)</u>	<u>629,803</u>	<u>645,338</u>
Cash Flows from Capital and Related Financing Activities						
Connection fees received	421,378	511,649	783,156	-	1,716,183	-
Acquisition of capital assets	(416,341)	(321,526)	-	(352,711)	(1,090,578)	(1,421,490)
Proceeds from sale of capital assets	-	-	-	34,000	34,000	124,634
Intergovernmental	2,500,000	-	-	-	2,500,000	-
Interest paid on debt	(8,000)	(265,550)	-	-	(273,550)	-
Principal paid on bonds	-	(780,000)	-	-	(780,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,497,037</u>	<u>(855,427)</u>	<u>783,156</u>	<u>(318,711)</u>	<u>2,106,055</u>	<u>(1,296,856)</u>
Cash Flows from Investing Activities						
Investment receipts	<u>666,150</u>	<u>273,067</u>	<u>172,556</u>	<u>109,520</u>	<u>1,221,293</u>	<u>728,076</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,533,743	550,664	2,403,151	(675,472)	6,812,086	1,714,545
Cash and Cash Equivalents, January 1	<u>14,705,347</u>	<u>6,747,750</u>	<u>2,904,000</u>	<u>2,747,989</u>	<u>27,105,086</u>	<u>20,302,143</u>
Cash and Cash Equivalents, December 31	<u>\$ 19,239,090</u>	<u>\$ 7,298,414</u>	<u>\$ 5,307,151</u>	<u>\$ 2,072,517</u>	<u>\$ 33,917,172</u>	<u>\$ 22,016,688</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Golf Course	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	\$ 458,319	\$ 1,177,636	\$ 236,899	\$ 251,832	\$ 2,124,686	\$ (878,107)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	1,019,248	869,027	250,925	115,966	2,255,166	1,887,589
Other income related to operations	3,873	-	-	-	3,873	562,582
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	(96,684)	(89,057)	(68,156)	-	(253,897)	(10,212)
Inventories	-	-	-	-	-	46,792
Prepaid items	(2,119)	(202,841)	-	(1,821)	(206,781)	25,297
Deferred other postemployment benefits resources	(8,432)	3,541	1,308	(17,392)	(20,975)	-
Deferred pension resources	50,009	122,900	11,639	(25,722)	158,826	119,991
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts and contracts payable	(18,590)	(3,553)	(45,411)	(4,921)	(72,475)	(87,289)
Accrued salaries payable	6,168	1,109	2,367	4,815	14,459	11,648
Due to other governments	(128,082)	(93,496)	(128,632)	(1,014)	(351,224)	448
Deposits payable	-	-	-	18,223	18,223	-
Unearned revenue	-	(1,032)	-	(641,025)	(642,057)	-
Compensated absences payable	16,610	2,370	(5,672)	7,277	20,585	188,171
Net pension liability	(135,131)	(437,288)	(28,074)	159,780	(440,713)	(343,131)
Other postemployment benefits payable	25,191	3,472	2,436	38,541	69,640	-
Deferred pension resources	65,830	(81,649)	23,129	175,038	182,348	114,208
Deferred other postemployment benefits resources	(1,305)	(2,476)	(1,163)	195	(4,749)	-
Net Cash Provided by Operating Activities	<u>\$ 1,254,905</u>	<u>\$ 1,268,663</u>	<u>\$ 251,595</u>	<u>\$ 79,772</u>	<u>\$ 2,854,935</u>	<u>\$ 1,637,987</u>
Schedule of Noncash Capital and Related Financing Activities						
Capital assets acquired on account	\$ 257,874	\$ 304,286	\$ -	\$ -	\$ 562,160	\$ -
Capital assets contributed from governmental activities	1,260,799	824,620	1,186,304	-	3,271,723	-
Amortization of bond premium	-	48,467	-	-	48,467	-
Amortization of deferred charges on refunding	-	19,177	-	-	19,177	-

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

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Inver Grove Heights (the City) was incorporated in 1965 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five-member City Council elected by voters of the City. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The 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 their operational or financial relationships with the City. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Included in the City's reporting entity, based upon the application of these criteria, is the following blended component unit.

Blended Component Unit

The Inver Grove Heights Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and the four City Council members and the City has operational responsibility over the EDA. It is this criterion that results in the EDA being reported as a blended component unit and reported as a special revenue fund. Separate financial statements are not prepared for the EDA.

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 of the nonfiduciary activities of the primary government. *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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 included among program revenues are reported instead as *general revenues*.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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 fiscal 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, pensions, and claims and judgments, are recorded only when payment is due.

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Improvement Bonds fund* is a debt service fund that accounts for resources accumulated and payments for principal and interest on long term general obligation debt.

The *Community Center fund* accounts for the activities at the Veterans Memorial and the Grove Community Center. Charges for services within the fund are committed to Community Center activity.

The *Host Community fund* accounts for the activities related to the economic development grant program.

The *Closed Bond fund* accounts for improvement revenues and expenditures from replacement funds set aside for capital improvements.

The *Local Improvement Construction fund* accounts for the activities related to the construction projects within the City.

The *Pavement Management fund* accounts for the activities related to the costs to improve and maintain roads within the City.

The *Developer Escrows fund* accounts for the activities related to the collection and use of developer and building related escrow accounts.

The City reports the following major proprietary funds:

The *Water fund, Sewer fund and Stormwater fund* account for activities related to the operation of a water distribution system, sanitary sewer collection system and stormwater system, respectively.

The *Golf Course fund* accounts for resources and payments related to the operation and maintenance of a municipal golf course.

Additionally, the City reports the following fund types:

Internal service funds account for compensated absences, risk management, central equipment, city facilities and technology services provided to other departments or agencies of the City. Internal service funds operate in a manner similar to proprietary funds; however, they provide services primarily to other departments within the City.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes, payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 proprietary funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service 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 non-operating revenues and expenses.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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. See the investment note disclosure on page 78 for a detailed listing of the City's fair value measurements.

The City has the following recurring fair value measurements as of December 31, 2024:

- US treasury notes, municipal bonds and government agency securities of \$90,352,555 are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposits of \$14,161,554 are valued using a matrix pricing model (Level 2 inputs)

Property Taxes

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the fund financial statements as delinquent taxes receivable.

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

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported as restricted cash.

Accounts Receivable

Accounts receivable include amounts billed for services, such as water, sewer, stormwater and nuisance charges, provided before year end. Unbilled utility proprietary fund receivables are also included for services provided in 2024. The City annually certifies delinquent water, sewer, stormwater and nuisance accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

All trade (utility) and property tax receivables are shown at gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon the sale of the assessed property.

Due From Other Governments

The amounts due from other governments primarily include amounts for current taxes and project cost in which the City is receiving grants to support the projects.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items

All inventories are 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.

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

Land Held for Resale

Land was acquired by the EDA for subsequent resale for redevelopment purposes. Land held for resale is an asset recorded at the lower of cost or realizable value in the fund that acquired it.

Capital Assets

A capital asset is defined as a financial resource that is tangible or intangible in nature, complete in and of itself, and is not a component of another. Capital assets, which include property, easements, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of acquisition. Infrastructure assets acquired prior to the fiscal year ended December 31, 1979 are not reported. Right to use assets are valued at the estimated present value of the related lease liabilities.

Intangible assets prior to 2010 were capitalized and bundled with the infrastructure/land purchases and have been determined to have an indefinite life and therefore have not been broken out from the assets.

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

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets	Useful Life in Years
Buildings and Structures	20 to 50
Equipment and Machinery	3 to 20
Distribution and Collection Systems	50
Streets and Infrastructure	25

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 then. The City has three items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates. The third item, deferred charge on refunding results in the loss on a bond refunding recognized over shorter of the life of the refunded bond or the refunding bond.

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation, sick leave and personal leave benefits. There is an estimated liability for unpaid accumulated sick and personal leave that will be taken as severance upon retirement. All vacation and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2024. The General fund is typically used to liquidate governmental other postemployment benefits payable.

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. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred. In accordance with federal regulations, the City’s general obligation tax exempt bonds follow the arbitrage requirements.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA 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. The General fund is typically used to liquidate governmental pension liabilities.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Inver Grove Heights' Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

The total pension expense for the General Employees Plan (GERP), Police and Fire Plan (PEPFP), Defined Contribution Plan (DCP) and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
City's Proportionate Share	\$ 78,012	\$ 1,529,551	\$ 410	\$ 181,972	\$ 1,789,945
Proportionate Share of State's Contribution	(2,251)	25,368	-	-	23,117
	<u>\$ 75,761</u>	<u>\$ 1,554,919</u>	<u>\$ 410</u>	<u>\$ 181,972</u>	<u>\$ 1,813,062</u>

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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 has three types of items, which arise only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, one of the items, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: delinquent taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions. The City also reports deferred lease resources both in the governmental fund financial statements and the statement of net position.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Pursuant to the Fund Balance Policy approved by City Council, the City Administrator has been delegated the authority to assign and remove assignments of fund balance amounts for specific purposes.

Unassigned - 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.

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

The City has formally adopted a fund balance policy for the General fund. The City will strive to maintain a minimum General fund unassigned fund balance of 40 to 45 percent of next year's budgeted expenditures.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles), as applied to governmental units by the Government Accounting Standards Board (GASB). An annual appropriated budget is adopted for the General fund as well as for the Convention and Visitors Bureau, Community Center, Host Community and Economic Development Authority special revenue funds.

Budgeted amounts are reported as originally adopted, as well as amended by the City Council. General fund budgeted revenues were amended to increase revenues by \$43,000. General fund budget amendments increased expenditures \$571,209. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end. Any unencumbered appropriations that need to be carried forward to the next year must be reappropriated by the City Council from the fund balance.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General fund. Encumbrances outstanding at year-end expire and outstanding purchase orders are cancelled and not reported in the financial statements. Therefore, there are no outstanding encumbrances at year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public meetings are conducted to obtain taxpayer comments.
3. The General fund budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for that department. The Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue fund budgets are legally enacted through passage of resolutions for each fund as a whole.
4. The City Administrator is authorized to transfer appropriations within a fund's budget. Additional fund appropriations and deletions are or may be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service funds. Supplementary budgets are adopted for the Proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services; other current; capital outlay) within each activity.
9. The City Council may authorize transfers of budgeted amounts between City funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At December 31, 2024, the City’s carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying Amount of Deposits	\$ 11,676,421
Bank Balance	\$12,219,794
Covered by FDIC	(500,000)
	\$ 11,719,794
	\$ 11,719,794
Collateralized with securities pledged in City's name and letters of credit	\$ 11,719,794

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Investments

At December 31, 2024, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using (3)		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	less than 1 year	\$ 482,339			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 1 year	3,159,177	\$ -	\$ 3,159,177	\$ -
Negotiable Certificates of Deposits	N/A	1 to 5 years	10,502,244	-	10,502,244	-
Negotiable Certificates of Deposits	N/A	more than 5 years	500,133	-	500,133	-
Government Agency Securities	AAA	less than 1 year	6,909,430	6,909,430	-	-
Government Agency Securities	AA+	less than 1 year	998,650	998,650	-	-
Government Agency Securities	AAA	1 - 5 years	8,613,206	8,613,206	-	-
Government Agency Securities	AA	1 - 5 years	982,160	982,160	-	-
Government Agency Securities	AA+	1 - 5 years	13,058,333	13,058,333	-	-
Government Agency Securities	AAA	5 or more years	934,425	934,425	-	-
Municipal Bonds	AAA	less than 1 year	3,565,910	3,565,910	-	-
Municipal Bonds	AA	less than 1 year	2,664,042	2,664,042	-	-
Municipal Bonds	AA-	less than 1 year	968,820	968,820	-	-
Municipal Bonds	Aa1	less than 1 year	314,252	314,252	-	-
Municipal Bonds	A1	less than 1 year	717,658	717,658	-	-
Municipal Bonds	Aa2	less than 1 year	2,226,066	2,226,066	-	-
Municipal Bonds	Aa3	less than 1 year	845,906	845,906	-	-
Municipal Bonds	A3	less than 1 year	494,010	494,010	-	-
Municipal Bonds	AAA	1 - 5 years	7,300,939	7,300,939	-	-
Municipal Bonds	AA	1 - 5 years	6,986,757	6,986,757	-	-
Municipal Bonds	AA+	1 - 5 years	845,934	845,934	-	-
Municipal Bonds	A2	1 - 5 years	476,170	476,170	-	-
Municipal Bonds	AA-	1 - 5 years	1,194,221	1,194,221	-	-
Municipal Bonds	Aa1	1 - 5 years	1,010,858	1,010,858	-	-
Municipal Bonds	A1	1 - 5 years	966,181	966,181	-	-
Municipal Bonds	Aa2	1 - 5 years	6,030,732	6,030,732	-	-
Municipal Bonds	AA	5 or more years	362,429	362,429	-	-
Municipal Bonds	Aa3	5 or more years	82,856	82,856	-	-
Treasury Notes	AAA	less than 1 year	11,986,605	11,986,605	-	-
Treasury Notes	AAA	1 - 5 years	7,388,760	7,388,760	-	-
Treasury Notes	AA+	1 - 5 years	2,427,245	2,427,245	-	-
Total Investments			\$ 104,996,448	\$ 90,352,555	\$ 14,161,554	\$ -

(1) Ratings are provided by Standard & Poor's where applicable to indicate associated credit risk.

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

(3) See Note 1 for additional information on fair value measurements of investments.

N/A Indicates not applicable or available.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

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

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City will not directly invest more than five percent (5 percent) of the total portfolio in securities maturing more than five (5) years from the date of purchase, unless matched to a specific cash flow. The City was not exposed to interest rate risks due to the fact that their investments are not exposed to highly sensitive changes in interest rates.
- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 70 of the notes to the financial statements. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Concentration of Credit Risk*. Concentration of credit risk is defined as positions of five percent (5 percent) or more in the securities of a single issuer. As of December 31, 2024, the following issuers exceeded 5 percent of the City's total investments: FFCB (8.57 percent), FHLB (14.34 percent), Treasury securities (20.77 percent). The City's investment policy does not allow for an investment in any issuer or security type (except U.S. Treasury Bonds) that is in excess of fifty percent (50 percent) of the City's total investments.
- *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 to it. Minnesota statutes and the City's investment policy states that in order to provide a level of security for all funds, the collateralization level will be 110 percent of market value not covered by insurance. As of December 31, 2024, all of the City's bank balance was covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.
- *Custodial Credit Risk - Investments*. For an investment, 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 its investments or collateral securities that are in possession of an outside party. As of December 31, 2024, all securities were held by the City or its agent in the City's name. The City does not have an investment policy for custodial credit risk.

The City's investments held by a broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2024. However, each investment brokerage firm may have a limit to their supplemental insurance coverage and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits; the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 11,676,421
Investments	104,996,448
Petty Cash	<u>2,050</u>
 Total	 <u><u>\$ 116,674,919</u></u>
 As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	<u><u>\$ 116,674,919</u></u>

Lease Receivable

As of December 31, 2024, the City had the following lease receivables:

Description	Issue Date	Lease Maturity Date	Interest Rate	Current Year Inflow of Resources	Balance at Year End
Antenna Lease Agreements					
Northside water tower (AT&T)	1/1/2022	12/31/25	3.12 %	\$ 82,389	\$ 85,064
Northside water tower (Nextera)	1/1/2022	12/31/26	3.28	1,796	13,579
Northside water tower (T-Mobile)	1/1/2022	12/31/25	3.12	44,746	43,999
Pole at Carmen Ave (T-Mobile)	1/1/2022	12/31/24	3.79	30,961	706,113
5030 Babcock Trail (Verizon)	1/1/2022	12/31/28	3.16	32,856	<u>132,673</u>
 Total					 <u><u>\$ 981,428</u></u>

The City leases space at various City properties to communication companies for the operation and maintenance of communication antennas.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 32,034,539	\$ -	\$ -	\$ 32,034,539
Construction in progress	17,687,266	5,673,837		23,361,103
Total Capital Assets not Being Depreciated	49,721,805	5,673,837	-	55,395,642
Capital Assets Being Depreciated/Amortized				
Infrastructure	121,454,847	-	-	121,454,847
Buildings and systems	48,607,146	284,780	-	48,891,926
Improvements other than buildings	9,873,789	115,337	-	9,989,126
Machinery and equipment	18,204,052	1,409,676	(626,609)	18,987,119
Machinery and equipment - Right to Use Assets	374,266	-	-	374,266
Total Capital Assets Being Depreciated/Amortized	198,514,100	1,809,793	(623,609)	199,697,284
Less Accumulated Depreciation for				
Infrastructure	(51,697,720)	(3,350,401)	-	(55,048,121)
Buildings and systems	(27,273,349)	(978,798)	-	(28,252,147)
Improvements other than buildings	(6,815,123)	(796,250)	-	(7,611,373)
Machinery and equipment	(12,341,488)	(1,407,817)	569,120	(13,180,185)
Machinery and equipment - Right to Use Assets	(275,704)	(59,428)	-	(335,132)
Total Accumulated Depreciation/Amortization	(98,403,384)	(6,592,694)	566,120	(104,426,958)
Total Capital Assets Being Depreciated/Amortized, Net	100,110,716	(4,782,901)	(57,489)	95,270,326
Governmental Activities Capital Assets, Net	\$ 149,832,521	\$ 890,936	\$ (57,489)	\$ 150,665,968

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities	
General Government	\$ 658,625
Public Safety	938,826
Public Works	4,086,278
Culture and Recreation	868,543
Community Development	40,422
Total Depreciation Expense - Governmental Activities	\$ 6,592,694

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 4,389,159	\$ -	\$ -	\$ 4,389,159
Construction in progress	586,012	3,735,938	-	4,321,950
 Total Capital Assets not Being Depreciated	 4,975,171	 3,735,938	 -	 8,711,109
Capital Assets Being Depreciated				
Buildings and systems	122,925,805	692,415	-	123,618,220
Improvements other than buildings	4,639,459	-	-	4,639,459
Machinery and equipment	1,472,341	301,906	(107,967)	1,666,280
 Total Capital Assets Being Depreciated	 129,037,605	 994,321	 (107,967)	 129,923,959
Less Accumulated Depreciation for				
Buildings and systems	(58,871,979)	(2,139,597)	-	(61,011,576)
Improvements other than buildings	(4,370,804)	(17,226)	-	(4,388,030)
Machinery and equipment	(1,217,072)	(98,343)	107,967	(1,207,448)
 Total Accumulated Depreciation	 (64,459,855)	 (2,255,166)	 107,967	 (66,607,054)
 Total Capital Assets Being Depreciated, Net	 64,577,750	 (1,260,845)	 -	 63,316,905
 Business-type Activities Capital Assets, Net	 <u>\$ 69,552,921</u>	 <u>\$ 2,475,093</u>	 <u>\$ -</u>	 <u>\$ 72,028,014</u>

Depreciation expense was charged to programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 1,019,248
Sewer	869,027
Stormwater	250,925
Golf Course	115,966
 Total Depreciation Expense - Business-type Activities	 <u>\$ 2,255,166</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City has the following construction commitments at December 31, 2024:

Project	Spent to Date	Remaining Commitment
ADA Pedestrian Curb Ramps	\$ 327,396	\$ 16,370
South Valley Park	2,479,856	123,993
Heritage Village Park Phase IV	1,442,734	72,137
Seidl's Lake Trail Ext & Wetland Restoration	-	723,644
Water Treatment Plant Rehabilitation	255,500	3,784,595
Utility Rate Study	25,476	40,049
Monopole Feasibility Study	4,120	54,580
Rock Island Swing Bridge Lighting	-	488,005
Lighting Improvements at City Hall and Police Station	-	167,700
Dawn Way North and Neighborhood Street Improvements	4,195,985	141,602
Delano Way and Dempsey Way Area	706,808	91,754
Corcoran Path & Dawson Way Area	1,055,587	8,324
Southgrove Areas 7A & 7B	1,917,430	229,963
96th Street	1,118,031	175,044
Bixby Way	51,802	24,225
Total	<u>\$ 13,580,725</u>	<u>\$ 6,141,985</u>

D. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. and G.O. revenue bonds to provide funds for the acquisition and construction of major capital facilities and equipment. Debt service is covered by tax increments, special assessments, property tax levies and revenues. In addition, G.O. bonds have been issued to refund G.O., G.O. special assessment, and G.O. revenue bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2015A	\$ 7,745,000	2.00 - 3.00 %	09/17/15	02/01/31	\$ 3,865,000
G.O. Refunding Capital Bonds, Series 2016A	8,515,000	2.75 - 3.00	12/29/16	02/01/34	6,095,000
G.O. Capital Improvement Plan Bonds, Series 2018A	9,785,000	3.35 - 5.00	12/27/18	02/01/39	8,205,000
G.O. Capital Improvement Plan Bonds, Series 2019A	2,500,000	3.50 - 4.00	01/03/19	02/01/27	<u>2,095,000</u>
Total G.O. Bonds					<u>\$ 20,260,000</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,575,000	\$ 620,548	\$ 2,195,548
2026	1,630,000	563,560	2,193,560
2027	1,645,000	505,760	2,150,760
2028	1,710,000	451,685	2,161,685
2029	1,765,000	401,016	2,166,016
2030 - 2034	7,915,000	1,249,497	9,164,497
2035 - 2039	4,020,000	346,469	4,366,469
Total	\$ 20,260,000	\$ 4,138,535	\$ 24,398,535

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2017B	\$ 3,505,000	2.00 - 3.00 %	12/11/17	02/01/33	\$ 2,235,000
G.O. Improvement Bonds, Series 2020A	1,640,000	.05 - 1.00	12/15/20	02/01/27	755,000
Total G.O. Special Assessment Bonds					\$ 2,990,000

Annual debt service requirements to maturity for G.O. special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 515,000	\$ 57,893	\$ 572,893
2026	525,000	47,918	572,918
2027	530,000	38,278	568,278
2028	255,000	30,838	285,838
2029	220,000	25,813	245,813
2030 - 2033	945,000	47,666	992,666
Total	\$ 2,990,000	\$ 248,406	\$ 3,238,406

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the proprietary funds. They will be repaid from future revenues pledged from the Sewer proprietary funds and are backed by the taxing power of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

					Sewer
Net Operating Revenues	\$				5,213,056
Principal and Interest					1,045,550
Percentage of Revenues					20.06 %
Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue Bonds, Series 2015B	\$ 4,185,000	3.00 - 4.00 %	09/17/15	02/01/31	\$ 2,270,000
G.O. Sewer Refunding Revenue Bonds, Series 2017A	5,685,000	1.50 - 3.00	01/12/17	02/01/36	4,290,000
G.O. Sewer Refunding Revenue Bonds, Series 2021A	2,740,000	2.00 - 3.00	12/30/21	02/01/34	2,350,000
Total G.O. Revenue Bonds					\$ 8,910,000

The annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2025	\$ 805,000	\$ 237,781	\$ 1,042,781
2026	825,000	212,606	1,037,606
2027	855,000	186,700	1,041,700
2028	880,000	161,488	1,041,488
2029	915,000	135,400	1,050,400
2030 - 2034	3,810,000	329,638	4,139,638
2035 - 2036	820,000	22,687	842,687
Total	\$ 8,910,000	\$ 1,286,300	\$ 10,196,300

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Leases Payable

The following leases were issued to finance the use of various police department vehicles. Lease payments include a monthly management fee, ranging from \$57 to \$69 per month. The leases are nonrenewable. The value of the underlying equipment and machinery lease assets and related accumulated amortization as of December 31, 2024 was \$374,266 and \$335,132, respectively.

Description	Interest Rate	Issue Date	Lease Maturity Date	Payment Terms	Residual Value	Balance at Year End
Enterprise Fleet Management						
Police Vehicle	5.62 %	01/01/22	01/30/25	\$ 624 Monthly	\$ 6,581	\$ 823
Police Vehicle	5.62	01/01/22	01/30/25	624 Monthly	6,581	823
Police Vehicle	5.30	01/01/22	06/30/25	618 Monthly	6,579	3,547
Police Vehicle	4.17	01/01/22	01/31/26	552 Monthly	5,714	6,542
Police Vehicle	5.35	01/01/22	01/31/27	382 Monthly	3,964	7,911
Police Vehicle	5.55	01/01/22	02/28/27	839 Monthly	3,893	17,724
Total						<u>\$ 37,370</u>

The annual debt service requirements to maturity for the lease payables are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 22,875	\$ 1,960	\$ 24,835
2026	13,429	785	14,214
2027	1,066	59	1,125
Total	<u>\$ 37,370</u>	<u>\$ 2,804</u>	<u>\$ 40,174</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 21,785,000	\$ -	\$ (1,525,000)	\$ 20,260,000	\$ 1,575,000
G.O. special assessment bonds	3,495,000	-	(505,000)	2,990,000	515,000
Bond premium	683,248	-	(62,821)	620,427	-
Total Bonds Payable	25,963,248	-	(2,092,821)	23,870,427	2,090,000
Net Pension Liability	15,180,563	-	(4,534,724)	10,645,839	-
Other Postemployment Benefits Liability	2,273,557	336,550	-	2,610,107	117,491
Lease Payable	100,310	-	(62,940)	37,370	22,875
Compensated Absences Payable*	2,999,192	188,171	-	3,187,363	1,301,914
Governmental Activity Long-term Liabilities	<u>\$ 46,516,870</u>	<u>\$ 524,721</u>	<u>\$ (6,690,485)</u>	<u>\$ 40,351,106</u>	<u>\$ 3,532,280</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 9,690,000	\$ -	\$ (780,000)	\$ 8,910,000	\$ 805,000
Bond premium	419,127	-	(48,467)	370,660	48,467
Total Bonds Payable	10,109,127	-	(828,467)	9,280,660	853,467
Net Pension Liability	1,182,755	-	(440,713)	742,042	-
Other Postemployment Benefits Liability	279,945	69,640	-	349,585	15,736
Compensated Absences Payable*	313,444	20,585	-	334,029	134,000
Business-type Activity Long-term Liabilities	<u>\$ 11,885,271</u>	<u>\$ 90,225</u>	<u>\$ (1,269,180)</u>	<u>\$ 10,706,316</u>	<u>\$ 1,003,203</u>

*The City is presenting the change in compensated absences as a net increase.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

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

	General	Improvement Bonds	Community Center	Host Community
Nonspendable				
Prepaid items	\$ 270,283	\$ -	\$ 12,632	\$ -
Leases	8,900	-	-	-
Total Nonspendable	<u>279,183</u>	<u>-</u>	<u>12,632</u>	<u>-</u>
Restricted for				
Debt service	-	4,380,647	-	-
Community development	-	-	-	-
Public safety	1,475,312	-	-	-
Public health	-	-	-	-
Tree preservation	-	-	-	-
Park improvements	-	-	-	-
Affordable housing	-	-	-	-
Total Restricted	<u>1,475,312</u>	<u>4,380,647</u>	<u>-</u>	<u>-</u>
Committed to				
Convention and Visitors Bureau	-	-	-	-
Economic development	-	-	-	-
Capital improvements	-	-	312,390	5,647,771
Public safety	1,154,309	-	-	-
Total Committed	<u>1,154,309</u>	<u>-</u>	<u>312,390</u>	<u>5,647,771</u>
Assigned to				
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>18,004,549</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,913,353</u>	<u>\$ 4,380,647</u>	<u>\$ 325,022</u>	<u>\$ 5,647,771</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

	Closed Bond	Local Improvement Construction	Pavement Management	Other Governmental	Total
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 282,915
Leases	-	-	-	-	8,900
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,815</u>
Restricted for					
Debt service	-	-	-	-	4,380,647
Community development	-	-	-	4,303,785	4,303,785
Public safety	-	-	-	-	1,475,312
Public health	-	-	-	271,250	271,250
Tree preservation	-	-	-	680,085	680,085
Park improvements	-	-	-	1,414,958	1,414,958
Affordable housing	-	-	-	202,446	202,446
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,872,524</u>	<u>12,728,483</u>
Committed to					
Convention and Visitors Bureau	-	-	-	287,272	287,272
Economic development	-	-	-	536,092	536,092
Capital improvements	-	-	-	-	5,960,161
Public safety	-	-	-	-	1,154,309
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>823,364</u>	<u>7,937,834</u>
Assigned to					
Debt service	1,316,985	-	-	-	1,316,985
Capital improvements	-	3,196,272	14,457,780	3,520,593	21,174,645
Total Assigned	<u>1,316,985</u>	<u>3,196,272</u>	<u>14,457,780</u>	<u>3,520,593</u>	<u>22,491,630</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,004,549</u>
Total	<u>\$ 1,316,985</u>	<u>\$ 3,196,272</u>	<u>\$ 14,457,780</u>	<u>\$ 11,216,481</u>	<u>\$ 61,454,311</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Advance to/from other funds			
Internal Service	Golf Course	To loan funds for capital improvements	\$ 546,054
Internal Service	Community Center	To loan funds for capital improvements	279,105
Host Community	Nonmajor governmental	To loan funds for land purchase	1,000,000
Total			<u>\$ 1,825,159</u>

The Internal Service Central Equipment fund made advances to the Golf Course and Community Center funds which will be paid back in annual installments with final payment on the Golf Course's interfund loan in 2025. The Host Community fund made advances to the nonmajor governmental EDA fund, which will be paid back when the land for resale has sold.

The composition of interfund transfers for the year ended December 31, 2024 is as follows:

Fund	Transfer In					
	General	Community Center	Host Community	Improvement Bonds	Local Improvement Construction	Pavement Management
Transfer Out						
General	\$ -	\$ -	\$ 37,975	\$ -	\$ -	\$ -
Host Community	4,757	1,048,115	-	-	-	500,000
Closed Bond	-	-	-	177,250	-	-
Local Improvement Construction	-	-	-	-	-	-
Pavement Management	-	-	-	-	41,752	-
Nonmajor Governmental	10,151	-	-	-	463,612	27,126
Water	290,000	-	-	-	207,367	251,828
Sewer	290,000	-	-	-	503,692	186,042
Stormwater	94,609	-	-	-	-	276,234
Total	<u>\$ 689,517</u>	<u>\$ 1,048,115</u>	<u>\$ 37,975</u>	<u>\$ 177,250</u>	<u>\$ 1,216,423</u>	<u>\$ 1,241,230</u>

Fund	Transfer In					Total
	Nonmajor Governmental	Water	Sewer	Stormwater	Internal Service	
Transfer Out						
General	\$ 504,015	\$ -	\$ -	\$ -	\$ 6,250	\$ 548,240
Host Community	-	-	-	1,100,000	-	2,652,872
Closed Bond	-	-	-	-	-	177,250
Local Improvement Construction	-	829,483	739,173	435,856	-	2,004,512
Pavement Management	500,000	35,363	61,361	74,392	-	712,868
Nonmajor Governmental	-	-	-	-	-	500,889
Water	-	-	-	-	-	749,195
Sewer	-	-	-	-	-	979,734
Stormwater	-	-	43,561	-	-	414,404
Total	<u>\$ 1,004,015</u>	<u>\$ 864,846</u>	<u>\$ 844,095</u>	<u>\$ 1,610,248</u>	<u>\$ 6,250</u>	<u>\$ 8,739,964</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes and includes transfers to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2024:

- A transfer from the Host Community fund to the Community Center fund was made to cover an operating deficit and keep the fund in line with the five-year capital plan.
- Transfers from the State Aid Construction fund, Water funds and Sewer funds were made to the Pavement Management fund for each fund's share of project costs.
- Transfers from the Pavement Management fund, State Aid Construction fund, Water funds and Sewer funds were made to the Northwest Area Capital Projects fund to cover construction costs incurred in prior years.
- Transfers from the Pavement Management fund, Pavement Management-Partnerships fund, Northwest Area Capital Projects fund, and Water Operating fund were made to the Water Capital fund to cover construction costs already incurred.
- Transfers from the Pavement Management fund, Pavement Management-Partnerships fund, Northwest Area Capital Projects fund, and Sewer Operating fund were made to the Sewer Capital fund to cover construction costs already incurred.
- Transfers from the Host Community fund, Pavement Management-Partnerships fund, Stormwater Operating fund, and Stormwater Northwest Area Capital fund were made to the Stormwater Capital fund to cover construction costs for future projects.
- A transfer from the Northwest Area Capital Projects fund to the Stormwater Northwest Area Capital fund was made to allocate prior year revenues.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

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

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

Police and Fire Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$804,791, \$761,083 and \$739,972, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2024, 2023 and, 2022 were \$1,326,241, \$1,230,148 and \$1,086,038, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$4,534,847 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 \$117,262.

City's Proportionate Share of the Net Pension Liability	\$	4,534,847
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		117,262
Total		\$ 4,652,109

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1227 percent at the end of the measurement period and 0.1313 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$78,012 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative \$2,251 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$208,713 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 435,383	\$ -
Changes in Actuarial Assumptions	22,923	1,804,593
Net Difference Between Projected and Actual Investment Earnings	-	1,271,430
Changes in Proportion	85,140	241,423
Contributions Paid to PERA Subsequent to the Measurement Date	404,653	-
Total	\$ 948,099	\$ 3,317,446

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$404,653 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025		\$	(1,473,434)
2026			(386,905)
2027			(566,093)
2028			(347,568)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$6,853,034 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5209 percent at the end of the measurement period and 0.5224 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$261,235.

City's Proportionate Share of the Net Pension Liability	\$	6,853,034
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		261,235
Total	\$	7,114,269

For the year ended December 31, 2024, the City recognized pension expense of \$1,529,551 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$25,368 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$46,881 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,551,264	\$ -
Changes in Actuarial Assumptions	6,288,094	10,116,151
Net Difference Between Projected and Actual Investment Earnings	-	2,276,319
Changes in Proportion	1,928,668	23,177
Contributions Paid to PERA Subsequent to the Measurement Date	<u>675,420</u>	<u>-</u>
Total	<u>\$ 11,443,446</u>	<u>\$ 12,415,647</u>

The \$675,420 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 21,357
2026	1,591,434
2027	(745,027)
2028	(2,673,307)
2029	157,922

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 Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	<u>25.0</u>	<u>5.90</u>
Total	<u>100.0 %</u>	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

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

Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan.

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.0% 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 in annual increments from 11.75% after one year of service to 3.0% after 24 years of service.

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

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

Changes in Plan Provisions

- The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees 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.

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 one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 9,904,836	\$ 4,534,847	\$ 117,542
Police and Fire Fund	16,195,058	6,853,034	(818,723)

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.

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2024

Note 5: 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *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 five percent of salary which is matched by the elected official's employer. 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 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 410	\$ 410	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2024, 2023 and 2022 were \$410, \$63 and \$570, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Inver Grove Heights Fire Department (the Department) are covered by a defined benefit plan administered by the Inver Grove Heights Firefighters Relief Association (the Association). As of December 31, 2024, the plan covered 35 active firefighters and 28 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$307,340 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2024, which was recorded as a revenue. There were no required employer contributions calculated based on statutory provisions. In 2023 and 2024, the City made no voluntary contributions.

D. Pension Costs

At December 31, 2024, the City reported a net pension liability (asset) of (\$1,868,499) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2023	\$ 3,796,410	\$ 5,555,145	\$ (1,758,735)
Changes for the Year			
Service cost	141,099	-	141,099
Interest on pension liability (asset)	198,194	-	198,194
Plan changes	381,375	-	381,375
Contributions (employer)	-	92,475	(92,475)
Nonemployer contributions	-	281,514	(281,514)
Projected Investment Return	-	296,909	(296,909)
(Gain)/loss	-	179,151	(179,151)
Benefit payments	(667,971)	(667,971)	-
Administrative expenses	-	(19,617)	19,617
Total Net Changes	52,697	162,461	(109,764)
Ending Balance December 31, 2023	\$ 3,849,107	\$ 5,717,606	\$ (1,868,499)

For the year ended December 31, 2024, the City recognized pension expense of \$181,972

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2024, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 286,079
Changes in Actuarial Assumptions	20,070	15,103
Net Difference Between Projected and Actual Earnings on Plan Investments	385,151	-
Contributions to Plan Subsequent to the Measurement Date	307,340	-
Total	\$ 712,561	\$ 301,182

Deferred outflows of resources totaling \$307,340 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2025	\$ (54,113)
2026	52,781
2027	141,198
2028	(35,827)

E. Actuarial Assumptions

The total pension asset at December 31, 2024 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 100 Percent at Age 50	
Salary Increases	2.50% per year
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	N/A (no unfunded liabilities)

The discount rate remained at 5.50 percent in 2024.

The long-term expected rate of return on pension plan investments was based on the plan's target investment allocation along with long-term expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	16.00 %	2.00 %
Fixed Income	29.00	3.20
Equities	<u>55.00</u>	7.90
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. 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.

G. Pension Asset Sensitivity

The following presents the City's net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>City Proportionate Share of NPA</u>		
	<u>1 Percent Decrease (4.50%)</u>	<u>Current (5.50%)</u>	<u>1 Percent Increase (6.50%)</u>
Defined Benefit Plan	\$ (1,634,924)	\$ (1,868,499)	\$ (2,081,834)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Inver Grove Heights Firefighters Relief Association, 8150 Barbara Ave, Inver Grove Heights, MN 55077.

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2024

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage and is administered by HealthPartners, Inc. It is the City's policy for Council to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. The City does not issue a publicly available report. The plan is not considered a trust and contributions are not irrevocable.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	12
Active Plan Members	<u>173</u>
Total Plan Members	<u><u>185</u></u>

B. Funding Policy

Retirees receiving benefits contribute 100 percent of their premium costs. 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, Inc. The required contributions are based on projected pay-as-you-go financing requirements.

For the year ended December 31, 2024, the City's average contribution rate was 0.77 percent of covered-employee payroll. For the fiscal year 2024, the City contributed \$80,218 to the plan, while implicit contributions totaled \$45,293. The General fund is typically used to liquidate the governmental portion of the net OPEB obligation.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,959,693 was measured as of January 1, 2024, and the OPEB liability was determined by an actuarial valuation as of January 1, 2024.

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.70%
20-Year Municipal Bond Yield	3.70%
Inflation Rate	2.50%
Salary Increases	3% - 11.75%
Medical Trend Rate	6.50% in 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 7: Postemployment Benefits Other Than Pensions (Continued)

The discount rate used to measure the total OPEB liability was 4.00 percent. The mortality tables used the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2023	\$ 2,553,502
Changes for the Year	
Service Costs	62,214
Interest Costs	102,633
Assumption Changes	151,623
Differences between expected and actual experience	190,514
Benefit Payment	(100,794)
Net Changes	\$ 406,190
 Balances at December 31, 2024	 \$ 2,959,692

Since the prior measurement date, the following assumptions changed:

- The health care trend rates were updated.
- The discount rate was changed from 4.00% to 3.70%

Since the prior measurement date, the following plan provisions changed:

- None

Since the prior measurement date, the following benefit terms changed:

- None

E. Sensitivity of the Net OPEB Liability

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

1 Percent Decrease 2.7%	Discount Rate Current 3.7%	1 Percent Increase 4.7%
\$ 3,280,432	\$ 2,959,693	\$ 2,679,624

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 7: Postemployment Benefits Other Than Pensions (Continued)

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

1 Percent Decrease 5.50 Decreasing to 4.00%	Healthcare Cost Trend Rates 6.50 Decreasing to 5.00%	1 Percent Increase 7.50 Decreasing to 6.00%
\$ 2,667,343	\$ 2,959,693	\$ 3,295,721

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

For the year ended December 31, 2024, the City Recognized OPEB expense of \$436,364. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 166,212	\$ 472,615
Net Difference Between Projected and Actual Investment Earnings	1,981,154	-
Contributions Paid to OPEB Subsequent to the Measurement Date	125,511	-
Total	\$ 2,272,877	\$ 472,615

Contributions paid to OPEB subsequent to the measurement date will be expensed in 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

2025	\$ 271,517
2026	271,517
2027	271,505
2028	265,895
2029	260,948
Thereafter	333,369

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 8: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The risk management activities of the City are accounted for by the Risk Management fund, an internal service fund, which charges its costs to user departments. The fund is designed to build up a reserve which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

B. Contingencies

Tax Increment Financing Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. The City currently does not have any open tax increment districts.

C. Conduit Debt Obligations

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there was one series of Housing Revenue Bonds outstanding as follows:

Series	Amount Issued	Balance Outstanding 12/31/24
2005 Senior Housing Revenue Refunding Bonds	\$ 32,290,000	\$ 16,835,000

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 9: Tax Abatement Agreement

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

Crossings at Inverwood Abatement was established in 2020. Crossings IGH, LLC constructed a 152-unit apartment building on 1462-80th Street. Due to the high cost of development fees, the LLC submitted a tax abatement application. On April 18, 2023, the LLC received a \$1,600,000 Tax Abatement Revenue Note.

Note 10: Subsequent Events

At the December 9, 2024 regular meeting, the council approved the prepayment of their 2020A GO Refunding Improvement Bonds. As of December 31, 2024, the balance on these bonds was \$755,000. This entire balance, including an interest payment of \$2,640, was paid on February 1, 2025.

At the August 12, 2024 regular meeting, the council approved the purchase of a \$2,165,171 General Obligation Water Revenue note to fund the Water Treatment Plant Rehabilitation project. The balance will be paid using future water revenues. The City expects to draw on the loan in 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Inver Grove Heights, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2024

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.1227 %	\$ 4,534,847	\$ 117,262	\$ 4,652,109	\$ 10,379,233	43.7 %	86.7 %
6/30/2023	0.1313	7,342,149	202,518	7,544,667	10,441,715	70.3	83.1
6/30/2022	0.1270	10,058,442	295,057	10,353,499	9,136,682	110.1	76.7
6/30/2021	0.1212	5,175,783	158,056	5,333,839	8,719,450	59.4	87.0
6/30/2020	0.1206	7,230,521	222,930	7,453,451	8,595,785	84.1	79.0
6/30/2019	0.1139	6,297,276	195,825	6,493,101	8,063,116	78.1	80.2
6/30/2018	0.1121	6,218,848	204,030	6,422,878	7,509,053	82.8	79.5
6/30/2017	0.1086	6,932,952	87,187	7,020,139	6,960,481	99.6	75.9
6/30/2016	0.1064	8,639,152	112,841	8,751,993	6,603,007	130.8	68.9
6/30/2015	0.1083	5,612,668	-	5,612,668	6,258,792	89.7	78.2

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 804,791	\$ 804,791	\$ -	\$ 10,730,550	7.50 %
12/31/2023	761,083	761,083	-	10,147,778	7.50
12/31/2022	739,972	739,972	-	9,866,294	7.50
12/31/2021	642,758	642,758	-	8,570,102	7.50
12/31/2020	680,633	680,633	-	9,075,102	7.50
12/31/2019	620,963	620,963	-	8,279,503	7.50
12/31/2018	593,314	593,314	-	7,910,851	7.50
12/31/2017	544,197	544,197	-	7,255,965	7.50
12/31/2016	499,836	499,836	-	6,664,480	7.50
12/31/2015	488,967	488,967	-	6,519,564	7.50

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

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

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - 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 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - 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 - 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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - 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 - There were no changes in plan provisions since the previous valuation.

2015 - 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.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.5209 %	\$ 6,853,034	\$ 261,235	\$ 7,114,269	\$ 7,213,138	95.0 %	87.0 %
6/30/2023	0.5224	9,021,169	363,417	9,384,586	6,860,306	131.5	86.5
6/30/2022	0.4418	19,225,391	839,871	20,065,262	5,181,948	371.0	70.5
6/30/2021	0.4195	3,238,095	145,556	3,383,651	4,957,609	65.3	93.7
6/30/2020	0.4222	5,565,048	131,119	5,696,167	4,762,639	116.8	87.2
6/30/2019	0.3806	4,051,871	-	4,051,871	4,012,373	101.0	89.3
6/30/2018	0.3461	3,689,070	-	3,689,070	3,647,742	101.1	88.8
6/30/2017	0.3420	4,617,407	-	4,617,407	3,506,580	131.7	85.4
6/30/2016	0.3320	13,323,738	-	13,323,738	3,586,860	371.5	63.9
6/30/2015	0.3310	3,760,965	-	3,760,965	3,083,703	122.0	86.6

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 1,326,241	\$ 1,326,241	\$ -	\$ 7,492,887	17.70 %
12/31/2023	1,230,148	1,230,148	-	6,949,987	17.70
12/31/2022	1,086,038	1,086,038	-	6,135,807	17.70
12/31/2021	857,198	857,198	-	4,842,927	17.70
12/31/2020	892,474	892,474	-	5,042,229	17.70
12/31/2019	745,061	745,061	-	4,395,638	16.95
12/31/2018	618,063	618,063	-	3,815,205	16.20
12/31/2017	581,071	581,071	-	3,586,860	16.20
12/31/2016	540,976	540,976	-	3,339,357	16.20
12/31/2015	499,560	499,560	-	3,083,703	16.20

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2024 - Changes in Plan Provisions The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year. The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 - The investment return assumption was changed from 6.5 percent to 7.0 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.5 percent to 6.5 percent, for financial reporting purposes. The inflation assumption was changed from 2.5 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.0 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60.0 percent to 70.0 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

2015 - The assumed post-retirement benefit increase rate - was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2024 - The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.

The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 - An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023. The 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 percent vesting after five years increasing incrementally to 100 percent after 10 years. A one-time non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019 and 17.7 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.0 percent for vested and non-vested, deferred members. The CSA has been changed to 33.0 percent for vested members and 2.0 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.0 percent to 60.0 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent per annum to 7.5 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2024 (Fire Relief Report Date 2023)	2023 (Fire Relief Report Date 2022)	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability										
Service cost	\$ 141,099	\$ 167,001	\$ 136,517	\$ 173,888	\$ 171,379	\$ 197,738	\$ 192,915	\$ 147,752	\$ 152,797	\$ 149,070
Interest on pension liability (asset)	198,194	181,834	165,036	194,716	205,260	232,865	224,791	173,689	151,603	149,666
Changes of assumptions	-	-	-	(75,515)	-	32,691	-	33,665	-	-
Plan changes	381,375	483,428	222,566	209,402	225,435	81,241	-	879,054	-	-
Loss	(667,971)	(163,657)	(475,846)	(393,205)	(845,318)	(290,848)	(319,214)	(105,129)	(168,074)	(55,673)
Benefit payments	(667,971)	(22,525)	(475,846)	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Net Change in Total Pension Liability	52,697	646,081	48,273	(637,982)	(243,244)	8,687	98,492	1,129,031	136,326	243,063
Total Pension Liability - January 1	3,796,410	3,150,329	3,102,056	3,740,038	3,983,282	3,974,595	3,876,103	2,747,072	2,610,746	2,367,683
Total Pension Liability - December 31 (a)	\$ 3,849,107	\$ 3,796,410	\$ 3,150,329	\$ 3,102,056	\$ 3,740,038	\$ 3,983,282	\$ 3,974,595	\$ 3,876,103	\$ 2,747,072	\$ 2,610,746
Plan Fiduciary Net Position										
Employer contributions	\$ 92,475	\$ 89,975	\$ 87,475	\$ 85,075	\$ 82,775	\$ 80,475	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Nonemployer contributions	281,514	252,695	239,102	226,652	213,866	205,308	198,234	195,016	192,612	180,645
Projected investment return	296,909	337,066	303,616	300,347	281,966	330,578	286,264	271,808	277,385	221,943
Gain (loss)	179,151	(1,061,048)	237,525	65,735	554,080	(690,670)	520,427	122,761	(497,477)	-
Benefit payments	(667,971)	(22,525)	(475,846)	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Administrative expenses	(19,617)	(18,833)	(17,967)	(10,525)	(8,950)	(8,008)	(8,822)	(7,600)	(7,700)	(6,752)
Net Change in Plan Fiduciary Net Position	162,461	(422,670)	373,905	(79,984)	278,419	(327,317)	701,889	606,985	(178,254)	365,163
Plan Fiduciary Net Position - January 1	5,555,145	5,977,815	5,603,910	5,683,894	5,405,475	5,732,792	5,030,903	4,423,918	4,602,172	4,237,009
Plan Fiduciary Net Position - December 31 (b)	\$ 5,717,606	\$ 5,555,145	\$ 5,977,815	\$ 5,603,910	\$ 5,683,894	\$ 5,405,475	\$ 5,732,792	\$ 5,030,903	\$ 4,423,918	\$ 4,602,172
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (1,868,499)	\$ (1,758,735)	\$ (2,827,486)	\$ (2,501,854)	\$ (1,943,856)	\$ (1,422,193)	\$ (1,758,197)	\$ (1,154,800)	\$ (1,676,846)	\$ (1,991,426)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	148.54%	146.33%	189.75%	180.65%	151.97%	135.70%	144.24%	129.79%	161.04%	176.28%
Covered Payroll	N/A									
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A									

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2024 - There were no changes since the previous valuation.

2023 - There were no changes since the previous valuation.

2022 - The vesting schedule was changed to 7 year partial vesting and 15 year full vesting.

2021 - A termination scale was added to reflect members resigning prior to retirement age.

2020 - There were no changes since the previous valuation.

2019- There were no changes since the previous valuation.

2018 - The discount rate changed from 5.75% to 5.00%.

2017- There were no changes since the previous valuation.

2016 - The discount rate changed from 6.00% to 5.75%.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - Fire Relief Association (Continued)

Changes in Plan Provisions

- 2024 - The Benefit Level changed from \$12,750 to \$15,000.
- 2023 - The Benefit Level changed from \$10,000 to \$12,750.
- 2022 - There were no changes since the previous valuation.
- 2021 - The benefit level changed from \$8,600 to \$10,000
- 2020 - There were no changes since the previous valuation.
- 2019 - A benefit level increase from \$8,100 to \$8,600 was reflected in the active liability
- 2018 - The benefit level changed from \$7,900 to \$8,100.
- 2017 - There were no changes since the previous valuation.
- 2016 - The benefit level changed from \$5,900 to \$7,900.
- 2015 - There were no changes since the previous valuation.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/24	\$ 307,340	\$ 307,340	\$ -
12/31/23	277,514	277,514	-
12/31/22	251,695	251,695	-
12/31/21	235,102	235,102	-
12/31/20	222,652	222,652	-
12/31/19	209,866	209,866	-
12/31/18	203,308	283,783	(80,475)
12/31/17	195,234	220,234	(25,000)
12/31/16	195,016	220,016	(25,000)
12/31/15	190,612	215,612	(25,000)

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Schedule of Changes in the City's OPEB Liability and Related Ratios

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service Costs	62,214	44,659	60,250	64,137	53,871	36,389
Interest Costs	102,633	16,518	16,502	22,584	26,207	22,943
Assumption Changes	151,623	(621,088)	4,578	39,540	23,458	(20,393)
Differences between expected and actual experience	190,514	2,375,661	24,350	-	39,601	-
Benefit Payment	(100,794)	(86,544)	(92,091)	(59,890)	(68,517)	(55,701)
Net Change in Total OPEB Liability	406,190	1,729,206	13,589	66,371	74,620	(16,762)
Total OPEB Liability - Beginning	2,553,502	824,296	810,707	744,336	669,716	686,478
Total OPEB Liability - Ending	<u>\$ 2,959,692</u>	<u>\$ 2,553,502</u>	<u>\$ 824,296</u>	<u>\$ 810,707</u>	<u>\$ 744,336</u>	<u>\$ 669,716</u>
Covered - Employee Payroll	\$ 16,209,752	\$ 15,147,127	\$ 14,804,333	\$ 13,228,917	\$ 12,812,510	\$ 10,686,455
City's total OPEB liability as a percentage of covered employee payroll	18.26 %	16.86 %	5.57 %	6.13 %	5.81 %	6.27 %

Changes in assumptions:

For the fiscal year ending December 31, 2024

The health care trend rates were updated.

The discount rate was changed from 4.00% to 3.70%

For the fiscal year ending December 31, 2023

The inflation rate was changed from 2.00% to 2.50%

The discount rate was changed from 2.00% to 4.00%

For the fiscal year ending December 31, 2022

The health care trend rates, mortality tables, salary increase rates, retirement rates, and withdrawal rates were updated

The inflation rate was changed from 2.50% to 2.00%

For the fiscal year ending December 31, 2021

The discount rate was changed from 2.90% to 2.00%

For the fiscal year ending December 31, 2020

The health care trend rates, mortality tables, and salary increase rates were updated.

The discount rate was changed from 3.80% to 2.90%

For the fiscal year ending December 31, 2019

The discount rate was changed from 3.30% to 3.80%

For the fiscal year ending December 31, 2018

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The subsidized benefits for the officers injured in the line of duty are assumed to end after five years for the two individuals under age 40 as of the valuation date and at age 65 for the one individual over age 55 as of the valuation date.

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

Changes in Plan Provisions:

• None

Changes in benefits:

• None

Note: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available

Note: No assets have been accumulated in a trust to pay related benefits for the OPEB plan.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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NONMAJOR GOVERNMENTAL FUNDS

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2024

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 1,157,407	\$ 10,087,201	\$ 11,244,608
Receivables			
Accrued interest	5,508	60,639	66,147
Taxes	10,964	-	10,964
Special assessments	-	8,000	8,000
Land held for resale	<u>1,138,500</u>	<u>-</u>	<u>1,138,500</u>
 Total Assets	 <u><u>\$ 2,312,379</u></u>	 <u><u>\$ 10,155,840</u></u>	 <u><u>\$ 12,468,219</u></u>
Liabilities			
Accounts and contracts payable	\$ 14,840	\$ 228,419	\$ 243,259
Accrued salaries payable	479	-	479
Advances from other funds	1,000,000	-	1,000,000
Total Liabilities	<u>1,015,319</u>	<u>228,419</u>	<u>1,243,738</u>
Deferred Inflows of Resources			
Unavailable revenues - special assessments	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Fund Balances			
Restricted	473,696	6,398,828	6,872,524
Committed	823,364	-	823,364
Assigned	-	3,520,593	3,520,593
Total Fund Balances	<u>1,297,060</u>	<u>9,919,421</u>	<u>11,216,481</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 2,312,379</u></u>	 <u><u>\$ 10,155,840</u></u>	 <u><u>\$ 12,468,219</u></u>

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2024

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 203,013	\$ -	\$ 203,013
Intergovernmental	210,443	500,000	710,443
Charges for services	-	674,740	674,740
Donations	-	2,080	2,080
Fines and forfeitures	1,731	-	1,731
Investment earnings	35,272	444,565	479,837
Miscellaneous	143,894	51,000	194,894
Total Revenues	<u>594,353</u>	<u>1,672,385</u>	<u>2,266,738</u>
Expenditures			
Current			
Culture and recreation	167,207	111,889	279,096
Community development	114,261	1,386	115,647
Capital outlay			
Culture and recreation	-	2,014,394	2,014,394
Total Expenditures	<u>281,468</u>	<u>2,127,669</u>	<u>2,409,137</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>312,885</u>	<u>(455,284)</u>	<u>(142,399)</u>
Other Financing Sources (Uses)			
Transfers in	169,515	834,500	1,004,015
Transfers out	(10,151)	(490,738)	(500,889)
Total Other Financing Sources (Uses)	<u>159,364</u>	<u>343,762</u>	<u>503,126</u>
Net Change in Fund Balances	472,249	(111,522)	360,727
Fund Balances, January 1	<u>824,811</u>	<u>10,030,943</u>	<u>10,855,754</u>
Fund Balances, December 31	<u>\$ 1,297,060</u>	<u>\$ 9,919,421</u>	<u>\$ 11,216,481</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Convention and Visitors Bureau was created by a resolution of the City Council to account for the local lodging tax revenues collected per Ordinance No. 1015, which was adopted by the City Council on October 8, 2001, under the authority of Minnesota statutes, section 469.190.

Economic Development Authority accounts for the activities of the Economic Development Authority.

Opioid Settlement accounts for the opioid related settlement and uses of the funds as stipulated in the settlement agreement.

Affordable Housing accounts for the local affordable housing aid received and used for local housing needs.

City of Inver Grove Heights, Minnesota

Nonmajor Special Revenue Funds

Subcombining Balance Sheet

December 31, 2024

	Convention and Visitors Bureau	Economic Development Authority	Opioid Settlement	Affordable Housing	Total
Assets					
Cash and temporary investments	\$ 289,056	\$ 396,239	\$ 270,024	\$ 202,088	\$ 1,157,407
Receivables					
Accrued interest	1,609	2,315	1,226	358	5,508
Taxes	10,964	-	-	-	10,964
Land held for resale	-	1,138,500	-	-	1,138,500
Total Assets	\$ 301,629	\$ 1,537,054	\$ 271,250	\$ 202,446	\$ 2,312,379
Liabilities					
Accounts and contracts payable	\$ 14,357	\$ 483	\$ -	\$ -	\$ 14,840
Accrued salaries payable	-	479	-	-	479
Advances from other funds	-	1,000,000	-	-	1,000,000
Total Liabilities	14,357	1,000,962	-	-	1,015,319
Fund Balances					
Restricted	-	-	271,250	202,446	473,696
Committed	287,272	536,092	-	-	823,364
Total Fund Balances	287,272	536,092	271,250	202,446	1,297,060
Total Liabilities and Fund Balances	\$ 301,629	\$ 1,537,054	\$ 271,250	\$ 202,446	\$ 2,312,379

City of Inver Grove Heights, Minnesota
Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	Convention and Visitors Bureau	Economic Development Authority	Opioid Settlement	Affordable Housing	Total
Revenues					
Taxes					
Lodging	\$ 203,013	\$ -	\$ -	\$ -	\$ 203,013
Intergovernmental	10,000	-	-	200,443	210,443
Charges for services	-	-	-	-	-
Rentals	-	-	-	-	-
Donations	-	-	-	-	-
Fines and forfeitures	1,731	-	-	-	1,731
Investment earnings	10,223	15,392	7,654	2,003	35,272
Miscellaneous	-	-	143,894	-	143,894
Total Revenues	<u>224,967</u>	<u>15,392</u>	<u>151,548</u>	<u>202,446</u>	<u>594,353</u>
Expenditures					
Current					
Culture and recreation	167,207	-	-	-	167,207
Community development	-	114,261	-	-	114,261
Total Expenditures	<u>167,207</u>	<u>114,261</u>	<u>-</u>	<u>-</u>	<u>281,468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,760</u>	<u>(98,869)</u>	<u>151,548</u>	<u>202,446</u>	<u>312,885</u>
Other Financing Sources (Uses)					
Transfers in	-	169,515	-	-	169,515
Transfers out	<u>(10,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,151)</u>
Total Other Financing Sources (Uses)	<u>(10,151)</u>	<u>169,515</u>	<u>-</u>	<u>-</u>	<u>159,364</u>
Net Change in Fund Balances	47,609	70,646	151,548	202,446	472,249
Fund Balances, January 1	<u>239,663</u>	<u>465,446</u>	<u>119,702</u>	<u>-</u>	<u>824,811</u>
Fund Balances, December 31	<u>\$ 287,272</u>	<u>\$ 536,092</u>	<u>\$ 271,250</u>	<u>\$ 202,446</u>	<u>\$ 1,297,060</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Convention and Visitors Bureau Special Revenue Fund
For the Year Ended December 31, 2024

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Lodging taxes	\$ 202,500	\$ 203,013	\$ 513
Intergovernmental	10,000	10,000	-
Investment earnings	-	10,223	10,223
Fines and forfeitures	-	1,731	1,731
Total Revenues	<u>212,500</u>	<u>224,967</u>	<u>12,467</u>
Expenditures			
Current			
Culture and recreation	<u>202,375</u>	<u>167,207</u>	<u>35,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,125	57,760	47,635
Other Financing Uses			
Transfers out	<u>(10,125)</u>	<u>(10,151)</u>	<u>(26)</u>
Net Change in Fund Balances	-	47,609	47,609
Fund Balances, January 1	<u>239,663</u>	<u>239,663</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 239,663</u>	<u>\$ 287,272</u>	<u>\$ 47,609</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Economic Development Authority Special Revenue Fund
For the Year Ended December 31, 2024

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment earnings	\$ 3,000	\$ 15,392	\$ 12,392
Expenditures			
Current			
Community development	213,515	114,261	99,254
Deficiency of Revenues Under Expenditures	(210,515)	(98,869)	111,646
Other Financing Sources			
Transfers in	169,515	169,515	-
Net Change in Fund Balances	(41,000)	70,646	111,646
Fund Balances, January 1	465,446	465,446	-
Fund Balances, December 31	<u>\$ 424,446</u>	<u>\$ 536,092</u>	<u>\$ 111,646</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary funds).

Parks Capital Replacement accounts for financial resources assigned for maintenance and replacement of parks facilities.

Parks Acquisition and Development accounts for park dedication fees, related revenues and new park and/or trail improvements or amenities.

State Aid Construction accounts for the use of municipal state aid allotments to finance projects not assessed such as street lights, sidewalks, and streets.

City Properties accounts for financial resources assigned for future city property purchases and sales.

Tree Preservation accounts for financial resources assigned for tree preservation.

Tax Increment Financing accounts for the use of tax increment in the City's tax increment districts.

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Balance Sheet
 December 31, 2024

	<u>Parks Capital Replacement</u>	<u>Parks Acquisition and Development</u>	<u>State Aid Construction</u>	<u>City Properties</u>
Assets				
Cash and temporary investments	\$ 947,734	\$ 3,787,783	\$ -	\$ 390,891
Receivables				
Accrued interest	6,520	20,782	-	2,405
Special assessments	-	-	-	8,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 954,254</u></u>	<u><u>\$ 3,808,565</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 401,296</u></u>
Liabilities				
Accounts and contracts payable	<u>\$ 124,596</u>	<u>\$ 95,968</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources				
Unavailable revenues - special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Fund Balances				
Restricted	-	1,414,958	-	-
Assigned	<u>829,658</u>	<u>2,297,639</u>	<u>-</u>	<u>393,296</u>
Total Fund Balances	<u><u>829,658</u></u>	<u><u>3,712,597</u></u>	<u><u>-</u></u>	<u><u>393,296</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 954,254</u></u>	<u><u>\$ 3,808,565</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 401,296</u></u>

Tree Preservation	Tax Increment Financing	Total
\$ 683,289	\$ 4,277,504	\$ 10,087,201
4,651	26,281	60,639
-	-	8,000
<u>\$ 687,940</u>	<u>\$ 4,303,785</u>	<u>\$ 10,155,840</u>
<u>\$ 7,855</u>	<u>\$ -</u>	<u>\$ 228,419</u>
-	-	8,000
680,085	4,303,785	6,398,828
-	-	3,520,593
<u>680,085</u>	<u>4,303,785</u>	<u>9,919,421</u>
<u>\$ 687,940</u>	<u>\$ 4,303,785</u>	<u>\$ 10,155,840</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2024

	Parks Capital Replacement	Parks Acquisition and Development	State Aid Construction	City Properties
Revenues				
Intergovernmental	\$ 250,000	\$ 250,000	\$ -	\$ -
Charges for services	-	674,740	-	-
Donations	-	2,080	-	-
Investment earnings	53,822	151,040	14,017	16,229
Miscellaneous	-	51,000	-	-
Total Revenues	<u>303,822</u>	<u>1,128,860</u>	<u>14,017</u>	<u>16,229</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Community development	-	-	-	670
Capital outlay				
Culture and recreation	1,376,505	637,889	-	-
Total Expenditures	<u>1,376,505</u>	<u>637,889</u>	<u>-</u>	<u>670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,072,683)</u>	<u>490,971</u>	<u>14,017</u>	<u>15,559</u>
Other Financing Sources (Uses)				
Transfers in	834,500	-	-	-
Transfers out	-	-	(490,738)	-
Total Other Financing Sources (Uses)	<u>834,500</u>	<u>-</u>	<u>(490,738)</u>	<u>-</u>
Net Change in Fund Balances	(238,183)	490,971	(476,721)	15,559
Fund Balances, January 1	<u>1,067,841</u>	<u>3,221,626</u>	<u>476,721</u>	<u>377,737</u>
Fund Balances, December 31	<u>\$ 829,658</u>	<u>\$ 3,712,597</u>	<u>\$ -</u>	<u>\$ 393,296</u>

Tree Preservation	Tax Increment Financing	Total
\$ -	\$ -	\$ 500,000
-	-	674,740
-	-	2,080
32,119	177,338	444,565
-	-	51,000
<u>32,119</u>	<u>177,338</u>	<u>1,672,385</u>
111,889	-	111,889
-	716	1,386
-	-	2,014,394
<u>111,889</u>	<u>716</u>	<u>2,127,669</u>
<u>(79,770)</u>	<u>176,622</u>	<u>(455,284)</u>
-	-	834,500
-	-	(490,738)
-	-	343,762
(79,770)	176,622	(111,522)
<u>759,855</u>	<u>4,127,163</u>	<u>10,030,943</u>
<u>\$ 680,085</u>	<u>\$ 4,303,785</u>	<u>\$ 9,919,421</u>

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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 27,238,983	\$ 27,238,983	\$ 27,241,286	\$ 2,303	\$ 24,802,500
Cable franchise fees	105,000	105,000	105,047	47	106,925
Total taxes	<u>27,343,983</u>	<u>27,343,983</u>	<u>27,346,333</u>	<u>2,350</u>	<u>24,909,425</u>
Licenses and permits					
Business	148,980	148,980	215,960	66,980	178,530
Nonbusiness	1,076,350	1,076,350	1,331,216	254,866	1,005,504
Total licenses and permits	<u>1,225,330</u>	<u>1,225,330</u>	<u>1,547,176</u>	<u>321,846</u>	<u>1,184,034</u>
Intergovernmental					
Federal					
Other	1,220,000	1,220,000	2,830,991	1,610,991	1,284,760
State					
Property tax credits	-	-	3,409	3,409	2,978
Police and fire aid	787,514	787,514	929,086	141,572	2,368,545
Other	-	40,000	81,307	41,307	67,023
County	15,000	15,000	13,666	(1,334)	16,116
Local	1,000	1,000	-	(1,000)	1,000
Total intergovernmental	<u>2,023,514</u>	<u>2,063,514</u>	<u>3,858,459</u>	<u>1,794,945</u>	<u>3,740,422</u>
Charges for services					
General government	3,000	3,000	7,358	4,358	9,843
Public safety	164,743	164,743	182,255	17,512	167,996
Parks and Recreation	282,860	282,860	228,174	(54,686)	263,393
Public works	640,000	640,000	806,923	166,923	654,468
Rentals	229,000	229,000	157,578	(71,422)	188,000
Community development	20,000	20,000	23,345	3,345	18,964
Total charges for services	<u>1,339,603</u>	<u>1,339,603</u>	<u>1,405,633</u>	<u>66,030</u>	<u>1,302,664</u>
Fines and forfeitures	203,300	203,300	186,711	(16,589)	209,850
Special assessments	1,500	1,500	5,911	4,411	5,364
Investment earnings	150,000	150,000	628,425	478,425	458,409
Miscellaneous					
Donations	19,250	22,250	24,038	1,788	27,700
Other	125,900	125,900	212,529	86,629	192,395
Total miscellaneous	<u>145,150</u>	<u>148,150</u>	<u>236,567</u>	<u>88,417</u>	<u>220,095</u>
Total Revenues	<u>32,432,380</u>	<u>32,475,380</u>	<u>35,215,215</u>	<u>2,739,835</u>	<u>32,030,263</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 47,600	\$ 47,600	\$ 48,090	\$ (490)	\$ 47,843
Supplies	750	750	5,441	(4,691)	451
Other services and charges	283,575	283,575	273,001	10,574	279,682
Total mayor and city council	<u>331,925</u>	<u>331,925</u>	<u>326,532</u>	<u>5,393</u>	<u>327,976</u>
City administration					
Personnel services	300,600	305,250	305,308	(58)	72,846
Supplies	500	500	102	398	178
Other services and charges	23,500	23,500	21,457	2,043	30,891
Total city administration	<u>324,600</u>	<u>329,250</u>	<u>326,867</u>	<u>2,383</u>	<u>103,915</u>
Human resources					
Personnel services	268,400	268,400	267,833	567	257,596
Supplies	15,500	15,500	11,867	3,633	11,640
Other services and charges	143,200	143,200	117,920	25,280	149,357
Total human resources	<u>427,100</u>	<u>427,100</u>	<u>397,620</u>	<u>29,480</u>	<u>418,593</u>
Clerk					
Personnel services	340,100	274,850	250,600	24,250	321,536
Supplies	750	750	968	(218)	630
Other services and charges	63,075	63,075	60,407	2,668	60,303
Total clerk	<u>403,925</u>	<u>338,675</u>	<u>311,975</u>	<u>26,700</u>	<u>382,469</u>
Communications					
Personnel services	265,000	265,000	234,453	30,547	225,711
Supplies	3,400	3,400	2,623	777	175
Other services and charges	129,962	129,962	133,347	(3,385)	106,825
Total communications	<u>398,362</u>	<u>398,362</u>	<u>370,423</u>	<u>27,939</u>	<u>332,711</u>
Elections					
Personnel services	166,000	166,000	151,327	14,673	24,511
Supplies	19,003	19,003	31,596	(12,593)	10,761
Other services and charges	4,700	49,700	40,679	9,021	21,608
Total elections	<u>189,703</u>	<u>234,703</u>	<u>223,602</u>	<u>11,101</u>	<u>56,880</u>
Finance					
Personnel services	1,015,300	1,075,900	1,020,241	55,659	813,179
Supplies	3,800	3,800	8,382	(4,582)	2,414
Other services and charges	264,985	319,985	248,412	71,573	250,416
Total finance	<u>1,284,085</u>	<u>1,399,685</u>	<u>1,277,035</u>	<u>122,650</u>	<u>1,066,009</u>
Undesignated					
Personnel services	-	-	376,850	(376,850)	182,090
Other services and charges	182,880	182,880	109,299	73,581	15,390
Total undesignated	<u>182,880</u>	<u>182,880</u>	<u>486,149</u>	<u>(303,269)</u>	<u>197,480</u>
Total general government	<u>3,542,580</u>	<u>3,642,580</u>	<u>3,720,203</u>	<u>(77,623)</u>	<u>2,886,033</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personnel services	\$ 8,600,370	\$ 8,600,370	\$ 8,463,875	\$ 136,495	\$ 7,838,929
Supplies	186,691	193,191	169,375	23,816	227,431
Other services and charges	3,014,695	3,014,695	2,856,172	158,523	2,684,461
Total police	<u>11,801,756</u>	<u>11,808,256</u>	<u>11,489,422</u>	<u>318,834</u>	<u>10,750,821</u>
Fire					
Personnel services	4,042,085	4,042,085	3,795,041	247,044	3,493,270
Supplies	202,460	383,001	295,602	87,399	252,068
Other services and charges	2,219,819	2,261,277	1,704,585	556,692	1,576,022
Total fire	<u>6,464,364</u>	<u>6,686,363</u>	<u>5,795,228</u>	<u>891,135</u>	<u>5,321,360</u>
Total public safety	<u>18,266,120</u>	<u>18,494,619</u>	<u>17,284,650</u>	<u>1,209,969</u>	<u>16,072,181</u>
Public works					
Streets and highways					
Personnel services	-	-	-	-	215,030
Supplies	-	-	-	-	130
Other services and charges	-	-	-	-	13,187
Total streets and highways	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,347</u>
Engineering					
Personnel services	1,141,000	1,141,000	1,021,908	119,092	903,213
Supplies	11,550	11,550	5,044	6,506	5,951
Other services and charges	219,645	313,545	196,514	117,031	244,956
Total engineering	<u>1,372,195</u>	<u>1,466,095</u>	<u>1,223,466</u>	<u>242,629</u>	<u>1,154,120</u>
Street maintenance					
Personnel services	1,358,100	1,358,100	1,325,422	32,678	1,236,951
Supplies	428,900	428,900	328,167	100,733	465,610
Other services and charges	1,598,760	1,598,760	1,557,401	41,359	1,744,920
Total street maintenance	<u>3,385,760</u>	<u>3,385,760</u>	<u>3,210,990</u>	<u>174,770</u>	<u>3,447,481</u>
Street lighting					
Other services and charges	199,000	199,000	186,967	12,033	191,890
Total public works	<u>4,956,955</u>	<u>5,050,855</u>	<u>4,621,423</u>	<u>429,432</u>	<u>5,021,838</u>
Culture and recreation					
Parks					
Personnel services	1,507,500	1,516,500	1,506,447	10,053	1,288,057
Supplies	226,500	226,500	213,822	12,678	196,604
Other services and charges	1,057,300	1,120,361	1,009,316	111,045	916,224
Total Parks	<u>2,791,300</u>	<u>2,863,361</u>	<u>2,729,585</u>	<u>133,776</u>	<u>2,400,885</u>
Recreation					
Personnel services	500,500	500,500	488,014	12,486	388,729
Supplies	36,105	36,105	30,024	6,081	33,594
Other services and charges	238,330	238,330	191,870	46,460	175,366
Total Recreation	<u>774,935</u>	<u>774,935</u>	<u>709,908</u>	<u>65,027</u>	<u>597,689</u>
Total culture and recreation	<u>3,566,235</u>	<u>3,638,296</u>	<u>3,439,493</u>	<u>198,803</u>	<u>2,998,574</u>
Community development					
Community development					
Personnel services	455,700	455,700	364,117	91,583	375,033
Supplies	825	825	4,603	(3,778)	5,068
Other services and charges	50,250	50,250	93,251	(43,001)	81,168
Total community development	<u>506,775</u>	<u>506,775</u>	<u>461,971</u>	<u>44,804</u>	<u>461,269</u>

City of Inver Grove Heights, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures (Continued)					
Current (continued)					
Community development (continued)					
Planning					
Personnel services	\$ 311,000	\$ 311,000	\$ 248,031	\$ 62,969	\$ 305,554
Supplies	500	500	269	231	310
Other services and charges	103,500	109,249	116,236	(6,987)	89,113
Total planning	<u>415,000</u>	<u>420,749</u>	<u>364,536</u>	<u>56,213</u>	<u>394,977</u>
Inspections					
Personnel services	1,089,500	1,089,500	1,027,805	61,695	1,004,152
Supplies	6,200	6,200	3,884	2,316	4,045
Other services and charges	242,000	242,000	231,362	10,638	232,015
Total inspections	<u>1,337,700</u>	<u>1,337,700</u>	<u>1,263,051</u>	<u>74,649</u>	<u>1,240,212</u>
Total community development	<u>2,259,475</u>	<u>2,265,224</u>	<u>2,089,558</u>	<u>175,666</u>	<u>2,096,458</u>
Total current	<u>32,591,365</u>	<u>33,091,574</u>	<u>31,155,327</u>	<u>1,936,247</u>	<u>29,075,084</u>
Debt service					
Principal	-	-	62,940	(62,940)	124,648
Interest and other	-	-	5,044	(5,044)	10,931
Total debt service	<u>-</u>	<u>-</u>	<u>67,984</u>	<u>(67,984)</u>	<u>135,579</u>
Capital outlay					
Public safety	45,000	116,000	35,370	80,630	50,914
Public works	-	-	-	-	773
Total capital outlay	<u>45,000</u>	<u>116,000</u>	<u>35,370</u>	<u>80,630</u>	<u>51,687</u>
Total Expenditures	<u>32,636,365</u>	<u>33,207,574</u>	<u>31,258,681</u>	<u>1,948,893</u>	<u>29,262,350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(203,985)</u>	<u>(732,194)</u>	<u>3,956,534</u>	<u>4,688,728</u>	<u>2,767,913</u>
Other Financing Sources (Uses)					
Transfers in	688,500	688,500	689,517	1,017	814,690
Transfers out	<u>(484,515)</u>	<u>(490,765)</u>	<u>(548,240)</u>	<u>(57,475)</u>	<u>(530,858)</u>
Total Other Financing Sources (Uses)	<u>203,985</u>	<u>197,735</u>	<u>141,277</u>	<u>(56,458)</u>	<u>283,832</u>
Net Change in Fund Balances	-	(534,459)	4,097,811	4,632,270	3,051,745
Fund Balances, January 1	<u>16,815,542</u>	<u>16,815,542</u>	<u>16,815,542</u>	<u>-</u>	<u>13,763,797</u>
Fund Balances, December 31	<u>\$ 16,815,542</u>	<u>\$ 16,281,083</u>	<u>\$ 20,913,353</u>	<u>\$ 4,632,270</u>	<u>\$ 16,815,542</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

Compensated Absences was established to account for payment of unused vacation, sick, personal leave, severance and also the allocation of such costs to respective departments.

Risk Management was established to account for all City insurance programs related to the ongoing operations with the exception of employee benefit coverage.

Central Equipment was established to account for the cost of operating a maintenance facility and providing vehicles and equipment used by City departments and funds. The exception is the Golf Course fund which maintains its own equipment and vehicles.

City Facilities was established to account for the cost of maintaining City Hall. User departments are charged a rental fee based upon square footage.

Technology was established to account for the maintenance of all computer systems of the City.

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2024

	Compensated Absences	Risk Management	Central Equipment	City Facilities	Technology	Total
Assets						
Current Assets						
Cash and temporary investments	\$ 2,489,341	\$ 1,188,666	\$ 15,439,647	\$ 1,945,103	\$ 953,931	\$ 22,016,688
Receivables						
Accrued interest	-	7,207	88,746	11,145	6,114	113,212
Accounts	-	-	-	10,857	-	10,857
Due from other funds	-	-	639,088	-	-	639,088
Inventories	-	-	61,128	-	-	61,128
Prepaid items	-	190,292	-	740	7,133	198,165
Total Current Assets	<u>2,489,341</u>	<u>1,386,165</u>	<u>16,228,609</u>	<u>1,967,845</u>	<u>967,178</u>	<u>23,039,138</u>
Long-term Assets						
Advance to other funds	-	-	186,071	-	-	186,071
Capital assets						
Land	-	-	209,122	-	-	209,122
Buildings and systems	-	-	1,722,450	15,747,830	-	17,470,280
Improvements other than buildings	-	-	240,717	-	-	240,717
Machinery and equipment	-	-	16,105,613	138,333	1,211,593	17,455,539
Less accumulated depreciation	-	-	(12,533,150)	(5,727,610)	(1,031,154)	(19,291,914)
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>	<u>5,744,752</u>	<u>10,158,553</u>	<u>180,439</u>	<u>16,083,744</u>
Total Long-term Assets	<u>-</u>	<u>-</u>	<u>5,930,823</u>	<u>10,158,553</u>	<u>180,439</u>	<u>16,269,815</u>
Total Assets	<u>2,489,341</u>	<u>1,386,165</u>	<u>22,159,432</u>	<u>12,126,398</u>	<u>1,147,617</u>	<u>39,308,953</u>
Deferred Outflows of Resources						
Deferred pension resources	-	1,947	37,039	17,216	50,985	107,187
Liabilities						
Current Liabilities						
Accounts and contracts payable	-	-	124,964	76,478	28,126	229,568
Accrued salaries payable	-	408	13,501	7,142	18,203	39,254
Due to other governments	-	-	458	-	-	458
Compensated absences payable - current	1,189,229	-	49,443	14,212	49,030	1,301,914
Total Current Liabilities	<u>1,189,229</u>	<u>408</u>	<u>188,366</u>	<u>97,832</u>	<u>95,359</u>	<u>1,571,194</u>
Long-term Liabilities						
Compensated absences payable	1,739,711	-	78,542	21,057	46,139	1,885,449
Net pension liability	-	9,313	177,161	82,347	243,865	512,686
Total Long-term Liabilities	<u>1,739,711</u>	<u>9,313</u>	<u>255,703</u>	<u>103,404</u>	<u>290,004</u>	<u>2,398,135</u>
Total Liabilities	<u>2,928,940</u>	<u>9,721</u>	<u>444,069</u>	<u>201,236</u>	<u>385,363</u>	<u>3,969,329</u>
Deferred Inflows of Resources						
Deferred pension resources	-	6,812	129,601	60,241	178,398	375,052
Net Position						
Investment in capital assets	-	-	5,744,752	10,158,553	180,439	16,083,744
Unrestricted	(439,599)	1,371,579	15,878,049	1,723,584	454,402	18,988,015
Total Net Position	<u>\$ (439,599)</u>	<u>\$ 1,371,579</u>	<u>\$ 21,622,801</u>	<u>\$ 11,882,137</u>	<u>\$ 634,841</u>	<u>\$ 35,071,759</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	Compensated Absences	Risk Management	Central Equipment	City Facilities	Technology	Total
Operating Revenues						
Charges for services	\$ -	\$ 1,274,300	\$ 3,208,400	\$ 861,623	\$ 1,267,617	\$ 6,611,940
Operating Expenses						
Personnel services	245,890	29,019	561,351	258,834	747,193	1,842,287
Other current expenses	-	1,359,612	986,722	846,104	487,043	3,679,481
Depreciation and amortization	-	-	1,221,565	644,293	21,731	1,887,589
Other	-	-	-	-	80,690	80,690
Total Operating Expenses	<u>245,890</u>	<u>1,388,631</u>	<u>2,769,638</u>	<u>1,749,231</u>	<u>1,336,657</u>	<u>7,490,047</u>
Operating Income (Loss)	<u>(245,890)</u>	<u>(114,331)</u>	<u>438,762</u>	<u>(887,608)</u>	<u>(69,040)</u>	<u>(878,107)</u>
Nonoperating Revenues						
Investment earnings	-	49,808	592,663	75,166	41,317	758,954
Miscellaneous revenues	-	65,958	-	482,490	14,134	562,582
Gain on sale of capital assets	-	-	124,634	-	-	124,634
Total Nonoperating Revenues	<u>-</u>	<u>115,766</u>	<u>717,297</u>	<u>557,656</u>	<u>55,451</u>	<u>1,446,170</u>
Income (Loss) Before Transfers	<u>(245,890)</u>	<u>1,435</u>	<u>1,156,059</u>	<u>(329,952)</u>	<u>(13,589)</u>	<u>568,063</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,250</u>	<u>6,250</u>
Change in Net Position	<u>(245,890)</u>	<u>1,435</u>	<u>1,156,059</u>	<u>(329,952)</u>	<u>(7,339)</u>	<u>574,313</u>
Net Position, January 1	<u>(193,709)</u>	<u>1,370,144</u>	<u>20,466,742</u>	<u>12,212,089</u>	<u>642,180</u>	<u>34,497,446</u>
Net Position, December 31	<u>\$ (439,599)</u>	<u>\$ 1,371,579</u>	<u>\$ 21,622,801</u>	<u>\$ 11,882,137</u>	<u>\$ 634,841</u>	<u>\$ 35,071,759</u>

City of Inver Grove Heights, Minnesota

Internal Service Funds

Combining Statement of Cash Flows
For the Year Ended December 31, 2024

	Compensated Absences	Risk Management	Central Equipment	City Facilities	Technology	Total
Cash Flows from Operating Activities						
Receipts from customers and users	\$ -	\$ 1,274,377	\$ 3,208,400	\$ 851,334	\$ 1,267,617	\$ 6,601,728
Other operating receipts	-	65,958	-	482,490	14,134	562,582
Payments to suppliers	-	(1,335,644)	(1,011,479)	(815,958)	(611,842)	(3,774,923)
Payments to employees	(81,776)	(28,260)	(580,358)	(276,715)	(784,291)	(1,751,400)
Net Cash Provided (Used) by Operating Activities	(81,776)	(23,569)	1,616,563	241,151	(114,382)	1,637,987
Cash Flows from Noncapital Financing Activities						
Payments on interfund balances	-	-	639,088	-	-	639,088
Transfers from other funds	-	-	-	-	6,250	6,250
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	639,088	-	6,250	645,338
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	-	-	(1,374,306)	(47,184)	-	(1,421,490)
Proceeds from sale of capital assets	-	-	124,634	-	-	124,634
Net Cash Provided (Used) by and Related Financing Activities	-	-	(1,249,672)	(47,184)	-	(1,296,856)
Cash Flows from Investing Activities						
Investment receipts	-	48,815	566,978	72,420	39,863	728,076
Net Increase (Decrease) in Cash and Cash Equivalents						
	(81,776)	25,246	1,572,957	266,387	(68,269)	1,714,545
Cash and Cash Equivalents, January 1	2,571,117	1,163,420	13,866,690	1,678,716	1,022,200	20,302,143
Cash and Cash Equivalents, December 31	\$ 2,489,341	\$ 1,188,666	\$ 15,439,647	\$ 1,945,103	\$ 953,931	\$ 22,016,688
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (245,890)	\$ (114,331)	\$ 438,762	\$ (887,608)	\$ (69,040)	\$ (878,107)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	-	-	1,221,565	644,293	21,731	1,887,589
Other income related to operations	-	65,958	-	482,490	14,134	562,582
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	-	77	-	(10,289)	-	(10,212)
Inventories	-	-	46,792	-	-	46,792
Prepaid items	-	24,405	44	(640)	1,488	25,297
Deferred pension resources	-	1,465	41,120	20,457	56,949	119,991
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts and contracts payable	-	(437)	(72,051)	30,796	(45,597)	(87,289)
Accrued salaries payable	-	(62)	3,902	3,405	4,403	11,648
Due to other governments	-	-	458	(10)	-	448
Compensated absences payable	164,114	-	13,391	846	9,820	188,171
Net pension liability	-	(3,539)	(117,279)	(59,574)	(162,739)	(343,131)
Deferred pension resources	-	2,895	39,859	16,985	54,469	114,208
Net Cash Provided (Used) by Operating Activities	\$ (81,776)	\$ (23,569)	\$ 1,616,563	\$ 241,151	\$ (114,382)	\$ 1,637,987

PROPRIETARY FUNDS

The Water fund, Sewer fund, and Stormwater fund account for activities related to the operation of a water distribution system, sanitary sewer collection system and stormwater system, respectively, and rely to a significant extent on fees and charges for support.

Water consists of the Water Operating and the Water Capital funds.

Sewer consists of the Sewer Operating and Sewer Capital funds.

Stormwater consists of the Stormwater Operating, Stormwater Capital, and Stormwater Capital NWA funds.

Golf Course consists of the Golf Course operating and Golf Course Capital funds.

City of Inver Grove Heights, Minnesota
Proprietary Funds
Water Fund
Combining Schedule Net Position
December 31, 2024

	<u>510</u>	<u>511</u>	
	Water Operating	Water Capital	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 1,616,722	\$ 17,622,368	\$ 19,239,090
Receivables			
Accrued interest	14,663	93,723	108,386
Accounts	627,502	-	627,502
Special assessments	285,272	-	285,272
Prepaid items	2,119	-	2,119
Total Current Assets	<u>2,546,278</u>	<u>17,716,091</u>	<u>20,262,369</u>
Long-term Assets			
Special assessments	-	12,160	12,160
Capital assets			
Land	-	583,598	583,598
Construction in progress	-	1,788,144	1,788,144
Buildings and systems	-	52,810,815	52,810,815
Improvements other than buildings	-	98,108	98,108
Machinery and equipment	-	391,571	391,571
Total Capital Assets	-	55,672,236	55,672,236
Less accumulated depreciation	-	(25,739,693)	(25,739,693)
Net Capital Assets	-	<u>29,932,543</u>	<u>29,932,543</u>
Total Long-term Assets	-	<u>29,944,703</u>	<u>29,944,703</u>
Total Assets	<u>2,546,278</u>	<u>47,660,794</u>	<u>50,207,072</u>
Deferred Outflows of Resources			
Deferred other postemployment benefits resources	91,518	-	91,518
Deferred pension resources	52,428	-	52,428
Total Deferred Outflows of Resources	<u>143,946</u>	<u>-</u>	<u>143,946</u>
Liabilities			
Current Liabilities			
Accounts and contracts payable	24,401	257,874	282,275
Accrued salaries payable	18,772	-	18,772
Due to other governments	103,250	40	103,290
Unearned revenue	-	2,652,430	2,652,430
Compensated absences payable - current portion	56,455	-	56,455
Other postemployment benefits payable - current portion	5,364	-	5,364
Total Current Liabilities	<u>208,242</u>	<u>2,910,344</u>	<u>3,118,586</u>
Long-term Liabilities			
Compensated absences payable	70,071	-	70,071
Net pension liability	250,766	-	250,766
Other postemployment benefits payable	113,808	-	113,808
Total Long-term Liabilities	<u>434,645</u>	<u>-</u>	<u>434,645</u>
Total Liabilities	<u>642,887</u>	<u>2,910,344</u>	<u>3,553,231</u>
Deferred Inflows of Resources			
Deferred pension resources	183,447	-	183,447
Deferred other postemployment benefit resources	19,030	-	19,030
Total Deferred Inflows of Resources	<u>202,477</u>	<u>-</u>	<u>202,477</u>
Net Position			
Investment in capital assets	-	29,674,669	29,674,669
Unrestricted	1,844,860	15,075,781	16,920,641
Total Net Position	<u>\$ 1,844,860</u>	<u>\$ 44,750,450</u>	<u>\$ 46,595,310</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Water Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	<u>510</u>	<u>511</u>		
	Water Operating	Water Capital	Elimination	Total
Operating Revenues				
Charges for services				
Water sales	\$ 3,759,335	\$ -	\$ -	\$ 3,759,335
Late fees	88,225	-	-	88,225
Water meter sales	38,635	-	-	38,635
Total Operating Revenues	<u>3,886,195</u>	<u>-</u>	<u>-</u>	<u>3,886,195</u>
Operating Expenses				
Personnel services	851,743	-	-	851,743
Other current expenses	1,564,872	(7,987)	-	1,556,885
Depreciation	-	1,019,248	-	1,019,248
Total Operating Expenses	<u>2,416,615</u>	<u>1,011,261</u>	<u>-</u>	<u>3,427,876</u>
Operating Income (Loss)	<u>1,469,580</u>	<u>(1,011,261)</u>	<u>-</u>	<u>458,319</u>
Nonoperating Revenues (Expenses)				
Investment earnings	108,381	599,769	-	708,150
Miscellaneous revenues	3,873	-	-	3,873
Interest and amortization expense	-	(8,000)	-	(8,000)
Total Nonoperating Revenues (Expenses)	<u>112,254</u>	<u>591,769</u>	<u>-</u>	<u>704,023</u>
Income (Loss) Before Contributions and Transfers	1,581,834	(419,492)	-	1,162,342
Capital Contributions	47,849	1,698,054	-	1,745,903
Capital Contributions from Other Funds	244,252	-	-	244,252
Capital Contributions to Other Funds	-	(244,252)	-	(244,252)
Transfers In	19,949	2,491,323	(1,646,426)	864,846
Transfers Out	<u>(1,936,426)</u>	<u>(459,195)</u>	<u>1,646,426</u>	<u>(749,195)</u>
Change in Net Position	(42,542)	3,066,438	-	3,023,896
Net Position - January 1	<u>1,887,402</u>	<u>41,684,012</u>	<u>-</u>	<u>43,571,414</u>
Net Position, December 31	<u>\$ 1,844,860</u>	<u>\$ 44,750,450</u>	<u>\$ -</u>	<u>\$ 46,595,310</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Sewer Fund
Combining Schedule Net Position
December 31, 2024

	<u>520</u>	<u>521</u>	
	Sewer	Sewer	
	Operating	Capital	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 986,073	\$ 6,312,341	\$ 7,298,414
Receivables			
Accrued interest	10,557	31,141	41,698
Accounts	906,087	-	906,087
Prepaid items	202,841	-	202,841
Total Current Assets	<u>2,105,558</u>	<u>6,343,482</u>	<u>8,449,040</u>
Long-term Assets			
Special assessments	-	136,356	136,356
Capital assets			
Land	-	768,102	768,102
Construction in progress	-	1,119,856	1,119,856
Buildings and systems	-	45,636,531	45,636,531
Improvements other than buildings	-	39,924	39,924
Machinery and equipment	-	9,585	9,585
Total Capital Assets	-	47,573,998	47,573,998
Less accumulated depreciation	-	(17,676,616)	(17,676,616)
Net Capital Assets	-	29,897,382	29,897,382
Total Long-term Assets	-	30,033,738	30,033,738
Total Assets	<u>2,105,558</u>	<u>36,377,220</u>	<u>38,482,778</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	78,307	78,307
Deferred other postemployment benefits resources	43,724	-	43,724
Deferred pension resources	25,294	-	25,294
Total Deferred Outflows of Resources	<u>69,018</u>	<u>78,307</u>	<u>147,325</u>
Liabilities			
Current Liabilities			
Accounts and contracts payable	2,645	304,286	306,931
Accrued salaries payable	8,818	-	8,818
Due to other governments	79,695	72,065	151,760
Accrued interest payable	-	103,948	103,948
Unearned revenue	-	373,196	373,196
Compensated absences payable - current portion	26,955	-	26,955
Bonds payable - current portion	-	853,467	853,467
Other postemployment benefits payable - current portion	2,563	-	2,563
Total Current Liabilities	<u>120,676</u>	<u>1,706,962</u>	<u>1,827,638</u>
Long-term Liabilities			
Compensated absences payable	26,200	-	26,200
Bonds payable	-	8,427,193	8,427,193
Net pension liability	120,984	-	120,984
Other postemployment benefits payable	54,373	-	54,373
Total Long-term Liabilities	<u>201,557</u>	<u>8,427,193</u>	<u>8,628,750</u>
Total Liabilities	<u>322,233</u>	<u>10,134,155</u>	<u>10,456,388</u>
Deferred Inflows of Resources			
Deferred pension resources	88,506	-	88,506
Deferred other postemployment benefit resources	9,092	-	9,092
Total Deferred Inflows of Resources	<u>97,598</u>	<u>-</u>	<u>97,598</u>
Net Position			
Net investment in capital assets	-	20,390,743	20,390,743
Unrestricted	1,754,745	5,930,629	7,685,374
Total Net Position	<u>\$ 1,754,745</u>	<u>\$ 26,321,372</u>	<u>\$ 28,076,117</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Sewer Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	<u>520</u>	<u>521</u>		
	Sewer Operating	Sewer Capital	Elimination	Total
Operating Revenues				
Charges for services				
Sewer charges	\$ 5,213,056	\$ -	\$ -	\$ 5,213,056
Operating Expenses				
Personnel services	22,178	-	-	22,178
Other current expenses	2,881,964	262,251	-	3,144,215
Depreciation	-	869,027	-	869,027
Total Operating Expenses	<u>2,904,142</u>	<u>1,131,278</u>	-	<u>4,035,420</u>
Operating Income (Loss)	<u>2,308,914</u>	<u>(1,131,278)</u>	-	<u>1,177,636</u>
Nonoperating Revenues (Expenses)				
Investment earnings	81,300	201,560	-	282,860
Miscellaneous revenues	-	-	-	-
Interest and amortization expense	-	(225,344)	-	(225,344)
Total Nonoperating Revenues (Expenses)	<u>81,300</u>	<u>(23,784)</u>	-	<u>57,516</u>
Income (Loss) Before Contributions and Transfers	2,390,214	(1,155,062)	-	1,235,152
Capital Contributions	-	1,335,230	-	1,335,230
Capital Contributions from Other Funds	184,452	-	-	184,452
Capital Contributions to Other Funds	-	(184,452)	-	(184,452)
Transfers In	50,350	2,391,729	(1,597,984)	844,095
Transfers Out	<u>(1,887,984)</u>	<u>(689,734)</u>	<u>1,597,984</u>	<u>(979,734)</u>
Change in Net Position	737,032	1,697,711	-	2,434,743
Net Position - January 1	<u>1,017,713</u>	<u>24,623,661</u>	-	<u>25,641,374</u>
Net Position, December 31	<u>\$ 1,754,745</u>	<u>\$ 26,321,372</u>	<u>\$ -</u>	<u>\$ 28,076,117</u>

City of Inver Grove Heights, Minnesota

Proprietary Funds

Stormwater Fund

Combining Schedule Net Position

December 31, 2024

	<u>530</u>	<u>531</u>	<u>533</u>	
	Stormwater Operating	Stormwater Capital	Stormwater Capital NWA	Total
Assets				
Current Assets				
Cash and temporary investments	\$ 297,265	\$ 5,009,886	\$ -	\$ 5,307,151
Receivables				
Accrued interest	3,984	25,883	-	29,867
Accounts	372,262	-	-	372,262
Special assessments	-	36,838	-	36,838
Total Current Assets	<u>673,511</u>	<u>5,072,607</u>	<u>-</u>	<u>5,746,118</u>
Long-term Assets				
Special assessments	-	104,684	-	104,684
Capital assets				
Land	-	1,175,104	-	1,175,104
Construction in progress	-	1,413,950	-	1,413,950
Buildings and systems	-	24,199,657	-	24,199,657
Total Capital Assets	-	26,788,711	-	26,788,711
Less accumulated depreciation	-	(17,192,325)	-	(17,192,325)
Net Capital Assets	-	9,596,386	-	9,596,386
Total Long-term Assets	-	9,701,070	-	9,701,070
Total Assets	<u>673,511</u>	<u>14,773,677</u>	<u>-</u>	<u>15,447,188</u>
Deferred Outflows of Resources				
Deferred other postemployment benefits resources	22,896	-	-	22,896
Deferred pension resources	15,523	-	-	15,523
Total Deferred Outflows of Resources	<u>38,419</u>	<u>-</u>	<u>-</u>	<u>38,419</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	3,350	-	-	3,350
Accrued salaries payable	5,904	-	-	5,904
Due to other governments	7,320	-	-	7,320
Compensated absences payable - current portion	1,105	-	-	1,105
Other postemployment benefits payable - current portion	1,342	-	-	1,342
Total Current Liabilities	<u>19,021</u>	<u>-</u>	<u>-</u>	<u>19,021</u>
Long-term Liabilities				
Net pension liability	74,248	-	-	74,248
Other postemployment benefits payable	28,472	-	-	28,472
Total Long-term Liabilities	<u>102,720</u>	<u>-</u>	<u>-</u>	<u>102,720</u>
Total Liabilities	<u>121,741</u>	<u>-</u>	<u>-</u>	<u>121,741</u>
Deferred Inflows of Resources				
Deferred pension resources	54,316	-	-	54,316
Deferred other postemployment benefit resources	4,761	-	-	4,761
Total Deferred Inflows of Resources	<u>59,077</u>	<u>-</u>	<u>-</u>	<u>59,077</u>
Net Position				
Investment in capital assets	-	9,596,386	-	9,596,386
Unrestricted	531,112	5,177,291	-	5,708,403
Total Net Position	<u>\$ 531,112</u>	<u>\$ 14,773,677</u>	<u>\$ -</u>	<u>\$ 15,304,789</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Stormwater Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	<u>530</u>	<u>531</u>	<u>533</u>	Elimination	Total
	Stormwater Operating	Stormwater Capital	Stormwater Capital NWA		
Operating Revenues					
Charges for services					
Storm water charges	\$ 1,029,716	\$ -	\$ -	\$ -	\$ 1,029,716
Operating Expenses					
Personnel services	271,195	-	-	-	271,195
Other current expenses	249,290	19,667	1,740	-	270,697
Depreciation	-	250,925	-	-	250,925
Total Operating Expenses	<u>520,485</u>	<u>270,592</u>	<u>1,740</u>	-	<u>792,817</u>
Operating Income (Loss)	509,231	(270,592)	(1,740)	-	236,899
Nonoperating Revenues (Expenses)					
Investment earnings	24,588	88,600	75,423	-	188,611
Miscellaneous revenues	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>24,588</u>	<u>88,600</u>	<u>75,423</u>	-	<u>188,611</u>
Income (Loss) Before Contributions and Transfers	533,819	(181,992)	73,683	-	425,510
Capital Contributions	(227,646)	1,439,224	706,867	-	1,918,445
Capital Contributions from Other Funds	-	8,433,361	-	-	8,433,361
Capital Contributions to Other Funds	(8,433,361)	-	-	-	(8,433,361)
Transfers In	41,463	4,971,965	435,856	(3,839,036)	1,610,248
Transfers Out	<u>(601,249)</u>	<u>(317,830)</u>	<u>(3,334,361)</u>	<u>3,839,036</u>	<u>(414,404)</u>
Change in Net Position	(8,686,974)	14,344,728	(2,117,955)	-	3,539,799
Net Position - January 1	<u>9,218,086</u>	<u>428,949</u>	<u>2,117,955</u>	-	<u>11,764,990</u>
Net Position, December 31	<u>\$ 531,112</u>	<u>\$ 14,773,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,304,789</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Golf Course Fund
Combining Schedule Net Position
December 31, 2024

	<u>550</u>	<u>551</u>	
	Golf Course Operating	Golf Course Capital	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 905,584	\$ 1,166,933	\$ 2,072,517
Receivables			
Accrued interest	16,557	-	16,557
Prepaid items	5,564	-	5,564
Total Current Assets	<u>927,705</u>	<u>1,166,933</u>	<u>2,094,638</u>
Long-term Assets			
Capital assets			
Land	1,862,355	-	1,862,355
Buildings and systems	971,217	-	971,217
Improvements other than buildings	4,501,427	-	4,501,427
Machinery and equipment	1,265,124	-	1,265,124
Total Capital Assets	8,600,123	-	8,600,123
Less accumulated depreciation	<u>(5,998,420)</u>	<u>-</u>	<u>(5,998,420)</u>
Net Capital Assets	<u>2,601,703</u>	<u>-</u>	<u>2,601,703</u>
Total Assets	<u>3,529,408</u>	<u>1,166,933</u>	<u>4,696,341</u>
Deferred Outflows of Resources			
Deferred other postemployment benefits resources	110,325	-	110,325
Deferred pension resources	61,894	-	61,894
Total Deferred Outflows of Resources	<u>172,219</u>	<u>-</u>	<u>172,219</u>
Liabilities			
Current Liabilities			
Accrued salaries payable	16,435	-	16,435
Due to other governments	1,163	-	1,163
Deposits payable	99,156	-	99,156
Unearned revenue	643,515	-	643,515
Compensated absences payable - current portion	49,485	-	49,485
Other postemployment benefits payable - current portion	6,467	-	6,467
Total Current Liabilities	<u>816,221</u>	<u>-</u>	<u>816,221</u>
Long-term Liabilities			
Compensated absences payable	103,758	-	103,758
Advance from other funds	546,054	-	546,054
Net pension liability	296,044	-	296,044
Other postemployment benefits payable	137,196	-	137,196
Total Long-term Liabilities	<u>1,083,052</u>	<u>-</u>	<u>1,083,052</u>
Total Liabilities	<u>1,899,273</u>	<u>-</u>	<u>1,899,273</u>
Deferred Inflows of Resources			
Deferred pension resources	216,570	-	216,570
Deferred other postemployment benefit resources	22,941	-	22,941
Total Deferred Inflows of Resources	<u>239,511</u>	<u>-</u>	<u>239,511</u>
Net Position			
Net investment in capital assets	2,601,703	-	2,601,703
Unrestricted	<u>(1,038,860)</u>	<u>1,166,933</u>	<u>128,073</u>
Total Net Position	<u>\$ 1,562,843</u>	<u>\$ 1,166,933</u>	<u>\$ 2,729,776</u>

City of Inver Grove Heights, Minnesota
Proprietary Funds
Golf Course Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	<u>550</u>	<u>551</u>		
	Golf Course Operating	Golf Course Capital	Elimination	Total
Operating Revenues				
Charges for services				
Green fees	\$ 872,610	\$ -	\$ -	\$ 872,610
Golf cart rentals	592,393	-	-	592,393
Practice center	279,786	-	-	279,786
Golf shop	96,885	-	-	96,885
Food and beverage	252,860	-	-	252,860
Other	695,792	-	-	695,792
Total Operating Revenues	<u>2,790,326</u>	<u>-</u>	<u>-</u>	<u>2,790,326</u>
Operating Expenses				
Personnel services	1,664,697	-	-	1,664,697
Other current expenses	757,831	-	-	757,831
Depreciation	115,966	-	-	115,966
Total Operating Expenses	<u>2,538,494</u>	<u>-</u>	<u>-</u>	<u>2,538,494</u>
Operating Income (Loss)	<u>251,832</u>	<u>-</u>	<u>-</u>	<u>251,832</u>
Nonoperating Revenues (Expenses)				
Investment earnings	112,838	-	-	112,838
Gain on sale of capital assets	34,000	-	-	34,000
Total Nonoperating Revenues (Expenses)	<u>146,838</u>	<u>-</u>	<u>-</u>	<u>146,838</u>
Income (Loss) Before Contributions and Transfers	398,670	-	-	398,670
Transfers In	-	1,166,933	(1,166,933)	-
Transfers Out	<u>(1,166,933)</u>	<u>-</u>	<u>1,166,933</u>	<u>-</u>
Change in Net Position	(768,263)	1,166,933	-	398,670
Net Position - January 1	<u>2,331,106</u>	<u>-</u>	<u>-</u>	<u>2,331,106</u>
Net Position, December 31	<u>\$ 1,562,843</u>	<u>\$ 1,166,933</u>	<u>\$ -</u>	<u>\$ 2,729,776</u>

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STATISTICAL SECTION (UNAUDITED)

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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STATISTICAL SECTION (UNAUDITED)

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	<u>Pages</u>
Financial Trends	163 - 173
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	175 - 181
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	
Debt Capacity	182 - 188
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	189 - 191
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	192 - 196
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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City of Inver Grove Heights, Minnesota
Summary Financial Report
Governmental Funds
Revenues and Expenditures For General Operations
For the Years Ended December 31, 2024 and 2023

	Total		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 34,332,849	\$ 31,790,372	8.00 %
Licenses and permits	1,547,176	1,505,449	2.77
Intergovernmental	5,173,662	5,502,944	(5.98)
Charges for services	8,732,515	7,817,670	11.70
Fines and forfeits	188,442	197,013	(4.35)
Special assessments	2,712,420	2,300,173	17.92
Donations	2,080	-	N/A
Investment earnings	2,247,647	1,692,878	32.77
Miscellaneous	1,522,498	2,608,524	(41.63)
	<u>\$ 56,459,289</u>	<u>\$ 53,415,023</u>	5.70 %
Total Revenues	<u>\$ 56,459,289</u>	<u>\$ 53,415,023</u>	5.70 %
Per Capita	\$ 1,559	\$ 1,494	4.31 %
Expenditures			
Current			
General government	\$ 3,720,203	\$ 2,870,643	29.59 %
Public safety	17,284,650	16,072,181	7.54
Public works	5,520,179	6,573,282	(16.02)
Culture and recreation	7,674,001	7,100,176	8.08
Community development	2,205,205	2,289,964	(3.70)
Capital outlay			
General government	-	71,544	(100.00)
Public safety	35,370	50,914	(30.53)
Public works	8,509,063	8,328,775	2.16
Culture and recreation	2,406,506	5,931,605	(59.43)
Community development	158,451	419	37,716.47
Debt service			
Principal	2,092,940	2,074,648	0.88
Interest and other charges	801,923	832,374	(3.66)
	<u>\$ 50,408,491</u>	<u>\$ 52,196,525</u>	(3.43) %
Total Expenditures	<u>\$ 50,408,491</u>	<u>\$ 52,196,525</u>	(3.43) %
Per Capita	\$ 1,392	\$ 1,460	(4.69) %
Total Long-term Indebtedness			
Per Capita	\$ 23,907,797	\$ 26,063,558	(8.27) %
	660	729	(9.48)
General Fund Balance - December 31			
Per Capita	\$ 20,913,353	\$ 16,815,542	24.37 %
	577	470	22.73

The purpose of this report is to provide a summary of financial information concerning the City of Inver Grove Heights to interested citizens. The complete financial statements may be examined at City Hall, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412. Questions about this report should be directed to the Finance Department at (651) 450-2500.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

	Fiscal Year			
	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	\$ 92,587,696	\$ 96,443,126	\$ 93,604,421	\$ 101,204,542
Restricted	7,697,092	8,666,803	10,112,971	9,651,283
Unrestricted	<u>32,064,187</u>	<u>30,600,727</u>	<u>31,939,890</u>	<u>39,293,328</u>
Total Governmental Activities Net Position	<u>\$ 132,348,975</u>	<u>\$ 135,710,656</u>	<u>\$ 135,657,282</u>	<u>\$ 150,149,153</u>
Business-type Activities				
Net investment in capital assets	\$ 40,500,700	\$ 48,192,046	\$ 49,136,855	\$ 51,148,138
Restricted	-	-	-	-
Unrestricted	<u>18,559,610</u>	<u>13,397,258</u>	<u>10,707,274</u>	<u>9,464,848</u>
Total Business-type Activities Net Position	<u>\$ 59,060,310</u>	<u>\$ 61,589,304</u>	<u>\$ 59,844,129</u>	<u>\$ 60,612,986</u>
Total Primary Government				
Net investment in capital assets	\$ 133,088,396	\$ 144,635,172	\$ 142,741,276	\$ 152,352,680
Restricted	7,697,092	8,666,803	10,112,971	9,651,283
Unrestricted	<u>50,623,797</u>	<u>43,997,985</u>	<u>42,647,164</u>	<u>48,758,176</u>
Total Primary Government Net Position	<u>\$ 191,409,285</u>	<u>\$ 197,299,960</u>	<u>\$ 195,501,411</u>	<u>\$ 210,762,139</u>

Note: The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated. In 2021, the activities of the Storm Water fund were transferred to a newly created enterprise fund. Years prior to 2021 have not been restated.

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 108,559,698	\$ 113,246,973	\$ 108,803,798	\$ 112,929,545	\$ 123,768,963	\$ 126,758,171
9,707,215	9,080,704	10,885,593	14,527,169	13,588,429	14,440,794
42,628,763	51,420,595	56,448,808	54,778,199	56,528,636	63,721,403
<u>\$ 160,895,676</u>	<u>\$ 173,748,272</u>	<u>\$ 176,138,199</u>	<u>\$ 182,234,913</u>	<u>\$ 193,886,028</u>	<u>\$ 204,920,368</u>
\$ 51,455,529	\$ 51,251,800	\$ 59,652,599	\$ 60,441,697	\$ 58,449,172	\$ 62,263,501
-	-	2,900,000	-	-	-
11,295,098	11,972,101	14,646,049	20,327,495	24,859,712	30,442,491
<u>\$ 62,750,627</u>	<u>\$ 63,223,901</u>	<u>\$ 77,198,648</u>	<u>\$ 80,769,192</u>	<u>\$ 83,308,884</u>	<u>\$ 92,705,992</u>
\$ 160,015,227	\$ 164,498,773	\$ 168,456,397	\$ 173,371,242	\$ 182,218,135	\$ 189,021,672
9,707,215	9,080,704	13,785,593	14,527,169	13,588,429	14,440,794
53,923,861	63,392,696	71,094,857	75,105,694	81,388,348	94,163,894
<u>\$ 223,646,303</u>	<u>\$ 236,972,173</u>	<u>\$ 253,336,847</u>	<u>\$ 263,004,105</u>	<u>\$ 277,194,912</u>	<u>\$ 297,626,360</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,655,475	\$ 2,996,056	\$ 2,481,001	\$ 2,395,582
Public safety	8,109,514	10,727,458	12,087,235	10,236,391
Public works	6,816,075	8,887,750	7,690,391	7,056,944
Culture and recreation	6,576,337	6,768,580	7,919,434	7,139,360
Community development	1,792,921	1,599,270	2,540,933	2,124,968
Interest on long-term debt	771,350	926,142	1,007,774	1,091,471
Total Governmental Activities Expenses	<u>24,373,967</u>	<u>25,721,672</u>	<u>31,905,256</u>	<u>33,726,768</u>
Business-type activities				
Water	2,381,673	2,562,739	2,705,498	3,003,465
Sewer	3,628,484	3,571,160	4,265,285	4,123,098
Storm Water	-	-	-	-
Golf course	1,581,313	1,486,481	3,901,573	1,932,241
Total Business-type Activities Expenses	<u>7,682,551</u>	<u>7,591,470</u>	<u>7,620,380</u>	<u>10,872,356</u>
Total Primary Government Expenses	<u>\$ 32,056,518</u>	<u>\$ 33,313,142</u>	<u>\$ 39,525,636</u>	<u>\$ 44,599,124</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 11,190	\$ 19,706	\$ 21,386	\$ 12,049
Public safety	629,828	628,342	689,060	635,233
Public works	3,552,354	3,346,781	3,038,693	3,469,315
Culture and recreation	3,184,781	3,570,598	2,922,124	3,210,032
Community development	702,948	1,019,012	1,202,410	1,401,683
Operating grants and contributions	1,012,882	986,082	1,219,181	2,567,895
Capital grants and contributions	3,860,088	5,079,885	2,125,371	7,803,984
Total Governmental Activities Program Revenues	<u>15,764,619</u>	<u>12,954,071</u>	<u>14,650,406</u>	<u>11,218,225</u>
Business-type activities				
Charges for services				
Water	2,899,782	2,878,095	3,051,811	3,132,068
Sewer	3,088,659	3,281,356	3,460,592	3,693,679
Stormwater	-	-	-	-
Golf course	1,634,226	1,306,162	1,467,194	1,879,599
Operating grants and contributions	12,587	12,345	8,283	10,087
Capital grants and contributions	1,463,961	2,175,951	1,392,096	1,717,863
Total Business-type Activities Program Revenues	<u>8,464,165</u>	<u>9,099,215</u>	<u>9,653,909</u>	<u>9,379,976</u>
Total Primary Government Program Revenues	<u>\$ 24,228,784</u>	<u>\$ 22,053,286</u>	<u>\$ 24,304,315</u>	<u>\$ 20,598,201</u>

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 3,017,849	\$ 2,969,823	\$ 4,209,265	\$ 4,992,374	\$ 4,520,300	\$ 4,741,396
11,486,291	12,994,292	12,388,559	16,083,846	19,639,754	18,303,826
8,989,180	8,983,184	7,307,967	8,911,207	8,705,146	9,963,161
7,497,438	6,135,155	6,803,476	7,612,774	9,179,046	8,288,378
2,322,377	3,693,217	2,119,884	2,062,697	2,395,156	2,374,010
1,452,062	1,003,536	861,888	798,645	743,678	712,039
<u>30,044,716</u>	<u>34,765,197</u>	<u>35,779,207</u>	<u>33,691,039</u>	<u>45,183,080</u>	<u>44,382,810</u>
2,779,567	2,887,882	3,021,693	3,859,391	3,960,358	3,435,876
3,959,592	4,148,917	3,944,724	4,400,611	5,036,434	4,260,764
-	-	743,576	686,977	1,002,073	792,817
1,796,957	2,127,755	1,966,693	2,159,004	2,028,445	2,538,494
<u>9,058,804</u>	<u>8,536,116</u>	<u>9,164,554</u>	<u>9,676,686</u>	<u>12,027,310</u>	<u>11,027,951</u>
<u>\$ 39,103,520</u>	<u>\$ 43,301,313</u>	<u>\$ 44,943,761</u>	<u>\$ 43,367,725</u>	<u>\$ 57,210,390</u>	<u>\$ 55,410,761</u>
\$ 49,005	\$ 83,437	\$ 18,375	\$ 22,797	\$ 138,772	\$ 138,918
769,972	605,334	671,520	719,421	576,222	525,304
3,971,781	5,152,781	5,053,204	4,022,301	3,141,396	4,083,059
3,314,495	1,861,459	4,468,966	3,371,762	4,709,886	4,376,984
1,754,000	1,142,921	1,877,571	1,698,414	1,336,595	1,394,959
3,254,500	5,486,950	2,153,837	4,062,148	5,024,620	6,537,627
4,182,202	4,864,126	2,679,057	3,104,575	5,242,172	4,662,760
<u>19,100,191</u>	<u>17,295,955</u>	<u>19,197,008</u>	<u>16,922,530</u>	<u>20,169,663</u>	<u>21,719,611</u>
3,031,231	3,212,973	3,706,014	3,606,552	4,087,810	3,886,195
3,753,168	3,847,337	4,094,880	4,220,841	4,632,630	5,213,056
-	-	1,109,046	677,140	864,551	1,029,716
1,755,886	2,145,792	2,419,528	2,394,251	2,704,655	2,790,326
6,667	5,223	10,232	25,808	17,776	3,873
2,106,572	1,365,247	3,957,841	4,516,877	2,783,985	1,727,855
<u>10,433,296</u>	<u>10,653,524</u>	<u>10,576,572</u>	<u>15,297,541</u>	<u>15,091,407</u>	<u>14,651,021</u>
<u>\$ 29,533,487</u>	<u>\$ 27,949,479</u>	<u>\$ 29,773,580</u>	<u>\$ 32,220,071</u>	<u>\$ 35,261,070</u>	<u>\$ 36,370,632</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	Fiscal Year			
	2015	2016	2017	2018
Net Revenues (Expenses)				
Governmental activities	\$ (12,767,601)	\$ (17,254,850)	\$ (22,508,543)	\$ (10,944,525)
Business-type activities	1,507,745	2,033,529	(1,492,380)	1,374,492
Total Primary Government Net Revenues (Expenses)	<u>\$ (7,827,734)</u>	<u>\$ (11,259,856)</u>	<u>\$ (15,221,321)</u>	<u>\$ (24,000,923)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 16,657,367	\$ 18,068,901	\$ 19,395,888	\$ 21,043,742
Tax increments	2,020,664	1,959,743	1,578,646	1,655,941
Lodging taxes	106,361	128,367	133,979	133,872
Franchise taxes	98,221	103,406	107,441	1,135,415
Grants and contributions not restricted to specific programs	144,337	280,346	146,791	161,095
Unrestricted investment earnings (loss)	435,751	345,223	545,279	761,542
Gain on sale of capital assets	11,070	78,545	89,116	21,486
Transfers	841,284	(348,000)	458,029	939,547
Total Governmental Activities	<u>18,994,356</u>	<u>20,315,055</u>	<u>20,616,531</u>	<u>22,455,169</u>
Business-type activities				
Unrestricted investment earnings	232,427	147,465	205,234	354,181
Gain on sale of capital assets	-	-	-	-
Transfers	(841,284)	348,000	(458,029)	(939,547)
Total Business-type Activities	<u>(828,088)</u>	<u>(608,857)</u>	<u>495,465</u>	<u>(252,795)</u>
Total Primary Government	<u>\$ 18,166,268</u>	<u>\$ 19,706,198</u>	<u>\$ 21,111,996</u>	<u>\$ 22,202,374</u>
Change in Net Position				
Governmental activities	\$ 7,547,454	\$ 3,361,681	\$ (53,374)	\$ 14,908,115
Business-type activities	898,888	2,528,994	(1,745,175)	789,126
Total Primary Government	<u>\$ 10,338,534</u>	<u>\$ 8,446,342</u>	<u>\$ 5,890,675</u>	<u>\$ (1,798,549)</u>

Note 1: The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

Note 2: The City created a new Stormwater fund in 2021. As part of creating the fund, all balances of the Stormwater capital projects fund were transferred to this fund. Years prior to 2021 have not been restated.

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (17,469,242)	\$ (16,582,199)	\$ (16,768,509)	\$ (23,460,125)	\$ (25,029,536)	\$ (22,663,199)
<u>2,117,408</u>	<u>1,412,018</u>	<u>5,620,855</u>	<u>4,335,486</u>	<u>3,064,097</u>	<u>3,623,070</u>
<u>\$ (9,570,033)</u>	<u>\$ (15,351,834)</u>	<u>\$ (15,170,181)</u>	<u>\$ (11,147,654)</u>	<u>\$ (21,965,439)</u>	<u>\$ (19,040,129)</u>
\$ 23,348,621	\$ 24,825,120	\$ 26,282,771	\$ 28,220,220	\$ 30,355,206	\$ 32,941,019
1,738,995	-	-	2,567	-	-
133,808	77,357	120,618	128,548	248,216	203,013
1,171,449	1,177,600	1,183,827	1,206,886	1,214,779	1,221,745
75,893	112,520	322,839	621,200	591,785	648,106
1,592,145	1,807,149	(386,473)	(1,066,607)	2,409,969	3,006,601
-	10,860	109,509	245,535	199,300	124,634
321,140	1,424,189	(8,474,655)	198,490	1,645,277	(4,447,579)
<u>25,852,640</u>	<u>28,382,051</u>	<u>29,434,795</u>	<u>19,158,436</u>	<u>36,664,532</u>	<u>33,697,539</u>
341,373	485,445	(120,763)	(574,952)	1,120,872	1,292,459
-	-	-	8,500	-	34,000
(321,140)	(1,424,189)	8,474,655	(198,490)	(1,645,277)	4,447,579
<u>(585,366)</u>	<u>20,233</u>	<u>(938,744)</u>	<u>8,353,892</u>	<u>(524,405)</u>	<u>5,774,038</u>
<u>\$ 25,267,274</u>	<u>\$ 28,402,284</u>	<u>\$ 28,496,051</u>	<u>\$ 27,512,328</u>	<u>\$ 36,140,127</u>	<u>\$ 39,471,577</u>
\$ 10,912,809	\$ 12,852,596	\$ 2,389,927	\$ 6,096,714	\$ 11,651,115	\$ 11,034,340
2,137,641	473,274	13,974,747	3,570,544	2,539,692	9,397,108
<u>\$ 15,697,241</u>	<u>\$ 13,050,450</u>	<u>\$ 13,325,870</u>	<u>\$ 16,364,674</u>	<u>\$ 14,190,807</u>	<u>\$ 20,431,448</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 3,667	\$ 15,799	\$ 141,195	\$ 12,679
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	9,922,952	9,600,129	10,038,550	10,520,461
Total General Fund	<u>\$ 9,926,619</u>	<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>
All Other Governmental Funds				
Nonspendable	\$ 7,203	\$ 2,887	\$ 17,761	\$ 105,287
Restricted	10,128,899	18,332,804	20,275,918	16,286,001
Committed	955,348	720,397	738,817	1,790,562
Assigned	14,066,297	13,408,861	17,069,166	22,069,612
Unassigned	(1,949,474)	(1,847,409)	(3,741,559)	(6,573,705)
Total All Other Governmental Funds	<u>\$ 23,208,273</u>	<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 177,753	\$ 28,365	\$ 17,785	\$ 71,772	\$ 88,444	\$ 279,183
-	16,118	19,061	26,073	1,590,149	1,475,312
-	-	75,587	278,240	649,116	1,154,309
<u>11,313,120</u>	<u>12,870,165</u>	<u>13,095,958</u>	<u>13,387,712</u>	<u>14,471,714</u>	<u>18,004,549</u>
<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>	<u>\$ 13,208,391</u>	<u>\$ 13,763,797</u>	<u>\$ 16,799,423</u>	<u>\$ 20,913,353</u>
\$ 15,236	\$ 1,485	\$ 4,611	\$ 9,100	\$ 11,046	\$ 12,632
10,642,272	8,785,571	10,754,837	12,192,882	10,318,743	11,253,171
2,836,946	4,078,939	910,881	505,837	705,109	823,364
21,371,523	24,710,670	28,781,879	28,971,387	28,794,353	28,451,791
<u>(4,101,728)</u>	<u>(1,749,993)</u>	<u>(1,736,987)</u>	<u>(1,683,478)</u>	<u>(59,174)</u>	<u>-</u>
<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>	<u>\$ 38,715,221</u>	<u>\$ 39,995,728</u>	<u>\$ 39,770,077</u>	<u>\$ 40,540,958</u>

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 4

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 18,951,875	\$ 20,287,670	\$ 21,228,180	\$ 24,029,756
Licenses and permits	844,006	1,133,121	1,355,686	1,515,601
Intergovernmental	1,111,405	2,686,298	1,828,149	8,443,585
Charges for services	6,857,352	7,073,953	6,044,318	6,635,041
Fines and forfeitures	120,029	119,855	173,365	185,181
Special assessments	1,759,195	1,536,041	1,649,876	1,235,379
Donations	-	-	-	88,317
Investment earnings (loss)	257,824	231,466	391,228	565,567
Miscellaneous	455,909	771,714	1,050,756	776,392
Total Revenues	30,357,595	33,840,118	33,721,558	43,474,819
Expenditures				
Current				
General government	1,667,440	1,868,611	1,870,026	2,147,041
Public safety	8,342,569	9,332,846	9,837,271	10,753,947
Public works	4,580,122	4,504,655	4,848,977	4,668,439
Culture and recreation	5,284,502	5,268,205	5,696,321	6,058,369
Community development	1,612,736	1,696,528	2,008,043	1,915,702
Capital outlay	4,939,260	8,747,031	6,000,301	18,103,407
Debt service				
Principal	3,688,280	2,851,870	2,575,000	11,015,000
Interest and other charges	675,558	787,537	882,784	1,134,477
Bond issuance costs	131,221	140,713	85,505	124,608
Total Expenditures	30,921,688	35,197,996	33,804,228	55,920,990
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(564,093)	(1,357,878)	(82,670)	(12,446,171)
Other Financing Sources (Uses)				
Transfers in	5,633,063	7,596,433	5,668,147	9,224,763
Transfers out	(4,762,561)	(7,928,133)	(4,960,644)	(7,300,022)
Bonds issued	7,745,000	-	3,505,000	9,785,000
Lease issued	-	-	-	-
Premium on bonds issued	188,546	273,154	128,904	407,479
Refunding bonds issued	-	8,515,000	-	-
Principal paid on refunded bonds	-	-	-	-
Sale of capital assets	-	-	47,643	-
Total Other Financing Sources (Uses)	8,804,048	8,456,454	4,389,050	12,117,220
Net Change in Fund Balances	\$ 8,239,955	\$ 7,098,576	\$ 4,306,380	\$ (328,951)
Debt Service as a Percentage of				
Noncapital Expenditures	16.36%	12.30%	10.98%	31.32%

Note: In 2018, current refunding bonds were issued to refund a significant portion of outstanding debt.

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 26,375,433	\$ 26,106,752	\$ 27,569,539	\$ 29,491,935	\$ 31,790,372	\$ 34,332,849
1,884,737	1,232,336	1,939,133	1,820,192	1,505,449	1,547,176
4,964,285	6,584,684	3,111,726	3,281,568	5,519,063	5,173,662
7,310,715	6,988,370	9,510,155	7,825,923	7,817,670	8,732,515
187,738	145,283	166,286	193,985	197,013	188,442
1,354,147	1,424,389	1,079,854	1,843,776	2,300,173	2,712,420
-	-	-	-	-	2,080
1,306,923	1,393,306	(298,830)	(747,272)	1,692,878	2,247,647
1,072,834	1,159,838	1,201,916	1,172,444	2,608,524	1,522,498
<u>44,456,812</u>	<u>45,034,958</u>	<u>44,279,779</u>	<u>44,882,551</u>	<u>53,431,142</u>	<u>56,459,289</u>
2,147,501	2,569,221	3,900,394	3,998,983	2,870,643	3,720,203
11,897,247	12,571,164	12,589,736	14,336,568	16,072,181	17,284,650
5,501,354	5,388,120	5,614,601	5,675,556	6,573,282	5,520,179
6,006,067	5,123,142	6,022,413	6,688,174	7,100,176	7,674,001
1,657,141	3,644,949	2,060,832	1,973,428	2,289,964	2,205,205
18,382,651	7,622,854	6,873,673	8,035,860	14,383,257	11,109,390
2,385,000	2,135,000	1,560,000	2,164,308	2,074,648	2,092,940
1,234,714	1,069,906	941,357	886,738	832,374	801,923
110,529	47,548	-	-	-	-
<u>49,322,204</u>	<u>40,171,904</u>	<u>39,563,006</u>	<u>43,759,615</u>	<u>52,196,525</u>	<u>50,408,491</u>
<u>(4,865,392)</u>	<u>4,863,054</u>	<u>4,716,773</u>	<u>1,122,936</u>	<u>1,234,617</u>	<u>6,050,798</u>
9,746,464	9,313,089	11,824,493	7,620,711	8,243,486	5,414,525
(9,225,805)	(7,709,382)	(13,448,974)	(6,966,052)	(6,652,009)	(6,596,631)
2,500,000	-	-	-	-	-
-	-	-	58,318	-	-
55,244	19,437	-	-	-	-
-	1,640,000	-	-	-	-
-	(1,640,000)	-	-	-	-
-	-	90,000	-	-	-
<u>3,075,903</u>	<u>1,623,144</u>	<u>(1,534,481)</u>	<u>712,977</u>	<u>1,591,477</u>	<u>(1,182,106)</u>
<u>\$ (1,789,489)</u>	<u>\$ 6,486,198</u>	<u>\$ 3,182,292</u>	<u>\$ 1,835,913</u>	<u>\$ 2,826,094</u>	<u>\$ 4,868,692</u>
<u>10.86%</u>	<u>9.28%</u>	<u>7.58%</u>	<u>8.25%</u>	<u>7.33%</u>	<u>7.05%</u>

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4.1

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2015	\$ 16,726,629	\$ 2,020,664	\$ 106,361	\$ 98,221	\$ 18,951,875
2016	18,096,154	1,959,743	128,367	103,406	20,287,670
2017	19,408,114	1,578,646	133,979	107,441	21,228,180
2018	21,104,528	1,655,941	133,872	1,135,415 (1)	24,029,756
2019	23,331,181	1,738,995	133,808	1,171,449	26,375,433
2020	24,851,795	-	(2) 77,357	1,177,600	26,106,752
2021	26,265,094	-	120,618	1,183,827	27,569,539
2022	28,153,934	2,567	128,548	1,206,886	29,491,935
2023	30,327,377	-	248,216	1,214,779	31,790,372
2024	32,908,091	-	203,013	1,221,745	34,332,849

(1) The City began the collection of gas and electric utility franchise fees in 2018.

(2) In 2020, the City transferred authority over their existing Tax Increment Financing Districts to another entity.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Table 5

Fiscal Year Ended December 31, (1)	Tax Capacity				Total Taxable Assessed Value
	Real Property		Personal Property	Less Tax Exempt Real Property	
	Residential Property	Commercial Property			
2015	\$ 25,635,739	\$ 9,263,633	\$ 726,252	\$ 3,914,916	\$ 31,710,708
2016	27,361,534	9,779,662	753,881	4,071,056	33,824,021
2017	28,111,605	9,722,415	787,939	4,126,152	34,495,807
2018	31,103,141	9,930,791	823,979	4,623,984	37,233,927
2019	33,620,344	10,011,283	802,338	4,660,532	39,773,433
2020	35,972,794	10,284,333	818,480	4,796,534	42,279,073
2021	38,317,299	11,095,364	885,375	5,034,580	45,263,458
2022	40,830,541	11,380,555	521,898	5,378,618	47,354,376
2023	47,888,464	12,027,565	527,995	5,728,590	54,715,434
2024	49,995,088	13,514,618	563,467	5,747,296	58,325,877

Source: Dakota County Assessor.

(1) Represents the year the taxes are payable, not the year the taxes are levied.

Table 5

<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
48.131	\$ 3,005,516,326	1.19 %
49.266	3,198,957,044	1.18
51.644	3,270,107,980	1.18
51.112	3,560,206,357	1.18
53.537	3,805,930,599	1.17
51.037	4,049,704,082	1.16
50.590	4,314,509,327	1.17
51.925	4,548,648,085	1.16
48.814	5,234,903,001	1.15
50.132	5,511,804,726	1.16

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Table 6

Fiscal Year	City of Inver Grove Heights		
	Operating Millage	Debt Service Millage	Total Direct Rate
2015	43.984 %	4.147 %	48.131 %
2016	43.621	5.645	49.266
2017	45.717	5.927	51.644
2018	46.379	4.733	51.112
2019	47.674	5.863	53.537
2020	45.151	5.886	51.037
2021	45.038	5.552	50.590
2022	47.251	4.674	51.925
2023	44.718	4.096	48.814
2024	46.239	3.893	50.132

Source: Dakota County Treasurer - Auditor.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Inver Grove Heights. Not all overlapping rates apply to all City of Inver Grove Heights property owners (i.e. the rates for School District #199 apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the school district.)

(2) Special districts include: Metropolitan Council, Mosquito Control, and Metropolitan Transit.

Table 6

Dakota County	Overlapping Rates (1)				Total Direct & Overlapping Rates
	School District No. 199	School District No. 196	School District No. 197	Special Districts (2)	
29.633 %	34.864 %	23.271 %	24.063 %	4.567 %	164.529 %
28.570	30.272	24.317	22.170	4.614	159.209
28.004	28.572	23.336	22.295	4.458	158.309
26.580	26.680	21.352	21.224	3.878	150.826
25.386	26.537	20.613	24.246	3.824	154.143
24.133	22.896	19.860	22.125	3.631	143.682
22.716	23.368	20.046	21.900	3.432	142.052
21.630	22.296	19.971	20.391	3.381	139.594
18.816	20.009	17.904	17.067	2.914	125.524
18.323	20.100	23.624	17.391	2.994	132.564

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Principal Property Taxpayers
 Current and Nine Years Ago

Table 7

Taxpayer	2024			2015		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Xcel Energy (Northern States Power)	\$ 2,316,317	1	3.62 %	\$ 1,972,488	1	5.54 %
Flint Hills	1,040,333	2	1.62	491,464	2	1.38
Southview Gables / GSIC II Southview LLC	959,243	3	1.50			
Lake Cove Village Partnership	619,523	4	0.97	345,227	5	0.97
Salem Green Ltd. Partnership	598,242	5	0.93	269,833	7	0.76
PHM Inver Grove Inc	556,250	6	0.87	347,218	4	0.97
Chicago & NW Trans Co.	452,453	7	0.71			
Crossings IGH LLC	448,568	8	0.70	219,768	10	0.62
Pearlwood Estates LP	446,770	9	0.70	284,646	6	0.80
Farmers Union Central Exchange (Genex)	431,564	10	0.67	248,314	8	0.70
ML Casa IV LP (I & G Southview LLC)				480,617	3	1.35
Vansouth Ltd. Partnership				284,646	6	0.80
Brentwood Hills Ltd. Partnership				238,367	9	0.67
Pearlwood Estates Ltd						
Total	\$ 7,869,263		12.28 %	\$ 5,182,588		14.55 %

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2015	\$ 16,468,844	\$ 16,369,815	99.40	\$ 119,121	\$ 16,488,936	100.00 %
2016	18,022,195	17,928,458	99.48	121,505	18,049,963	100.00
2017	19,197,825	19,056,388	99.26	141,437	19,197,825	100.00
2018	21,041,791	20,921,998	99.43	138,037	21,060,035	100.00
2019	23,310,688	23,282,030	99.88	81,723	23,363,753	100.00
2020	24,810,277	24,673,232	99.45	120,512	24,793,744	99.93
2021	26,202,752	26,071,741	99.50	158,544	26,230,285	100.00
2022	28,064,780	27,912,552	99.46	126,474	28,039,026	99.91
2023	30,414,189	30,127,420	99.06	236,646	30,364,066	99.84
2024	32,820,788	29,558,524	90.06	-	29,558,524	90.06

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation (G.O.) Bonds	G.O. Tax Increment Bonds	G.O. Special Assessments Bonds	Leases Payable	G.O. Revenue Bonds	Financed Purchases
2015	\$ 17,363,296	\$ 2,836,275	\$ 7,567,731	\$ -	\$ 20,408,629	\$ 29,120
2016	25,734,951	1,681,275	6,242,731	-	19,018,096	-
2017	25,073,158	1,131,275	8,452,731	-	23,197,427	-
2018	25,943,500	560,000	7,269,990	-	21,511,921	-
2019	27,673,288	-	6,190,866	-	14,786,830	-
2020	26,671,000	-	5,007,560	-	13,511,374	-
2021	25,303,163	-	4,750,727	148,377	15,172,519	-
2022	23,882,175	-	4,093,894	224,958	10,907,593	-
2023	22,381,187	-	3,582,061	100,310	10,109,127	-
2024	20,805,199	-	3,065,228	37,370	9,280,660	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

Table 9

	Total Primary Government	Percentage of Personal Income	Per Capita
\$	48,205,051	3.94	\$ 1,389
	52,677,053	4.27	1,502
	57,854,591	4.45	1,642
	55,285,411	3.88	1,563
	48,650,984	3.27	1,371
	45,189,934	2.15	1,281
	45,374,786	2.90	1,267
	39,108,620	2.27	1,094
	36,172,685	1.97	1,013
	33,188,457	1.75	916

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Less Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2015	\$ 48,175,931	6,000,117	\$ 42,175,814	1.40 %	\$ 1,218
2016	52,677,053	5,119,578	47,557,475	1.49	1,350
2017	57,854,591	4,657,944	53,196,647	1.63	1,510
2018	55,285,411	5,129,747	50,155,664	1.41	1,418
2019	48,650,984	4,201,334	44,449,650	1.17	1,253
2020	45,189,934	4,304,080	40,885,854	1.01	1,158
2021	45,226,409	4,190,980	41,035,429	0.95	1,146
2022	38,883,662	4,074,672	34,808,990	0.77	974
2023	36,072,375	4,181,396	31,890,979	0.61	893
2024	33,151,087	4,224,459	28,926,628	0.52	799

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2024

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
School District # 199	\$ 38,125,000	94.5 %	\$ 36,044,786
School District # 196	372,305,000	5.5	20,340,139
School District # 197 (3)	142,185,000	0.6	881,689
Metropolitan Council (2)	<u>159,410,000</u>	1.0	<u>1,642,082</u>
 Total Overlapping Debt	 712,025,000		 58,908,696
 City of Inver Grove Heights Direct Debt	 <u>23,907,797</u>	 100.00	 <u>23,907,797</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 735,932,797</u></u>		 <u><u>\$ 82,816,493</u></u>

Source: Dakota County Treasurer/Auditor, Official Statement obtained on EMMA and Municipal Advisor's records

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 to the City of Inver Grove Heights, Minnesota. 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.

(1) Amounts do not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) Debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt.

(3) Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 12

	Fiscal Year			
	2015	2016	2017	2018
Debt Limit	\$ 90,165,490	\$ 95,968,711	\$ 98,103,239	\$ 106,806,191
Total Net Debt Applicable to Limit	<u>14,077,236</u>	<u>13,229,040</u>	<u>14,530,123</u>	<u>23,056,521</u>
Legal Debt Margin	<u>\$ 73,929,618</u>	<u>\$ 77,764,233</u>	<u>\$ 76,088,254</u>	<u>\$ 82,739,671</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	15.61%	13.78%	14.81%	21.59%

Table 12

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 114,177,918	\$ 121,295,097	\$ 129,435,280	\$ 136,459,443	\$ 157,047,090	\$ 165,354,142
<u>24,751,521</u>	<u>23,883,401</u>	<u>21,776,263</u>	<u>20,406,263</u>	<u>18,587,832</u>	<u>16,931,247</u>
<u>\$ 83,573,116</u>	<u>\$ 83,749,670</u>	<u>\$ 89,426,397</u>	<u>\$ 97,411,696</u>	<u>\$ 107,659,017</u>	<u>\$ 148,422,895</u>
21.68%	19.69%	16.82%	14.95%	11.84%	10.24%

Legal Debt Margin Calculation for Fiscal Year 2024

Taxable Market Value	<u>\$ 5,511,804,726</u>
Debt Limit (3 Percent of Market Value)	<u>\$ 165,354,142</u>
Debt Applicable to Limit	
General obligation bonds	20,260,000
Less: amount available in debt service funds	<u>(3,328,753)</u>
Total Net Debt Applicable to Limit	<u>16,931,247</u>
Legal Debt Margin	<u>\$ 148,422,895</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 13

Water G.O. Revenue Bonds							
Fiscal Year	Water Charges and other	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2015	\$ 2,899,782	\$ 1,449,803	\$ 1,449,979	\$ 805,000	\$ 91,050	\$ 896,050	161.82 %
2016	2,878,095	1,572,283	1,305,812	825,000	74,039	899,039	145.25
2017	3,051,811	1,702,566	1,349,245	845,000	57,324	902,324	149.53
2018	3,132,068	2,005,111	1,126,957	850,000	40,426	890,426	126.56
2019	3,031,231	1,807,741	1,223,490	369,999	27,701	397,700	307.64
2020	3,212,973	1,894,709	1,318,264	379,999	20,676	400,675	329.01
2021	3,602,230	2,036,110	1,566,120	390,000	12,975	402,975	388.64
2022	3,606,552	2,859,679	746,873	409,088	6,800	415,888	179.59
2023	4,087,810	2,966,106	1,121,704	-	-	-	-
2024	3,886,195	2,408,628	1,477,567	-	8,000	8,000	-

Sewer G.O. Revenue Bonds							
Fiscal Year	Sewer Charges and other	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2015	\$ 3,088,659	\$ 2,653,539	\$ 435,120	\$ 475,000	\$ 301,760	\$ 776,760	56.02 %
2016	3,281,356	2,455,570	825,786	525,000	472,244	997,244	82.81
2017	3,460,592	2,938,354	522,238	715,000	559,112	1,274,112	40.99
2018	3,693,679	2,779,890	913,789	790,000	609,351	1,399,351	65.30
2019	3,738,809	2,893,402	845,407	815,001	493,866	1,308,867	64.59
2020	3,847,337	3,003,492	843,845	850,001	372,449	1,222,450	69.03
2021	3,929,095	2,755,555	1,173,540	880,000	344,088	1,224,088	95.87
2022	4,220,841	3,327,065	893,776	895,912	336,568	1,232,480	72.52
2023	4,632,630	4,002,071	630,559	750,000	289,700	1,039,700	60.65
2024	5,213,056	3,166,393	2,046,663	780,000	265,550	1,045,550	195.75

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Excludes depreciation expense.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 14

Fiscal Year	Population (2)	Personal Income	Per Capita Personal Income (1)	Unemployment Rate
2015	34,627	\$ 1,219,285,924	\$ 35,212	3.5 %
2016	35,234	1,234,916,466	35,049	3.3
2017	35,236	1,300,419,816	36,906	3.3
2018	35,372	1,425,526,972	40,301	2.6
2019	35,481	1,488,569,874	41,954	3.0
2020	35,321	2,108,063,243	59,683	7.9
2021	35,801	1,564,897,511	43,711	3.4
2022	35,743	1,719,235,622	48,022	2.0
2023	35,701	1,832,116,175	51,175	2.6
2024	36,219	1,899,994,871	53,071	3.0

Data Sources

Metropolitan Council (www.metrocouncil.org)

Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)

U.S. Census Bureau (www.factfinder2.census.gov)

(1) Per Capita Personal Income is for the State of Minnesota, not solely the City of Inver Grove Heights and uses the latest published numbers.

(2) Population is from the latest published estimates provided by the metropolitan council

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City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Principal Employers
 Prior Year and Nine Years Ago

Table 15

	2024			2015		
	Employees	Rank	Percent of City Employment (1)	Employees	Rank	Percent of City Employment (1)
CHS Inc / Cenex	2,300	1	11.72 %	1,000	1	2.65 %
Evergreen Industries	1,201	2	6.12	450	5	1.19
Independent School District 199	625	3	3.18	570	2	1.51
Gertens	480	4	2.45	470	4	1.25
City of Inver Grove Heights	470	5	2.39	322	7	0.85
Travel Tags	350	6	1.78	350	6	0.93
Inver Hills Community College	281	7	1.43	484	3	1.28
Total Construction	250	8	1.27	250	8	0.66
Wal-Mart	210	9	1.07	230	9	0.61
Woodlyn Heights Senior Living	89	10	0.45			
Cub Foods				160	10	0.42
Total	6,256		31.86 %	4,286		11.35 %

Source: MN Department of Economic Employment and Development

(1) Represents total employment, not just within the City

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Full-time Equivalent Employees by Function
 Last Ten Fiscal Years

Table 16

Function	2015	2016	2017	2018
General Government	28	34	30	32
Public Safety				
Police				
Officers	35	36	39	39
Civilians	6	6	5	7
Fire				
Firefighters and officers	3	3	4	4
Civilians	2	2	1	1
Public Works				
Engineering	6	6	6	7
Maintenance	15	16	16	13
Culture and Recreation	25	24	28	27
Water and Sewer	7	9	8	9
Total	<u>127</u>	<u>136</u>	<u>137</u>	<u>139</u>

Source: City budgets and personnel records.

Table 16

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
38	39	43	42	41	38
40	41	45	46	46	46
5	6	5	6	6	7
7	7	7	16	17	18
1	1	1	1	1	1
8	8	8	7	8	8
12	12	13	13	13	15
30	32	33	35	39	32
<u>10</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>
<u>151</u>	<u>157</u>	<u>165</u>	<u>176</u>	<u>181</u>	<u>174</u>

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years

Table 17

Function	2015	2016	2017	2018
Police				
Physical arrests ⁽¹⁾	418	377	520	542
Traffic violations	1,285	1,154	2,086	2,542
Fire				
Calls answered	1,193	1,324	1,602	1,577
Public Works				
Resurfacing (miles)	1.25	0.70	0.68	1.81
Culture and Recreation				
Athletic field permits issued ⁽³⁾	2,877	2,823	2,907	2,856
Community center admissions	227,791	225,696	227,323	228,911
Rink hours used	4,045	5,467	5,822	4,493
Rounds of golf purchased	52,997	42,913	44,067	59,738
Driving range buckets ⁽²⁾	19,901	10,647	13,457	13,921
Water				
New connections	37	427	78	198
Water main breaks	3	4	5	9
Average daily consumption (millions of gallons)	2.75	2.65	2.80	2.70

Sources: City department records.

(1) Only Felony arrests were tracked between 2015 and 2016

(2) Driving Range buckets can be purchased in 3 sizes ranging from 20 to 75 balls per bucket.

(3) In 2021, the City implemented new software. Athletic permits are now tracked by hours versus number of permits issued.

Table 17

2019	2020	2021	2022	2023	2024
544	686	719	600	624	691
1,909	1,622	1,827	1,585	1,468	1,093
1,816	2,217	2,787	3,014	3,058	2,988
0.40	2.20	2.93	8.08	6.4	11.16
2,842	2,660	5,101	7,123	7,057	5,846
219,918	85,669	119,176	163,615	165,499	233,979
5,449	3,230	5,300	5,079	5,563	5,688
57,644	71,288	82,439	72,683	70,841	80,737
14,281	18,282	20,958	19,954	18,973	19,758
72	45	81	222	101	117
1	2	2	7	4	4
2.68	2.96	3.14	2.99	2.97	2.81

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 18

Function	2015	2016	2017	2018
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	21	21	20	19
Fire stations				
Stations	2	2	2	2
Fire trucks	10	10	11	11
Other vehicles	4	4	4	4
Public Works				
Highways and streets				
Streets (miles)	141	144	149	152
Street lights (1)	33	33	33	33
Traffic signals (2)	2	2	2	2
Culture and Recreation				
Parks acreage	844	844	844	911
Parks	28	28	28	28
Swimming pools	4	4	4	4
Ice rinks	10	10	10	10
Athletic fields	24	24	24	24
Tennis courts	11	11	11	11
Community centers	1	1	1	1
Golf courses	1	1	1	1
Utilities				
Water				
Miles of water main	156	161	158	152
Wells	7	7	7	7
Fire hydrants	1,711	1,647	1,673	1,762
Maximum daily capacity (millions of gallons)	13	13	13	13
Sewer				
Miles of sanitary sewer	132	129	129	130
Miles of storm sewers	102	102	104	101

Source: City department records.

(1) The majority of street lights in the City are owned by the utility companies.

(2) The majority of traffic lights in the City are owned by Dakota County and/or the State of Minnesota.

Table 18

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
20	23	26	29	29	29
3	3	3	3	3	3
11	11	11	11	11	11
4	6	5	5	7	7
141	141	144	144	146	146
48	48	30	30	26	26
2	2	2	2	12	12
916	1,054	1,062	1,062	1,062	1,064
28	29	30	30	30	32
4	4	4	4	4	4
10	11	11	12	12	12
24	26	26	26	26	17
14	12	12	12	12	19
1	1	1	1	1	1
1	1	1	1	1	1
154	161	166	169	169	169
7	7	7	7	7	7
1,802	1,831	1,923	1,948	1,955	2,001
13	13	13	13	13	13
131	131	135	134	134	134
108	111	113	115	114	114

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OTHER REPORTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2025.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
June 11, 2025

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

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2025.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 which are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
June 11, 2025



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FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE***

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Inver Grove Heights, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
June 11, 2025



City of Inver Grove Heights, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Funding Source	Administering Department	Domestic Assistance Number	Program Name/Number	Federal Program Clusters	Federal Expenditures
U.S. Department of Justice	City of Burnsville	16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) Program-Local Solicitation		\$ 21,862
U.S. Department of Transportation	City of South St. Paul	20.600 ⁽¹⁾	State and Community Highway Safety	5,293	
U.S. Department of Transportation	Minnesota Department of Revenue	20.600 ⁽¹⁾	State and Community Highway Safety	60,702	
U.S. Department of Transportation	City of West St. Paul	20.600 ⁽¹⁾	State and Community Highway Safety	433	
			State and Community Highway Safety	<u>66,428</u>	
U.S. Department of Transportation	City of South St. Paul	20.616 ⁽¹⁾	National Priority Safety Programs	<u>330</u>	
			Total Highway Safety Cluster		<u>\$ 66,758</u>
U.S. Department of Homeland Security	Dakota County	97.067	Homeland Security Grant Program		10,725
U.S. Department of Transportation	City of South St. Paul	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		12,278
U.S. Department of Transportation	Minnesota Department of Revenue	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		36,543
U.S. Department of Transportation	City of West St. Paul	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>3,515</u>
			Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>52,336</u>
U.S. Department of Treasury	Minnesota Department of Revenue	21.027	Coronavirus State and Local Fiscal Recovery Funds (Covid-19)		<u>1,397,441</u>
U.S. Department of the Interior	Minnesota Department of Revenue	15.916	Outdoor Recreation Acquisition, Development and Planning		<u>500,000</u>
U.S. Department of Homeland Security	Direct	97.083	Staffing for Adequate Fire and Emergency Response		<u>1,281,855</u>
Total					<u>\$ 3,330,977</u>

(1) Denotes Highway Safety Cluster

City of Inver Grove Heights, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Inver Grove Heights, Minnesota (the City) for the year ended December 31, 2024. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2024, the City did not elect to use the 10% de minimis indirect cost rate.

City of Inver Grove Heights, Minnesota
 Schedule of Findings, Responses and Questioned Costs
 For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)	No

Identification of Major Programs/Projects

	CFDA No.
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

None

Section IV - Schedule of Prior Year Audit Findings

None

Other Issues

A Corrective Action Plan not is required because there are no findings required to be reported under the Federal Single Audit Act.

City of Inver Grove Heights, Minnesota
Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2024

<u>Finding</u>	<u>Description</u>
2023-001	U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response
	Reporting
<i>Criteria:</i>	The Staffing for Adequate Fire and Emergency Response grant requires grantees to submit several reports, including but not limited to semi-annual financial reports.
<i>Recommendation:</i>	We recommend City staff modify their existing procedures to ensure that reports are finalized and complete within the federal grants system.
<i>Current Year Status:</i>	The finding has been removed in the current year report. The reporting requirements were met.