City Council Meeting

Monday, June 16, 2025 6:00 PM

Agenda

Pledge of Allegiance

1 Approve or Amend Agenda

2 Sheriff's Report

3 Consent Agenda

Those items on the Council Agenda which are considered routine or noncontroversial are included as part of the Consent Agenda. Unless a Councilmember specifically requests that an item on the Consent Agenda be removed and considered separately, items on the Consent Agenda are considered under one motion, second and vote. Any item removed from the consent agenda shall be placed at the end of General Business.

- **3.1** Approve the Minutes of the June 2, 2025 City Council Meeting
- **3.2** Start date of new Health Insurance policy
- **3.3** Approve Testing Proposal from Braun Intertec for County Road 27 Bypass Lanes Project
- **3.4** Approve Payment of Claims (Bills) and Transfer Requests as Presented.

4 Open Forum

The public forum is intended to afford the public an opportunity to address concerns to the Council. The public forum will be no longer than 30 minutes in length and each presenter will have no more than five (5) minutes to speak. Topics of discussion are restricted to local governmental topics rather than private or political agendas. The Council may discuss but will not take formal action on public forum presentations.

5 Presentation(s)

- **5.1** 2024 Audit Presentation

6 Public Hearing(s)

7 General Business

- **7.1** Quotes for Temporary Patching/Overlay on Casey Parkway and Faricy Lane
- **7.2** Discussion of the interview processes for the Finance Director & Building Official positions.
- **7.3** Discussion of the GCCAC recommendations

8 Staff and Council Member Reports

9 Adjourn

AGENDA ITEM NO. 3.1

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	Amy Jones,Clerk
ITEM TYPE:	Minutes
AGENDA SECTION:	Consent Agenda
SUBJECT:	Approve the Minutes of the June 2, 2025 City Council Meeting
SUGGESTED ACTION:	Approve the Minutes of the June 2, 2025 City Council Meeting

ATTACHMENTS:

06.02.2025 City Council Meeting Draft Minutes - For Review & Approval.pdf

City Council Meeting

Monday, June 2, 2025 6:00 PM

Minutes

The Mayor called the meeting to order at 6:00 pm.

Present: Mayor Chris Kostik; Councilmembers Jay Saterbak and Leroy Schommer (Quorum)
Absent: Councilmembers Bill Markert and Abe Zanto
Also Present: City Administrator Steve Jelinski, Interim City Finance Director Sue Iverson, City Clerk Amy Jones, City Attorney Peter Mikhail, City Engineer Shane Nelson (virtual)

Pledge of Allegiance

1 **Approve or Amend Agenda**

Motion to Approve Agenda, by Councilmember Schommer
Second: Councilmember Saterbak
Motion passed 3-0

2 Sheriff's Report

Dep. Jeff Strack presented six pages of activity, up from five at the last meeting, which was mostly comprised of 31 traffic stops. Drivers speeding in the area of Pheasant Ridge and Hwy 21 and recent nearby accidents were discussed. The Sheriff's Dept. is considering moving Safety Day to mid-Sept., and registration for Nite to Unite is not active yet.

3 **Consent Agenda**
Those items on the Council Agenda which are considered routine or noncontroversial are included as part of the Consent Agenda. Unless a Councilmember specifically requests that an item on the Consent Agenda be removed and considered separately, items on the Consent Agenda are considered under one motion, second and vote. Any item removed from the consent agenda shall be placed at the end of General Business.

3.1 Approve the Minutes of the May 19, 2025 City Council Meeting

3.2 Approve Letter of Credit Reduction for The Yellowstone of Credit River development

3.3 Approve Letter of Credit Reduction for The Yellowstone of Credit River Second Addition development

3.4 Approve Payment of Claims (Bills) and Transfer Requests as Presented.

Motion to Approve Consent Agenda, by Councilmember Schommer
Second: Councilmember Saterbak
Motion passed 3-0

4 **Open Forum**

The public forum is intended to afford the public an opportunity to address concerns to the Council. The public forum will be no longer than 30 minutes in length and each presenter will have no more than five (5) minutes to speak. Topics of discussion are restricted to local governmental topics rather than private or political agendas. The Council may discuss but will not take formal action on public forum presentations.

Resident Wayne Simacek asked if there was a new date yet for the Country Court Town Hall Meeting in the Park and was advised that would be discussed under Agenda Item 7.3, General Business.

5 **Presentation(s)**

There were none.

6 **Public Hearing(s)**

6.1 Public Hearing regarding amendments to the City's fee ordinance related to Community Sewage Treatment System rates

Mayor Kostik opened the Public Hearing at 6:10 pm.

City Administrator Jelinski presented an overview of the CSTS rate study and increase recommendations, as well as the considerations that led to the recommendations, that had been presented to Council by City Finance Director Chase in mid-March, with the increases scheduled to take effect on 7/1/25. Neighborhood meetings had been held for each area served by CSTS and resident feedback from these was submitted to Council. Slides for each of the four CSTS's were presented and the rate increase details reviewed. Cash deficit and capital expense caused a proposed 77% increase in rates for the South Passage CSTS.

Mayor Kostik then invited residents to the podium. Amy Byrne, the attorney for the South Passage Homeowners Association, signed up to speak. She advised that the South Passage HOA Board had called to continue discussions concerning the increase to their budget, sent a notice of claim last October, and made their consensus clear at the recent neighborhood meeting. They ask for no increase to their rates at this time and to continue negotiations with the City. No other members of the public signed up to speak.

Motion to close the Public Hearing, by Councilmember Schommer
Second: Councilmember Saterbak
Motion passed 3-0

Public Hearing closed at 6:18 pm.

7 **General Business**

7.1 Amendment to Ordinance 2025-05 AN ORDINANCE AMENDING THE CITY OF CREDIT RIVER ORDINANCE 2025-01 - SETTING CERTAIN FEES TO

CHANGE FEES RELATED TO COMMUNITY SEWAGE TREATMENT SYSTEMS

Council clarified that if this amendment is passed now with no changes and there is a later change to rates for South Passage after meeting with their HOA the ordinance can be amended again.

Motion to adopt Ordinance 2025-05 – Amending Ordinance 2025-01 Setting Certain Fees to Change Fees Related to CSTS, by Councilmember Saterbak
Second: Councilmember Schommer
Motion passed 3-0

7.2 Building Official Job Description

City Administrator Jelinski explained that Council had approved creation of a job description for a Building Official at the last Council meeting, and presented the proposed job description he had created, which incorporated some Planning and some Building Inspection responsibilities. He had looked at other cities to compare duties and rates as had been done with other recently posted positions. Staff recommends a wage range of $37.00-$48.00/hour. Councilmember Markert had left some questions for Council to consider since he was not able to attend the meeting: budget less next year due to not contracting for building inspection? (maybe, but probably not eliminate entire budget for that as we may still use MetroWest for some things), reduce fee schedule due to savings? (probably not, as study shows our fees in line with other cities), and change liability insurance to cover doing building inspections in-house (insurance agent doesn't think that's necessary).

Motion to Approve Building Official Job Description, by Councilmember Saterbak
Second: Councilmember Schommer
Motion passed 3-0

7.3 Discuss reschedule of the Neighborhood Park Meeting

Council discussed rescheduling the Town Hall Meeting in the Park for Country Court to Monday 6/23/25, since the original event had been cancelled due to weather. This date worked for all Councilmembers including the two absent from this meeting.

Motion to Reschedule Neighborhood Park Meeting for Country Court to 6/23/25, by Councilmember Schommer
Second: Councilmember Saterbak
Motion passed 3-0

8 **Staff and Council Member Reports**

Councilmember Schommer: dustcoating of gravel roads finished, more rock hauled, recommends raising budget $10,000-$15,000 for gravel next year. Cutting ditches will commence after 6/15.

Mayor Kostik: introduced and welcomed Interim City Finance Director Sue Iverson from CLA.

9 **Adjourn**

Motion to adjourn, by Councilmember Schommer
Second: Councilmember Saterbak
Motion passed 3-0

Meeting adjourned at 6:29 pm.

Recorded by:	**Approved by:**
______________________________	______________________________
Amy Jones, City Clerk	**Chris Kostik, Mayor**

AGENDA ITEM NO. 3.2

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	City Admin,Administrator
ITEM TYPE:	Agenda Report
AGENDA SECTION:	Consent Agenda
SUBJECT:	Start date of new Health Insurance policy
BACKGROUND:	After discussion with the insurance broker, we have the option of backdating our new policy to 1/1/25. Our new insurance will still be effective on 7/1/25, but by backdating, we can have a calendar year renewal, thus being able to budget any increase at the start of the year as opposed to the middle of the year. Also, the SCALE group is looking at potentially creating an insurance pool for members of SCALE that would have a start date of 1/1/27. So, if we have a calendar year renewal, we can align ourselves better to begin coverage with the SCALE group. My recommendation would be to stay on the health insurance plan for the remainder of this year and all of 2026, but we can look at options towards the end of this year if there is anything that works better for us.
FINANCIAL IMPACT:	There is no initial impact. The city will see an increase in health insurance in January 2026, rather than in July, but we will be able to better budget for 2026 if we know that increase by the end of this year.
SUGGESTED ACTION:	Approve the start date (backdating) of 1/1/25 for the new health insurance policy
ALTERNATIVES:	Continue with the July 1st effective date.
ATTACHMENTS:	

AGENDA ITEM NO. 3.3

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	Shane Nelson,Engineer
ITEM TYPE:	Agenda Report
AGENDA SECTION:	Consent Agenda
SUBJECT:	Approve Testing Proposal from Braun Intertec for County Road 27 Bypass Lanes Project
BACKGROUND:	The City Council previously awarded the construction contract for the County Road 27 Bypass Lanes project. During construction, it will be necessary for an independent third party testing firm to provide soils and materials testing services on the project. Braun Intertec completed the Geotechnical Evaluation for this project, therefore, it is best to continue with the firm that did the original soils testing.
FINANCIAL IMPACT:	The estimated cost for the testing services is $12,672
SUGGESTED ACTION:	Approve the Testing Proposal
ALTERNATIVES:	We do not recommend any alternatives. Soils and materials testing is required in order to meet the project specifications.

ATTACHMENTS:

Proposal - City of Credit River CR 27 Bypass Lanes, QTB217113.pdf

BRAUN INTERTEC
The Science You Build On.

Braun Intertec Corporation
11001 Hampshire Avenue S
Minneapolis, MN 55438

Phone: 952.995.2000
Fax: 952.995.2020
Web: braunintertec.com

June 11, 2025 Proposal QTB217113

City of Credit River
c/o Shane Nelson, PE | Hakanson Anderson
18985 Meadowview Boulevard
Prior Lake, MN 55372

Re: Proposal for Construction Materials Testing Services
City of Credit River CR 27 Bypass Lanes
CR 27 at the Intersections of 210th Street and Broadview Drive
Credit River, Minnesota

Dear Mr. Nelson:

Braun Intertec Corporation is pleased to submit this proposal to provide construction materials testing services for the County Road 27 Bypass Lanes in Credit River, Minnesota.

We have completed the geotechnical evaluation for the proposed construction of the project, so we have a unique understanding of the site and construction challenges. We can aid the construction team by applying this experience and transferring our knowledge developed during the design phase which will provide professional continuity to the construction. Our work on the project to date gives us familiarity with the project team and design development which allows us to understand some of the considerations used when developing the project's design.

Since our inception in 1957, we have grown into one of the largest employee-owned engineering firms in the nation. With more than 1,000 employee owners, retaining our firm gives you access to a diverse range of services and professionals you can consult with if the unforeseen occurs. The size of our company also allows us to respond quickly when schedule constraints occur.

Our Understanding of Project

This project will include pavement subgrade preparation, aggregate base placement, and driveways along with a new bituminous pavement. Improvements to the storm utilities be part of this project. Braun Intertec performed the geotechnical evaluations for the project. Our familiarity with the soil conditions on the project will be an asset for the City of Credit River.

Available Project Information

This proposal was prepared using the following documents and information.

- Project plans and specifications for the County Road 27 Bypass Lane Road Improvements prepared by Hakanson Anderson, dated April 2, 2025.

Scope of Services

Services are performed under the direction of a licensed professional engineer. Observation and testing services will be performed on an on-call, as-needed basis as requested and scheduled by you or your on-site project representative. After reviewing available information to determine compliance with project plans and/or specifications and other design or construction documents, our scope of services for the project will be limited to the tasks defined below.

Soil Related Services

- Observe and evaluate the soils exposed in the bottoms of excavations to determine if the soils are similar to those encountered with the geotechnical evaluation and suitable for support of fill or pavements. Our engineer can provide consultation for conditions that appear to differ from the geotechnical evaluation.

- Measure the in-place dry density, moisture content and relative compaction of fill placed for pavement and/or utility support, and of utility backfill for compliance with the project documents. This task includes performing laboratory Proctor tests to provide maximum dry densities from which the relative compaction of fill can be determined, as well as the use of a nuclear density gauge to measure in-place dry densities and moisture contents.

- Provide test-roll observations of the pavement subgrade soils and/or aggregate base layer to determine if the materials tested are capable of supporting bituminous or concrete pavement.

- Sample and test aggregate base materials for compliance with the project documents. This task includes laboratory gradation testing of aggregate base material.

- Perform MnDOT dynamic cone penetrometer (DCP) tests on aggregate base material.

Bituminous Related Services

- Sample and test bituminous pavement materials for compliance with the project documents. This task includes Rice specific gravity, Gyratory density, fine aggregate angularity, percent crushed, asphalt content and extracted aggregate gradation tests of the bituminous.

- Measure the temperature of the bituminous pavement at initial laydown and during rolling for compliance with the project documents.

- Measure the in-place density of the fresh bituminous with a nuclear density gauge to observe and document the contractor’s roll pattern on the wear course placement.

- Obtain cores and measure the thickness and density of the compacted bituminous pavement by the core method for compliance with the project documents. We assume the bituminous contractor will cut the cores.

Consulting, Project Communication and Reporting Services

- Project management, including scheduling of our field personnel.
- Review observation and test reports and communicating with you and the parties you may designate such as the project contractor(s), and other project team members, as needed.
- Transmit test results to the project team on a weekly basis.

Basis of Scope of Work

The costs associated with the proposed scope of services were estimated using the following assumptions. If the construction schedule is modified or the contractor completes the various phases of the project at different frequencies or durations than shown in this proposal, we may need to adjust the overall cost accordingly. The scope of work and number of trips required to perform these services are as shown in the attached table. Notable assumptions in developing our estimate include:

- We assume it will take 7 trips to complete the nuclear density gauge density testing on this project.
- We assume compaction testing on aggregate base material will be performed using the Dynamic Cone Penetration (DCP) method; a minimum of two tests will be conducted each trip with two trips assumed.
- We assume bituminous paving will be completed in 2 days for this project.
- We assume the project engineer of record will review and approve contractor's quality control submittals and test results.
- You, or others you may designate, will provide us with current and approved plans and specifications for the project. Modification to these plans must also be sent to us so we can review their incorporation into the work.
- We will require a minimum of 24 hours' notice for scheduling inspections for a specific time. Shorter than 24 hours' notice may impact our ability to perform the requested services, and the associated impacts will be the responsibility of others.

If the work is completed at different rates than described above, this proposal should be revised. If the pace of construction is different than described above, this proposal should be revised.

Cost and Invoicing

We will furnish the services described herein for an estimated fee of **$12,672**. **Our estimated costs are based on industry averages for construction production. Depending on the contractor's performance, our costs may be significantly reduced or slightly higher than estimated.** A tabulation showing our estimated hourly and/or unit rates associated with our proposed scope of services is also attached. The actual cost of our services will be based on the actual units or hours expended to meet the requirements of the project documents.

This cost estimate was developed with the understanding that the scope of services defined herein will be required and requested during our normal work hours of 6:00 a.m. to 4:00 p.m., Monday through Friday. Services that we are asked to provide to meet the project requirements or the contractor's construction schedule **outside** our normal business hours will be invoiced using an overtime rate factor. The factor for services provided outside our normal work hours or on Saturday will be 1.25 times the listed hourly rate for the service provided. The factor for services provided on Sunday or legal holidays will be 1.5 times the listed hourly rate for the service provided. We have not included premiums for overtime in our cost estimate; however, we recommend that allowances and contingencies be made for overtime charges based on conversations with the contractor. You will be billed only for services provided on a time and materials basis.

Because our services are directly controlled by the schedule and performance of others, the actual cost may vary from our estimate. It is difficult to project all of the services and the quantity of services that may be required for any project. If services are required that are not discussed above, we will provide them at the rates shown in the attached table or, if not shown, at our current Schedule of Charges. We will invoice you on a monthly basis.

General Remarks

We will be happy to meet with you to discuss our proposed scope of services further and clarify the various scope components.

We appreciate the opportunity to present this proposal to you. After reviewing this proposal, **please sign and return one copy to our office as notification of acceptance and authorization to proceed**. If anything in this proposal is not consistent with your requirements, please let us know immediately. Braun Intertec will not release any written reports until we have received a signed agreement. Also, ordering services from Braun Intertec constitutes acceptance of the terms of this proposal including the attached General Conditions.

The proposed fee is based on the scope of services described and the assumption that our services will be authorized within 30 days and that others will not delay us beyond our proposed schedule.

We include the Braun Intertec General Conditions, which provide additional terms and are a part of our agreement.

To have questions answered or schedule a time to meet and discuss our approach to this project further, please contact Carter Reber (creber@braunintertec.com) at 507.298.0548.

Sincerely,

BRAUN INTERTEC CORPORATION

Carter J. Reber, PE
Project Engineer

Joshua L. Kirk, PE
Director, Senior Engineer

Attachments:
Cost Estimate Table
General Conditions (11/4/2024)

The proposal is accepted. We will reimburse you in accordance with this agreement, and you are authorized to proceed:

Authorizer's Firm

Authorizer's Signature

Authorizer's Name (please print or type)

Authorizer's Title

Date

BRAUN INTERTEC
The Science You Build On.

Project Proposal

QTB217113

County Road 27 Bypass Lane Road Improvements

Client:	Work Site Address:	Service Description:
Credit River Township Shane Nelson 18985 Meadow View Blvd Prior Lake, MN 55372 (763) 427-5860	County Road 27 at Broadview Drive and 210th Street Prior Lake, MN 55372	Construction Material Testing

	Description	Quantity	Units	Unit Price	Extension
Phase 1	**MnDOT Testing**				
Activity 1.1	**Soil Testing**				**$7,910.00**
206	**Excavation Observations**	8.00	Hour	116.00	$928.00
	Work Activity Detail — ***Qty*** ***Units***	***Hrs/Unit***		***Extension***	
	Subgrade Preperation — *2.00 Trips*	*4.00*		*8.00*	
207	**Compaction Testing - Nuclear**	21.00	Hour	98.00	$2,058.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Subgrade Preperation — *4.00 Trips*	*3.00*		*12.00*	
	Utilites — *3.00 Trips*	*3.00*		*9.00*	
217	**Compaction Testing - DCP's**	6.00	Hour	98.00	$588.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Aggregate Base — *2.00 Trips*	*3.00*		*6.00*	
209	**Sample pick-up**	4.00	Hour	98.00	$392.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Subgrade Preperation — *1.00 Trips*	*1.00*		*1.00*	
	Aggregate Base — *1.00 Trips*	*1.00*		*1.00*	
	Aggregate Shouldering — *1.00 Trips*	*1.00*		*1.00*	
	Select Granular — *1.00 Trips*	*1.00*		*1.00*	
1318	**Moisture Density Relationship (Proctor)**	3.00	Each	208.00	$624.00
211	**Proofroll Observations**	12.00	Hour	124.00	$1,488.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Aggregate Base — *2.00 Trips*	*3.00*		*6.00*	
	Subgrade Preperation — *2.00 Trips*	*3.00*		*6.00*	
126	**Project Engineer**	3.00	Hour	186.00	$558.00
1162	**Sieve Analysis with 200 wash, per sample**	2.00	Each	162.00	$324.00
1861	**CMT Trip Charge**	19.00	Each	50.00	$950.00
Activity 1.2	**Pavement Testing**				**$2,870.00**
2689	**MnDOT Bituminous Verification, per sample**	2.00	Each	780.00	$1,560.00
209	**Sample pick-up**	2.00	Hour	98.00	$196.00
1861	**CMT Trip Charge**	4.00	Each	50.00	$200.00
207	**Compaction Testing - Nuclear**	3.00	Hour	98.00	$294.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Wear Course Roll Pattern — *1.00 Trips*	*3.00*		*3.00*	
221	**Mark and Observe Contractor Coring**	4.00	Hour	124.00	$496.00
	Work Activity Detail — ***Qty Units***	***Hrs/Unit***		***Extension***	
	Non-Wear Course — *1.00 Trips*	*4.00*		*4.00*	
1542	**Thickness and Density of Bituminous Core**	2.00	Each	62.00	$124.00
Activity 1.3	**Project Management**				**$1,892.00**
226	**Project Manager**	6.00	Hour	180.00	$1,080.00
228	**Senior Project Manager**	2.00	Hour	210.00	$420.00

138	**Project Assistant**	4.00	Hour	98.00	$392.00
				Phase 1 Total:	**$12,672.00**

Proposal Total:	**$12,672.00**

SECTION 1: AGREEMENT

1.1 Agreement. This agreement consists of these General Conditions and the accompanying written proposal or authorization ("Agreement"). This Agreement is the entire agreement between Consultant and Client and supersedes all prior negotiations, representations or agreements, either written or oral.

1.2 Parties to the Agreement. The parties to this Agreement are the Braun Intertec entity ("Consultant") and the client ("Client") as described in the accompanying written proposal or authorization. Consultant and Client may be individually referred to as a Party or collectively as the Parties.

SECTION 2: SCOPE OF SERVICES

2.1 Services. Consultant will provide services ("Services") in connection with the project ("Project") which are specifically described in this Agreement. Client understands and agrees that Consultant's Services are limited to those which are expressly set forth in this Agreement.

2.2 Additional Services. Any Services not specifically set forth in the Agreement constitute "Additional Services." Additional Services must be agreed upon in writing by the Parties prior to performance of the Additional Services and may entitle Consultant to additional compensation and schedule adjustments. Additional compensation will be based upon Consultant's then current rates and fees.

SECTION 3: PERFORMANCE OF SERVICES

3.1 Standard of Care. Consultant will perform its professional Services consistent with the degree of care and skill exercised by members of Consultant's profession performing under similar circumstances at the same time and in the same locality in which the professional Services are performed. CONSULTANT DISCLAIMS ALL STATUTORY, ORAL, WRITTEN, EXPRESS, AND IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR PERFORMANCE OF SERVICES IN A GOOD AND WORKMANLIKE MANNER.

3.2 Written Reports and Findings. Unless otherwise agreed in writing, Consultant's findings, opinions, and recommendations will be provided to Client in writing and may be delivered via electronic format. Client agrees not to rely on oral findings, opinions, or recommendations.

3.3 Observation or Sampling Locations. Locations of field observations or sampling described in Consultant's report or shown on Consultant's sketches reference Project plans or information provided by others or estimates made by Consultant's personnel. Consultant will not survey, set, or check the accuracy of those points unless Consultant accepts that duty in writing. Client agrees that such dimensions, depths, or elevations are approximations unless specifically stated otherwise in the report. Client accepts the inherent risk that samples or observations may not be representative of items not sampled or seen and further that site conditions may vary over distance or change over time.

3.4 Project Site Information. Client will provide Consultant with prior environmental, geotechnical and other reports, specifications, plans, and information to which Client has access about the Project site and which are necessary for Consultant to carry out Consultant's Services. Client agrees to provide Consultant with all plans, changes in plans, and new information as to Project site conditions until Consultant has completed its Services.

3.5 Subsurface Objects. To the extent required to carry out Consultant's Services, Client agrees to provide Consultant, in a timely manner, with information that Client has regarding buried objects at the Project site. Consultant will not be responsible for locating buried objects or utilities at the Project site unless expressly set forth in this Agreement, or expressly required by applicable law. Client agrees to hold Consultant harmless, defend, and indemnify Consultant from claims, damages, losses, penalties and expenses (including attorney fees) involving buried objects or utilities that were not properly marked or identified or of which Client had or should have had knowledge but did not timely notify Consultant or correctly identify on the plans Client or others furnished to Consultant. Consultant, from time to time, may hire a third party to locate underground objects or utilities and, unless otherwise expressly stated in this Agreement, such action shall be for the sole benefit of Consultant and in no way will alleviate Client of its responsibilities hereunder.

3.6 Hazardous Materials. Client will notify Consultant of any knowledge or suspicion of the presence of hazardous or dangerous materials present on any Project site or in any sample or material provided to Consultant. Client agrees to provide Consultant with information in Client's possession or control relating to such samples or materials. If Consultant observes or suspects the presence of contaminants not anticipated in this Agreement, Consultant may terminate Services without liability to Client or to others, and Client will compensate Consultant for fees earned and expenses incurred up to the time of termination.

3.7 Supervision of Others. Consultant shall have no obligation to supervise or direct Client's representatives, contractors, or other third parties retained by Client. Consultant has no authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by Client, Client's representatives, contractors, or other third parties retained by Client.

3.8 Safety. Consultant will provide a health and safety program for its employees as well as reasonable personal protective equipment ("PPE") typical for the performance of the Services provided by this Agreement and as required by law. Consultant shall be entitled to compensation for all extraordinary PPE required by Client. Client will provide, at no cost to Consultant, appropriate Project site safety measures which are necessary for Consultant to perform its Services at the Project location or work areas in connection with the Project. Consultant's employees are expressly authorized by Client to refuse to work under conditions that may, in an employee's sole discretion, be unsafe. Consultant shall have no authority over or be responsible for the safety precautions and programs, or for security, at the Project site (except with respect to Consultant's own Services and those of its subconsultants).

3.9 Project Site Access and Damage. Client will provide or ensure access to the site. In the performance of Services some Project site damage is normal even when due care is exercised. Consultant will use reasonable care to minimize damage to the Project site. Unless otherwise expressly stated in this Agreement, the cost of restoration for such damage has not been included in the estimated fees and will be the responsibility of the Client.

3.10 Monitoring Wells. To the extent applicable to the Services, monitoring wells are Client's property, and Client is responsible for monitoring well permitting, maintenance, and abandonment unless otherwise expressly set forth in this Agreement.

3.11 Contaminant Disclosures Required by Law. Client agrees to make all disclosures related to the discovery or release of contaminants that are required by law. In the event Client does not own the Project site, Client acknowledges that it is Client's duty to inform the owner of the Project site of the discovery or release of contaminants at the site. Client agrees to hold Consultant harmless, defend, and indemnify Consultant from claims, damages, penalties, or losses and expenses, including attorney fees, related to Client's failure to make any disclosure required by law or for failing to make the necessary disclosure to the owner of the Project site.

SECTION 4: SCHEDULE

4.1 Schedule. Consultant shall complete its obligations within a reasonable time and shall make decisions and carry out its responsibilities in a manner consistent with the Standard of Care. Specific periods of time for rendering Services or specific dates by which Services are to be completed are provided in this Agreement. If Consultant is delayed in the performance of the Services by actions, inactions, or neglect of Client or others for whom Client is responsible, by changes ordered in the Services, or by other causes beyond the control of Consultant, including force majeure events, then the time for Consultant's performance of Services shall be extended and Consultant shall receive payment for all expenses attributable to the delay in accordance with Consultant's then current rates and fees.

4.2 Scheduling On-Site Observations or Services. To the extent Consultant's Services require observations, inspections, or testing be performed at the Project site, Client understands and agrees that Client, directly or indirectly through its authorized representative, has the sole right and responsibility to determine and communicate to Consultant the scheduling of observations, inspections, and testing performed by Consultant. Accordingly, Client also acknowledges that Consultant bears no responsibility for damages that may result because Consultant did not perform such observations, inspections, or testing that Client failed to request and schedule. Client understands that the scheduling of observations, inspections, or testing will dictate the time Consultant's field personnel spend on the job site and agrees to pay for all services provided by Consultant due to Client's scheduling demands in accordance with Consultant's then current rates and fees.

SECTION 5: COST AND PAYMENT OF SERVICES

5.1 Cost Estimates. Consultant's price or fees provided for in this Agreement are an estimate and are not a fixed amount unless otherwise expressly stated in this Agreement. Consultant's estimated fees are based upon Consultant's experience, knowledge, and professional judgment as well as information available to Consultant at the time of this Agreement. Actual costs may vary and are not guaranteed or warrantied.

5.2 Payment. Consultant will invoice Client on a monthly basis for Services performed. Client will pay for Services as stated in this Agreement together with costs for Additional Services or costs otherwise agreed to in writing within thirty (30) days of the invoice date. Unless otherwise stated in this Agreement or agreed to in writing, Consultant's costs for all services performed will be based upon Consultant's then current rates, fees, and charges. No retainage shall be withheld by Client. All unpaid invoices will incur an interest charge of 1.5% per month or the maximum allowed by law.

5.3 Other Payment Conditions. Consultant will require Client credit approval and Consultant may require payment of a retainer fee. Client agrees to pay all applicable taxes. Client's obligation to pay for Services under this Agreement is not contingent on Client's ability to obtain financing, governmental or regulatory agency approval, permits, final adjudication of any lawsuit, Client's successful completion of any project, receipt of payment from a third party, or any other event.

5.4 Third Party Payment. Provided Consultant has agreed in writing, Client may request Consultant to invoice and receive payment from a third party for Consultant's Services. Consultant, in its sole discretion, may also require the third party to provide written acceptance of all terms of this Agreement. Neither payment to Consultant by a third party nor a third party's written acceptance of all terms of this Agreement will alter Client's rights and responsibilities under this Agreement. Client expressly agrees that the Agreement contains sufficient consideration notwithstanding Consultant being paid by a third party.

5.5 Non-Payment. If Client does not pay for Services in full as agreed, Consultant may retain work not yet delivered to Client and Client agrees to return all Project Data (as defined in this Agreement) that may be in Client's possession or under Client's control. If Client fails to pay Consultant in accordance with this Agreement, such nonpayment shall be considered a default and breach of this Agreement for which Consultant may terminate for cause consistent with the terms of this Agreement and without liability to Client or to others. Client will compensate Consultant for fees earned and expenses incurred up to the time of termination. Client agrees to be liable to Consultant for all costs and expenses Consultant incurs in the collection of amounts invoiced but not paid, including but not limited to attorney fees and costs.

SECTION 6: OWNERSHIP AND USE OF DATA

6.1 Ownership. All reports, notes, calculations, documents, and all other data prepared by Consultant in the performance of the Services ("Project Data") are instruments of Consultant's Services and are the property of Consultant. Consultant shall retain all common law, statutory and other reserved rights, including the copyright thereto, of Project Data.

6.2 Use of Project Data. The Project Data of this Agreement is for the exclusive purpose disclosed by Client and, unless agreed to in writing, for the exclusive use of Client. Client may not use Project Data for a purpose for which the Project Data was not prepared without the express written consent of Consultant. Consultant will not be responsible for any claims, damages, or costs arising from the unauthorized use of any Project Data provided by Consultant under this Agreement. Client agrees to hold harmless, defend and indemnify Consultant from any and all claims, damages, losses, and expenses, including attorney fees, arising out of such unauthorized use.

6.3 Samples, Field Data, and Contaminated Equipment. Samples and field data remaining after tests are conducted, as well as field and laboratory equipment that cannot be adequately cleansed of contaminants, are and continue to be the property of Client. Samples may be discarded or returned to Client, at Consultant's discretion, unless within fifteen (15) days of the report date Client gives Consultant written direction to store or transfer the samples and materials. Samples and materials will be stored at Client's expense.

6.4 Data Provided by Client. Electronic data, reports, photographs, samples, and other materials provided by Client or others may be discarded or returned to Client, at Consultant's discretion, unless within 15 days of the report date Client gives Consultant written direction to store or transfer the materials at Client's expense.

SECTION 7: INSURANCE

7.1 Insurance. Consultant shall keep and maintain the following insurance coverages:

a. Workers' Compensation: Statutory
b. Employer's Liability: $1,000,000 bodily injury, each accident | $1,000,000 bodily injury by disease, each employee | $1,000,000 bodily injury/disease, aggregate
c. General Liability: $1,000,000 per occurrence | $2,000,000 aggregate
d. Automobile Liability: $1,000,000 combined single limit (bodily injury and property damage)
e. Excess Umbrella Liability: $5,000,000 per occurrence | $5,000,000 aggregate
f. Professional Liability: $2,000,000 per claim | $2,000,000 aggregate

7.2 Waiver of Subrogation. Client and Consultant waive all claims and rights of subrogation for losses arising out of causes of loss covered by the respective insurance policies.

7.3 Certificate of Insurance. Consultant shall furnish Client with a certificate of insurance upon request.

SECTION 8: INDEMNIFICATION, CONSEQUENTIAL DAMAGES, LIABILITY LIMITS

8.1 Indemnification. Consultant's only indemnification obligation shall be to indemnify and hold harmless the Client, its officers, directors, and employees from and against those damages and costs incurred by Client or that Client is legally obligated to pay as a result of third party tort claims, including for the death or bodily injury to any person or for the destruction or damage to any property, but only to the extent proven to be directly caused by the negligent act, error, or omission of the Consultant or anyone for whom the Consultant is legally responsible. This indemnification provision is subject to the Limitation of Liability set forth in this Section 8.

8.2 Intellectual Property. Client agrees to indemnify Consultant against losses and costs arising out of claims of patent or copyright infringement as to any process or system that is specified or selected by Client or others on behalf of Client.

8.3 Mutual Waiver of Consequential Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREUNDER, NEITHER CONSULTANT NOR CLIENT SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, PUNITIVE, INDIRECT, INCIDENTAL OR SPECIAL DAMAGES, OR LOSS OF USE OR RENTAL, LOSS OF PROFIT, LOSS OF BUSINESS OPPORTUNITY, LOSS OF PROFIT OR REVENUE OR COST OF FINANCING, OR OTHER SUCH SIMILAR AND RELATED DAMAGE ASSERTED IN THIRD PARTY CLAIMS, OR CLAIMS BY EITHER PARTY AGAINST THE OTHER.

8.4 Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL LIABILITY IN THE AGGREGATE OF CONSULTANT, CONSULTANT'S OFFICERS, DIRECTORS, PARTNERS, EMPLOYEES, AGENTS, AND SUBCONSULTANTS, TO CLIENT AND ANYONE CLAIMING BY, THROUGH OR UNDER CLIENT FOR ANY CLAIMS, LOSSES, COSTS, OR DAMAGES WHATSOEVER ARISING OUT OF, RESULTING FROM OR IN ANY WAY RELATED CONSULTANT'S PERFORMANCE OF THE SERVICES OR THIS AGREEMENT, FROM ANY CAUSE OR CAUSES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, PROFESSIONAL ERRORS AND OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT, INDEMNIFICATION OBLIGATIONS OR BREACH OF WARRANTY, SHALL NOT EXCEED THE TOTAL COMPENSATION RECEIVED BY CONSULTANT OR $50,000, WHICHEVER IS GREATER.

SECTION 9: MISCELLANEOUS PROVISIONS

9.1 Services Prior to Agreement. Directing Consultant to commence Services prior to execution of this Agreement constitutes Client's acceptance of this unaltered Agreement in its entirety.

9.2 Confidentiality. To the extent Consultant receives Client information identified as confidential, Consultant will not disclose that information to third parties without Client consent. Additionally, any Project Data prepared in performance of the Services will remain confidential and Consultant will not release the reports to any third parties not involved in the Project. Neither of the aforesaid confidentiality obligations shall apply to any information in the public domain, information lawfully acquired from others on a nonconfidential basis, or information that Consultant is required by law to disclose.

9.3 Relationship of the Parties. Consultant will perform Services under this Agreement as an independent contractor, and its employees will at all times be under its sole discretion and control. No provision in this Agreement shall be deemed or construed to create a joint venture, partnership, agency or other such association between the Parties.

9.4 Resource Conservation and Recovery Act. To the extent applicable to the Services, neither this Agreement nor the providing of Services will operate to make Consultant an owner, operator, generator, transporter, treater, storer, or a disposal facility within the meaning of the Resource Conservation and Recovery Act, as amended, or within the meaning of any other law governing the handling, treatment, storage, or disposal of hazardous substances. Client agrees to hold Consultant harmless, defend, and indemnify Consultant from any claims, damages, penalties or losses resulting from the storage, removal, hauling or disposal of such substances.

9.5 Services in Connection with Legal Proceedings. Client agrees to compensate Consultant in accordance with its then current fees, rates, or charges if Consultant is asked or required to respond to legal process arising out of a proceeding related to the Project and as to which Consultant is not a party.

9.6 Assignment. This Agreement may not be assigned by Consultant or Client without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

9.7 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended, or will be construed, to confer upon or give any person or entity other than Consultant and Client, and their respective permitted successors and assigns, any rights, remedies, or obligations under or by reason of this Agreement.

9.8 Termination. This Agreement may be terminated by either Party for cause upon seven (7) days written notice to the other Party. Should the other Party fail to cure and perform in accordance with the terms of this Agreement within such seven-day period, the Agreement may terminate at the sole discretion of the Party that provided the written notice. The Client may terminate this Agreement for its convenience. If Client terminates for its convenience, then Consultant shall be compensated in accordance with the terms hereof for Services performed, reimbursable costs and expenses incurred prior to the termination, and reasonable costs incurred as a result of the termination.

9.9 Force Majeure. Neither Party shall be liable for damages or deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations (other than the payment of money) results, without its fault or negligence, from any cause beyond its reasonable control, including but not limited to acts of God, acts of civil or military authority, embargoes, pandemics, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, adverse weather conditions, strikes or lock-outs, declared states of emergency, and changes in laws, statutes, regulations, or ordinances.

9.10 Disputes, Choice of Law, Venue. In the event of a dispute and prior to exercising rights at law or under this Agreement, Consultant and Client agree to negotiate all disputes in good faith for a period of 30 days from the date of notice of such dispute. This Agreement will be governed by the laws and regulations of the state in which the Project is located and all disputes and claims shall be heard in the state or federal courts for that state. Client and Consultant each waive trial by jury.

9.11 Individual Liability. No officer or employee of Consultant, acting within the scope of employment, shall have individual liability for any acts or omissions, and Client agrees not to make a claim against any individual officers or employees of Consultant.

9.12 Severability. Should a court of law determine that any clause or section of this Agreement is invalid, all other clauses or sections shall remain in effect.

9.13 Waiver. The failure of either Party hereto to exercise or enforce any right under this Agreement shall not constitute a release or waiver of the subsequent exercise or enforcement of such right.

9.14 Entire Agreement. The terms and conditions set forth herein constitute the entire understanding of the Parties relating to the provision of Services by Consultant to Client. This Agreement may be amended only by a written instrument signed by both Parties. In the event Client issues a purchase order or other documentation to authorize Consultant's Services, any conflicting or additional terms of such documentation are expressly excluded from this Agreement.

AGENDA ITEM NO. 3.4

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	City Admin,Finance
ITEM TYPE:	Agenda Report
AGENDA SECTION:	Consent Agenda
SUBJECT:	Approve Payment of Claims (Bills) and Transfer Requests as Presented.
SUGGESTED ACTION:	Approve Claims for Payments and Transfer Requests - See Attached

ATTACHMENTS:

Check Summary Council Meeting June 16 2025.pdf

Transfer Request Jun 16 2025.pdf

CREDIT RIVER TOWNSHIP

*Check Summary Register©

Batch: 061125PAY

	Name	Check Date	Check Amt	
10100	**Anchor Bank**			
12751	ABDO LLP	6/12/2025	$15,000.00	Certified audit services for year ended Dec 31
12752	ACCESS	6/12/2025	$53.95	Quarterly shredding service
12753	CliftonLarsonAllen LLP	6/12/2025	$3,534.86	Interim accounting assistance
12754	DIANE SCHAFFER	6/12/2025	$451.45	Re-issue payroll check for election judge wage
12755	Earl F. Andersen	6/12/2025	$348.00	Red white spin alert quantity 4
12756	ECM PUBLISHERS INC	6/12/2025	$632.00	June 19 PH Zoning Text Amendment
12757	EHLERS & ASSOCIATES, INC.	6/12/2025	$850.00	2025 Continuing disclosure reporting
12758	ENVIROTECH SERVICES INC	6/12/2025	$29,946.40	Dust coating - calcium chloride 38% applied
12759	GOPHER STATE ONE CALL	6/12/2025	$29.70	Utility locates - billable tickets 22
12760	KLINGBERG TRUCKING	6/12/2025	$2,115.24	Gravel hauling from Kraemers
12761	KRAEMER MINING& MATERIALS	6/12/2025	$3,663.29	Purchase rock - 1' minus 236.34 ton
12762	League of MN Cities Insurance	6/12/2025	$2,281.00	Workers' compensation coverage premium 07/
12763	MARKS BOBCAT SERVICE, INC.	6/12/2025	$3,600.00	Mowing park grass
12764	METRO WEST INSPECTION SER	6/12/2025	$13,477.37	Finalized permits May 2025
12765	MIKES SEPTIC SERVICE	6/12/2025	$2,675.00	Pumping Dose Tanks - Territory #1
12766	MORE IT	6/12/2025	$342.40	MO 365 subscriptions
12767	MSA	6/12/2025	$9,394.38	Holman 2nd Addition
12768	U.S. BANK EQUIPMENT FINANCE	6/12/2025	$168.22	Copier contract payment
12769	W.A. FELDMAN DEVELOPMENT	6/12/2025	$188,200.33	County Road 91 Turn Lane
12770	WH SECURITY	6/12/2025	$39.99	City Hall Security - June 2025
		Total Checks	$276,803.58	

Transfer Request for June 16, 2025

Beginning Bank Balance - June 12, 2025	$	340,029.48
Outstanding Checks	$	(38,363.33)
Outstanding Deposit	$	-
Outstanding CC Payment	$	-
Payroll and Benefits Outstanding	$	-
Claims - 6/12/25	$	(276,803.58)
Net Balance	$	24,862.57
Transfer from Savings to Checking	**$**	**220,000.00**
Checking Balance		244,862.57

We approve the above transfer from Savings to Checking:

____

Chris Kostik

____

Bill Markert

____

Jay Saterbak

____

Leroy Schommer

____

Abe Zanto

AGENDA ITEM NO. 5.1

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: June 16, 2025

SUBMITTED BY: City Admin,Finance

ITEM TYPE: Agenda Report

AGENDA SECTION: Presentation(s)

SUBJECT: 2024 Audit Presentation

SUGGESTED ACTION:

ATTACHMENTS:
2024 FINAL Audit Presentation.pdf
2024 FINAL Annual Financial Report.pdf
2024 FINAL Executive Governance Summary.pdf

Lighting the path forward

City of Credit River

2024 Financial Statement Audit

Audit Results

Auditor's Opinion

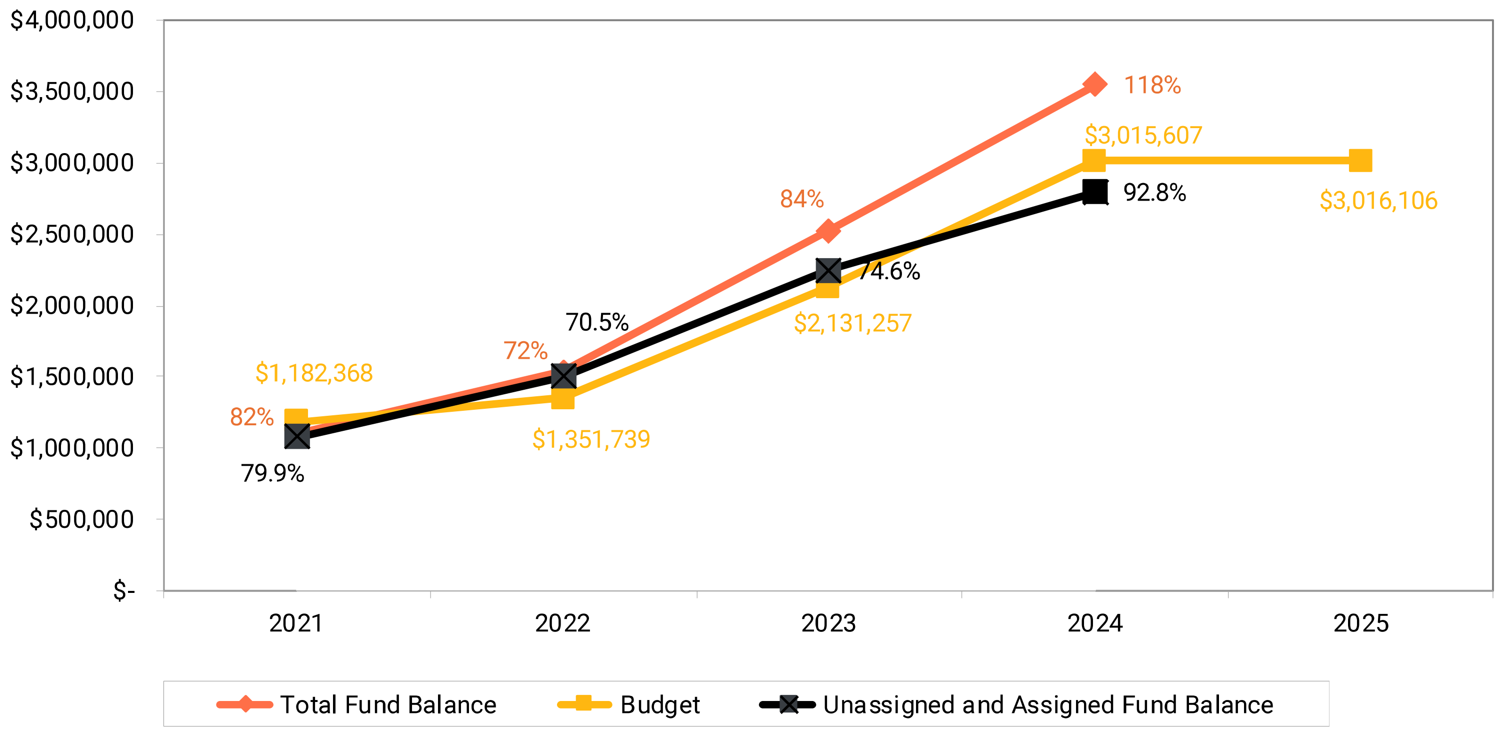
Unmodified Opinion

Minnesota Legal Compliance

No instances of noncompliance

General Fund-Fund Balances

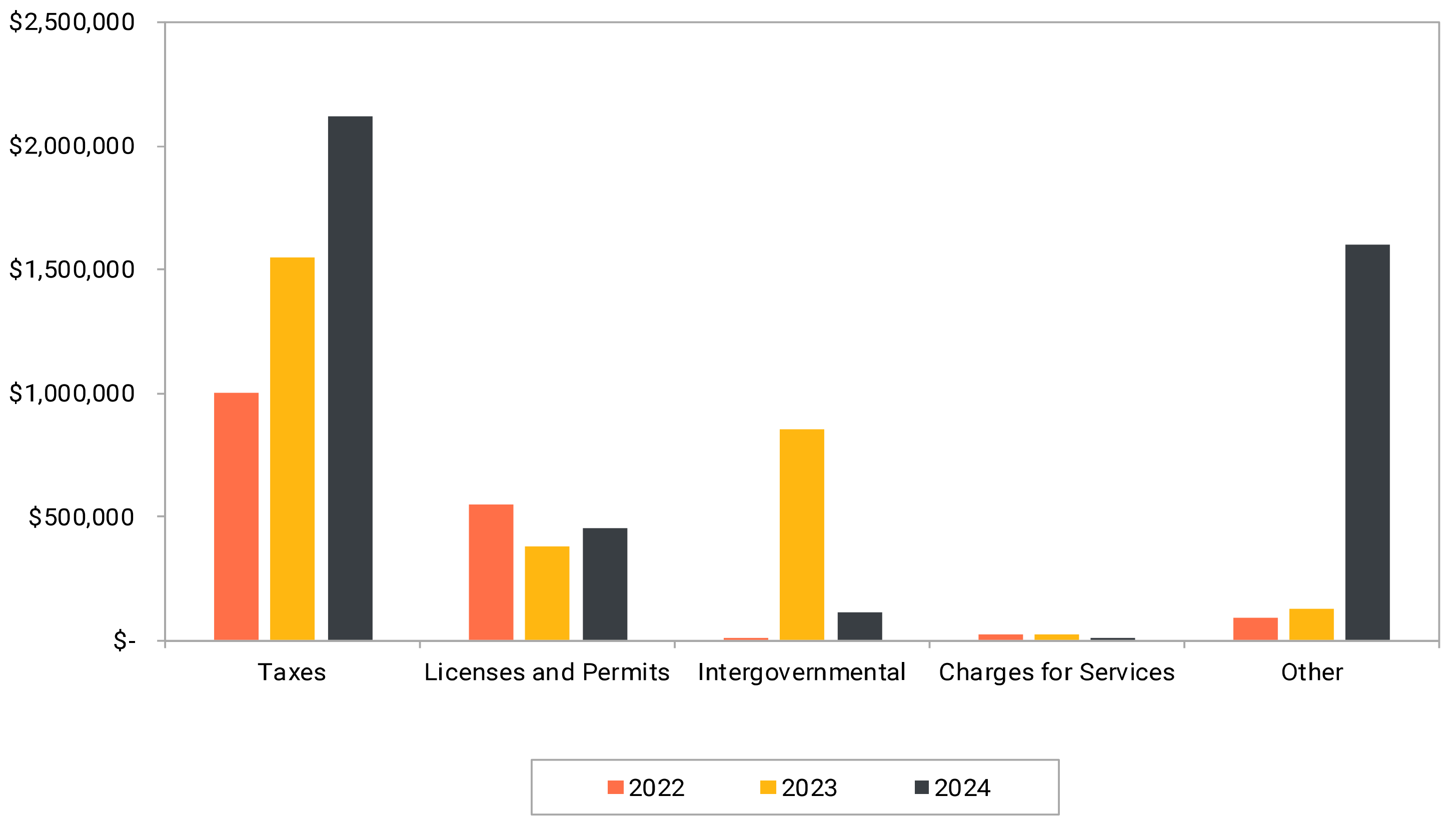
Fund Balance Policy – 40-50% of following years budget



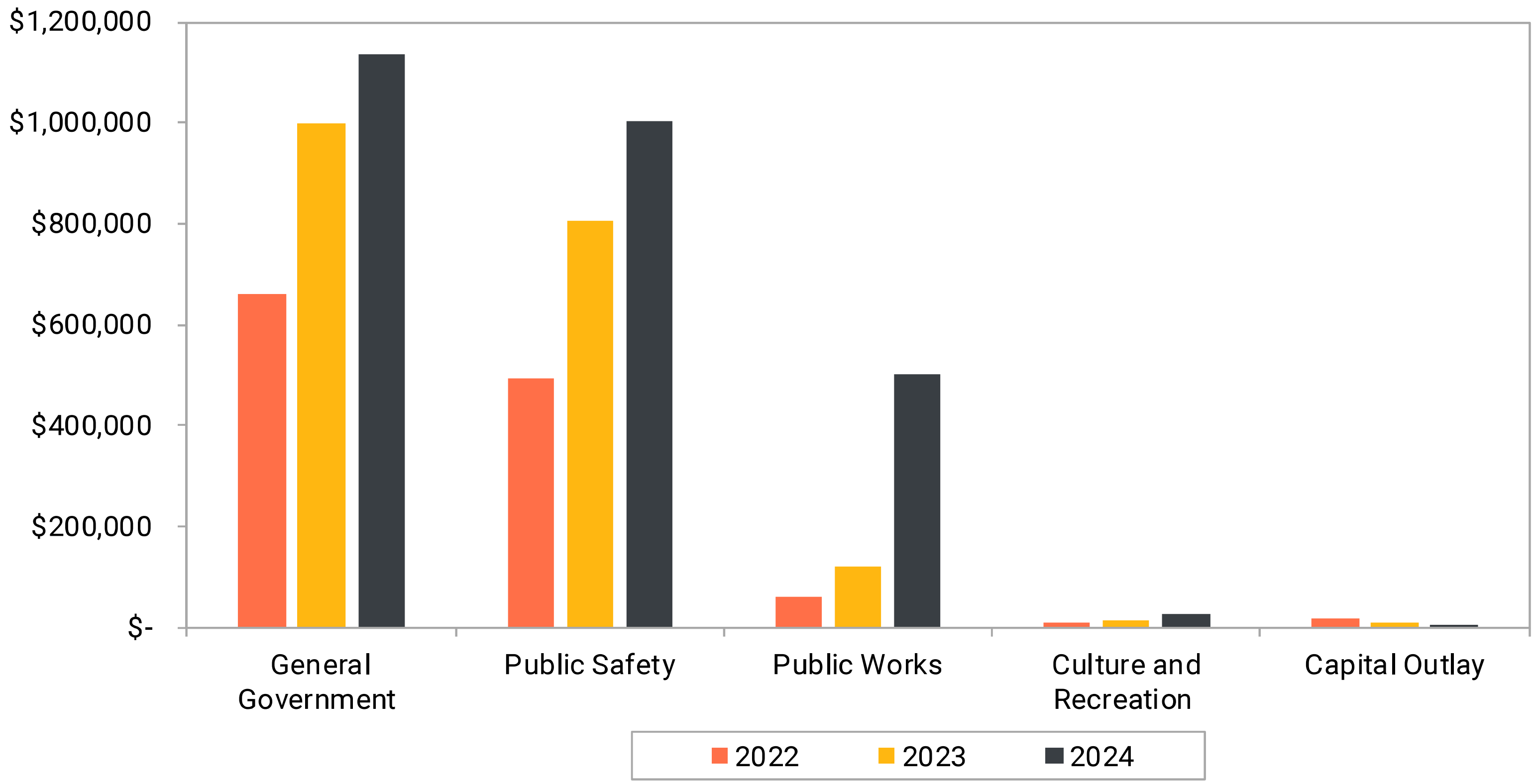
General Fund Budget to Actual

	Final Budgeted Amounts	Actual Amounts	Variance v Final Budg
evenues	$ 3,121,640	$ 2,974,776	$ (146,8
penditures	3,015,605	2,668,762	346,8
cess of revenues over expenditures	106,035	306,014	199,9
ther financing sources			
Transfers in	-	1,335,794	1,335,7
Transfers out	-	(614,000)	(614,0
otal other financing sources (uses	-	721,794	721,7
et Change in Fund Balances	106,035	1,027,808	921,7
und Balances, January 1	2,524,980	2,524,980	
und Balances, December 31	$ 2,631,015	$ 3,552,788	$ 921,7

General Fund Revenues by Type

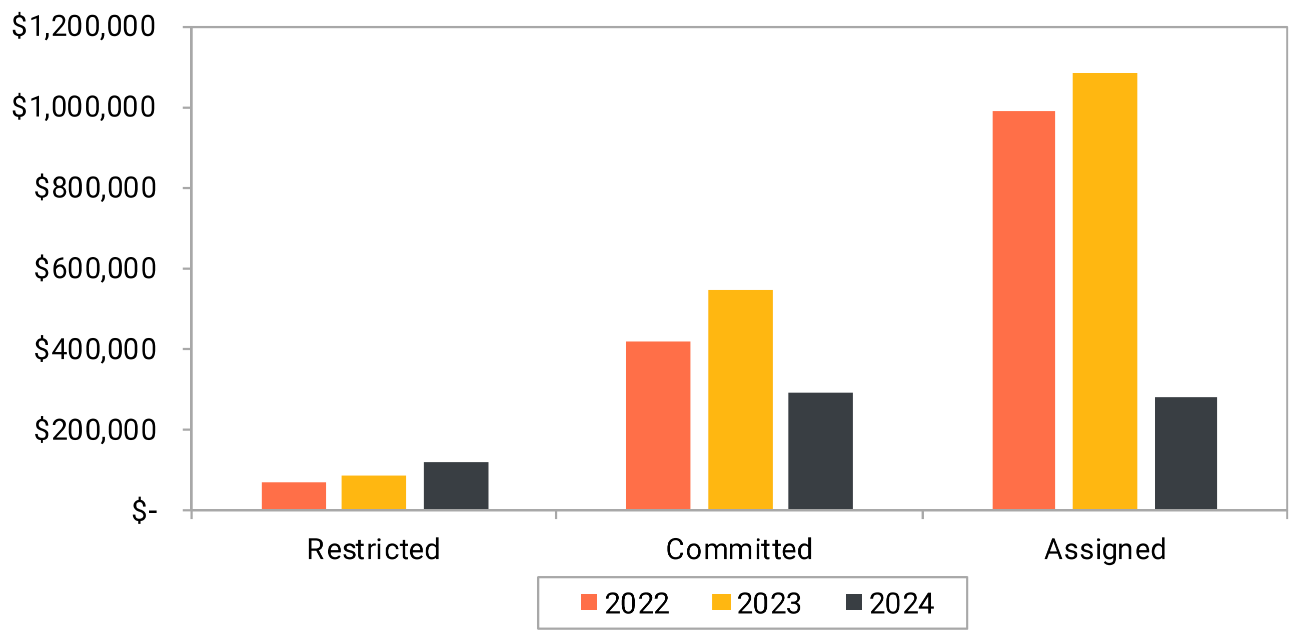


General Fund Expenditures by Type



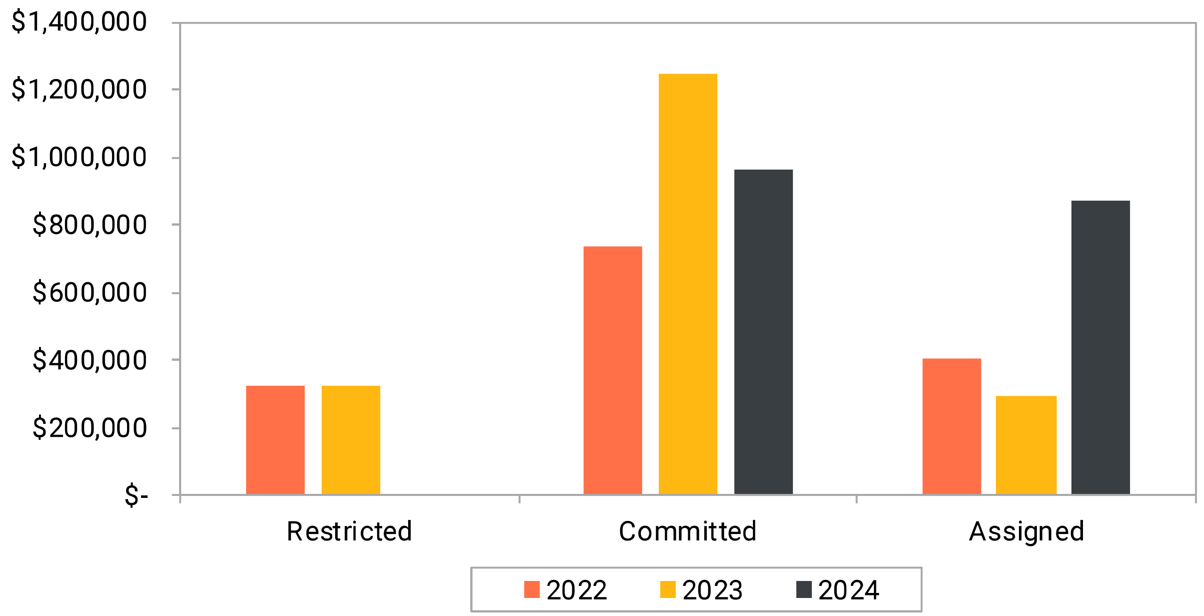
Special Revenue Fund Balances

Fund	Fund Balances December 31, 2024	2023	Increase (Decrease)
Road and Bridge	$ 451,951	$ 1,771,820	$ (1,319,869)
Park	239,710	206,130	33,580
Total Special Revenue Funds	$ 691,661	$ 1,977,950	$ (1,286,289)

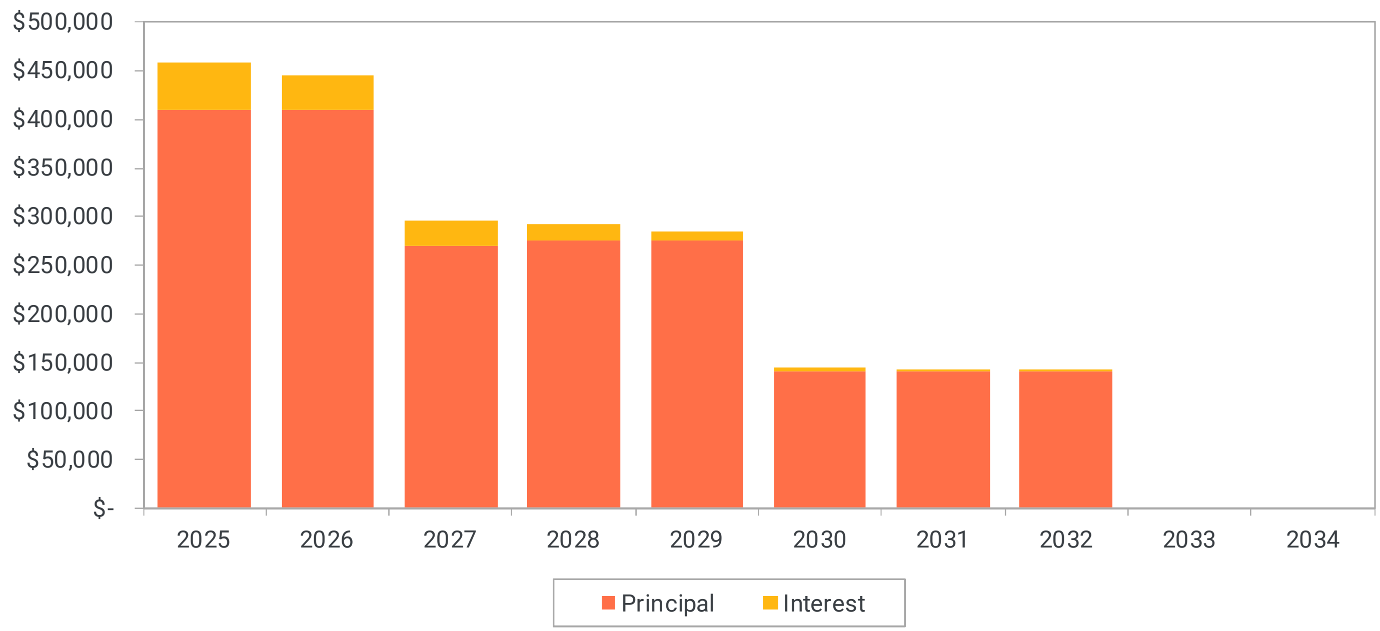


Capital Project Fund Balances

Fund	Fund Balances December 31, 2024	2023	Increase (Decrease)
Major			
Capital Improvements	$ 1,833,955	$ 1,544,910	$ 289,045
Nonmajor			
2021 Road Project	-	323,215	(323,215)
Total Capital Projects Funds	$ 1,833,955	$ 1,868,125	$ (34,170)

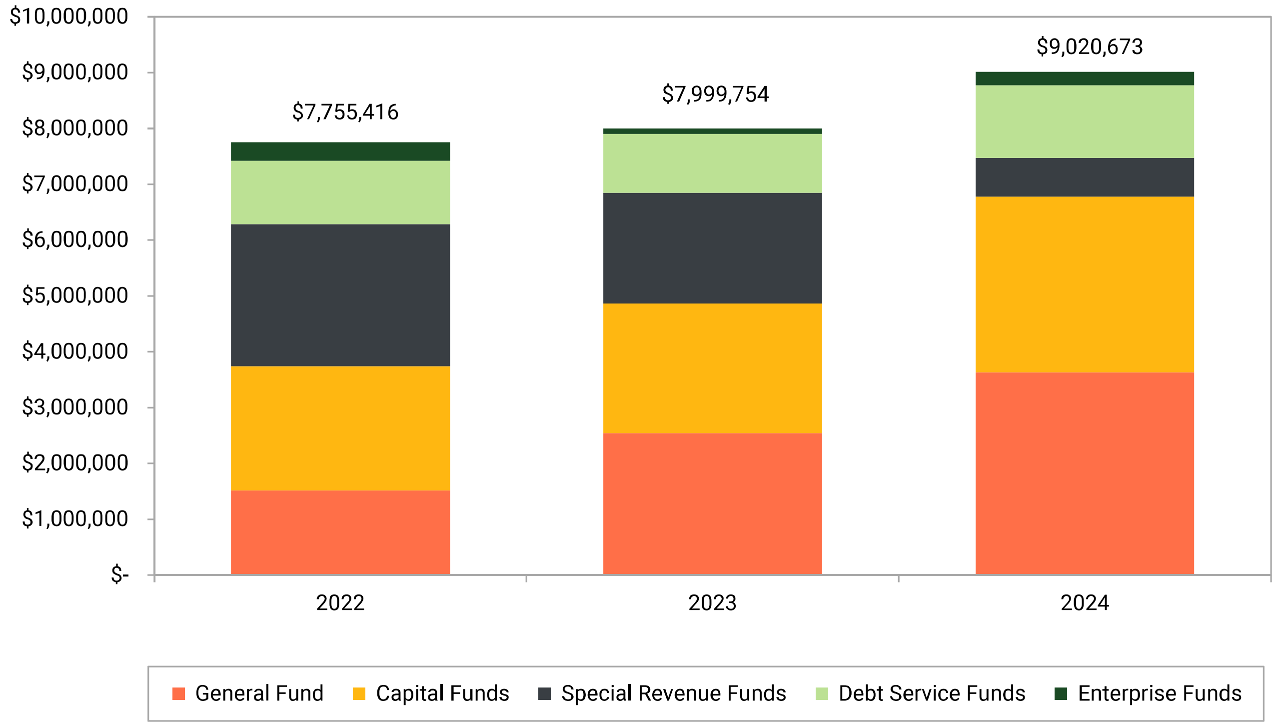


Fund	Cash Balance	Total Assets	Debt Outstanding	Final Maturity Date
2015 G.O. Improvement Bond Fund	$ 234,329	$ 267,482	$ 290,000	2026
2018 G.O. Improvement Bond Fund	371,126	524,149	685,000	2029
2021 G.O. Improvement Bond Fund	701,153	874,716	1,085,000	2032
Total Debt Service Funds	$ 1,306,608	$ 1,666,347	$ 2,060,000	



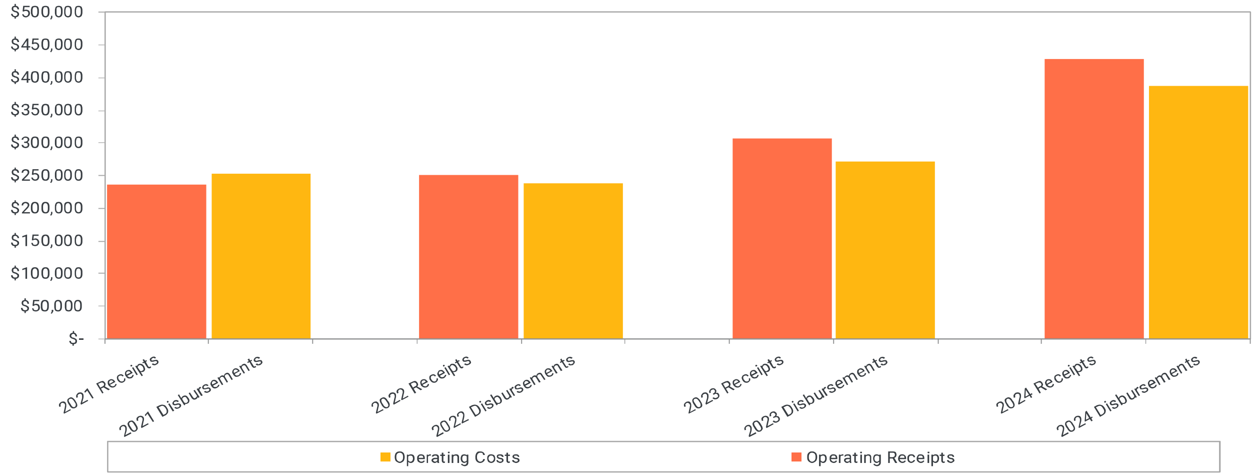
Debt Service

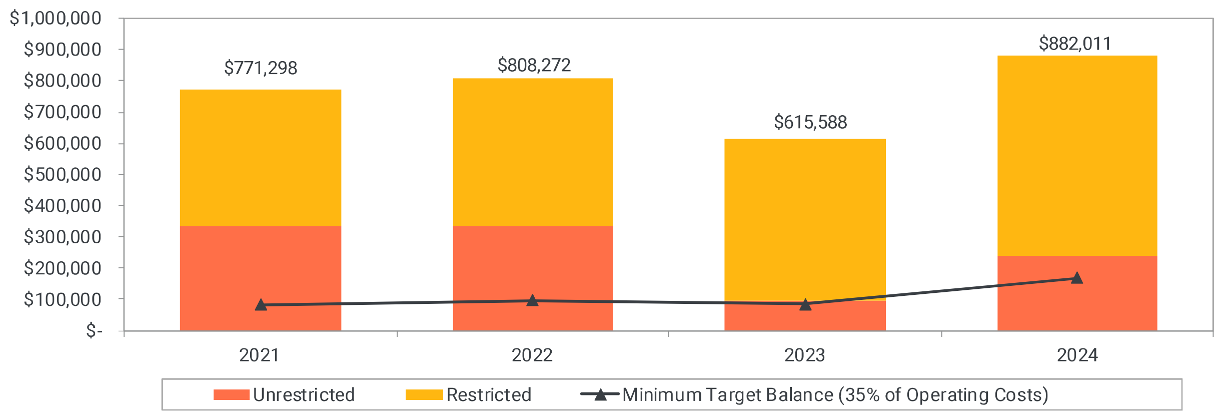
Cash and Investments Balances by Fund Type



Sewer Fund

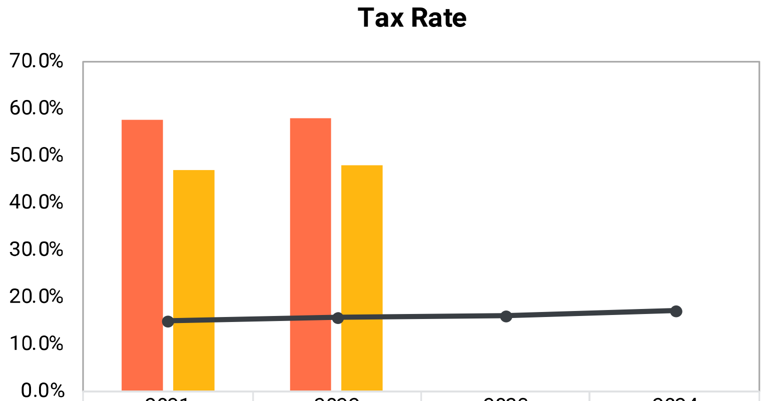
Cash Flows from Operations and Cash Balances



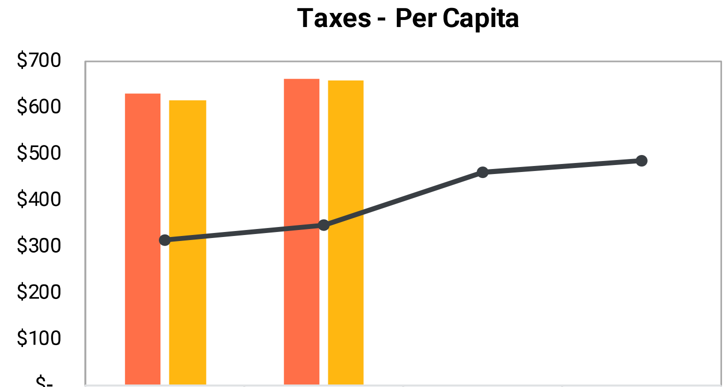


Taxes

Key Performance Indicators



	2021	2022	2023	2024
Class 4 Cities	57.6%	58.1%	N/A	N/A
Cities in Scott County	46.9%	48.1%	N/A	N/A
City Of Credit River	15.0%	15.6%	16.1%	17.1%

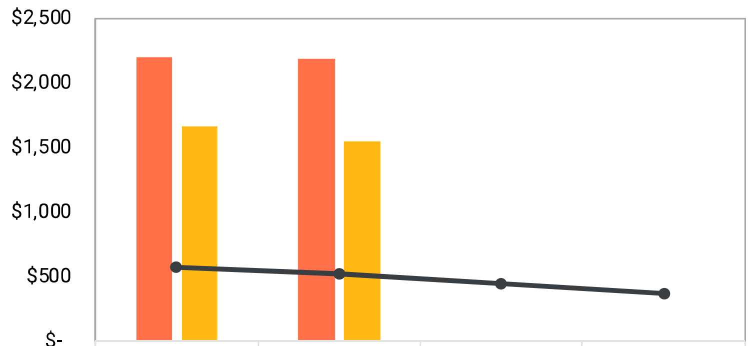


	2021	2022	2023	2024
Class 4 Cities	$630	$664	N/A	N/A
Cities in Scott County	$616	$662	N/A	N/A
City Of Credit River	$314	$348	$461	$485

Debt

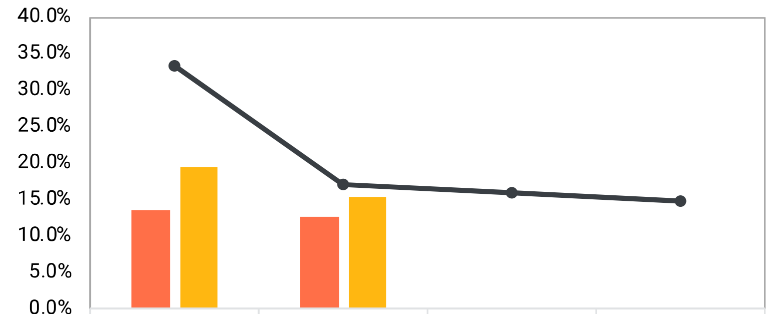
Key Performance Indicators

Debt Per Capita



	2021	2022	2023	2024
Class 4 Cities	$2,198	$2,195	N/A	N/A
Cities in Scott County	$1,665	$1,550	N/A	N/A
City Of Credit River	$569	$522	$446	$364

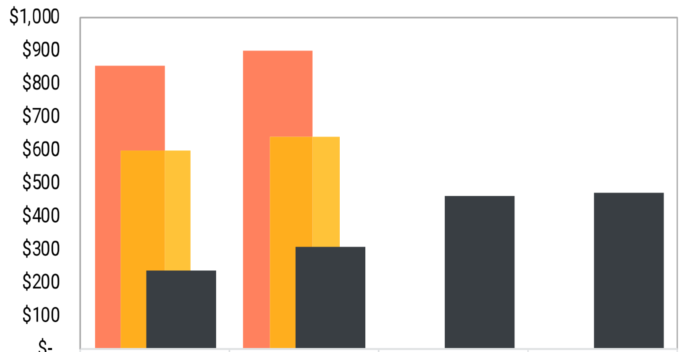
Debt Service Expenditures as a Percent of Current Expenditures



	2021	2022	2023	2024
Class 4 Cities	13.4%	12.5%	N/A	N/A
Cities in Scott County	19.4%	15.4%	N/A	N/A
City Of Credit River	33.4%	17.0%	15.9%	14.8%

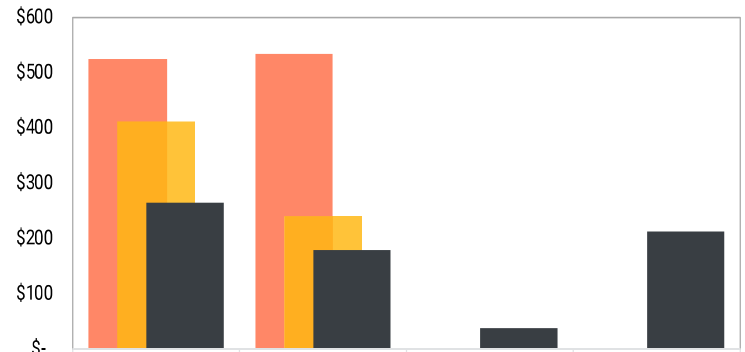
Expenditures
Key Performance Indicators

Current Expenditures Per Capita



	2021	2022	2023	2024
Class 4 Cities	$856	$901	N/A	N/A
Cities in Scott County	$601	$639	N/A	N/A
City Of Credit River	$240	$309	$464	$472

Capital Expenditures Per Capita



	2021	2022	2023	2024
Class 4 Cities	$527	$536	N/A	N/A
Cities in Scott County	$412	$241	N/A	N/A
City Of Credit River	$267	$179	$37	$212

Your Abdo Team

Brad Falteysek, CPA
Partner

brad.falteysek@abdosolutions.com

Tyler See, CPA
Manager

tyler.see@abdosolutions.com

Alex Trippel, CPA
Senior Associate

alex.trippel@abdosolutions.com

Hannah Anderson
Associate

hannah.anderson@abdosolutions.com

ANNUAL FINANCIAL REPORT

CITY OF CREDIT RIVER
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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

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INTRODUCTORY SECTION

CITY OF CREDIT RIVER
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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

ELECTED

Name	Title	Term Expires
Chris Kostik	Mayor	12/31/26
William Markert	Council member	12/31/28
Leroy Schommer	Council member	12/31/28
Jay Saterbak	Council member	12/31/26
Abe Zanto	Council member	12/31/26

CITY OFFICIALS - APPOINTED

Name	Title
Steve Jelinski	City Administrator
Lucas Chase	Finance Director

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FINANCIAL SECTION

CITY OF CREDIT RIVER
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Credit River, Minnesota

Report on the Financial Statements

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 Credit River, 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 budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Credit River'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.

Change in Accounting Principle

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions and the related note disclosures starting on page 60 be presented to supplement the basic financial statements. Such information, 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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Minneapolis, Minnesota
May 21, 2025

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Management's Discussion and Analysis

As management of City of Credit River, 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.

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 charges for services and property taxes and special assessments. It is also noteworthy that $233,325 of the 2024 overlay special assessments were prepaid by property owners in 2024.

- 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 decreased in comparison with the prior year. This decrease was mainly due to capital outlay costs related to the 2024 overlay project and two culvert projects.

- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section decreased from prior year. This was largely due to a new fund balance policy where the City Council determined the minimum amount of unrestricted and uncommitted fund balance, which was then assigned for cashflows and contingencies. The new policy of the City is to have a minimum of 40 to 50% of the next year's budgeted expenditures in the sum of assigned and unassigned fund balance. Going forward, the City Council will annually consider the minimum fund balance policy range of 40 to 50% and the budget to determine an assigned fund balance amount for cash flows and contingencies during the time of the annual audit.

- 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 which further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about non-major governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

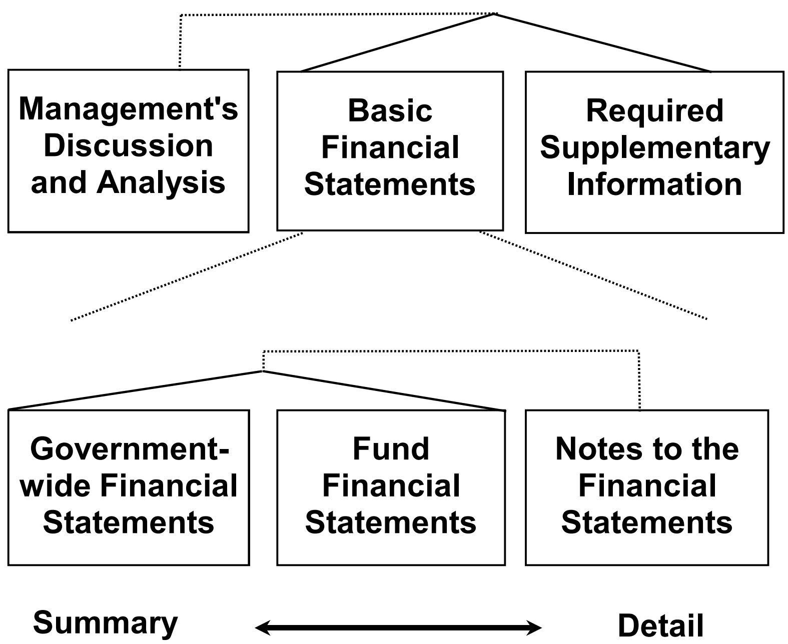


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the City include its sewer system.

The government-wide financial statements can be found starting on page 27 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 two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as 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 several governmental funds, three of which are debt service funds combined into one fund. 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, Debt Service fund and the Capital Improvements fund which are considered to be major funds. Individual fund data for the nonmajor governmental fund is provided on the same statement.

The City adopts an annual appropriated budget for its General and Road and Bridge fund. A budgetary comparison statement and schedule has been provided for each of the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 32 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *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 sewer subordinate service districts.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information on the sewer subordinate service districts as a whole. Data for individual sewer subordinate service districts is provided in the form of *combining statements or schedules* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 38 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 can be found starting on page 15 of this report.

Required Supplementary 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 pension benefits to its employees. Required supplementary information can be found starting on page 60 of this report.

Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 64 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 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 are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

City of Credit River's Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets						
Current and other assets	$ 10,579,992	$ 9,257,231	$ 1,322,761	$ 511,961	$ 442,668	$ 69,293
Capital assets (net of depreciation)	10,838,918	10,815,808	23,110	1,876,614	1,995,659	(119,045)
Total Assets	21,418,910	20,073,039	1,345,871	2,388,575	2,438,327	(49,752)
Deferred Outflows of Resources						
Deferred pension resources	78,127	44,747	33,380	-	-	-
Liabilities						
Current and other liabilities	1,877,079	747,488	1,129,591	77,891	119,652	(41,761)
Noncurrent	2,274,979	2,638,694	(363,715)	68,838	115,119	(46,281)
Total Liabilities	4,152,058	3,386,182	765,876	146,729	234,771	(88,042)
Deferred Inflows of Resources						
Deferred pension resources	73,922	29,583	44,339	-	-	-
Net Position						
Net investment in capital assets	7,977,173	8,292,170	(314,997)	1,617,124	1,880,540	(263,416)
Restricted for						
Capital replacement and repair	-	-	-	640,735	518,982	121,753
MN DOT State Aid Road Projects	596,587	-	596,587	-	-	-
Park improvements	119,141	93,141	26,000	-	-	-
Debt service	1,643,225	1,504,478	138,747	-	-	-
Road projects	-	323,215	(323,215)	-	-	-
Public safety	-	239,544	(239,544)	-	-	-
Unrestricted	6,934,931	6,249,473	685,458	(16,013)	(195,966)	179,953
Total Net Position	$ 17,271,057	$ 16,702,021	$ 569,036	$ 2,241,846	$ 2,203,556	$ 38,290
Net Position as a Percent of Total						
Net investment in capital assets	46.1 %	49.7 %		72.1 %	85.3 %	
Restricted	13.7	12.9		28.6	23.6	
Unrestricted	40.2	37.4		(0.7)	(8.9)	
	100.0 %	100.0 %		100.0 %	100.0 %	

At the end of the current fiscal year, the City is able to report a positive balance in total net position for both governmental and business-type activities. The same situation held true in the prior year.

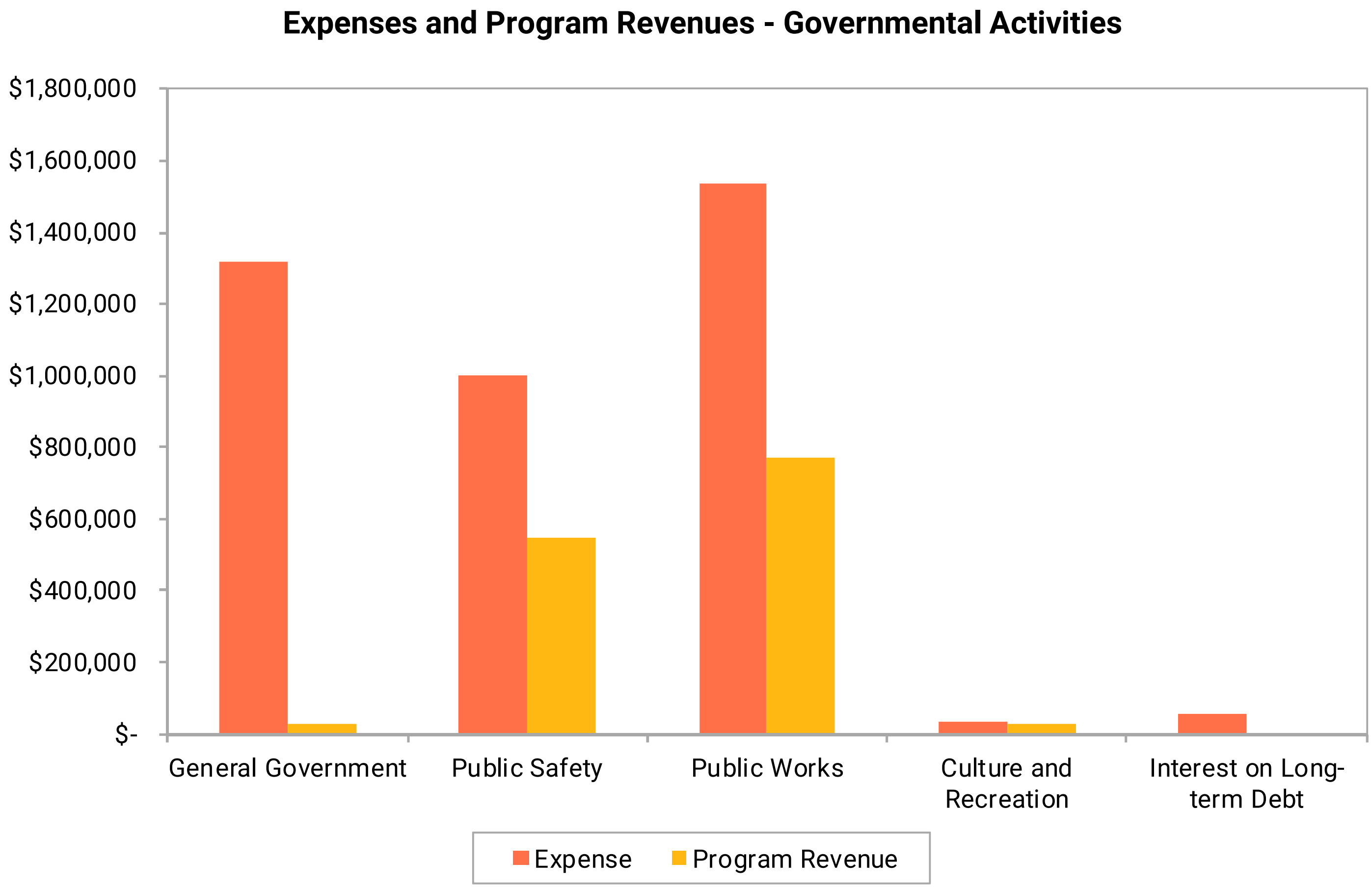
Governmental Activities. Governmental activities increased the City's net position while business-type activities increased the City's net position. Additional details are outlined below.

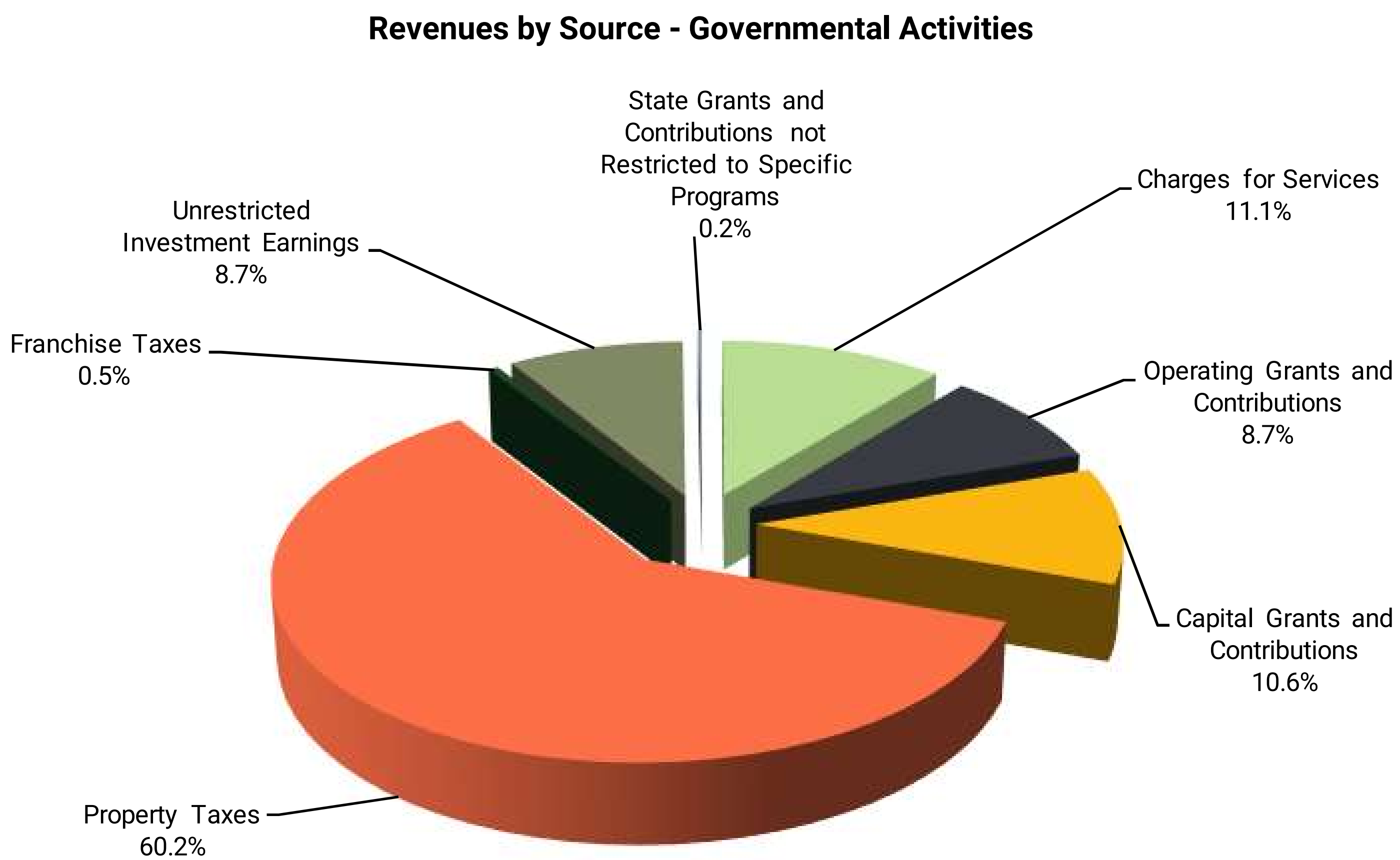
City of Credit River's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Program Revenues						
Charges for services	$ 499,136	$ 430,880	$ 68,256	$ 480,140	$ 306,799	$ 173,341
Operating grants and contributions	394,194	1,218,696	(824,502)	-	-	-
Capital grants and contributions	479,564	193,014	286,550	-	-	-
General revenues						
Taxes						
Property taxes,						
levied for general purposes	2,507,066	2,294,873	212,193	-	-	-
levied for debt service	216,018	216,274	-	-	-	-
Franchise taxes	20,684	23,405	(2,721)	-	-	-
State grants and contributions not restricted to specific programs	11,046	2,930	8,116	-	-	-
Unrestricted investment earnings	394,852	345,006	49,846	23,210	24,745	(1,535)
Total Revenues	4,522,560	4,725,078	(202,262)	503,350	331,544	171,806
Expenses						
General government	1,321,027	1,034,939	286,088	-	-	-
Public safety	1,003,136	805,186	197,950	-	-	-
Public works	1,537,148	1,885,969	(348,821)	-	-	-
Culture and recreation	34,715	20,204	14,511	-	-	-
Interest on long-term debt	57,498	35,103	22,395	-	-	-
Sewer	-	-	-	465,060	371,132	93,928
Total Expenses	3,953,524	3,781,401	172,123	465,060	371,132	93,928
Change In Net Position	569,036	943,677	(374,641)	38,290	(39,588)	77,878
Net Position, January 1	16,702,021	15,758,344	943,677	2,203,556	2,243,144	(39,588)
Net Position, December 31	$ 17,271,057	$ 16,702,021	$ 569,036	$ 2,241,846	$ 2,203,556	$ 38,290

- Operating grants and contributions decreased primarily due to recognition of APRA funds and Public Safety Aid in 2023.
- Capital grants and contributions increased primarily due to the new special assessment rolls that were certified in 2024 for the 2024 overlay project.
- Property tax revenue increased due to the increased levy for general government and capital needs.
- Charges for services of governmental activities increased due to increases in licenses and permits which was driven by development activity as well as the value of new properties.
- Charges for services of business-type activities increased due to increases in sewer system rates.

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.





Proprietary Funds. Business-type activities increased the City's net position as shown in the changes in net position table. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Sewer Fund *The increase is primarily related to operating income* of $16,082 and investment earnings.	$ 2,241,846	$ 2,203,556	$ 38,290

Financial Analysis of the Government's Funds

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

Governmental Funds. The 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

	General Fund	Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	$ 14,606	$ -	$ -	$ -	$ 14,606	$ 37,451	$ (22,845)
Restricted	-	1,308,193	-	119,141	1,427,334	1,716,601	(289,267)
Committed	738,908	-	962,840	289,088	1,990,836	1,952,500	38,336
Assigned	1,418,096	-	871,115	283,432	2,572,643	1,477,219	1,095,424
Unassigned	1,381,178	-	-	-	1,381,178	2,249,409	(868,231)
Total	$ 3,552,788	$ 1,308,193	$ 1,833,955	$ 691,661	$ 7,386,597	$ 7,433,180	$ (46,583)

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances as shown above. Additional information on the City's fund balances can be found in Note 1 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	$ 14,606	$ 36,027	$ (21,421)
Restricted	-	239,544	(239,544)
Committed	738,908	-	738,908
Assigned	1,418,096	-	1,418,096
Unassigned	1,381,178	2,249,409	(868,231)
Total	$ 3,552,788	$ 2,524,980	$ 1,027,808
General Fund expenditures	$ 2,668,762	$ 1,947,661	
Unassigned as a percent of expenditures	51.8%	115.5%	
Total Fund Balance as a percent of expenditures	133.1%	129.6%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to positive budget variances in expenditures and a transfer in from the Road and Bridge fund. Further information on budget variances can be seen below.

Other major governmental fund analysis is shown below:

	December 31, 2024	December 31, 2023	Increase (Decrease)
Debt Service Fund	$ 1,308,193	$ 1,062,125	$ 246,068
The Debt Service fund increased in fund balance during the year due to a transfer in from the 2021 Street Project fund.			
Capital Improvements Fund	$ 1,833,955	$ 1,544,910	$ 289,045
The Capital Improvements fund increase in fund balance during the year was due to a transfer in from the General fund.			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 3,121,640	$ 3,121,640	$ 2,974,776	$ (146,864)
Expenditures	3,015,605	3,015,605	2,668,762	346,843
Excess of Revenues Over Expenditures	106,035	106,035	306,014	199,979
Other Financing Sources (Uses)				
Transfers in	-	-	1,335,794	1,335,794
Transfers out	-	-	(614,000)	(614,000)
Total Other Financing Sources (Uses)	-	-	721,794	721,794
Net Change in Fund Balances	106,035	106,035	1,027,808	921,773
Fund Balances, January 1	2,524,980	2,524,980	2,524,980	-
Fund Balances, December 31	$ 2,631,015	$ 2,631,015	$ 3,552,788	$ 921,773

The City's General fund budget was not amended during the year as shown above.

Actual revenues were under the final budget and expenditures were under the final budget amounts as shown above. Revenues were under budget because of intergovernmental revenues and expenditures were under budget due to less than anticipated public works expenditures.

Capital Assets 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. This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3B starting on page 49 of this report.

City of Credit River's Capital Assets

(Net of Depreciation)

	Governmental Activities 2024	Governmental Activities 2023	Governmental Activities Increase (Decrease)	Business-type Activities 2024	Business-type Activities 2023	Business-type Activities Increase (Decrease)
Land	$ 1,126,500	$ 1,126,500	$ -	$ -	$ -	$ -
Construction work in progress	-	9,273	(9,273)	29,212	26,504	2,708
Buildings	8,963	9,598	(635)	-	-	-
Improvements other than building	311,659	323,567	(11,908)	-	-	-
Machinery and equipment	135,993	78,796	57,197	-	-	-
Infrastructure	9,255,803	9,268,074	(12,271)	1,847,402	1,969,155	(121,753)
Total	$ 10,838,918	$ 10,815,808	$ 23,110	$ 1,876,614	$ 1,995,659	$ (119,045)

City of Credit River's Outstanding Debt

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

	Governmental Activities 2024	Governmental Activities 2023	Governmental Activities Increase (Decrease)	Business-type Activities 2024	Business-type Activities 2023	Business-type Activities Increase (Decrease)
Bonds Payable	$ 2,060,000	$ 2,449,695	$ (389,695)	$ 90,000	$ 130,305	$ (40,305)

The long term debt decreased during the year due to scheduled debt payments.

Economic Factors and Next Year's Budgets and Rates

- The General Fund pay 2024 levy decreased by $86K, or 3.9%, from 2024 when considered in total with the 2023 general levy and road and bridge levy. The Road and Bridge fund and its related levy were closed out to the general fund in 2024. Therefore, road maintenance and other related public works expenditures were accounted for in the general fund in 2024 and will be going forward. Significant road improvements and capital expenditures were still accounted for in the Capital Improvement fund.
- The General Fund pay 2025 levy remained relatively consistent with the 2024 levy, as it decreased by $13K, or 0.3%.
- The General Fund budget for 2024 increased by approximately $952K primarily due to budgeting and accounting for road and bridge maintenance in the general fund instead of the road and bridge fund starting in 2024. When compared to the 2023 budget for the General Fund and 201 Road and Bridge fund in total, the 2024 general fund budget increased $190K. This was primarily due to an increase in public safety contracted expenditures.
- The General Fund budgeted expenditures and transfers out for 2025 increased by $499. $179,915 of the 2025 budget includes budgeted transfers out of $20,000 to the Park Fund for future park improvements and $159,915 to the Capital Improvements Fund for road improvements.
- CSTS 2025 budgets and rates will be finalized and effective July 1, 2025.
- The City will continue to budget conservatively and plan for upcoming capital projects and other significant City expenditures in its 5-year capital improvement plan.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Credit River; Attn: Finance Director; 18985 Meadow View Blvd; Prior Lake, Minnesota 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER CITY
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Credit River, Minnesota
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 8,779,397	$ 241,276	$ 9,020,673
Restricted cash and temporary investments	-	640,735	640,735
Receivables			
Taxes	35,089	-	35,089
Accounts	4,677	48,104	52,781
Special assessments	721,672	7,149	728,821
Due from other governments	597,953	-	597,953
Internal balances	426,598	(426,598)	-
Prepaid items	14,606	1,295	15,901
Capital assets			
Land and construction in progress	1,126,500	29,212	1,155,712
Depreciable assets (net of accumulated depreciation)	9,712,418	1,847,402	11,559,820
Total Assets	21,418,910	2,388,575	23,807,485
Deferred Outflows of Resources			
Deferred pension resources	78,127	-	78,127
Liabilities			
Accounts payable	878,703	44,133	922,836
Escrow payable	740,674	-	740,674
Due to other governments	225,057	-	225,057
Accrued salaries payable	9,523	113	9,636
Deposits payable	-	2,520	2,520
Accrued interest payable	23,122	1,125	24,247
Noncurrent liabilities			
Due within one year			
Long-term liabilities	413,993	30,000	443,993
Due in more than one year			
Long-term liabilities	1,718,061	68,838	1,786,899
Net pension liability	142,925	-	142,925
Total Liabilities	4,152,058	146,729	4,298,787
Deferred Inflows of Resources			
Deferred pension resources	73,922	-	73,922
Net Position			
Net investment in capital assets	7,977,173	1,617,124	9,594,297
Restricted for			
Capital replacement and maintenance	-	640,735	640,735
MN DOT State Aid Road Projects	596,587	-	596,587
Park improvement	119,141	-	119,141
Debt service	1,643,225	-	1,643,225
Unrestricted	6,934,931	(16,013)	6,918,918
Total Net Position	$ 17,271,057	$ 2,241,846	$ 19,512,903

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

City of Credit River, Minnesota
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 1,321,027	$ 28,149	$ 1,180	$ -
Public safety	1,003,136	437,474	108,042	-
Public works	1,537,148	7,513	284,972	479,564
Culture and recreation	34,715	26,000	-	-
Interest on long-term debt	57,498	-	-	-
Total Governmental Activities	3,953,524	499,136	394,194	479,564
Business-Type Activities				
Sewer	465,060	480,140	-	-
Total	$ 4,418,584	$ 979,276	$ 394,194	$ 479,564

General Revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Franchise taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Total General Revenues

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
$ (1,291,698)	$ -	$ (1,291,698)
(457,620)	-	(457,620)
(765,099)	-	(765,099)
(8,715)	-	(8,715)
(57,498)	-	(57,498)
(2,580,630)	-	(2,580,630)
-	15,080	15,080
(2,580,630)	15,080	(2,565,550)
2,507,066	-	2,507,066
216,018	-	216,018
20,684	-	20,684
11,046	-	11,046
394,852	23,210	418,062
3,149,666	23,210	3,172,876
569,036	38,290	607,326
16,702,021	2,203,556	18,905,577
$ 17,271,057	$ 2,241,846	$ 19,512,903

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

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FUND FINANCIAL STATEMENTS

CREDIT RIVER CITY
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Credit River, Minnesota
Balance Sheet
Governmental Funds
December 31, 2024

	100 General	300's Debt Service	401 Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	$ 3,630,774	$ 1,306,608	$ 3,150,354	$ 691,661	$ 8,779,397
Receivables					
Taxes	25,920	4,250	4,919	-	35,089
Accounts	4,677	-	-	-	4,677
Special assessments	14,139	355,489	352,044	-	721,672
Due from other governments	1,366	-	596,587	-	597,953
Due from other funds	265,946	-	160,652	-	426,598
Prepaid items	14,606	-	-	-	14,606
Total Assets	$ 3,957,428	$ 1,666,347	$ 4,264,556	$ 691,661	$ 10,579,992
Liabilities					
Accounts payable	$ 140,019	$ -	$ 738,684	$ -	$ 878,703
Escrow payable	-	-	740,674	-	740,674
Accrued salaries payable	9,523	-	-	-	9,523
Due to other governments	225,057	-	-	-	225,057
Total Liabilities	374,599	-	1,479,358	-	1,853,957
Deferred Inflows of Resources					
Unavailable revenue - taxes	15,902	3,233	3,043	-	22,178
Unavailable revenue - special assessments	14,139	354,921	351,613	-	720,673
Unavailable revenue - intergovernmental	-	-	596,587	-	596,587
Total Deferred Inflows of Resources	30,041	358,154	951,243	-	1,339,438
Fund Balances					
Nonspendable					
Prepaid items	14,606	-	-	-	14,606
Restricted for					
Park improvements	-	-	-	119,141	119,141
Debt service	-	1,308,193	-	-	1,308,193
Committed for					
Road and bridge improvement	738,908	-	962,840	289,088	1,990,836
Assigned for					
Park improvements	-	-	-	120,569	120,569
Road projects	-	-	871,115	162,863	1,033,978
Cash flows and contingencies	1,418,096	-	-	-	1,418,096
Unassigned	1,381,178	-	-	-	1,381,178
Total Fund Balances	3,552,788	1,308,193	1,833,955	691,661	7,386,597
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,957,428	$ 1,666,347	$ 4,264,556	$ 691,661	$ 10,579,992

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

City of Credit River, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2024

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

Total Fund Balances - Governmental	$ 7,386,597
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	21,714,945
Less: accumulated depreciation	(10,876,027)
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	
Compensated absences	(7,130)
Bonds payable	(2,124,924)
Net pension liability	(142,925)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Delinquent taxes receivable	22,178
Intergovernmental	596,587
Special assessments receivable	720,673
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	78,127
Deferred inflows of pension resources	(73,922)
Governmental funds do not report a liability for accrued interest until due and payable.	(23,122)
Total Net Position - Governmental Activities	$ 17,271,057

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

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

	100	203,204	300's	401		
	General	Road and Bridge*	Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property taxes	$ 2,103,987		$ 216,018	$ 398,189	$ -	$ 2,718,194
Franchise taxes	20,684		-	-	-	20,684
Licenses and permits	457,869		-	-	-	457,869
Intergovernmental	112,364		-	-	-	112,364
Charges for services	15,267		-	-	26,000	41,267
Special assessments	-		133,129	327,354	-	460,483
Investment earnings	263,376		30,960	71,062	29,454	394,852
Miscellaneous	1,229		-	76,181	-	77,410
Total Revenues	2,974,776		380,107	872,786	55,454	4,283,123
Expenditures						
Current						
General government	1,134,306		-	-	-	1,134,306
Public safety	1,003,136		-	-	-	1,003,136
Public works	503,582		-	-	-	503,582
Culture and recreation	26,847		-	-	-	26,847
Capital outlay						
General government	891		-	121,620		122,511
Public works	-		-	1,076,121	-	1,076,121
Debt service						
Principal	-		389,695	-	-	389,695
Interest and other charges	-		73,508	-	-	73,508
Total Expenditures	2,668,762		463,203	1,197,741	-	4,329,706
Excess (Deficiency) of Revenues Over (Under) Expenditures	306,014		(83,096)	(324,955)	55,454	(46,583)
Other Financing Sources (Uses)						
Transfers in	1,335,794		329,164	614,000	-	2,278,958
Transfers out	(614,000)		-	-	(1,664,958)	(2,278,958)
Total Other Financing Sources (Uses)	721,794		329,164	-	(1,664,958)	-
Net Change in Fund Balances	1,027,808		246,068	289,045	(1,609,504)	(46,583)
Fund Balances, January 1, as previously presented	2,524,980	1,771,820	1,062,125	1,544,910	529,345	7,433,180
Change within financial reporting entity (major to nonmajor)	-	(1,771,820)	-	-	1,771,820	-
Fund Balances, January 1, as adjusted	2,524,980		1,062,125	1,544,910	2,301,165	7,433,180
Fund Balances, December 31	$ 3,552,788		$ 1,308,193	$ 1,833,955	$ 691,661	$ 7,386,597

*The Road and Bridge fund was previously presented as a major fund

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

City of Credit River, 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	$ (46,583)
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.	
Capital outlays	976,347
Depreciation expense	(953,237)
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.	
Principal repayments	389,695
Amortization of bond premium	9,019
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	6,991
Long-term pension activity is not reported in governmental funds.	
Pension expense	(54,313)
Pension revenue	6,675
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.	
Special assessments	(57,100)
Intergovernmental aid	284,972
Property taxes	4,890
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.	
Compensated absences	1,680
Change in Net Position - Governmental Activities	$ 569,036

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

City of Credit River, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	General			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Property taxes	$ 2,113,185	$ 2,113,185	$ 2,103,987	$ (9,198)
Franchise taxes	24,500	24,500	20,684	(3,816)
Licenses and permits	442,000	442,000	457,869	15,869
Intergovernmental	334,955	334,955	112,364	(222,591)
Charges for services	7,000	7,000	15,267	8,267
Investment earnings	200,000	200,000	263,376	63,376
Miscellaneous	-	-	1,229	1,229
Total Revenues	3,121,640	3,121,640	2,974,776	(146,864)
Expenditures				
Current				
General government	1,217,939	1,217,939	1,134,306	83,633
Public safety	997,764	997,764	1,003,136	(5,372)
Public works	753,402	753,402	503,582	249,820
Culture and recreation	35,000	35,000	26,847	8,153
Capital outlay	11,500	11,500	891	10,609
Total Expenditures	3,015,605	3,015,605	2,668,762	346,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,035	106,035	306,014	199,979
Other Financing Sources (Uses)				
Transfers in	-	-	1,335,794	1,335,794
Transfers out	-	-	(614,000)	(614,000)
Total Other Financing Sources (Uses)	-	-	721,794	721,794
Net Change in Fund Balances	106,035	106,035	1,027,808	921,773
Fund Balances, January 1	2,524,980	2,524,980	2,524,980	-
Fund Balances, December 31	$ 2,631,015	$ 2,631,015	$ 3,552,788	$ 921,773

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

City of Credit River, Minnesota
Statements of Net Position
Proprietary Fund
December 31, 2024

	Business-type Activities - Enterprise Funds
	Sewer Subordinate Service Districts
	2024
Assets	
Current Assets	
Cash and temporary investments	$ 241,276
Receivables	
Accounts	48,104
Special assessments	7,149
Prepaid items	1,295
Total Current Assets	297,824
Noncurrent Assets	
Restricted cash and temporary investments	640,735
Capital assets	
Construction work in progress	29,212
Infrastructure	3,161,544
Less accumulated depreciation	(1,314,142)
Net Capital Assets	1,876,614
Total Noncurrent Assets	2,517,349
Total Assets	2,815,173
Liabilities	
Current Liabilities	
Accounts payable	44,133
Accrued interest payable	1,125
Accrued salaries payable	113
Deposits payable	2,520
Due to other funds	426,598
Bonds payable - current	30,000
Total Current Liabilities	504,489
Noncurrent Liabilities	
Bonds payable	68,838
Total Liabilities	573,327
Net Position	
Net Investment in capital assets	1,777,776
Restricted for capital replacement and maintenance	640,735
Unrestricted	(176,665)
Total Net Position	$ 2,241,846

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

City of Credit River, Minnesota
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds
	Sewer Subordinate Service Districts
	2024
Operating Revenues	
Charges for services	$ 480,140
Operating Expenses	
Personal services	36,017
Office expenses	6,182
Maintenance	134,650
Repairs	6,801
Professional services	31,097
Utilities	25,809
Other expense	101,749
Depreciation	121,753
Total Operating Expenses	464,058
Operating Income	16,082
Nonoperating Revenues (Expense)	
Investment earnings	33,515
Interest expense	(11,307)
Total Nonoperating Revenue (Expense)	22,208
Change In Net Position	38,290
Net Position, January 1	2,203,556
Net Position, December 31	$ 2,241,846

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

City of Credit River, Minnesota
Statements of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds Sewer Subordinate Service Districts 2024
Cash Flows from Operating Activities	
Receipts from customers	$ 429,646
Payments to suppliers	(351,227)
Payments to employees	(36,573)
Net Cash Provided (Used) by Operating Activities	41,846
Cash Flows from Capital and Related Financing Activities	
Receipts (payments) from (to) other funds	248,595
Principal paid on bonds	(30,000)
Interest paid on bonds	(3,150)
Acquisition of capital assets	(24,383)
Net Cash Provided (Used) by Capital and Related Financing Activities	191,062
Cash Flows from Investing Activities	
Interest received on investments	33,515
Net Increase (Decrease) in Cash and Cash Equivalents	266,423
Cash and Cash Equivalents, January 1	615,588
Cash and Cash Equivalents, December 31	$ 882,011
Cash and Cash Equivalents as Reported on the Statement of Net Position	
Cash and temporary investments	$ 241,276
Restricted cash and temporary investments	640,735
Total Cash and Cash Equivalents	$ 882,011
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	$ 16,082
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	121,753
Increase (decrease) in assets	
Accounts receivable	(43,345)
Special assessments receivable	(7,149)
Prepaid items	97
Increase (decrease) in liabilities	
Accounts payable	(45,029)
Accrued salaries payable	(556)
Deposits payable	(7)
Net Cash Provided (Used) by Operating Activities	$ 41,846
Noncash Capital and Related Financing Activities	
Amortization of bond premium	$ 1,227

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

City of Credit River, Minnesota (the City), is organized and governed by the standard structure of five Council Members. The five Council Members are elected by eligible voters of the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no component units.

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 City. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as p*rogram revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 and claims and judgments, are recorded only when payment is due.

Property 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the debt service activity associated with the long-term general obligation debt of governmental funds.

The *Capital Improvements fund* accounts for capital improvement projects related to road and bridges.

The City reports the following major proprietary fund:

The *Sewer Subordinate Service District fund* accounts for the activities of the City's wastewater treatment for community septic treatment systems.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sewer services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Property Taxes

The Council annually adopts a tax levy by December 31 of each year. The levy is then certified to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, June, and December each year.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The City annually certifies delinquent charges to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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 special assessments receivable are offset by a deferred inflows of resources in the governmental fund financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, group asset purchase cost of more than $7,500 (amount not rounded) and an estimated useful life in excess of two years.

Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1986 are recorded at estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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

Property, plant and equipment will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings and Structures	20 to 50
Improvements other than Buildings	15 to 30
Machinery and Equipment	5 to 10
Infrastructure	20 to 30

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 only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate a portion of earned but unused paid time off and earned sick and safe leave. All paid time off and earned sick and safe leave is accrued when incurred in the 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 resignation and retirements.

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 the fund financial statements, governmental fund types recognized 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 the governmental net pension liability.

The total pension expense for the GERP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	DCP	
City's proportionate share	$ 72,544	$ 528	$ 73,072
Proportionate share of State's contribution	99	-	99
Total pension expense	$ 72,643	$ 528	$ 73,171

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 one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1: Summary of Significant Accounting Policies (Continued)

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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 Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned and assigned fund balance of 40-50 percent of budgeted operating expenditures for cash-flow timing needs.

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 - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Net Position / Cash Balances

The City has reserve requirements relating to a portion of the fees collected from the Subordinate Sewer districts. The restricted funds are restricted for future capital expenditures of the districts.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and selected special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In July/August of each year, the proposed budget is prepared by the Council and management. The Council holds public hearing in September at the continuation of the annual meeting. A final budget is prepared and adopted prior to the beginning of the year.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. The City did not amend the budget during 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 Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

Note 3: Detailed Notes on All Funds (Continued)

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

- Time deposits that are fully insured by any federal agency.

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

At year end, the City's carrying amount of deposits was $9,661,408 and the bank balance was $9,692,369. The entire bank balance was covered by federal depository insurance and collateral held by financial institutions in the name of the City.

A reconciliation of the carrying amount of deposits to the statement of net position is as follows:

	Total
Carrying Amount of Deposits	$ 9,661,408
Cash and Cash Equivalents	
Statement of net position	
Cash and temporary investments	$ 9,020,673
Restricted cash and temporary investments	640,735
Total	$ 9,661,408

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	$ 1,126,500	$ -	$ -	$ 1,126,500
Construction in progress	9,273	-	(9,273)	-
Total Capital Assets not Being Depreciated	1,135,773	-	(9,273)	1,126,500
Capital Assets Being Depreciated				
Buildings	89,932	-	-	89,932
Improvements other than buildings	507,341	-	-	507,341
Machinery and equipment	198,951	83,465	(3,654)	278,762
Infrastructure	18,810,255	902,155	-	19,712,410
Total Capital Assets Being Depreciated	19,606,479	985,620	(3,654)	20,588,445
Less Accumulated Depreciation for				
Buildings	(80,334)	(635)	-	(80,969)
Improvements other than buildings	(183,774)	(11,908)	-	(195,682)
Machinery and equipment	(120,155)	(26,268)	3,654	(142,769)
Infrastructure	(9,542,181)	(914,426)	-	(10,456,607)
Total Accumulated Depreciation	(9,926,444)	(953,237)	3,654	(10,876,027)
Total Capital Assets Being Depreciated, Net	9,680,035	32,383	-	9,712,418
Governmental Activities Capital Assets, Net	$ 10,815,808	$ 32,383	$ (9,273)	$ 10,838,918

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Construction in progress	$ 26,504	$ 2,708	$ -	$ 29,212
Capital Assets Being Depreciated				
Infrastructure	3,161,544	-	-	3,161,544
Less Accumulated Depreciation				
Infrastructure	(1,192,389)	(121,753)	-	(1,314,142)
Total capital assets being depreciated, net	1,969,155	(121,753)	-	1,847,402
Business-type Activities Capital Assets, Net	$ 1,995,659	$ (119,045)	$ -	$ 1,876,614

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General government	$ 11,467
Public works	933,902
Culture and recreation	7,868
Total Depreciation Expense - Governmental Activities	$ 953,237
Business-type Activities	
Sewer	$ 121,753

C. Long-term Debt

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds were issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Improvement Bond, Series 2021A	$ 1,480,000	1.10 - 3.00 %	06/10/21	02/01/32	$ 1,175,000
General Obligation Improvement Bond, Series 2015A	1,425,000	1.10 - 2.50	07/16/15	02/01/26	290,000
General Obligation Improvement Bond, Series 2018A	1,410,000	3.0 - 4.0	06/27/18	02/01/29	685,000
Total General Obligation Bonds					$ 2,150,000

Annual requirements to maturity for general obligation bonds are as follows:

	General Obligation Bonds					
Year Ending	Governmental Activities			Business Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 410,000	$ 49,028	$ 459,028	$ 30,000	$ 2,250	$ 32,250
2026	410,000	36,103	446,103	30,000	1,350	31,350
2027	270,000	25,590	295,590	30,000	450	30,450
2028	275,000	17,415	292,415	-	-	-
2029	275,000	9,165	284,165	-	-	-
2030 - 2032	420,000	7,840	427,840	-	-	-
Total	$ 2,060,000	$ 145,141	$ 2,205,141	$ 90,000	$ 4,050	$ 94,050

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. Improvement Bonds	$ 2,449,695	$ -	$ (389,695)	$ 2,060,000	$ 410,000
Bond Premium	73,943	-	(9,019)	64,924	-
Compensated absences payable*	8,810	-	(1,680)	7,130	3,993
Long-term Liabilities	$ 2,523,638	$ -	$ (398,714)	$ 2,132,054	$ 413,993
Business-type activities					
Bonds payable					
G.O. Improvement Bonds	$ 130,305	$ -	$ (40,305)	$ 90,000	$ 30,000
Bond Premium	10,067	-	(1,227)	8,840	-
Long-term Liabilities	$ 10,067	$ -	$ (41,532)	$ 98,840	$ 30,000

* The change in the Compensated Absences liability is reported net of increase/decrease.

Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
General	Sewer	$ 265,946
Capital Improvement	Sewer	160,652
Total		$ 426,598

The Interfund loans were established to cover expenses for the South Passage sewer subdivision. They carry a 6% interest rate and will be paid back over a period of 10 years.

The composition of interfund transfers as of December 31, 2024 are as follows:

	Transfers In			
Fund	General	Debt Service	Capital Improvement	Total
Transfer out				
General	$ -	$ -	$ 614,000	$ 614,000
Nonmajor governmental	1,335,794	329,164	-	1,664,958
Total	$ 1,335,794	$ 329,164	$ 614,000	$ 2,278,958

The transfers were made to close out funds and to assign funds for the Government Center land purchase.

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.

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.

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.

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

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 $17,802, $19,092 and $8,152, respectively. The City’s contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $142,925 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 $3,696.

City's Proportionate Share of the Net Pension Liability	$ 142,925
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	3,696
Total	$ 146,621

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 0.0039 percent at the end of the measurement period and 0.0019 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $72,544 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional $99 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 $6,576 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.

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	$ 11,110	$ -
Changes in Actuarial Assumptions	289	34,006
Net Difference Between Projected and Actual Investment Earnings	-	39,916
Changes in Proportion	60,909	-
Contributions Paid to PERA Subsequent to the Measurement Date	5,819	-
Total	$ 78,127	$ 73,922

The $5,819 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	$ 9,471
2026	14,995
2027	(15,126)
2028	(10,954)

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	25.0	5.90
Total	100.0 %	

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%. The 7% 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% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

<u>General Employees Fund</u>

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.

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

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 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	$ 312,171	$ 142,925	$ 3,705

I. Pension Plan Fiduciary Net Position

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

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

The City has one council member that 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. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 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		
Employee	Employer	Employee	Employer	Required Rate
$ 528	$ 528	5.00%	5.00%	5.00%

The City’s contributions to the DCP for the years ended December 31, 2024, 2023 and 2022 were $528, $872 and $853, respectively. The City’s contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 6: Other Information

A. Risk Management

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

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

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments. The City has no outstanding debt subject to the limit.

Note 6: Other Information (Continued)

C. Joint Powers Agreements

The City entered into a joint powers agreement, effective September 17, 2007, with the City of Lakeville to improve and maintain Judicial Road. The project costs will be paid 50 percent by each party in accordance with the agreement. The City paid $1,616 related to the agreement in 2024. Each party will own the portion of the road within its government boundaries. This agreement will remain in effect until either party terminates with a one year written notice to the other party.

The City entered into a joint powers agreement, effective April 2009, with the City of Savage, for the City to have exclusive planning, zoning and subdivision authority for a piece of property in the northwestern corner of the City currently owned by W.G. Pearson, Inc. with the purpose of regulating a mining permit. This agreement renews on the first of each subsequent year unless a party gives sixty days written notice prior to the anticipated date of termination or unless Credit River City is incorporated or the subject property is annexed into a city, or is terminated by law.

The City entered into a joint powers agreement, September 27, 2010, with the City of Savage to cooperate in long range planning and the potential provision of municipal sanitary sewer and water service from the City to the City in the “Primary Study Area” and the “Secondary Study Area” as defined in the agreement. The term of the agreement is three years with an automatic renewal of three years unless either party gives 180 days written notice, or at any time upon mutual consent. The agreement calls for the City to perform its own individual planning and feasibility study for the extension of trunk sanitary sewer and water service to its border with the City, and the City to perform its own planning and feasibility study for the extensions of trunk and lateral sanitary sewer and water service within the “Primary Study Area.” At such times the parties agree, the parties shall perform planning and feasibility studies for trunk and lateral sanitary sewer and water service within the “Secondary Study Area.”

The city entered into a joint powers agreement, November 9th, 2020, with the City of Savage, for the city to construct sanitary sewer conveyance facilities which would connect to Savage’s sanitary sewer system and in which Credit River purchases water on a wholesale basis from the City of Savage. The agreement establishes sharing and interconnecting utilities. The term of the agreement is 10 years and either party may terminate the agreement by providing two years written notice.

Note 7: Adjustments to Beginning Balances and Changes in Accounting Principle

Change within Major and Nonmajor Fund Reporting

During fiscal year 2024, the Road and Bridge fund was determined to be nonmajor. The effects of the changes within the financial reporting entity are shown in the financial statements.

Change in Accounting Principle

During fiscal year 2024, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and Statements No. 101, Compensated Absences, for the year ended December 31, 2024. There were no adjustments or restatements of beginning balances needed for the adoption of these statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CREDIT RIVER
CREDIT RIVER, MINNESOTA

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	0.0039 %	$ 142,925	$ 3,696	$ 146,621	$ 320,024	44.7 %	89.1 %
6/30/2023	0.0019	106,246	2,850	109,096	149,709	71.0	83.1
6/30/2022	0.0016	126,721	3,835	130,556	120,900	104.8	76.7
6/30/2021	0.0012	51,245	1,519	52,764	85,027	60.3	87.0
6/30/2020	0.0011	65,950	1,973	67,923	76,767	85.9	79.0
6/30/2019	0.0009	49,759	1,500	51,259	64,305	77.4	80.2
6/30/2018	0.0009	49,928	1,586	51,514	61,467	81.2	79.5
6/30/2017	0.0010	63,839	779	64,618	60,947	104.7	75.9
6/30/2016	0.0009	73,076	942	74,018	57,302	127.5	68.9
6/30/2015	0.0009	46,643	-	46,643	745,940	6.3	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	$ 17,802	$ 17,802	$ -	$ 237,360	7.50 %
12/31/2023	19,092	19,092	-	254,561	7.50
12/31/2022	8,152	8,152	-	108,690	7.50
12/31/2021	7,907	7,907	-	105,427	7.50
12/31/2020	6,480	6,480	-	86,400	7.50
12/31/2019	4,955	4,955	-	66,072	7.50
12/31/2018	4,613	4,613	-	61,507	7.50
12/31/2017	4,584	4,584	-	61,120	7.50
12/31/2016	4,478	4,478	-	59,707	7.50
12/31/2015	4,202	4,202	-	56,031	7.50

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.

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 Juen 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.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CREDIT RIVER
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Credit River, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2024

	203,204 Special Revenue	202 Special Revenue	440 Capital Projects	
	Road and Bridge Fund	Park	2021 Road Projects	Total Nonmajor Governmental Funds
Assets				
Cash and temporary investments	$ 451,951	$ 239,710	$ -	$ 691,661
Fund Balances				
Restricted for				
Park improvements	$ -	$ 119,141	$ -	$ 119,141
Committed				
Road projects	289,088	-	-	289,088
Assigned for				
Park improvements	-	120,569	-	120,569
Road projects	162,863	-		162,863
Total Fund Balances	$ 451,951	$ 239,710	$ -	$ 691,661

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

	203,204 Special Revenue	**202** Special Revenue	**440** Capital Projects	
	Road and Bridge Fund*	Park	2021 Road Project	Total Nonmajor Governmental Funds
Revenues				
Charges for services	$ -	$ 26,000	$ -	$ 26,000
Investment earnings	15,925	7,580	5,949	29,454
Total Revenues	15,925	33,580	5,949	55,454
Other Financing Sources (Uses)				
Transfers out	(1,335,794)	-	(329,164)	(1,664,958)
Net Change in Fund Balances	(1,319,869)	33,580	(323,215)	(1,609,504)
Fund Balances, January 1, as previously reported	-	206,130	323,215	529,345
Change within financial reporting entity (major to nonmajor fund)	1,771,820	-	-	1,771,820
Fund Balances, January 1, as adjusted	1,771,820	206,130	323,215	2,301,165
Fund Balances, December 31	$ 451,951	$ 239,710	$ -	$ 691,661

*The Road and Bridge fund was previously presented as a major fund

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City of Credit River, 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

	2024			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
General property taxes	$ 2,113,185	$ 2,113,185	$ 2,103,987	$ (9,198)
Franchise taxes	24,500	24,500	20,684	(3,816)
Total taxes	2,137,685	2,137,685	2,124,671	(13,014)
Licenses and permits	442,000	442,000	457,869	15,869
Intergovernmental				
State				
Agricultural credit	7,955	7,955	3,142	(4,813)
Public safety aid	-	-	-	-
Other	327,000	327,000	109,222	(217,778)
Total intergovernmental	334,955	334,955	112,364	(222,591)
Charges for services				
General government	7,000	7,000	15,267	8,267
Investment earnings	200,000	200,000	263,376	63,376
Miscellaneous	-	-	1,229	1,229
Total Revenues	3,121,640	3,121,640	2,974,776	(146,864)
Expenditures				
Current				
General government				
Mayor and Council				
Personal services	43,716	43,716	44,490	(774)
Supplies	2,000	2,000	174	1,826
Other services and charges	-	-	(289)	289
Total Mayor and Council	45,716	45,716	44,375	1,341
City Administrator				
Personal services	133,678	133,678	160,452	(26,774)
Supplies	9,000	9,000	6,103	2,897
Other services and charges	72,832	72,832	135,806	(62,974)
Total City Administrator	215,510	215,510	302,361	(86,851)
City Clerk				
Personal services	66,694	66,694	59,975	6,719
Supplies	1,500	1,500	390	1,110
Other services and charges	17,600	17,600	1,955	15,645
Total City Clerk	85,794	85,794	62,320	23,474

City of Credit River, 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			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Current (Continued)				
General government (continued)				
City Treasurer				
Personal services	$ 144,519	$ 144,519	$ 72,017	$ 72,502
Supplies	2,500	2,500	-	2,500
Other services and charges	135,865	135,865	181,369	(45,504)
Total City Treasurer	282,884	282,884	253,386	29,498
Elections				
Personal services	30,550	30,550	24,278	6,272
Supplies	1,250	1,250	2,253	(1,003)
Other services and charges	2,300	2,300	66	2,234
Total elections	34,100	34,100	26,597	7,503
Assessor				
Other services and charges	55,900	55,900	56,178	(278)
Legal				
Other services and charges	41,008	41,008	61,231	(20,223)
Planning				
Personal services	94,732	94,732	89,162	5,570
Supplies	3,000	3,000	860	2,140
Other services and charges	324,230	324,230	220,927	103,303
Total planning	421,962	421,962	310,949	111,013
City hall building				
Supplies	7,200	7,200	-	7,200
Other services and charges	27,865	27,865	16,909	10,956
Total	35,065	35,065	16,909	18,156
Total general government	1,217,939	1,217,939	1,134,306	83,633
Public safety				
Fire				
Other services and charges	997,764	997,764	1,003,136	(5,372)
CARES funding expenditures				
Personal services	-	-	-	-
Total planning	-	-	-	-
Total public safety	997,764	997,764	1,003,136	(5,372)
Public works				
Streets				
Personal services	112,424	112,424	11,842	100,582
Supplies	79,500	79,500	66,750	12,750
Other services and charges	561,478	561,478	424,990	136,488
Total public works	753,402	753,402	503,582	249,820

City of Credit River, 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			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Current (Continued)				
Culture and recreation				
Parks				
Supplies	$ 500	$ 500	$ 375	$ 125
Other services and charges	34,500	34,500	26,472	8,028
Total culture and recreation	35,000	35,000	26,847	8,153
Total current	3,004,105	3,004,105	2,667,871	336,234
Capital outlay				
General government	5,500	5,500	891	4,609
Culture and recreation	6,000	6,000	-	6,000
Total capital outlay	11,500	11,500	891	10,609
Total Expenditures	3,015,605	3,015,605	2,668,762	346,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,035	106,035	306,014	199,979
Other Financing Sources (Uses)				
Transfers in	-	-	1,335,794	1,335,794
Transfers out	-	-	(614,000)	(614,000)
Total Other Financing Sources (Uses)	-	-	721,794	721,794
Net Change in Fund Balances	106,035	106,035	1,027,808	921,773
Fund Balances, January 1	2,524,980	2,524,980	2,524,980	-
Fund Balances, December 31	$ 2,631,015	$ 2,631,015	$ 3,552,788	$ 921,773

City of Credit River, Minnesota
Road and Bridge Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2024

	2024			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Investment earnings	$ -	$ -	$ 15,925	$ 15,925
Capital outlay				
Public works	400,000	400,000	-	400,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,000)	(400,000)	15,925	415,925
Other Financing Sources (Uses)				
Transfers out	-	-	(1,335,794)	(1,335,794)
Net Change in Fund Balances	(400,000)	(400,000)	(1,319,869)	(919,869)
Fund Balances, January 1	1,771,820	1,771,820	1,771,820	-
Fund Balances, December 31	$ 1,371,820	$ 1,371,820	$ 451,951	$ (919,869)

City of Credit River, Minnesota
Proprietary Funds
Combining Schedules of Net Position
December 31, 2024

	Business-type Activities - Enterprise Funds				
	Monterey Heights Subordinate Service District	Territory Subordinate Service District	Stonebridge Subordinate Service District	South Passage Subordinate Service District	Total Sewer Subordinate Service Districts
Assets					
Current Assets					
Cash and temporary investments	$ 188,192	$ 23,678	$ 47,354	$ (17,948)	$ 241,276
Receivables					
Accounts	16,896	18,388	6,163	6,657	48,104
Special assessments	1,234	4,305	1,610	-	7,149
Prepaid items	175	754	254	112	1,295
Total Current Assets	206,497	47,125	55,381	(11,179)	297,824
Noncurrent Assets					
Restricted cash and temporary investments	185,883	337,298	99,606	17,948	640,735
Capital assets					
Construction work in progress	-	-	29,212	-	29,212
Infrastructure	203,601	2,145,286	362,848	449,809	3,161,544
Less accumulated depreciation	(136,104)	(1,030,716)	(128,260)	(19,062)	(1,314,142)
Net Capital Assets	67,497	1,114,570	263,800	430,747	1,876,614
Total Noncurrent Assets	253,380	1,451,868	363,406	448,695	2,517,349
Total Assets	459,877	1,498,993	418,787	437,516	2,815,173
Liabilities					
Current Liabilities					
Accounts payable	6,250	18,659	18,455	769	44,133
Accrued interest payable	-	-	-	1,125	1,125
Accrued salaries payable	26	70	17	-	113
Deposits payable	294	1,661	80	485	2,520
Due to other funds	-	-	-	426,598	426,598
Bonds payable - current	-	-	-	30,000	30,000
Total Current Liabilities	6,570	20,390	18,552	458,977	504,489
Noncurrent Liabilities					
Bonds payable	-	-	-	68,838	68,838
Total Liabilities	6,570	20,390	18,552	527,815	573,327
Net Position					
Investment in capital assets	67,497	1,114,570	263,800	331,909	1,777,776
Restricted for capital replacement and maintenance	185,883	337,298	99,606	17,948	640,735
Unrestricted	199,927	26,735	36,829	(440,156)	(176,665)
Total Net Position	$ 453,307	$ 1,478,603	$ 400,235	$ (90,299)	$ 2,241,846

City of Credit River, Minnesota
Proprietary Funds
Combining Schedules of Revenues, Expenses and Changes in Net Position
December 31, 2024

	Business-type Activities - Enterprise Funds				
	Monterey Heights Subordinate Service District	Territory Subordinate Service District	Stonebridge Subordinate Service District	South Passage Subordinate Service District	Total Sewer Subordinate Service Districts
Operating Revenues					
Charges for services	$ 101,406	$ 214,342	$ 102,074	$ 62,318	$ 480,140
Operating Expenses					
Personal services	4,980	22,330	5,402	3,305	36,017
Office expenses	758	4,488	899	37	6,182
Maintenance	23,672	82,730	26,929	1,319	134,650
Repairs	60	4,982	667	1,092	6,801
Professional services	3,549	11,558	15,778	212	31,097
Utilities	1,419	13,803	8,434	2,153	25,809
Other expense	6,447	26,047	10,151	59,104	101,749
Depreciation	6,750	85,864	11,191	17,948	121,753
Total Operating Expenses	47,635	251,802	79,451	85,170	464,058
Operating Income (Loss)	53,771	(37,460)	22,623	(22,852)	16,082
Nonoperating Revenues (Expense)					
Investment earnings	16,119	12,490	4,597	309	33,515
Interest expense	-	-	-	(11,307)	(11,307)
Total Nonoperating Revenue (Expense)	16,119	12,490	4,597	(10,998)	22,208
Change in Net Position	69,890	(24,970)	27,220	(33,850)	38,290
Net Position, January 1	383,417	1,503,573	373,015	(56,449)	2,203,556
Net Position, December 31	$ 453,307	$ 1,478,603	$ 400,235	$ (90,299)	$ 2,241,846

City of Credit River, Minnesota
Proprietary Funds
Combining Schedules of Cash Flows
For the Years Ended December 31, 2024 and 2023

	Business-type Activities - Enterprise Funds				
	Monterey Heights Subordinate Service District	Territory Subordinate Service District	Stonebridge Subordinate Service District	South Passage Subordinate Service District	Total Sewer Subordinate Service Districts
Cash Flows from Operating Activities					
Receipts from customers	$ 84,416	$ 194,630	$ 94,483	$ 56,117	$ 429,646
Payments to suppliers	(84,320)	(144,635)	(59,259)	(63,013)	(351,227)
Payments to employees	(5,095)	(22,640)	(5,477)	(3,361)	(36,573)
Net Cash Provided (Used) by Operating Activities	(4,999)	27,355	29,747	(10,257)	41,846
Cash Flows from Capital and Related Financing Activities					
Receipts (payments) from (to) other funds	21,510	-	-	227,085	248,595
Principal paid on bonds	-	-	-	(30,000)	(30,000)
Interest paid on bonds	-	-	-	(3,150)	(3,150)
Acquisition of capital assets	-	-	(2,708)	(21,675)	(24,383)
Net Cash Provided (Used) by Capital and Related Financing Activities	21,510	-	(2,708)	172,260	191,062
Cash Flows from Investing Activities					
Interest received on investments	16,119	12,490	4,597	309	33,515
Net Increase (Decrease) in Cash and Cash Equivalents	32,630	39,845	31,636	162,312	266,423
Cash and Cash Equivalents, January 1	341,445	321,131	115,324	(162,312)	615,588
Cash and Cash Equivalents, December 31	$ 374,075	$ 360,976	$ 146,960	$ -	$ 882,011
Cash and Cash Equivalents as Reported on the Statement of Net Position					
Cash and temporary investments	$ 188,192	$ 23,678	$ 47,354	$ (17,948)	$ 241,276
Restricted cash and temporary investments	185,883	337,298	99,606	17,948	640,735
Total Cash and Cash Equivalents	$ 374,075	$ 360,976	$ 146,960	$ -	$ 882,011
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 53,771	$ (37,460)	$ 22,623	$ (22,852)	$ 16,082
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	6,750	85,864	11,191	17,948	121,753
(Increase) decrease in assets					
Accounts receivable	(15,756)	(15,407)	(5,981)	(6,201)	(43,345)
Special assessments receivable	(1,234)	(4,305)	(1,610)	-	(7,149)
Prepaid items	108	(7)	(5)	1	97
Increase (decrease) in liabilities					
Accounts payable	(48,141)	(1,491)	3,915	688	(45,029)
Accrued salaries payable	(115)	(310)	(75)	(56)	(556)
Deposits payable	(382)	471	(311)	215	(7)
Net Cash Provided (Used) by Operating Activities	$ (4,999)	$ 27,355	$ 29,747	$ (10,257)	$ 41,846
Noncash Capital and Related Financing Activities					
Amortization of bond premium	$ -	$ -	$ -	$ 1,227	$ 1,227
Capital asset transfer	$ (448,695)	$ -	$ -	$ 448,695	$ -

City of Credit River, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2024

	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	2021 G.O. Improvement Bond	Total
Assets				
Cash and temporary investments	$ 234,329	$ 371,126	$ 701,153	$ 1,306,608
Receivables				
Taxes	1,308	1,414	1,528	4,250
Special assessments	31,845	151,609	172,035	355,489
Total Assets	$ 267,482	$ 524,149	$ 874,716	$ 1,666,347
Deferred Inflows of Resources				
Unavailable revenue - taxes	$ 1,003	$ 1,133	$ 1,097	$ 3,233
Unavailable revenue - special assessments	31,742	151,308	171,871	354,921
Total Deferred Inflows of Resources	32,745	152,441	172,968	358,154
Fund Balances				
Restricted for debt service	234,737	371,708	701,748	1,308,193
Total Deferred Inflows of Resources and Fund Balances	$ 267,482	$ 524,149	$ 874,716	$ 1,666,347

City of Credit River, Minnesota
Debt Service Funds
Combining Schedules of Revenues, Expenditures
and Changes on Fund Balances
For the Year Ended December 31, 2024

	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	2021 G.O. Improvement Bond	Total
Revenues				
Property taxes	$ 64,706	$ 59,729	$ 91,583	$ 216,018
Special assessments	35,936	56,909	40,284	133,129
Interest on investments	5,610	10,146	15,204	30,960
Total Revenues	106,252	126,784	147,071	380,107
Expenditures				
Debt service				
Principal	145,000	130,000	114,695	389,695
Interest and other charges	9,538	26,325	37,645	73,508
Total Expenditures	154,538	156,325	152,340	463,203
Deficiency of Revenues Under Expenditures	(48,286)	(29,541)	(5,269)	(83,096)
Other Financing Sources				
Transfer in	-	-	329,164	329,164
Net Change in Fund Balances	(48,286)	(29,541)	323,895	246,068
Fund Balances, January 1	283,023	401,249	377,853	1,062,125
Fund Balances, December 31	$ 234,737	$ 371,708	$ 701,748	$ 1,308,193

City of Credit River, Minnesota

Summary Financial Report
Revenues And Expenses For General Operations -
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	Total 2024	Total 2023	Percent Increase (Decrease)
Revenues			
Property taxes	$ 2,718,194	$ 2,507,054	8.42 %
Franchise taxes	20,684	23,405	(11.63)
Licenses and permits	457,869	380,183	20.43
Intergovernmental	112,364	954,714	(88.23)
Charges for services	41,267	45,951	(10.19)
Special assessments	460,483	303,702	51.62
Investment earnings	394,852	345,006	14.45
Miscellaneous	77,410	149,836	(48.34)
Total Revenues	$ 4,283,123	$ 4,709,851	(9.06) %
Per Capita	$ 757	$ 857	
Expenditures			
Current			
General government	$ 1,134,306	$ 998,286	13.63 %
Public safety	1,003,136	805,186	24.58
Public works	503,582	734,507	(31.44)
Culture and recreation	26,847	12,336	117.63
Capital outlay			
General government	122,511	11,796	938.58
Public works	1,076,121	192,804	458.14
Debt service			
Principal	389,695	405,305	(3.85)
Interest and other charges	73,508	76,403	(3.79)
Total Expenditures	$ 4,329,706	$ 3,236,623	33.77 %
Per Capita	$ 766	$ 589	
Total Long-term Indebtedness	$ 2,060,000	$ 2,449,695	(15.91) %
Per Capita	364	446	(18.39)
General Fund Balance - December 31	$ 3,552,788	$ 2,524,980	40.71 %
Per Capita	628	459	36.82

The purpose of this report is to provide a summary of financial information concerning the City of Credit River to interested citizens. The complete financial statements may be examined at Credit River City Hall, 18985 Meadow View Blvd Prior Lake, MN 55372. Questions about this report should be directed to treasurer@creditriver-mn.gov.

OTHER REQUIRED REPORT

CITY OF CREDIT RIVER
CREDIT RIVER, 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 Credit River
Credit River, 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 remaining fund information of City of Credit River, 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 May 21, 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, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for City's* promulgated by the State Auditor pursuant to Minnesota statute §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

Abdo
Minneapolis, Minnesota
May 21, 2025

Executive Governance Summary

City of Credit River

Credit River, Minnesota

For the year ended December 31, 2024

Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office
14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

May 21, 2025

Management, Honorable Mayor and City Council
City of Credit River
Credit River, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Credit River, Minnesota (the City) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 11, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Minnesota statutes.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City changed accounting policies during the year ended December 31, 2024 related to the accounting and financial reporting for accounting changes and error corrections (GASB 100) and compensated absences (GASB 101. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.

- Allocations of gross wages and payroll benefits are approved by the Board within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City.

- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the City's proportionate share of employer contributions to the pension plans.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representations letter dated May 21, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedule of Employer's Share of the Net Pension Liability and the Schedule of Employer's PERA Contributions), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on the introductory section, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: (1)

GASB Statement No. 102 – *Certain Risk Disclosures* *Effective: 12/31/2025*

GASB Statement No. 103 – *Financial Reporting Model Improvements* *Effective: 12/31/2026*

GASB Statement No. 104 – *Disclosure of Certain Capital Assets* *Effective: 12/31/2026*

Further information on upcoming GASB pronouncements.

* * * *

Restriction on Use

This communication is intended solely for the information and use of the City Council, management and the Minnesota Office of the State Auditor and is not intended and should not be used by anyone other than those specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Abdo

Abdo
Minneapolis, Minnesota
May 21, 2025

AGENDA ITEM NO. 7.1

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	Shane Nelson,Engineer
ITEM TYPE:	Quote
AGENDA SECTION:	General Business
SUBJECT:	Quotes for Temporary Patching/Overlay on Casey Parkway and Faricy Lane

BACKGROUND:

The roads in the Casey Addition are delaminating and the pavement is in need of repair. Therefore, the City has solicited Quotes to construct a temporary overlay to make the roads serviceable and extend the timeframe until which a more expensive repair (i.e. total reconstruction) is needed.

The Request for Quotes was sent to three Contractors, and we received Quotes from two Contractors as follows:

McNamara Contracting, Inc. $62,087 August 29, 2025 completion
Prior Lake Blacktop, Inc. $64,168.10 August 1, 2025 completion

Northwest Asphalt did not submit a Quote.

Please note that since this project is under the competitive bidding threshold, the City has the ability to accept whichever Quote we believe is in the best interest of the City. Staff's recommendation is to accept the lowest Quote, although the estimated completion date is slightly longer.

FINANCIAL IMPACT:

The estimated financial impact is $62,087. Please note that this is a unit price quote, and the Contractor will be compensated for actual units of work completed.

SUGGESTED ACTION:

Accept the Quotes and Award the Contract to the Low Quoter, McNamara Contracting, Inc.

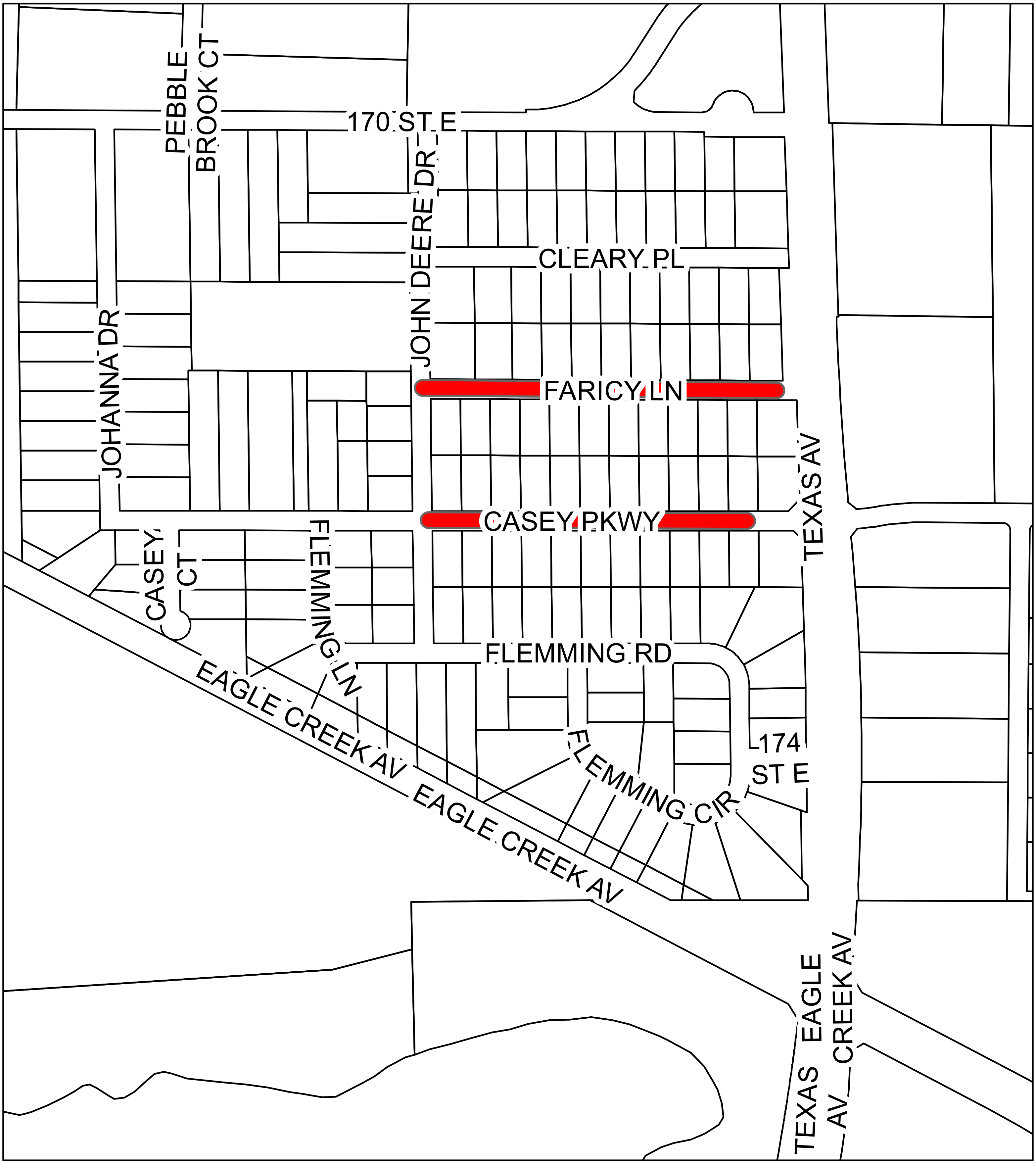
ALTERNATIVES:

We have identified the following alternatives:

1. Reject all Quotes
2. Accept the Quote from Prior Lake Blacktop, Inc. in the amount of $64,168.10

ATTACHMENTS:

2025 Overlay Exhibit.pdf
CT905 CASEY OVERLAY RFQ.pdf
CT905 Typical Sections.pdf
Prior Lake Blacktop Quote.pdf
McNamara Quote.pdf



N W E S

Hakanson Anderson

PROJECT LOCATION MAP

2025 OVERLAY PROJECT

CASEY PARKWAY & FARICY LANE

SOURCES: Scott County & Credit River Township
K:\GIS\Projects\Municipal\CT905\2025\2025 Overlay Exhibit.mxd

CITY OF CREDIT RIVER
SCOTT COUNTY, MINNESOTA

REQUEST FOR QUOTES FOR BITUMINOUS OVERLAY

I. INTRODUCTION

The City of Credit River, Scott County, Minnesota is soliciting Quotes for a contract to have an independent third party provide bituminous overlay services on Casey Parkway and Faricy Lane (see attached exhibit).

The pavement on the roads are in poor condition and the City is interested in constructing a bituminous overlay on the roads to extend their life. The length of Casey Parkway is approximately 1080 feet and the length of Faricy Lane is approximately 1160 feet. The width of the roads are 24 feet, but may vary slightly.

One copy of the Quote must be submitted. The Quote must be submitted by **5:00 pm on Thursday, June 5, 2025** in order to be considered. Quotes may be mailed, delivered, faxed, or emailed. All Quotes are to be made to:

City of Credit River	Attn: Shane Nelson, City Engineer
18985 Meadow View Blvd	Phone: 763-852-0479
Prior Lake, MN 55372	Email: shanen@haa-inc.com

II. GENERAL REQUIREMENTS

1. The Contractor shall furnish all labor, tools, materials, equipment and supervision necessary for the performance of all operations.
2. The contractor shall provide a Certificate of Insurance.
3. Once bituminous is removed, the patching must be completed the same day.
4. The Contractor shall provide a Unit Price Quotation to the Township for providing bituminous patching services as specified herein.
5. This project will require Performance and Payment Bonds.

III. BITUMINOUS OVERLAY

1. In general, provide a 6-8 foot taper mill, 1.5” deep at edge of pavement tapering to 0” – see attached Typical Section. The taper mill can be omitted in areas of significant pavement cracking if Contractor determines milling would be detrimental to existing pavement.
2. Mill both ends (full width) at the match points to provide a smooth transition.
3. Sweep and clean area to be paved.
4. Apply tack coat over existing bituminous surface after milling and prior to placement of bituminous pavement. Tack shall be applied at a rate of 0.06 to 0.09 gallons per square yard.
5. Construct and compact bituminous pavement to a minimum thickness of 1.5” over the project area. Place and compact SPWEA240B bituminous mixture in accordance with Mn/DOT specification 2360.

6. The contractor shall provide all traffic control in conformance with the MN MUTCD. At a minimum, this will require "Road Work Ahead" signs on either side of the work location and may require flagging of traffic around the work area.

IV. QUANTITIES AND PAYMENT

1. Paving quantities will be measured by the Ton for the bituminous pavement. The Contractor shall provide load tickets to the City.
2. All milling will be measured by the Square Yard and total milling performed will be paid at the Contract Unit Price.
3. Quantities for the bituminous tack will be measured by the Gallon.
4. Traffic control will be incidental to the project and no measurement will be made.

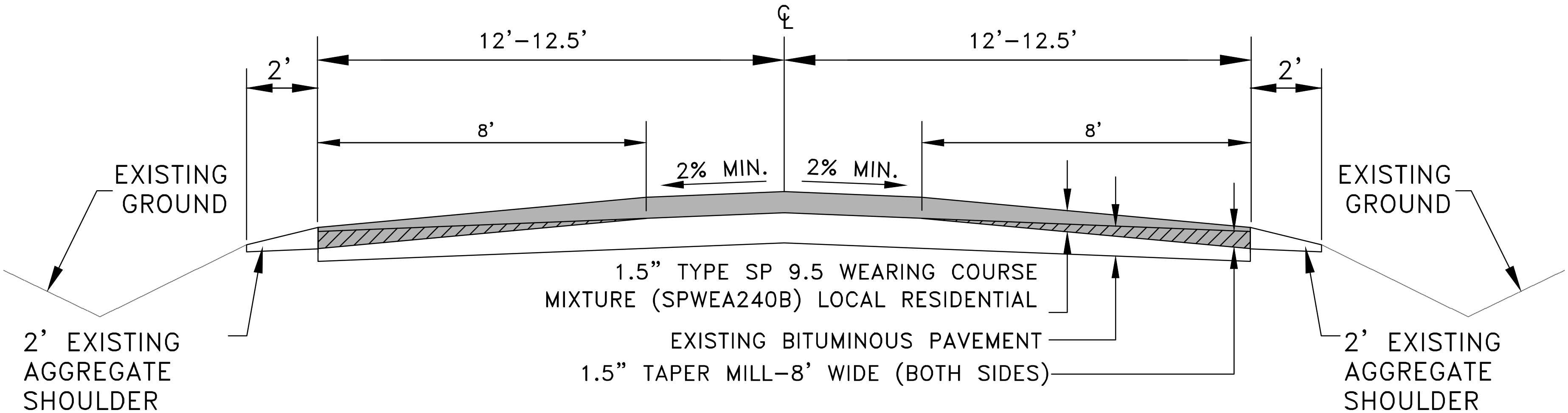
V. SCHEDULE

1. The successful Contractor will be notified on or about June 17th, 2025
2. The Contractor shall submit their proposed schedule in which the work can be completed. Contractor is expected to submit a schedule that will be adhered to.
3. The City will select the successful Contractor on the basis of cost and schedule.
4. Once the Contractor begins work, they shall work diligently to complete the project until it is finished. In no case shall the Contractor begin the work and not finish within a reasonable time frame.

Date: May 20, 2025

By: Shane Nelson
Shane Nelson, City Engineer

Attached : Typical Section
Location Exhibit
Quote Form



Hakanson Anderson
Civil Engineers and Land Surveyors
3601 Thurston Ave., Anoka, Minnesota 55303
763–427–5860 FAX 763–427–0520
www.hakanson–anderson.com

CITY OF CREDIT RIVER
OVERLAY STREET SECTION

K:\MUNICIPAL\CT905 – TYPICAL SECTIONS\CT905_TYPICAL_SECTIONS.DWG (Overlay – rural taper mill)

QUOTE FORM
CITY OF CREDIT RIVER
BITUMINOUS OVERLAY
CASEY PARKWAY AND FARICY LANE

QUOTE SCHEDULE

Item No.	Description	Unit	Estimated Quantity	Unit Cost	Extension
1	Mobilization	LS	1	$965.00	$ 965.00
2	Mill Bituminous Pavement	SY	4030	$ 3.34	$ 13,460.20
3	Bituminous material for Tack Coat CSS-1 or CSS-1h	GAL	475	$ 4.88	$ 2,318.00
4	Type SP 9.5 Wearing Course Mixture (2,B)	TON	578	$ 82.05	$ 47,424.90

TOTAL QUOTE $ 64,168.10

SCHEDULE - The work can be completed by: August 1, 2025

Prior Lake Blacktop, Inc.
(Name of Contractor)

P.O. Box 1271

Prior Lake, MN 55372

(Legal Address)

By: James A. Sexe
(Signature)

James A. Sexe, President
(Title)

QUOTE FORM
CITY OF CREDIT RIVER
BITUMINOUS OVERLAY
CASEY PARKWAY AND FARICY LANE

QUOTE SCHEDULE

Item No.	Description	Unit	Estimated Quantity	Unit Cost	Extension
1	Mobilization	LS	1	$ 5,000 –	$ 5,000 –
2	Mill Bituminous Pavement	SY	4030	$ 2 –	$ 8,060 –
3	Bituminous material for Tack Coat CSS-1 or CSS-1h	GAL	475	$ 1 –	$ 475 –
4	Type SP 9.5 Wearing Course Mixture (2,B)	TON	578	$ 84 –	$ 48,552 –

TOTAL QUOTE $ 62,087 –

SCHEDULE - The work can be completed by: August 29, 2025

McNamara Contracting, Inc.
(Name of Contractor)

16700 Chippendale Ave
Rosemount, MN 55068

(Legal Address)

By: [signature]
(Signature) Mike McNamara

President
(Title)

AGENDA ITEM NO. 7.2

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	City Admin,Administrator
ITEM TYPE:	Agenda Report
AGENDA SECTION:	General Business
SUBJECT:	Discussion of the interview processes for the Finance Director & Building Official positions.
BACKGROUND:	Councilmembers Santo and Markert have agreed to be on the Finance Director interview panel. Who else would we like to be in on those interviews (staff, community members, etc.)? Would you like a Zoom first interview and an in-person 2nd interview? Or just an in-person? We will have 3 candidates to interview. Currently, we have 1 application for our Building Official posting. Which Councilmember(s) would like to participate in these interviews? What do we want the interview process to look like for this position?
SUGGESTED ACTION:	Approve interview dates and times for interviews and decide which Councilmembers would like to be part of the interview(s).
ATTACHMENTS:	

AGENDA ITEM NO. 7.3

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	June 16, 2025
SUBMITTED BY:	City Admin,Administrator
ITEM TYPE:	Agenda Report
AGENDA SECTION:	General Business
SUBJECT:	Discussion of the GCCAC recommendations
BACKGROUND:	Councilmember Markert asked for this to be on the agenda from the May 19th, 2025, meeting.
SUGGESTED ACTION:	

ATTACHMENTS:

GCCAC Final Report to Council.pdf
GCCAC PPT 4.17.25.pdf
GCCAC Needs Comp.pdf

Government Center Citizens Advisory Committee Final Report to the Credit River City Council

May 2025

Background: The Government Center Citizens Advisory Committee (GCCAC) was established July 15, 2024 by the Credit River City Council and the committee members were appointed in August 2024. The GCCAC was formed after citizens raised concerns about a proposed Government Center Project which could have included a new city hall building, a public works building, covered parking, a diesel fuel island, brine shed and other facilities.

The members of the GCCAC include the following residents:

- Thomas Briant (Chairperson) Council Liaison Jay Saterbak
- Jeff Rosenthal (Vice-Chairperson) Council Liaison Abe Zanto
- Steve DeGroote
- Brad Hoffman
- Jarod Kruse
- Thomas Weninger

The GCCAC has met 9 times from September 2024 to April 2025.

GCCAC Primary Objectives: According to the By-Laws of the GCCAC, the following are the primary objectives of the committee:

1. Review and provide feedback/recommendations to the city council on the space needs analysis that has previously been prepared for the city so that the GCCAC understands future office space and public works needs.

2. Review and provide feedback/recommendations to the city council on the different phases of the proposed government center project.

3. Research and discuss options and alternatives to the current Government Center project (e.g., phases of the project, remodeling or rebuilding a Government Center on the current site or any other viable alternatives that may better enable long-term City services).

4. Collaborate with city staff to determine the amount that the city would need to borrow in the form of bonds to pay for the government center project on a phased-in basis and what such government center project would cost residents in the form of increased property taxes for each phase of the project.

5. Conduct and/or participate in Government Center workshops to obtain input and feedback directly from residents.

6. Regularly communicate updates on the GCCAC's work and recommendations to Credit River residents on the city's website dedicated to the proposed government center project, the city newsletter, and to neighborhood and resident groups.

Research: The GCCAC members researched specific needs of the city. The needs that were researched included the following:

- Snow plowing
- Mowing city hall lawn and parks
- Tree trimming and removal
- Private septic systems and wells
- Street signage
- Public works building
- City Hall building

The research involved contacting and, in some cases meeting with, staff members of nearby township and cities to obtain demographic information and how each township or city provides services such as those listed above. All but one township and city contract for snowplowing services. The City of Empire owns one snowplow that it uses to plow city streets. The GCCAC did obtain names of potential contractors that the City of Credit River could contact in the future if the city's current contractor would decide in the future to not provide snow plowing services. In addition, GCCAC members Steve DeGroote and Tom Weninger met with the owner of Gallagher's, the current contractor plowing Credit River streets, and compiled the accompanying report on Gallagher's snowplowing services.

In addition, research was conducted on the issue of non-compliant and failing private septic systems along with the Scott County ordinance regulating private septic systems in the county.

For other needs, the GCCAC review current contracts with contractors and obtained information from city staff on the services being performed by existing contractors.

Need Analysis Process: The GCCAC reviewed the research on each need and then considered and explored options to provide services to address the need along with the advantages and disadvantages of each option. In other cases, such as the need involving a public works building, the GCCAC reviewed a number of factors before concluding that there was no identifiable need for a public works facility in the near term (the next five years). Then, the GCCAC discussed and approved a final recommendation on each individual need and listed the reasons for making the recommendation. All of this information was compiled into a separate needs analysis document for each individual need. Copies of each need analysis document with the GCCAC's options, advantages, disadvantages, and final recommendations accompanies this report.

GCCAC Responses on Primary Objectives: As the GCCAC conducted its research on specific city needs and services, most of the primary objectives outlined in the GCCAC By-Laws document were responded to and resolved.

Based on its review of the separate needs for city services, the GCCAC determined that the original space needs analysis and recommendations for a public works facility and new city government center were in excess of what the City of Credit River needed to provide services to residents. The GCCAC does recommend that the city review the need for a possible public works facility every four years, but there is no identifiable need in the near term (i.e., five years) to proceed with the original proposal for a new public works building and city government center, nor to make recommendations on the different phases of such originally proposed building projects. The GCCAC's research and in-depth discussion of options, advantages, and disadvantages led to the committee's recommendations to maintain the status quo on many service needs by continuing to utilize existing contractors while also recommending that the current city hall building be expanded and remodeled.

With the City of Credit River holding approximately $605,000 in federal COVID-19 funds which are specifically designated for a "city hall purpose," the GCCAC is recommending to the Credit River City Council to utilize these federal funds, along with the possible proceeds from the sale of the city's 2021 F-350 truck, to apply toward the cost of expanding and remodeling the current city hall building. For this reason, the GCCAC did not collaborate with city staff to determine how much the city might need to borrow to pay for expanding and remodeling the city hall building. The city did not conduct any workshops on a new Government Center to obtain input from residents. Rather, if the city council adopts the GCCAC recommendation to pursue expanding and remodeling the current city hall building, then the GCCAC would recommend holding a workshop and invite residents to see and provide feedback on an architect's proposed rendering of an expanded and remodeled city hall building.

The GCCAC regularly submitted summaries to city staff of GCCAC meetings for posting on the city's website. Also, the GCCAC intends to draft and publish an article in the city's newsletter "The Flow" explaining the GCCAC's findings and recommendations.

Government Center Citizens Advisory Committee (GCCAC)

Final Report and Recommendations to the Credit River City Council

May 2025

GCCAC Information

- GCCAC Established July 15, 2024 by Credit River City Council
- Committee Members Selected in August 2024
  - Thomas Briant (Chairperson) Council Liaison Jay Saterbak
  - Jeff Rosenthal (Vice-Chairperson) Council Liaison Abe Zanto
  - Steve DeGroote
  - Brad Hoffman
  - Jarod Kruse
  - Thomas Weninger
- Committee Has Met 9 Times (September 2024 to April 2025)

List of City Needs

- Snowplowing
- Mowing City Hall Lawn and Parks
- Tree Trimming; Removal
- Private Septic/Wells
- Street Signage
- Public Works Building
- City Hall Building

Snowplowing

- Options
  1. Current Contractor (Gallagher’s & Mark’s Bobcat Service)
  2. Different Contractors (Identified Three Other Contractors)
  3. Assisting New Start Up Contractor
  4. Scott County Provide Snowplowing Services
  5. City Purchases and Operates Snow Plowing Equipment
- Recommendation: Remain with Current Contractors

Mowing of City Hall Lawn & Parks

- **Options**
  1. **Current Contractor (Mark's Bobcat Service)**
  2. **Different Contractor**
  3. **City Purchases and Operates Mowing Equipment**
- **Recommendation: Remain with Current Contractor**

Tree Trimming and Removal

- Options
  1. Current Contractor (Collins Tree Service as Needed)
  2. Different Contractor
- Recommendation: Remain with Current Contractor

Private Septic/Wells

- Resolving Septic Issues Not in Scope of GCCAC By-Laws
- Scott County Has Authority Over Private Septic Systems
- Scott County Data: 56 Non-Compliant/Failing CR Septics
- City Has No Legal Obligation to Pay for Failed Systems
- City Should Contact Scott County to Explore Solutions

Street Signage

- Option: City Continues to Store Street Signs
- Developers Required to Obtain/Pay for New Street Signs
- City Has Street Sign Responsibility After Signage Installed
- Recommendation: Continue with Developers Obtaining and Installing Street Signage and City Storing Signs

Public Works Building

- GCCAC Found No Identifiable Need for a Public Works Building (PWB) in the Near Term (i.e., Five Years)
  1. Snowplowing Does Not Require a PWB
  2. Road Grader/F-350 Truck Storage Does Not Require a PWB
  3. Septic Authority of Scott County Does Not Require a PWB
  4. Tree Trimming, Mowing, Street Signage & Storm Water Management Do Not Require a PWB
- Recommendation: City Conduct Review Every 4 Years on PWB Need; Consider Selling F-350 Truck and Dedicate Proceeds to City Hall Remodel

City Hall

- **Options**
  1. **Keep Current City Hall As Is**
  2. **Expand and Remodel Current City Hall Building**
  3. **Demolish City Hall, Build New City Hall on Same Site**
  4. **Build a New City Hall on a New Site**
- **Recommendations: The City Council Should:**
  1. **Support Option 2 to Expand/Remodel Current City Hall**
  2. **Extend Term and Expand Scope of GCCAC By-Laws to Allow Input on the Remodeling of the City Hall Building**

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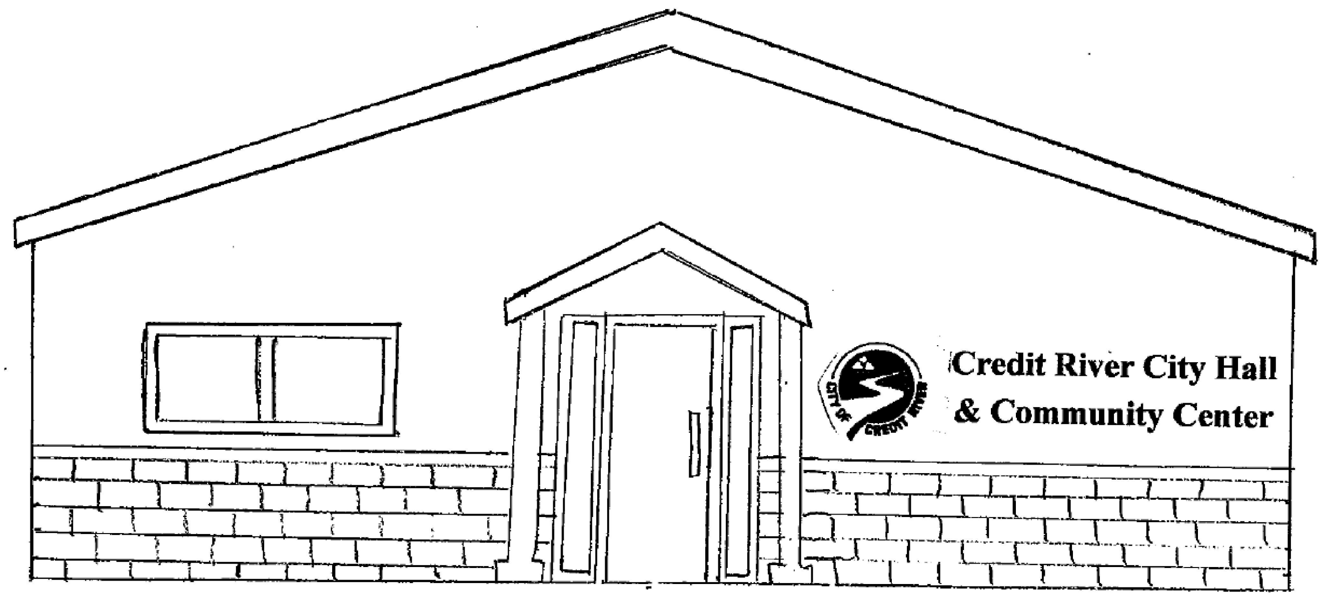
City Hall

- **Reasons for Recommendations:**

  1. **An Expanded and Remodeled City Hall Should Provide Adequate Space to Meet Needs for the Foreseeable Future**
  2. **The Availability of $605,000 in COVID funds for a "City Hall Purpose" Could Be Applied Toward the Remodeling Costs to Minimize the Need to Use Other Capital Improvement Funds, Issue Bonds, or Raise Property Taxes**
  3. **According to the GCCAC By-Laws, the GCCAC Determined the City Should Not Purchase Land for a New City Hall**

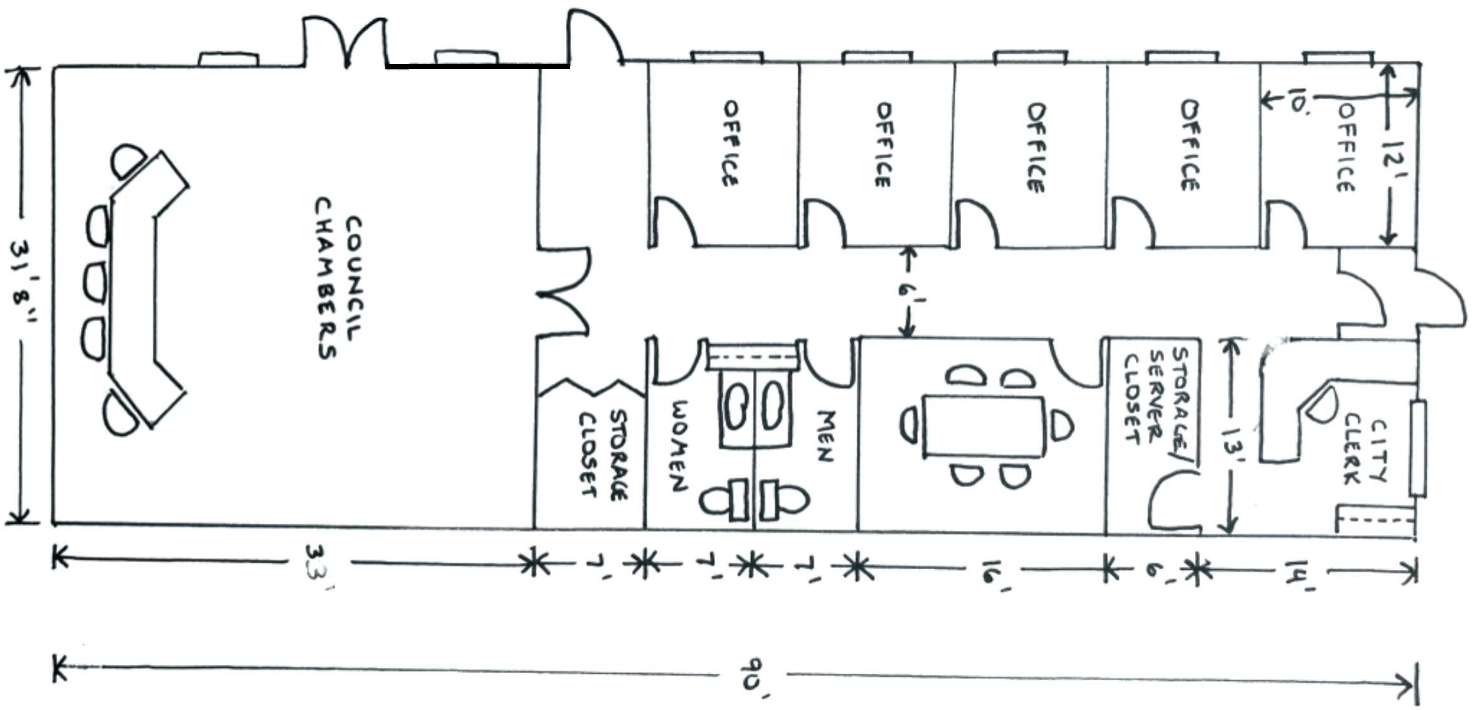
Credit River City Hall & Community Center Concept Remodel Plan

- **Remodel Example #1**
- **Renovated Front Entrance**
- **Brick or stone façade upgrade**
- **City Logo & Building Name**



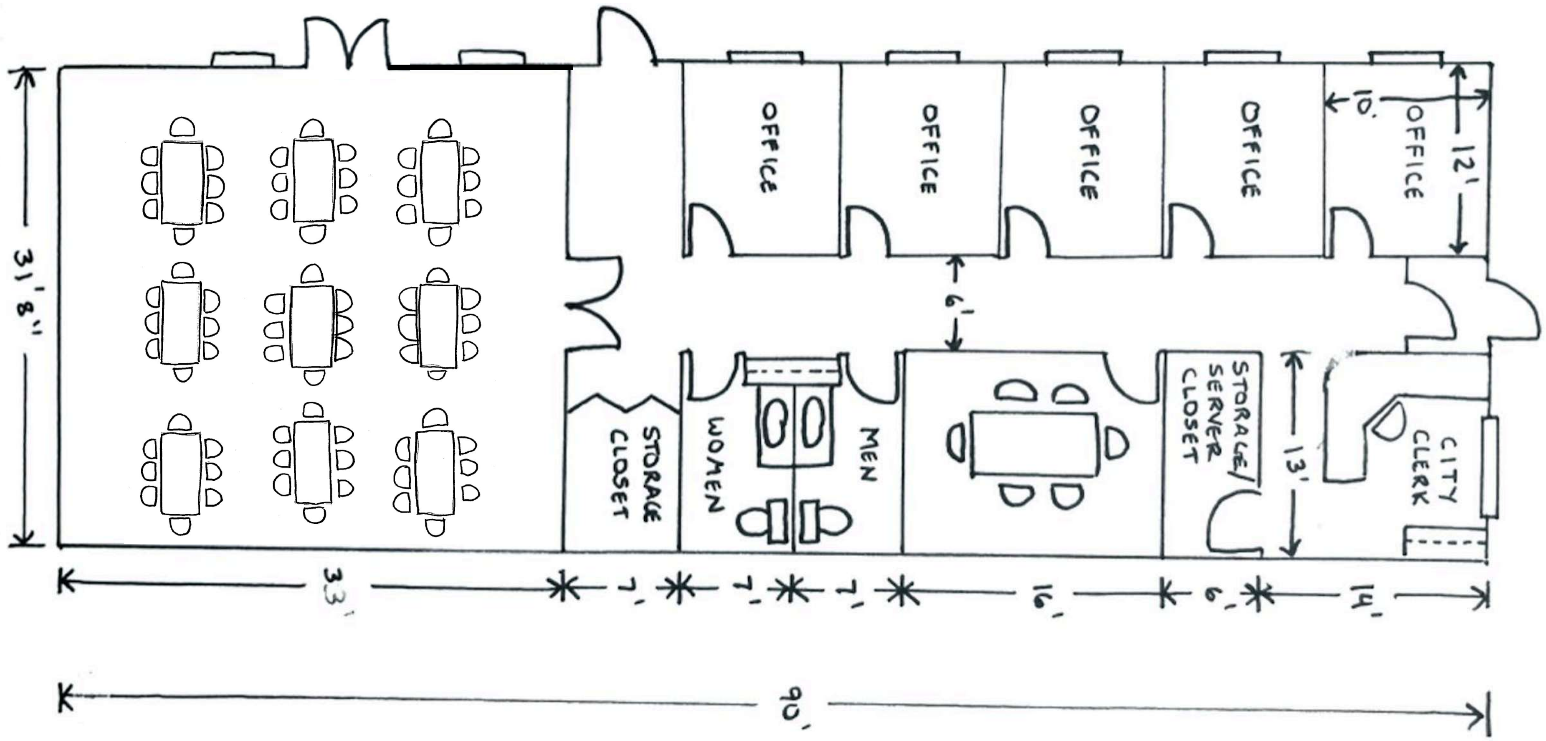
Concept Floor Plan Configuration

- Estimated 30’ x 32’ Addition
- Entrance from Parking Lot
- City Clerk/Reception Desk
- Five Private Offices
- Conference Room
- Upgraded Bathrooms
- Council Chambers
  - 25% enlargement
  - Voting Services
  - Community Education
  - Club Meetings
- Storage Closet
- 2790 Sq Ft



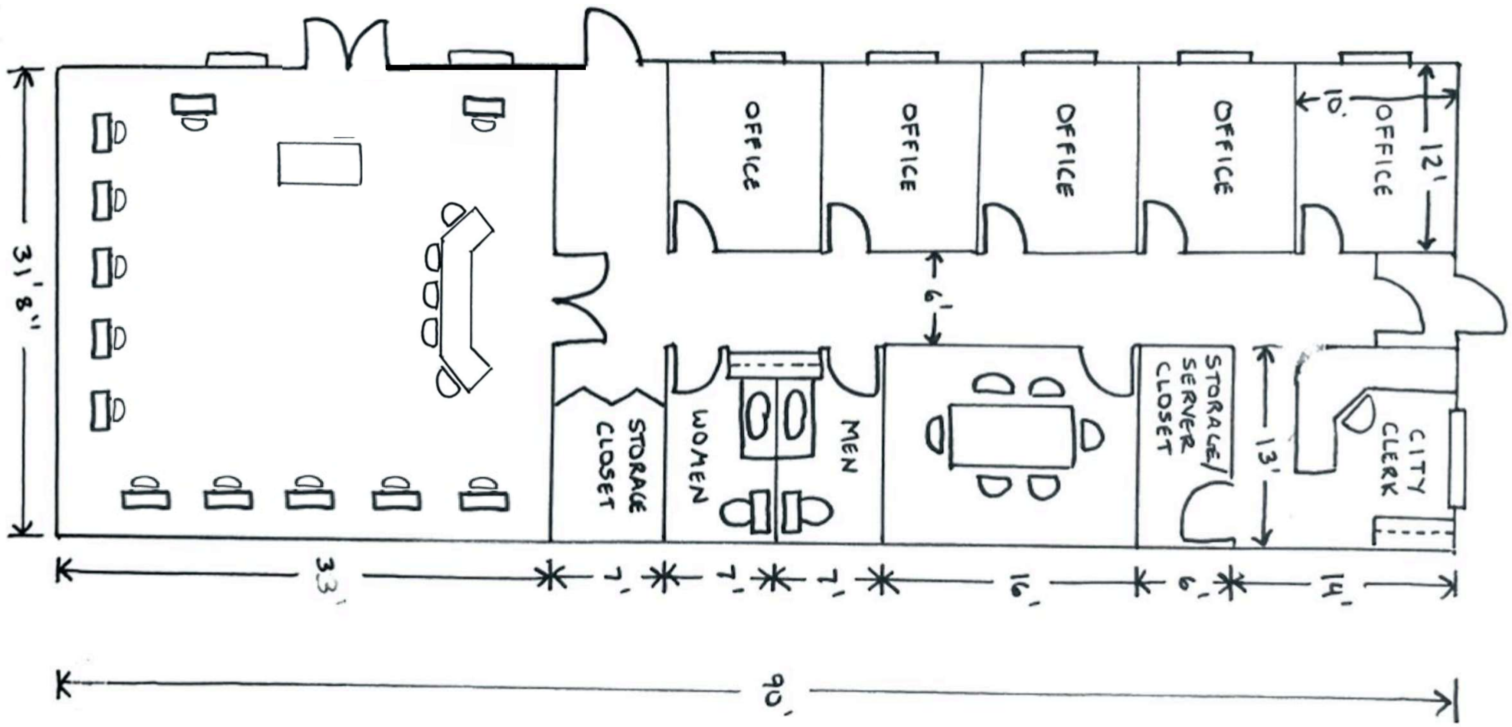
Community Event Configuration

- **72+ persons**
- **Events:**
  - Graduations
  - Wedding Receptions
  - Community Clubs & Classes
  - Banquets
- **Exit to Patio**



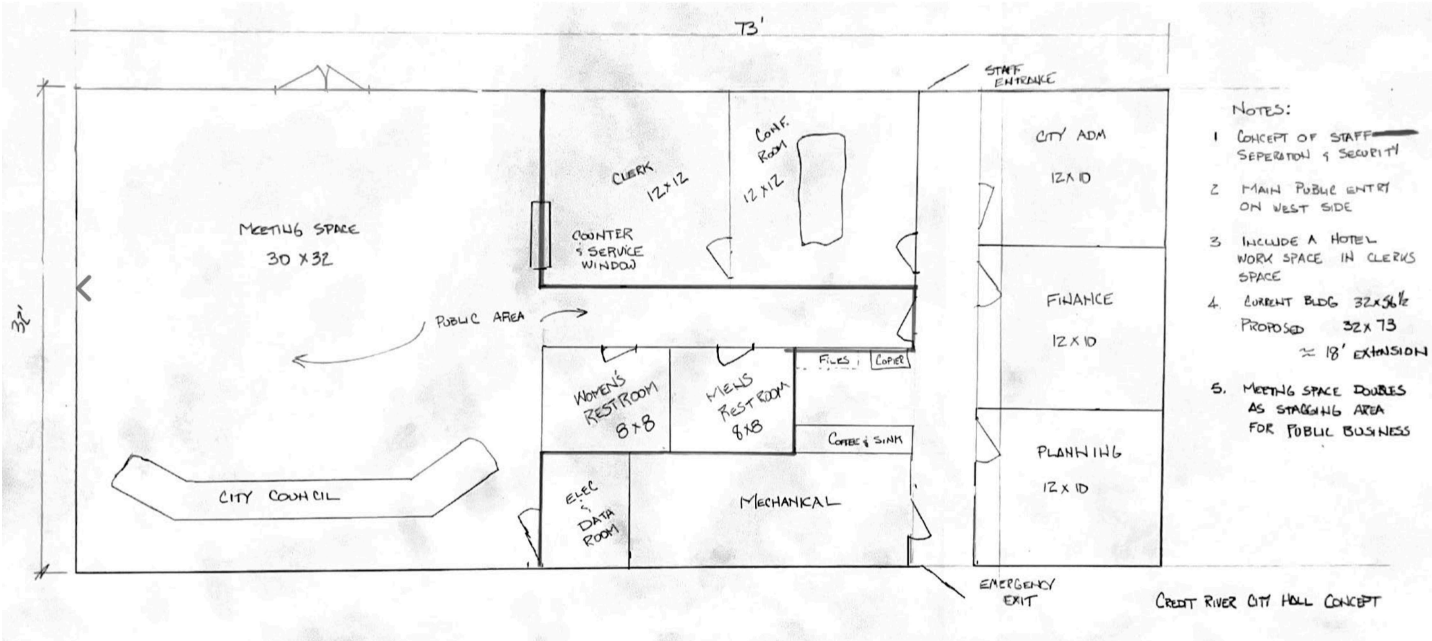
Voting Services Configuration

- Voter Check In & Registration
- 12 Voting Booths
- Additional Exit



Alternate Concept Floor Plan

- **Remodel Example #2**
- **West side entrance**
- **3 Private offices**
- **2350 Sq Ft**



Credit River Need: Snow Plowing of City Streets/Parking Lots

Description of Need: Snow plowing of city streets and parking lots during the winter months.

Option 1: Snow Plowing by Current Contractors (Gallagher and Mark's Bobcat Service)

A. **Advantages:** Less overall cost/predictable costs/measurable costs; no city employees to hire and retain; less hours needed by city staff to monitor snow plowing; transfer of liability risk to contractor; no need to maintain liability insurance or worker's compensation insurance; and no purchase, maintenance or upkeep of snow plowing equipment.

B. **Disadvantages:** Contractor could breach the contract or cease operations; potential to have to replace contractor in a limited amount of time; and quality of work.

Option 2: Contract with Different Contractors

A. **Advantages:** Same as listed in Option 1 above.

Other possible snow plowing contractors may include, but not be limited to, the following companies:

Art Johnson Trucking (Spring Lake Township).
Revolution Construction (Cedar Lake Township).
Mom's Landscaping (New Market Township)

B. **Disadvantages:** New contractor's lack of knowledge of roads in Credit River; learning curve for city and contractor to reach a level of satisfactory snow plowing.

Option 3: Coordinate Start Up of New Snow Plowing Contractor

Note: This option would involve assisting in the start-up of a new snow plowing contractor or expansion of an existing snow plowing contractor's business. The city would mentor a new start-up business owner or an existing contractor on snow plowing needs, streets (paved and unpaved), etc.

A. **Advantages:** Dedicated contractor to provide snow plowing services. Possible start up contractors may include, but not be limited to, the following companies:

Voehl Excavating (Prior Lake)
Revolution Construction
Krueger Excavating (Prior Lake)

B. **Disadvantages:** New contractor's lack of experience and/or knowledge of snow plowing operations; potential capital investment by the City of Credit River to assist a new snow plowing contractor purchase equipment; costs related to damage of lawns/mailboxes by a new snow plowing contractor; and dedication of city staff time to educate a new snow plowing contractor or an existing contractor who has now plowed Credit River streets.

Option 4: Scott County Provides Snow Plowing Services

A. **Advantages:** Scott County already has snow plowing personnel and equipment, but this current equipment would likely be dedicated to the plowing of county roads; Scott County stores and maintains equipment.

B. **Disadvantages:** Credit River roads would likely be plowed only after Scott County roads are plowed; Scott County may require Credit River to purchase snow plowing equipment and cover maintenance and operating costs; and there is a question of whether Scott County has sufficient inside storage space for additional snow plowing equipment.

Option 5: City Purchases and Operates Snow Plowing Equipment

A. **Advantages:** City controls operations and city personnel; and eliminates a possible exit of a contractor from the snow plowing business.

B. **Disadvantages:** Cost of land and building(s) to store equipment, cost of snow plows and related equipment, employee salaries and benefits, operating and maintenance costs, liability insurance premiums, and workers compensation insurance premiums; would require property tax increase to cover costs; challenges of hiring seasonal employees; potential employee turnover and replacement; and transfer of liability risk to the city.

GCCAC Final Recommendations:

A. Continue with current contractual agreement with Gallagher's and Mark's Bobcat Service.
B. Contingencies for future snow plowing needs should be investigated by city staff.
C. Follow up with Gallagher's every 18 months to 2 years on current contract and possible extension for an additional six years beyond the current agreement 3 year plus one year extension. Consider having city staff contact Scott County in two years in the event that Gallagher's may not be seeking extension after four years.

Reasons for Recommendation:

A. Current good working relationship with Gallagher's and Mark's Bobcat Service.
B. Gallagher's and Mark's Bobcat Service are knowledgeable about Credit River roads and snow plowing needs.
C. Willingness of Gallagher's to potentially consider extension beyond next four years.

D. Less cost, less risk to city, and avoids a property tax increase on residents to purchase land, construct building(s), purchase snow plowing equipment, and hire employees.

NOTE: See Exhibit "Memo" at the end of this document which provides further details about the snowplowing services provided by Gallagher's.

Credit River Need: Mowing

Description of Need: Mowing of city hall lawn and city parks.

Option 1: Mowing by Current Contractor (Mark's Bobcat Service).

C. **Advantages:** According to Interim City Administrator Eric Johnson, Mark's Bobcat Service has been responsive and reliable in providing lawn mowing services, plus culvert cleaning, weeping gravel roads, and ash tree removal. The cost is $625/week for mowing the city hall lawn and all four parks. The cost for a weed control application is $2,500/application for the city hall lawn and all four parks and only one application is usually needed during the spring/summer. The city is in the process of finalizing a new two-year contract for lawn mowing services with Mark's Bobcat Service.

   Less overall cost/predictable costs/measurable costs; no city employees to hire and retain; less hours needed by city staff to monitor lawn mowing; transfer of liability risk to contractor; no need to maintain liability insurance or worker's compensation insurance; and no purchase, maintenance or upkeep of lawn mowing equipment.

D. **Disadvantages:** Contractor could breach the contract or cease operations; potential to have to replace contractor in a limited amount of time; and quality of work.

Option 2: Contract with a Different Contractor

C. **Advantages:** Same as listed in Option 1 above.

D. **Disadvantages:** Some staff time to educate new contractor about areas to mow at city hall and four city parks. Potential for higher charges for mowing and/or weed control application.

Option 3: City Purchases and Operates Mowing Equipment

A. **Advantages:** City controls operations and city personnel; and eliminates a possible exit of a contractor from the mowing business.

B. **Disadvantages:** Cost of land and building(s) to store equipment, cost of lawn mowers and related equipment, employee salaries and benefits, operating and maintenance costs, liability insurance premiums, and workers compensation insurance premiums; challenges of hiring seasonal employees; potential employee turnover and replacement; and transfer of liability risk to the city.

GCCAC Final Recommendation: Continue with current contractual agreement with Mark's Bobcat Service since the new contract is for a two-year period. The city staff should monitor this contract every 18 months for a possible renewal.

Reasons for Recommendation:

A. Current good working relationship with Mark's Bobcat Service.
B. Mark's Bobcat Service are knowledgeable about Credit River lawn mowing needs.
C. Reasonable cost under current contract and new two-year contract.
D. Less cost, less risk to city, and avoids a property tax increase on residents to purchase land, construct building(s), purchase snow plowing equipment, and hire employees.

Credit River Need: Tree Trimming and Tree Removal

Description of Need: Trimming and removal of downed trees or other emergency involving trees/tree debris.

Option 1: Tree Removal/Trimming by Current Contractor (Collins Tree Service).

E. **Advantages:** Collins Tree Service is located in Prior Lake and, according to Interim City Administrator Eric Johnson, the company is responsive, and to the best of his knowledge, the prices charged are good. There is no written contract for tree trimming/tree removal services in force as the services are provided on an as needed basis.

Transfer of liability risk to contractor; no need to maintain liability insurance or worker's compensation insurance; and no purchase, maintenance or upkeep of tree trimming equipment.

E. **Disadvantages:** Contractor could cease operations (although Collins Tree Service has been in business since 1983); potential to have to replace contractor, but the need to replace the contractor in a limited amount of time is not an issue as the need for tree trimming/tree removal is sporadic and generally needed after a storm.

Option 2: Contract with a Different Contractor

A. **Advantages:** Same as listed in Option 1 above if the company is local to the Prior Lake area, is responsive, and its charges are reasonable.

B. **Disadvantages:** Some staff time to seek out new tree trimming/tree removal company.

GCCAC Final Recommendation: Continue with current arrangement with Collins Tree Service on an as needed basis.

Reasons for Recommendation:

A. Current good working relationship with Collins Tree Service.
B. Reasonable cost on an as needed basis.

Credit River Need: Septic System Issue

Description of Need: Non-compliant and failing private septic systems in Credit River. According to Scott County data, there are 15 private homeowner septic systems in the Casey, Country Court, Creekwood, and Whitewood developments that are non-compliant and/or need replacement. In addition, there are 13 private homeowner properties in North Credit River and 28 private homeowner properties in Southern Credit River that are non-compliant and/or need replacement. Below is a table that summarizes this data:

2024 SSTS Non-Compliant and/or Failing Septic Systems

Location	Number of Properties	Percent of Total
Casey Addition	4	7.1%
Country Court	5	8.9%
Creekwood	5	8.9%
Whitewood	1	1.8%
Other Northern Credit River Properties	13	23.2%
Southern Credit River Properties	28	50%
Total	**56**	**100%**
Casey, Country Court, Creekwood, Whitewood	15	26.8%
Other Northern Credit River Properties	13	23.2%
Southern Credit River Properties	28	50.0%

Note: See the accompanying exhibits of Credit River Septic Status Maps for 2025 and 2030.

The GCCAC is providing this needs analysis to the Credit River City Council because the original presentation summarizing the needs of the city included the possibility of extending sewer and water lines into northern Credit River which would necessitate the city being responsible for various public works functions and public works infrastructure such as water meters.

GCCAC Recommendation: The resolution of private septic system issues generally falls outside the scope of the Government Center Citizens Advisory Committee's By-Laws. Please note that the City of Credit River does not have any legal obligation to pay for the repair or replacement of private septic systems. However, the city may need to become involved and work with the Scott County Office of Environmental Services to ensure the repair or replacement of non-compliant or failing septic systems.

Based on the GCCAC's outreach to the Scott County Office of Environmental Services, the City of Credit River should proceed to contact the Scott County Office of Environmental Services to discuss possible solutions for current and future non-compliant and/or failing private septic systems in Credit River as its reasonable to conclude that these numbers will increase in the near term and beyond.

This recommendation is based on the following information:

- Scott County administers and enforces County Ordinance No. 4 relating to all septic systems in Scott County, including septic systems in the City of Credit River. This authority includes issuing permits for septic systems, assessing septic sites and reviewing site soils, inspecting septic systems, and assisting homeowners in determining an appropriate septic system or replacement septic system. Contact: Mary VonEschen: P: 952-496-8344; E: MVonEschen@co.scott.mn.us.

- Scott County does not license septic contractors. Septic contractors are licensed by the Minnesota Pollution Control Agency.

- Scott County has a revolving loan program for homeowners to apply for a 10-year low interest loan (0%, 1%, or 3% interest rate based on homeowner income) to repair or replace a septic system. The funds are received from the Minnesota Department of Agriculture and may not be sufficient in any given year to fulfill all resident loan requests. The county receives the funds from the Minnesota Department of Agriculture, then loans out the funds and collects the loan payments. Every two years the county sends the collected loan payments back to the Department of Agriculture, which then uses the funds to send to counties for making new loans.

- A representative of the Scott County Environmental Services office will come to a Credit River City Council meeting to give a presentation on septic system requirements, alternative kinds of systems, and answer questions.

- If a septic system is failing and there is no secondary site to install a new septic system, and a homeowner decides to install a new system, generally the old septic system is not removed and replaced. Rather, a new septic system is installed on top of the old system by increasing the height of the septic mound.

- Other options to investigate may include providing a forced effluent line at the back of lots to hook up current septic systems, purchase land for a CSTS, tie into the Savage sanitary system, purchase land for a CSTS, and partner with Scott County to retain a consultant who would research and recommend options to replace or upgrade current septic systems. There are other options as well as described on the U of M Water Resources Center septic system webpage: https://septic.umn.edu/all-about-septics.

- The City of Credit River should consider surveying residents in Northern Credit River to determine their opinions about providing city water and city sewer given the cost of doing so. Providing city water and city sewer should be an option of last resort after all other options have been exhausted and determined to be not feasible or not acceptable. Residents for which city water and city sewer would be provided need to understand that all costs related to city water and city sewer are their personal responsibility.

- University of Minnesota Water Resources Center

    - Contact: Dan Wheeler (Phone: 651-341-1289).

    - The U of M Water Resources Center has a website that explains what a septic system is and various kinds of septic systems.

    - Water Resources Center staff will assist a county to assess property for the kind of septic system that is best for the particular site.

Credit River Need: Street Signage

Description of Need: Street signage (stop/yield signs, street name signs).

Option 1: City Continues to Store Inventory of Needed Signs

F. **Advantages:** The City of Credit River requires developers to obtain at their own expense and install stop signs, yield signs, and street name signs in a new subdivision. The signage needs to be compliant with Minnesota Department of Transportation specifications for reflectivity, post construction, and location. Once the signage is installed and the right-of-way is conveyed by the developer to the city, then future maintenance and replacement of the signs is the responsibility of the city in perpetuity. However, if a stop sign or other traffic related sign is installed at the intersection with a county highway or county road, then Scott County is responsible for the maintenance and replacement of such signage after the signs are installed. A developer works with Scott County to obtain at the developer's expense and install the 9-1-1 Emergency blue address number market signs (See Scott County Ordinance below).

F. **Disadvantages:** Since the city has the authority to require developers to obtain and install signage, that responsibility remains with the city and cannot be contracted out to another entity.

GCCAC Final Recommendation: Continue with same procedures with developers obtaining and installing signs; continue with storing replacement sign posts in shed.

Reasons for Recommendation: Minimizes cost to city; reasonable hourly rate is charged to the city to install any signs.

1-1 Marker Information

Scott County Ordinance Chapter 5.00: Street Signs and Address Numerals

5.01 Street Name Signs. Except for street names signs within the County right-of-way, all street name sign installation and maintenance shall be the responsibility of the township or city within which the sign(s) are located. All street name sign installation and maintenance within County roadway right-of-way shall be performed by Scott County at the expense of the township or city within which the sign(s) are located. For uniformity, visibility and maintenance purposes, all street name signs shall be fabricated and installed consistent with the Street Name Sign Standards as determined by the County Public Works Director.

5.02 911 Residential Address Markers. Scott County shall cause to be installed 911 Residential Address Markers for all addressable principal buildings within the unincorporated area and incorporated areas requesting signage. The sign shall be placed in the road right-of-way on the same side of the road as the vehicular access to the principal building. For uniformity, all 911 Residential Address Markers shall be fabricated and installed consistent with the County's Address Marker Standards, as determined by the County Public Works Director. Placement of signs at shared access points shall be at the discretion of the installer to ensure visibility for emergency vehicle access. Upon the request of a landowner or proprietor, a 911 Residential Address Marker may be placed to identify the location of an accessory building on the landowner's property upon approval. The marker shall be paid for by the applicant at the time of issuance of a building permit.

5.03 Owner responsibility. The property owner shall be responsible for the cost of maintenance, including removal of vegetation and snow that may obstruct visibility of the address marker from the traveled surface of the roadway. The property owner shall pay all costs incurred for the maintenance and replacement of damaged, destroyed or removed address markers.

5.04 Address Marker Specifications. The 911 Residential Address Markers shall be of a consistent size, color and material as specified by the Address Markers Standards as determined by the County Public Works Director, for uniformity, visibility and maintenance purposes. Any changes requested to the specifications shall require the review and written approval of Scott County prior to installation.

Credit River Need: Public Works Building and Storage Facility

Description of Need: Public works building for various equipment and storage of public works accessory items.

Factors Affecting the Need for a Public Works Building and Storage Facility

1. Based on the GCCAC research, consideration of options, and final recommendations on snowplowing of the city streets, the city hall parking lot, and the park parking lots, there is not a need in the foreseeable near-term five-year period for a public works building/maintenance shop to house/store snowplows, a cold storage building, a covered parking area, a brine shed for street salt brine, or a diesel fuel island.

2. Based on the storage of the city's one road grader at a rented off-site facility, there is not a need in the foreseeable near-term five-year period for a public works building to house/store the road grader.

3. Based on the storage of the city's 2021 F350 truck with a snow plow blade at a rented off-site facility, there is not a need in the foreseeable near-term five-year period for a public works building to house/store the truck. The city council also should determine if the truck is still needed and, if not, the truck should be sold. This determination would include such factors as how often the truck is being used, what is the truck used for, number of miles put on the truck each year, and whether the truck will be needed over the next several years. If the city council decides to sell the 2021 F350 truck, the city council should consider designating the proceeds from the sale to be used for costs related to the expansion and remodeling of the current city hall.

4. Based on the GCCAC research of the septic issue, and the responsibility for the administration and enforcement of septic tank requirements by Scott County, there is not a need in the foreseeable near-term five-year period for a public works building to store water meters or other related equipment.

5. Based on the GCCAC research of the current outsourcing of tree trimming and tree removal, there is not a need in the foreseeable near-term five-year period for a public works building to store equipment related to tree trimming or removal.

6. Based on the GCCAC research of the current outsourcing of lawn mowing of city hall and the city parks, there is not a need in the foreseeable near-term five-year period for a public works building to store equipment related to lawn mowing.

7. Based on the GCCAC research of the street signage, there is not a need in the foreseeable near-term five-year period for a public works building to store street signage, other than sign posts that are currently stored in the city's shed located adjacent to city hall.

8. Based on information provided to the GCCAC, there is not a need in the foreseeable near-term five-year period for a public works building for storm water management matters, but the city council should contract with an experienced company to adequately maintain the city's 74 holding ponds.

GCCAC Final Recommendation: The City of Credit River does not have an identifiable need for a new public works building/maintenance shop in the foreseeable near-term five-year period, and, according to Article 2.3 of the GCCAC By-Laws, the GCCAC determined that the City of Credit River should not consider purchasing land for a public works building.

The city council should conduct a review every four years to determine if circumstances necessitate the consideration of constructing a public works building and maintenance shop. The city council should determine whether the city needs the 2021 F350 truck and, if not, the city council should consider selling the truck and designating the sale proceeds to be used for costs related to the expansion and remodeling of the current city hall.

Reasons for Recommendation: See all of the factors listed above and the conclusions reached by the GCCAC on each factor.

Credit River Need: City Hall Building

Description of Need: In the near term, defined as over the next five years, a city hall that provides sufficient office space for current/future employees, a conference room, a city council chamber area, space for conducting elections, space for community functions, code compliant men's and women's restrooms, sufficient storage/closet space, and adequate holding tank capacity for waste water/sewage.

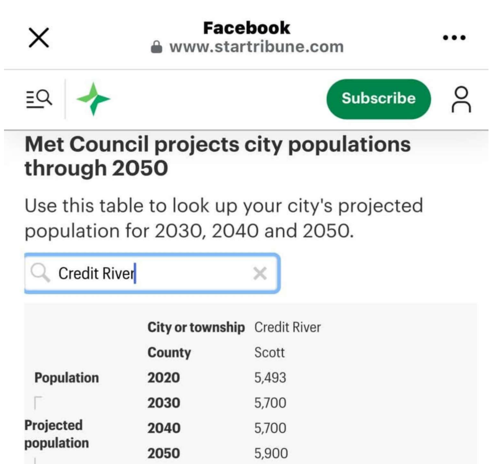
Factors Affecting the City Hall Building Need

1. Current number of city employees: 5 (city clerk, city administrator, city junior planner, finance director, and billing clerk). A review of current staffing, service levels, and efficiencies may need to be considered and undertaken by the incoming City Administrator. The City Administrator could then submit a report to the City Council with any recommendations regarding city staffing. This review could take into account the information the GCCAC researched about other nearby townships and cities, which included the following data:

	Credit River	Spring Lake Township	Cedar Lake Township	New Market Township	Empire
Population	5,575	3,464	3,050	3,641	3100
Area	24 square miles	32 square miles	48 square miles	34 square miles	~30 square miles
Households	1,842	1,500	1,036	1,200 (Estimated)	1,030
Businesses	2 to 3	3 bars; landscaper, industrial park		2 storage businesses, industrial park (8 buildings), office park (8-10 businesses), hospice home, Fredges Landscaping	
Roads	64 miles (52 miles paved; 12 miles unpaved)	56 miles (40 miles paved; 16 miles unpaved	48 miles (30 miles paved, 18 miles unpaved)	55 miles (35 miles paved, 20 miles unpaved)	~60 miles (30 paved/30 unpaved)
Well/Septic or Water/Sewer	All well/septic	All but 200 homes have well/septic	All homes except those on the east side of Cedar Lake have well/septic	All well/septic	840 have city water/sewer, 200 have septic

Snowplowing	Gallagher's	Art Johnson Trucking	Revolution Construction	Mom's Landscaping (paved roads) Contractor drives township equipment to clear unpaved roads	In house. 1 plow truck, 1 grader
# of Employees	City Administrator, City Clerk, Finance, Planner, Engineer	Clerk, Deputy Clerk, and Treasurer	Currently none (Town Clerk resigned)	Part-Time Clerk (25%); Part-Time Treasurer (20%); board supervisor oversees many daily tasks.	City Administrator and City Clerk (both Full Time), Maintenance Supervisor and 2 Parks/Rec Employees
Town Hall	Built in 1962; city council moved into building in 1998.	Built in 2008, $1.3 million cost; 5,400 square feet	Rents space from St. Patrick's Church	Built in 2006, $850,000 cost, 3,200 square feet x two levels; offices for clerk and treasurer, conference room, township board meeting room	Built in 2012, $1.2 million, 6,000 sq ft

This review could include the Metropolitan Council's estimated population growth. A projection in the number of homes could also be reviewed.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Met Council projects city populations through 2050

Use this table to look up your city's projected population for 2030, 2040 and 2050.

Credit River

	City or township	Credit River
	County	Scott
Population	2020	5,493
Projected population	2030	5,700
	2040	5,700
	2050	5,900

2. Current office space: open area near entrance with desks/cubicles, open city council chamber area, two private offices, one restroom, and one closet.
3. Need main counter reception area for city clerk.
4. Need offices for the other city employees.
5. Determine number of additional offices for possible future employees.
6. Need a cubicle space for the Scott County sheriff deputy to complete reports.
7. Need a conference room.
8. Need city council chamber area.
9. Need space for conducting elections.
10. Need closet/storage space for computer servers (secure area) and file cabinets.
11. Need two code compliant restrooms (men's and women's).
12. Storage shed for storing street signs (determine if current storage shed space sufficient).
13. Cost based on whether the GCCAC decides to recommend:

    Option 1: Leave current city hall building as is.
    Option 2: Expand and remodel the current city hall building.
    Option 3: Demolish current city hall building and build a new city hall on the same site.
    Option 4: Purchase land and construct a new city hall building.

14. Since the current city hall property does not have a septic system and there is insufficient space for a septic system to be installed, other factors to consider include the size of the current holding tank, possibly installing a larger holding tank, installing low flow plumbing fixtures, and soil testing if current city hall would be enlarged or demolished and rebuilt. Soil testing may be necessary because the building was previously used as a storage facility and there is a need to verify that the soil does not have any contaminants and, if so, proper remediation would need to be considered.
15. If the current city hall is expanded and remodeled, there would be a need for an architectural firm to study the expansion and remodeling options to meet current and near-term staffing projections.
16. City dedicated funds to apply toward a city hall project: 2025 Budget: $605,227. These federal COVID stimulus funds are available for a dedicated "City Hall Purpose" and can only be authorized to be spent by the Credit River City Council.

Option 1: Keep Current City Hall Building As Is

A. Advantages: No cost for remodeling the current city hall building or to purchase land to construct a new city hall building. Most cost-effective option. The cost to regularly pump out the waste water holding tank is nominal compared to the costs related to purchasing land and building a new city hall with a septic system.

B. Disadvantages: Current city hall building does not provide adequate office space for current staff, does not have a conference room for meeting space, and has only one restroom for staff/public use. The current city hall layout does not allow for future staff office needs. Limited space to conduct elections. Limited holding tank capacity; a larger waste water holding tank may need to be installed; there is insufficient land area to install a septic system; and soil testing may be necessary to determine if soil underneath the current city hall is contaminated and needs to be remediated since the city's road grader used to be parked in the city hall building.

Option 2: Expand and Remodel the Current City Hall Building

A. Advantages: Expanding and remodeling the current city hall building should provide adequate office space for current and future staff, a conference room, two restrooms, a larger city council chamber room (which could also be used for elections and a space for community functions), and additional storage closet(s). The City of Credit River has approximately $605,227 in COVID federal funding that is dedicated for a "City Hall Purpose" and could be used to apply toward the cost of expanding and remodeling city hall. The availability of these COVID federal funds would minimize or eliminate the need to utilize other capital improvement funds, issue bonds, or raise property taxes to cover the cost of expanding and remodeling the current city hall building. The current city hall building could be used for other city or civic group purposes or rented to residents (e.g., weddings, anniversary celebrations, graduation parties, civic organization meetings, etc.) to create a new revenue stream.

B. Disadvantages: Expanding and remodeling the current city hall building would likely result in spending all or a significant portion of the COVID federal funding. If remodeling costs exceed the $605,227 in available COVID funds, then the city council would need to determine how to pay for additional construction costs. Expanding and remodeling city hall would require temporary, short-term relocation of the city offices and result in rent expenses being incurred for temporary office space. There may be other costs for purchasing additional office furniture and equipment. Limited holding tank capacity; a larger waste water holding tank may need to be installed; there is insufficient land area to install a septic system; and soil testing may be necessary to determine if soil underneath the current city hall is contaminated and needs to be remediated since the city's road grader used to be parked in the city hall building.

Option 3: Demolish Current City Hall and Build a New City Hall on Same Site

A. Advantages: Demolishing the existing city hall and building a new city hall on the current site would provide adequate office space for current and future staff, a conference room, two restrooms, a larger city council chamber room (which could also be used for elections,), and additional storage space. The city would not need to purchase land for a new city hall building. The City of Credit River has approximately $605,227 in COVID federal funding that is dedicated for a "City Hall Purpose" and could be used to apply toward the cost of demolishing and building a new city hall.

B. Disadvantages: Demolishing and building a new city hall building would likely result in a final cost that exceeds the $605,227 available in COVID funds. If the cost exceeds $605,227, then the city council would need to determine how to pay for the additional cost (i.e., utilize other current capital improvement funds, issue bonds, raise property taxes). Building a new city hall building would require temporary, longer-term relocation of the city offices and city staff and would result in rent expenses being incurred for temporary office space. Soil testing may be necessary to determine if soil underneath the current city hall is contaminated and needs to be remediated since the city's road grader used to be parked in the city hall building. Building an entirely new building may result in or require additional building code compliance issues which could increase the cost of constructing a new city hall building. These additional costs may negate the benefits of building an entirely new building.

Option 4: Build a New City Hall on a New Site

G. Advantages: Building a new city hall would provide adequate office space for current and future staff, a conference room, two restrooms, a larger city council chamber room (which could also be used for elections), and additional storage space. The city would need to purchase land for a new city hall building. The City of Credit River has approximately $605,227 in COVID federal funding that is dedicated for a "City Hall Purpose" and could be used to apply toward the cost of land and possibly cover a portion of the building costs for a new city hall building.

H. Disadvantages: Building a new city hall would likely result in a final cost that exceeds the $605,227 available in COVID funds earmarked for a city hall purpose. If the cost exceeds $605,227, then the city council would need to determine how to pay for the additional costs (i.e., utilize other current capital improvement funds, issue bonds, or raise property taxes). Purchasing land would take that land out of the city's tax base and result in the city not collecting the property taxes for the parcel that would be purchased.

GCCAC Final Recommendations:

A. With a near term time horizon of the next five years, the GCCAC recommends that the Credit River City Council support Option 2 to expand and remodel the current city hall building.
B. The GCCAC recommends that the Credit River City Council consider extending the term of the GCCAC beyond the original one-year term and expanding the scope of the GCCAC's authority to research topics and provide input relevant to the expansion and remodeling of the current city hall including, but not limited to, architectural design of an expanded and remodeled city hall, soil testing for possible contamination and remediation, replacement of the current holding tank with a new properly sized tank, and outreach to Credit River residents to explain the expansion and remodeling of the city hall.

Reasons for Recommendation:

A. An expanded and remodeled city hall building should provide adequate office space for current and future staff, a conference room, two restrooms, a larger city council chamber room (which could also be used for elections and a space for community functions), and additional storage space.
B. The City of Credit River has approximately $605,227 in COVID federal funding that is dedicated for a "City Hall Purpose" and could be used to apply toward the cost of expanding and remodeling city hall. The availability of these COVID federal funds may minimize or eliminate the need to utilize other capital improvement funds, issue bonds, or raise property taxes to cover the cost of expanding and remodeling the current city hall building.
C. In the foreseeable near-term five-year period, and according to Article 2.3 of the GCCAC By-Laws, the GCCAC determined that the City of Credit River should not consider purchasing land for a new Government Center/City Hall building.

Exhibit (Snowplowing Memo)

MEMO

TO: Tom Briant (Chairman of the Credit River Government Center Citizen's Advisory Committee (GCCAC)
From: Steve DeGroote and Tom Weninger
Date: November 12, 2024
Subject: Meeting with Gallagher's Landscaping

The purpose of this memo is to report findings from the visit of members of the GCCAC with Gallagher's Landscaping. Present were Bill Gallagher (President of Gallagher's) along with his mechanic, Kyle. In addition, Eric Johnson, Credit River City Administrator was present.

We thanked Bill for taking care of our streets. We also let him know that we are part of the Citizen's Advisory Committee focused on providing input on a potential Government Center. We have no authority or decision-making ability.

Gallagher's is a company based a couple of miles south of Credit River in New Market Township which has been in business for about 35 years. Their main focus is selling black dirt. Bill Gallagher was formally employed by the city of Eagan's public works. Subsequent to that, he started a snowplow business. Over the years, Gallagher's have plowed various cities and townships. Bill thought he started plowing streets for the Township of Credit River around 2008. Initially, he plowed the south side of the township and Art Johnson plowed the north side. Currently, the city of Credit River is the only municipality plowed by Gallagher's.


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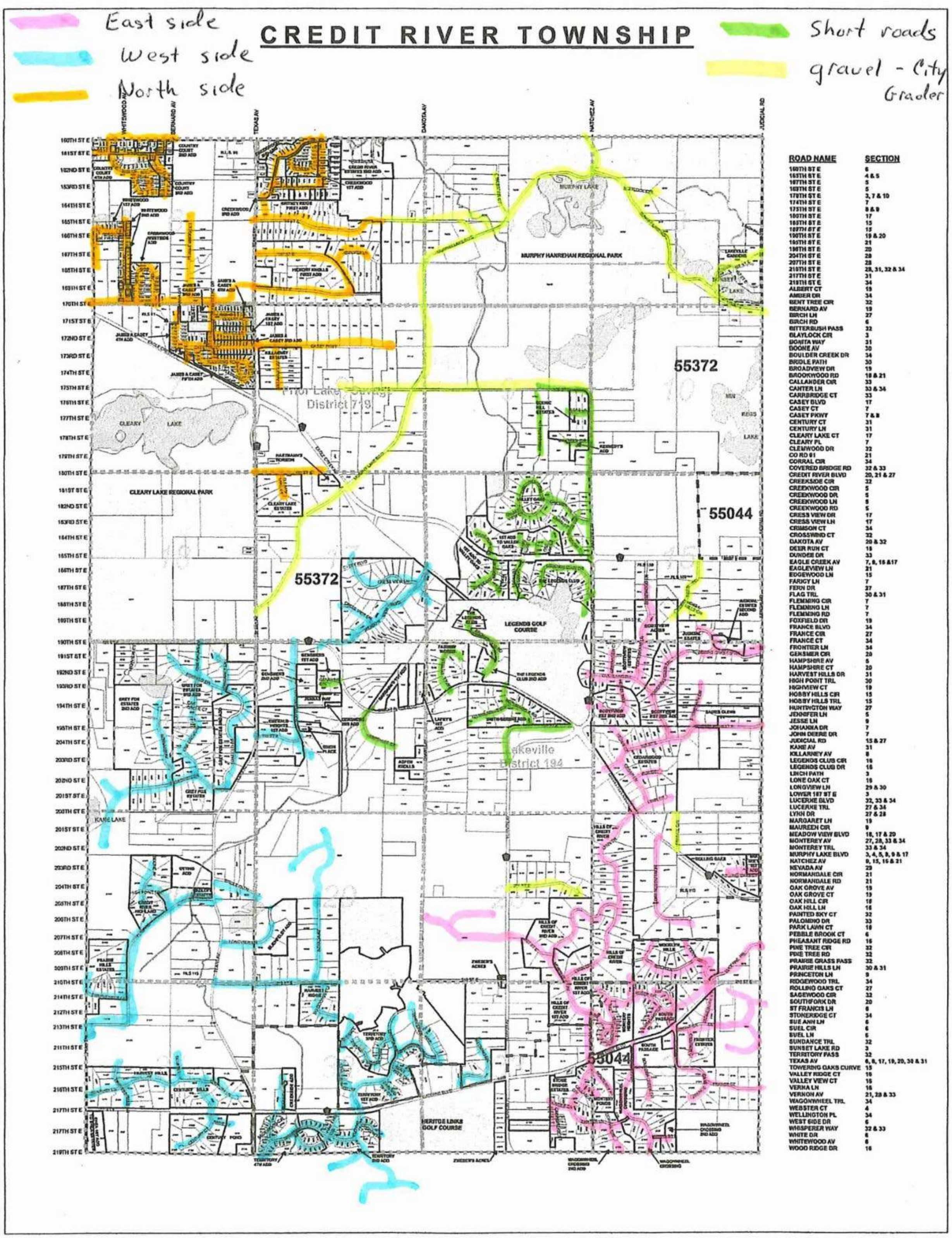
Gallagher‘s snow plow fleet consists of five trucks; 3-International model 4900’s and 2-International model 2500s. Four of the trucks are equipped with the front blade and a wing blade and one of the trucks has a front blade and under-mount blade. All the trucks have box mounted salt spreaders. One of the trucks is a tandem axle and the others are singles. Most of the trucks are late 1990s to early 2000 models and all have less than 50,000 miles on them. The double axle truck can remove more snow quicker and works well on the straight roads. The single axle trucks are more agile. They work better on the curvy or narrow roads and cul-de-sacs. Due to the nature of the work, frequent repairs are necessary to the front plow. Gallagher has one extra plow per truck in order to allow them to quickly switch to a different plow instead of being delayed by repairs.

Off-season usage was not verified but visual inspection indicated that the plow trucks are exclusively utilized for snow removal.



The above shown graphic shows how the roads of Credit River have been broken up into snow removal zones in the snow removal contract between

Credit River and Gallaghers. When questioned about the general approach to removing snow in Credit River, Bill stated every snowstorm is different. Their approach is based on what time it starts snowing, the current temperature and the expected temperature change, the day of the week, amount of snow predicted, the wetness of the snow and the wind.

Bill gave a hypothetical scenario for a snowfall that starts at 8 PM and will last for five hours with an expected snowfall of 4 inches. Gallagher may wait till two in the morning and then put all their trucks out and complete the removal in one shift. One truck would go to each colored zone and the extra truck would be used for cleaning cul-de-sacs. In certain neighborhoods, it may take as long to clean the cul-de-sacs as it does just to clean the rest of the roads. For snowfall that starts and will continue for a while, they may send out a couple trucks to keep the roads open and then bring more drivers on at the conclusion of the snowfall to clean all the roads. For just about all snow or ice events, Gallagher makes the decision when to go out and start treating or removing snow and ice from the roads. At times they may get some input from city officials, but normally they're already making that decision before they hear from the city. Bill is confident that he knows the areas and the best way to plow them and is working to keep the cities best interest in mind along with the safety of his drivers.

Gallagher uses about seven drivers for the snowplows. Half of them are long-term employees and the rest they hire locally.

Salt is provided by the city of Credit River, and it is picked up from a storage facility in Elko New Market that Scott County owns. The city pays Scott County directly for the salt.

Gallagher's uses a 40 foot by 100-foot heated building to house their snowplows prior to a snow event and it is also their shop. Prior to a snow event, all the trucks are staged in the building. This ensures that the trucks will start and helps with the operation of the hydraulics.

MOTOR GRADER

The City of Credit River owns a mid 1990s Caterpillar 143H road grader. This piece of equipment is staged/stored at Gallagher's. The grader is equipped with an under-mount blade and a wing blade. It is used to maintain the gravel roads, remove snow from the gravel roads and bench the snow if needed on the paved roads. Gallagher provides an operator for this equipment and is paid on an hourly basis as a contract employee. Gallagher also provides routine maintenance and some minor repairs in their shop. In addition, they provide fuel. These services are billed under a separate invoice to the City of Credit River. Major repairs are completed by Ziegler Equipment and Ziegler invoices the city of Credit River directly. It was Kyle's assessment that the grader was in good shape. Kyle noted a couple of minor oil leaks that need to be addressed in the future. It appears tires were replaced in 2024 per City's costs - Hart Bros Tires $6481.

We would suggest tracking grader machine hours. (Beginning of calendar year, completion of snow season, start of snow season). Also, make sure the bills are coded separately from the snow plowing contract.

Gallagher's and the City of Credit River are currently starting a four year agreement for snow removal. When Bill was asked about his willingness to continue after those four years, he was noncommittal. A lot of it depends on his family's desires, and the issues that come up with a snowplowing contract. These issues include dealing with contracts, performance bonds, mailboxes, complaints about filling driveways, people leaving their cars out and not moving them. He would much rather field the complaints. He would rather the public come to directly to him instead of the city and then to him. If the public likes what he does, they should just tell the city and that's good enough. Our opinion is that the residents should only go to the City and they can communicate what direction to Gallagher's they believe is appropriate. We believe having Gallagher's field resident's complaints will not provide an environment to continue the relationship.

<u>Requirements to have a city street snow removal business.</u>

Observation and discussion with Gallagher's would indicate there are certain items are needed for a snow plowing service. If Credit River ever moves to bring the street snow removal in-house or if a different vendor is needed, these basic resources are needed:

- Manager that can balance the needs of snow removal and the assets that they have. It would be helpful if this person is near the city so he or she can monitor the road conditions.
- Trucks sized and equipped for snow plowing
- Articulated Loader for moving snow piles in Cul-de-sacs or at intersections.
- Mechanic capable of working on trucks and plow repairs
- Dependable drivers with a CDL license that are proficient in driving a snowplow truck.
- Equipped heavy repair shop
- Heated storage area
- Outside storage area

Rate Review

Credit River Contract

Equipment	2023-2024	2024-2025	Increase %	2025-2026*	2026-2027*	2027-2028*
Truck w/front plow, wing, and sander	$155	$170	9.7%	$175	$180	$185
Truck w/ front plow and sander	$140	$150	7.1%	$155	$160	$165
Truck w/underbody plow and sander	$140	$150	7.1%	$155	$160	$165
Motor Grader w/wing-under 150 HP	$160	$170	6.3%	$175	$180	$185
Wheel Loader w/plow	$165	$170	3.0%	$175	$180	$185
Wheel Loader w/bucket	$190	$200	5.3%	$206	$212	$218
One Ton/Pick-up Truck w/plow	$125	$130	4.0%	$134	$138	$142
Skid Steer w/plow or bucket	$125	$130	4.0%	$134	$138	$142
Skid Steer w/snow bucket	$160	$165	3.1%	$170	$175	$180

Note * includes 3% annual rate increase per contract.

The following information is from the New Market Township December 6, 2022, Regular Monthly Meeting minutes.

"MOMS contract renewal — MOMS is proposing a three-year snow plowing contract, an extension of their present contract with the following rates: One ton or one-and-a-half-ton truck with 9 ft plow @ $119.00 per hr. Bobcat with one-and-a-half-yard bucket @ $115.00 per hr. large dump truck with plow, wing, and sander @ $165.00 per hr. In the second and third year there will be up to but no more than a 5% increase to cover rising fuel and insurance costs."

The following table was developed with this information and an escalation assumption to compare the two entities rates.   It appears that the rates are comparable; however, Credit River may realize some efficiencies from the proximity of Gallagers to the city.

New Market Township Rates

Equipment	2022-2023	2023-2024*	2024-2025*
Truck w/front plow, wing, and sander	$165	$172	$178
Skid Steer w/1 ½ CY bucket	$115	$120	$124
One ton or one-and-a-half-ton truck with 9 ft plow	$119	$124	$129

Note * Assumed a 4% annual rate increase. Actual increase should be verified.

<u>Summary</u>

Credit River and Gallager's have executed a 4-year agreement for snow removal. If both parties feel like they are being treated fairly, it would be reasonable to assume that the relationship could continue after that period; however, it would be naive to assume that Gallager's can continue to plow the streets forever.

It would be reasonable to check-in about 2 years before the conclusion of the contract period to determine if an extension of the services are available. If not, the following actions could be considered:

1. Switch to an existing snow removal company and let them take over. Suggest obtaining letters of interest.
2. Work with an existing company in the area and help them develop a snow removal service. Areas of assistance could include facilitating the purchase of equipment, creating a phased turnover of the areas of Credit River, investigating a mentorship program with Gallager's, and provide a long-term contract for the services.

3. Work with Scott County. Provide them some resources that would be managed, maintained and operated by Scott County for the exclusive use of the City of Credit River.
4. Set up a City of Credit River snow removal service.