



Finance Commission Agenda

Tuesday, May 12, 2026

6:30 PM

City Council Chambers

In accordance with [Minnesota Statutes §13D.02](#) and City policy, Council and Commission members may attend meetings remotely up to three times per calendar year.

(Times listed are approximate – please note that items may be earlier or later than listed on the agenda)

- 1. Roll Call - Bergquist, Dahir, Davy, Kanzenbach, Vervoort, Jeffers, Kaney, Randolph**
- 2. Approval of Agenda**
- 3. Receive Public Comment**
- 4. Approval of Meeting Minutes**
 - a. Approve minutes
- 5. Business Items**
 - a. Review the 2025 ACFR
 - b. Discuss items for Joint City Council - Finance Commission Meeting
 - c. Maintenance and Operations Center Update/Discussion
 - d. Finance Tracking Document
 - e. Workplan and future discussion items
- 6. Commission Direction on Member Initiated Agenda Items**
- 7. Other Business**
- 8. Adjourn**

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**Finance Commission
Meeting Minutes
DRAFT – April 14, 2026 - DRAFT**

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Kanzenbach requested staff call the roll.

Commissioners Present: Kevin Davy, Martin Jeffers, Matthew Kaney, Raye Kanzenbach, Kyle Randolph, and Anna Vervoort

Youth Commissioners Present: None

Commissioners Absent: Sadiq Dahir, Aldo Bergquist

Staff Present: Finance Director Sam Magureanu

Approval of Agenda

The agenda was approved by general consensus.

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Commissioner Jeffers moved, seconded by Commissioner Davy, to approve the March 10, 2026, meeting minutes as presented. The motion carried unanimously.

Swearing in of New Commissioners

Finance Director Magureanu administered the Oath of Office to Commissioners Kaney, Jeffers, and Randolph.

Select Chair, Vice-Chair

Chair Kazenbach explained that while a Chair had been elected at the previous meeting, a Vice-Chair had not. He noted that Commissioner Dahir had previously served in that role but was not present, and it was unclear whether he wished to continue. The Commission was therefore asked to select a new Vice Chair.

47 Commissioners Davy and Jeffers expressed interest in the position. Commissioner Jeffers
48 deferred to Commissioner Davy, citing his experience on the Commission.

49
50 Commissioner Vervoort moved, seconded by Commissioner Jeffers, to appoint Commissioner
51 Davy as Vice-Chair of the Finance Commission. The motion carried unanimously.

52

53 **Review 2025 Preliminary Year-End Cash Reserve Levels**

54

55 Finance Director Magureanu provided an overview of the city’s fund balance policy and current
56 financial position, emphasizing the use of spreadsheets to illustrate the same information
57 presented in the narrative. He explained that each city activity is tracked in separate funds, with
58 the general fund serving as the primary operating fund. City policy requires this fund to maintain
59 reserves between 35% and 50% of the following year’s budgeted expenditure.

60

61 Mr. Magureanu noted that preliminary 2025 year-end figures, largely finalized despite the
62 ongoing audit, show a general fund balance of \$8.9 million, compared to a 2026 operating
63 budget of approximately \$30 million. This places the reserve level at about 29.66%, falling \$1.6
64 million below the minimum 35% target and \$ 6 million below the 50% target.

65

66 Mr. Magureanu explained that the purpose of the review was to evaluate fund balances across all
67 city funds, identify those that were below or above policy targets, and develop recommendations
68 for the City Council. He indicated that staff is proposing to reallocate excess funds from accounts
69 with surpluses to those with deficits to bring reserves into compliance. As an initial step, he plans
70 to recommend transferring \$1.6 million into the general fund to meet the minimum reserve
71 requirement by the end of fiscal year 2025, with further detailed analysis to follow during the
72 audit presentation.

73

74 Chair Kanzenbach noted that fund balances must remain at higher levels because they fluctuate
75 throughout the year and can drop during certain periods. He sought confirmation that
76 maintaining higher reserves helps offset seasonal or timing-related declines.

77

78 Mr. Magureanu confirmed that fluctuations in fund balance throughout the year are one reason
79 for maintaining higher reserves. Still, he explained that the primary reason is the timing of
80 property tax collections. He noted that the city relies heavily on property tax levies, which are
81 paid in two installments, typically in May and October. Because the city does not receive those
82 funds until later in the year, it must rely on reserves to cover operating expenses from January
83 through mid-year, and again between settlement periods. He added that guidance from the Office
84 of the State Auditor recommends maintaining a minimum general fund balance of 35% to ensure
85 adequate cash flow.

86

87 Mr. Magureanu also discussed other city funds, including the Parks and Recreation Fund, which
88 has a lower target reserve range of 20% to 30%. He noted that this fund ended the year above
89 both targets, with a surplus of approximately \$738,000 over the minimum and \$72,000 over the
90 maximum. He explained that while some cities include parks and recreation in the general fund,
91 Roseville tracks it separately due to the size and number of programs, which allows for better

92 monitoring of revenues and expenses. He added that although the fund may generate a surplus, it
93 remains a governmental fund supported primarily by levies, unlike enterprise funds, which are
94 intended to operate more like self-sustaining businesses.

95
96 Chair Kanzenbach noted that enterprise funds include services such as the water and sewer
97 systems, which operate more like standalone business-type activities within the city.

98
99 Mr. Magureanu explained that the city tracks each fund separately and applies different reserve
100 benchmarks depending on the fund type. He noted that the Parks and Recreation Fund exceeded
101 its high target by approximately \$72,000. That city policy generally aims to keep these types of
102 funds closer to their higher reserve targets when possible.

103
104 Mr. Magureanu also addressed the Communication Fund, which fell below its reserve target. He
105 clarified, however, that all funds ended the year with positive balances as of December 31, 2025.
106 He emphasized that references to a “deficit” relate only to falling short of reserve policy targets,
107 not to an actual negative fund balance.

108
109 Commissioner Jeffers asked for clarification on the Communication Fund, specifically whether it
110 functions similarly to a marketing-related fund.

111
112 Mr. Magureanu explained that the Communication Fund supports the city’s communications
113 department and is used to track and manage those activities better. He noted that this fund is
114 currently below its reserve target and will likely need additional support.

115
116 Mr. Magureanu also described the License Center Fund, which covers services such as licensing
117 and passports. He noted that Roseville is one of the few cities that operates its own license
118 centers, and that this fund ended the year above its reserve targets, which range between 10%
119 and 15%.

120
121 Mr. Magureanu summarized that while some funds are below their reserve targets and need
122 support, others have excess reserves. He then highlighted the Cash Reserve Fund, historically
123 used as a “rainy day” fund to hold surplus balances from other funds when not immediately
124 needed. However, due to the current \$1.6 million shortfall in the general fund, he indicated that
125 staff is recommending using available reserves from these funds to help restore the general fund
126 to its minimum target.

127
128 Chair Kanzenbach asked whether the Cash Reserve Fund is included within the general fund in
129 the financial statements, noting that he was unable to locate it.

130
131 Mr. Magureanu clarified that the Cash Reserve Fund does not appear as a separate line item in
132 the financial statements. He explained that, in Roseville’s reporting, several governmental funds,
133 including the cash reserve, communication, are consolidated and presented together within the
134 general fund.

135

136 Mr. Magureanu noted that while these funds are tracked separately internally to monitor specific
137 activities better, they are grouped for financial statement purposes. He added that this structure
138 can make them harder to identify individually in the reports. Still, he will provide a more detailed
139 explanation when the full financial report and budget are presented.

140
141 Commissioner Kaney asked for clarification, confirming whether all of the funds being discussed
142 are governmental funds and whether any other governmental funds are impacting the figures
143 presented.

144
145 Mr. Magureanu explained that the city has additional governmental funds, but many of them are
146 smaller and are grouped within the general fund. He noted that those funds are not subject to
147 specific reserve targets because they are viewed collectively rather than individually.

148
149 Mr. Magureanu clarified that the funds currently under discussion are the primary ones for which
150 the city has established formal reserve policies, with defined low and high target levels.

151
152 Commissioner Kaney asked a follow-up question about how the Cash Reserve Fund is funded.

153
154 Mr. Magureanu explained that the Cash Reserve Fund is funded through surplus balances from
155 other funds. He noted that if the general fund did not require additional support, excess funds,
156 such as amounts exceeding the high target in the Parks and Recreation Fund, would typically be
157 transferred into the Cash Reserve Fund for future use.

158
159 Commissioner Kaney observed that most fund balances increased from the beginning to the end
160 of the year, except for the Communication Fund, indicating that revenues generally exceeded
161 expenses. He questioned whether the need to reallocate funds was primarily due to an increase in
162 the upcoming year's operating budget, which changes the reserve targets. He asked whether it
163 was accurate to say that fund balances may have been on target previously but now require
164 adjustments to meet policy thresholds, given the higher budget levels.

165
166 Mr. Magureanu explained that reserve levels are evaluated against the following year's operating
167 budget, which typically increases over time. As a result, even if fund balances grow, they may
168 still fall short of target percentages when compared to a higher upcoming budget.

169
170 Mr. Magureanu noted that some funds, such as Parks and Recreation and the License Center
171 Fund, generate revenue through fees and services. He explained that when revenues exceed
172 expenses, the surplus is added to the fund balance, and when expenses exceed revenues, the fund
173 balance is reduced. He added that these types of funds tend to fluctuate more due to changes in
174 demand and activity levels.

175
176 Mr. Magureanu highlighted that the License Center Fund performed strongly in 2025 due to
177 increased demand for services, including passports and compliance with new identification
178 requirements, which contributed to higher revenues and a surplus.

179

180 Mr. Magureanu noted that large surpluses do not occur every year. Still, when they do, excess
181 funds are often transferred into the Cash Reserve Fund to help maintain higher reserve levels
182 across other funds. He added that, when necessary, those reserves can be drawn down, even to
183 lower target levels, to support the general fund and meet operating needs.

184
185 Commissioner Kaney sought confirmation that the operating budget figure represents expenses
186 and suggested that the shortfall in reserve targets is largely driven by rising expenses rather than
187 prior underfunding. He noted that the increase in the operating budget accounts for a significant
188 portion of the gap needed to reach the 35% reserve level.

189
190 Mr. Magureanu explained that the city builds its budget using a balanced approach, in which
191 expenses are identified first, and revenues from non-levy sources are estimated. The remaining
192 gap is then filled through the property tax levy. He noted that revenue estimates are intentionally
193 conservative, as actual revenues can fluctuate based on factors such as building activity or permit
194 demand, which may result in collections higher or lower than expected.

195
196 Mr. Magureanu clarified that changes in fund balance levels are influenced by both increases in
197 future budgets and differences between actual revenues and expenditures. If revenues fall short
198 while expenses remain steady, the fund balance is reduced. At the same time, when the following
199 year's budget increases, the required reserve targets also increase, creating additional pressure on
200 fund balances.

201
202 Mr. Magureanu emphasized that the goal is to maintain a balanced budget each year and to use
203 fund balance cautiously. He noted that reserves are best used for one-time expenses rather than
204 ongoing costs, as using reserves to fund recurring expenses can lead to larger levy increases in
205 future years when those reserves are no longer available. He added that this requires careful
206 planning and conservative financial management, and that the Commission will receive more
207 detailed information as the budget process continues.

208
209 Commissioner Jeffers asked whether staff is recommending fully utilizing the 105 Cash Reserve
210 Fund and whether the city has any additional general cash reserve funds available.

211
212 Mr. Magureanu confirmed that the 105 Cash Reserve Fund is the only reserve fund. He then
213 outlined the staff's recommendations based on current fund balance needs, noting that two funds
214 are below their required reserve targets: the general fund by approximately \$1.6 million, or about
215 35% of the 35% minimum, and the Communication Fund by about \$40,000, or about 10% of the
216 10% minimum.

217
218 Mr. Magureanu explained that the staff is proposing a total transfer of \$1,604,629 into the
219 general fund. This would include taking \$637,463 from the License Center Fund, bringing it
220 down to its minimum 10% reserve level, using the entire Cash Reserve Fund balance of
221 approximately \$1,059,268, and transferring an additional \$40,978 from the Parks and Recreation
222 Fund.

223

224 Mr. Magureanu added that an additional \$40,378 transfer is recommended from the Parks and
225 Recreation Fund to support the Communication Fund and bring it to its minimum reserve target.

226

227 Mr. Magureanu noted that these transfers require City Council approval because they are
228 unbudgeted and indicated that staff plans to bring this recommendation forward on May 4. He
229 added that similar transfers have been made in past years, depending on fund performance, and
230 that this discussion is intended to inform the Commission ahead of Council consideration.

231

232 Chair Kanzenbach asked whether there is a projection of the Cash Reserve Fund balance at year-
233 end and whether, based on the proposed transfers, it is expected to be fully depleted to zero.

234

235 Mr. Magureanu confirmed that the Cash Reserve Fund balance of \$926,008 reflects the amount
236 as of December 31, 2025, and that the proposed transfer would fully deplete the fund, leaving a
237 zero balance. He noted that, as a result, this source would not be available for use again next
238 year.

239

240 Mr. Magureanu explained that staff evaluated several options but found limited flexibility due to
241 a lack of available unrestricted reserves. He noted that some funds with balances are restricted
242 and cannot be used for other purposes, and that the alternative would be to increase the property
243 tax levy, which staff is not recommending at this time.

244

245 Mr. Magureanu indicated that the staff's approach is to use the available reserves to address
246 current needs and rebuild them in the future. He cautioned that if reserves are not restored and
247 funds again fall below target levels, the city will need to consider options such as adjusting
248 reserve policies or increasing the levy.

249

250 Mr. Magureanu added that while the Office of the State Auditor recommends a 35% minimum
251 reserve for the general fund, cities vary in their targets, with some maintaining higher or lower
252 levels depending on their financial strategies.

253

254 Chair Kanzenbach noted that the city plans to issue bonds in the near future and emphasized the
255 importance of maintaining strong reserve levels during that period. He pointed out that rating
256 agencies, including Standard and Poor's, consider reserve levels when evaluating the city's AAA
257 bond rating and expressed concern that reserves were too low during that review.

258

259 Mr. Magureanu agreed with the concern and explained that strengthening reserve levels is
260 especially important as the city prepares to issue bonds, potentially later in the year. He noted
261 that higher reserve levels demonstrate the city's financial strength during rating discussions with
262 bond agencies, which evaluate the city's ability to repay debt.

263

264 Mr. Magureanu explained that maintaining a strong rating, such as a AAA rating from Standard
265 and Poor's, helps the city secure lower interest rates and makes its bonds more attractive to
266 investors. He emphasized that bringing the general fund reserves up to at least the 35% minimum
267 by the end of 2025 will support that effort and align with state auditor guidance.

268

269 Mr. Magureanu added that the city is anticipating major capital projects, including a new public
270 works building and a potential new license center, which further underscores the importance of
271 maintaining strong reserves before issuing bonds.

272

273 Commissioner Jeffers asked for clarification, questioning whether the city effectively has a \$1.6
274 million deficit in the general fund.

275

276 Mr. Magureanu clarified that the \$1.6 million figure does not represent an actual deficit but
277 rather a shortfall relative to the general fund's required reserve target.

278

279 Mr. Magureanu explained that while some forecasting is possible, predicting exact reserve needs
280 in advance is difficult because future budgets and revenues are not fully known in advance. He
281 noted that projections can be made based on trends, but actual results may vary depending on
282 whether revenues meet expectations and how expenditures develop.

283

284 Mr. Magureanu indicated that the current shortfall is likely the result of a combination of factors,
285 including revenue performance and budget increases. He added that if no additional funds were
286 available to transfer, the city would have had to close the year below the 35% reserve target and
287 address that position during discussions with rating agencies.

288

289 Mr. Magureanu explained that in such a scenario, the city would likely need to communicate a
290 plan to increase the property tax levy in the future year to rebuild reserves. He also noted that
291 once the levy is certified, the city has limited flexibility to adjust within that year, reinforcing the
292 importance of planning and timing in managing fund balances.

293

294 Chair Kanzenbach acknowledged that increasing the 2027 levy could help restore reserve levels
295 if needed. He also sought confirmation that the Cash Reserve Fund is included in the financial
296 statements as part of the general fund.

297

298 Mr. Magureanu confirmed that this information is documented in the Discussion and Analysis
299 section of the financial report, where the general fund balance is reviewed year over year. He
300 noted that the auditors will also present this information in their audit report to the Council.

301

302 Mr. Magureanu explained that financial reporting typically reflects prior-year results, which limit
303 the ability to make real-time adjustments. He added that the levy certification timeline, with
304 preliminary certification occurring in September, also affects when changes can be made.

305

306 Mr. Magureanu stated that, moving forward, he intends to develop projections earlier in the
307 process to anticipate changes in the general fund better and allow for more timely discussions.
308 He emphasized that while reserve levels require attention, the city is not at risk of running out of
309 funds.

310

311 Commissioner Jeffers summarized that the issue is not a lack of available funds for operations,
312 but rather that reserve levels are below desired targets. He noted that the city remains financially

313 stable, with sufficient funds to operate, and expressed agreement that reserves should be restored
314 to appropriate levels.

315

316 Mr. Magureanu agreed that restoring reserves is important. He explained that maintaining
317 adequate reserves is primarily about ensuring sufficient cash flow, especially during the first half
318 of the year when property tax revenues have not yet been received. He noted that the city must
319 meet ongoing financial obligations, including timely payments to vendors, which are subject to
320 strict compliance requirements and are reviewed during audits.

321

322 Mr. Magureanu added that audit findings related to these requirements can impact operations,
323 bond ratings, and the city's ability to issue debt. He emphasized that while reserve targets for
324 funds like Parks and Recreation or the License Center are set by policy rather than law, the
325 general fund's 35% reserve level is strongly recommended.

326

327 Mr. Magureanu also noted that although Roseville tracks certain funds separately, rating
328 agencies may evaluate them collectively when assessing the city's financial position, as they are
329 all part of the city's governmental activities.

330

331 Chair Kanzenbach observed that the proposed transfers are essentially reallocating existing funds
332 to align with reserve targets, noting that the funds remain within the city but are structured to
333 facilitate tracking and presentation. He commented that maintaining this structure helps
334 demonstrate that Roseville is in strong financial condition.

335

336 Chair Kanzenbach also highlighted the city's AAA rating and noted that it is relatively
337 uncommon for a city of its size to hold that rating. He added that while maintaining an AAA
338 rating is beneficial, even slightly lower ratings would still allow the city to secure favorable
339 interest rates.

340

341 Mr. Magureanu emphasized that the city's goal is to maintain its strong financial position, noting
342 that Roseville is well-positioned by factors such as commercial growth, a solid tax base, and
343 relatively low outstanding debt. He explained that bond rating agencies evaluate a wide range of
344 indicators, including employment trends, financial performance, and debt levels, all of which
345 contribute to the city's favorable standing.

346

347 Mr. Magureanu noted that while the city plans to issue additional debt for upcoming projects, it
348 has strategies in place to manage it responsibly. He explained that part of the Public Works
349 building will be supported by local sales tax, and that existing debt service payments,
350 approximately \$2.2 million, will come off the books in 2027 and can potentially be repurposed
351 for future projects such as a new license center, reducing the need to take on additional debt.

352

353 Mr. Magureanu reiterated that the recommended transfers are based on the limited availability of
354 unrestricted funds. He explained that certain funds, such as utility and park dedication funds, are
355 legally restricted and cannot be used for other purposes. As a result, only a small number of
356 funds with available reserves can be considered for reallocation.

357

358 Mr. Magureanu concluded by requesting the Commission’s support for the proposed transfers so
359 that staff can communicate that recommendation to the City Council, while noting that
360 alternative options could be discussed if desired.

361
362 Chair Kanzenbach and Mr. Magureanu discussed proceeding with a motion to formalize a
363 recommendation to the City Council. They clarified that any motion made by the Finance
364 Commission would serve only as a recommendation and not a binding decision.

365
366 Chair Kanzenbach outlined the process, indicating that a motion would be made, followed by a
367 second, discussion, and then a vote. He invited a commissioner to move that the staff
368 recommendation be adopted, suggesting that it include the key transfer amounts outlined in the
369 first portion of the proposal so they can be clearly recorded in the minutes.

370
371 Commissioner Jeffers moved, seconded by Commissioner Randolph, to recommend the transfer
372 of \$1,604,629 to the general fund, including \$637,463 from the License Center Fund, \$926,008
373 from the Cash Reserve Fund, and \$40,009.78 from the Parks and Recreation Fund. Also, transfer
374 \$40,378 from the Parks and Recreation Fund to the Communication Fund to bring both funds to
375 their minimum target reserve levels.

376
377 Commissioner Vervoort asked whether funds such as the License Center, which generate their
378 own revenue, are expected to support other funds regularly. She questioned whether transfers to
379 the general fund are likely to occur each year, or if these funds are not consistent revenue
380 generators and therefore may require periodic reallocation to meet reserve targets.

381
382 Mr. Magureanu explained that transfers are not necessarily required every year. Still, the general
383 fund is most likely to need support because it carries the largest levy, and the city aims to keep it
384 as manageable as possible. He noted that while the Parks and Recreation Fund also includes a
385 levy, the License Center Fund does not, which affects how each fund operates and generates
386 revenue.

387
388 Mr. Magureanu indicated that funds with consistent surpluses may continue to support the
389 general fund when needed. Still, the timing and amount of those transfers will vary and must be
390 evaluated annually. He added that the Commission will revisit these fund balances each year, and
391 depending on conditions, may recommend transferring excess funds either into the Cash Reserve
392 Fund or to other areas based on future needs.

393
394 Commissioner Vervoort asked for clarification on the beginning fund balance, confirming
395 whether it reflects the start of 2025.

396
397 Mr. Magureanu explained that the beginning fund balance represents the ending balance from
398 December 31, 2024, or January 1, 2025. He noted that throughout the year, revenues are added
399 and expenses are subtracted, resulting in the ending fund balance as of December 31, 2025. He
400 summarized that the fund balance is calculated by taking the beginning balance, adding
401 revenues, and subtracting expenses to arrive at the new year-end balance.

402

403 Chair Kanzenbach noted that this discussion will be important to keep in mind during the budget
404 process, emphasizing that the city does not have excess cash and that this constraint should be
405 considered a key factor when reviewing future budgets.

406
407 Mr. Magureanu confirmed that the budget process is already underway, noting that staff have
408 begun discussions with department heads. He explained that a Council workshop is scheduled for
409 April 20, where preliminary budget figures will be reviewed for the first time, though those
410 details have not yet been publicly shared.

411
412 Mr. Magureanu emphasized that the budget process is ongoing throughout the year and typically
413 begins as early as March, allowing time for planning, projections, and adjustments.

414
415 Commissioner Jeffers noted that while the information was understandable, it would be helpful
416 to include the beginning fund balance date in the future. He explained that, given the presence of
417 revenue and expenditure figures and the timing within 2026, it took a moment to identify the
418 starting and ending points. He suggested labeling the beginning balance with a date, such as
419 January 1, 2025, for clarity, and added that aside from that, the presentation was clear.

420
421 Mr. Magureanu acknowledged the suggestion and noted that he included explanatory notes in the
422 document to help clarify the results. He agreed that adding a clear date for the beginning fund
423 balance would improve readability and confirmed that he will include either January 1, 2025, or
424 December 31, 2024, in future versions for clarity.

425
426 The motion carried unanimously.

427
428 Mr. Magureanu noted that an additional attachment was provided showing the historical use of
429 the Cash Reserve Fund. He explained that this schedule tracks when funds were added and when
430 they were used, going back to 2018. He added that the current balance of approximately
431 \$926,000 reflects those historical transactions, with minor rounding differences between reports.

432
433 Commissioner Jeffers asked for clarification on the 2024 contribution of \$424,002.36 shown
434 under the Parks and Recreation Fund. He questioned how that amount was determined and why
435 it appears as the only contribution for that year.

436
437 Mr. Magureanu explained that the 2024 contribution of \$424,002.36 came solely from the Parks
438 and Recreation Fund, as it was the only fund that had excess reserves available for transfer that
439 year.

440
441 Commissioner Jeffers confirmed that the listed contributions represent surplus funds and noted
442 that it initially took some time to understand the multi-year layout. He observed that the larger
443 contribution amounts in earlier years, particularly around 2018 and 2019, likely reflect the Cash
444 Reserve Fund's initial establishment and funding, resulting in higher transfers during that period.

445
446 Mr. Magureanu explained that the attachment shows both contributions to and uses of the Cash
447 Reserve Fund over time, with contributions and withdrawals clearly identified by year. He noted

448 that various funds, such as Information Technology, Parks and Recreation, and the License
449 Center Fund, have contributed surpluses to the Cash Reserve Fund in different years.

450

451 Mr. Magureanu added that the schedule illustrates how funds have been both added to and drawn
452 from the Cash Reserve Fund since its creation. He indicated that upcoming entries will reflect the
453 use of these funds in 2026, thereby reducing the balance accordingly, and that the updated
454 balance will be shown in future reporting.

455

456 **Maintenance and Operations Center Update/Discussion**

457

458 Finance Director Magureanu provided an update on ongoing capital projects, noting that
459 progress is still in the early design phase. He explained that both the Maintenance and Operations
460 Center and the License and Passport Center are currently in schematic design, with the License
461 Center project slightly ahead. He indicated that current efforts are focused on space planning, site
462 layout, and overall design concepts, including building size, location, and parking.

463

464 Mr. Magureanu noted that a stakeholder group, including nearby residents and a Commission
465 representative, has been involved in reviewing design elements and site development, with their
466 most recent meeting held on February 12. He added that the License Center is being considered
467 as a one-story facility with shared parking of approximately 150 spaces, and that discussions so
468 far have centered on layout, aesthetics, and site use.

469

470 Mr. Magureanu explained that there have been no major updates since that meeting and
471 encouraged Commissioners to follow City Council meetings for the most current information.
472 He stated that updates will continue to be shared as they become available.

473

474 Mr. Magureanu also discussed the timing of future bond issuance, noting that the city will align
475 borrowing with construction needs. He explained that once a construction timeline is established,
476 staff will work backward to determine when funds are needed and initiate the bond issuance
477 process accordingly. He added that this will involve coordination with bonding agencies, public
478 hearings, and council actions, and may result in separate bond issuances for the different
479 projects.

480

481 Chair Kanzenbach noted that the projects will likely be financed through different funding
482 sources, with one supported by sales tax and another through separate financing. He indicated
483 that, as a result, the timing of bond issuances could vary and may occur months apart depending
484 on project needs.

485

486 Mr. Magureanu noted that the bond issuance process will be lengthy and will require multiple
487 meetings and steps before completion.

488

489 Commissioner Vervoort asked how the current timeline compares to the original proposal, noting
490 the sequence of sales tax approval in November 2024, implementation in July 2025, and a
491 hoped-for construction start in 2027.

492

493 Mr. Magureanu responded that the projects are still in the early design phase and that key details,
494 such as the final design, site decisions, and total project costs, have not yet been finalized. He
495 indicated that the work remains focused on architectural planning, layout, and general concepts,
496 and that more precise timelines and costs will be determined as the project progresses.

497
498 Commissioner Vervoort noted that there were two separate sales tax questions related to the
499 projects, with one approved and the other not approved.

500
501 Mr. Magureanu acknowledged that distinction, confirming that the approved sales tax is being
502 used to support one of the projects, while the other project will need to rely on a different
503 funding approach.

504
505 Chair Kanzenbach noted that he had been informed that sales tax revenues are coming in ahead
506 of projections.

507
508 Mr. Magureanu confirmed the trend, explaining that collections have been strong, with
509 December, typically a high-revenue month due to holiday spending, bringing in over \$600,000.

510
511 Commissioner Vervoort and Chair Kanzenbach discussed the structure of the sales tax, noting
512 that it is intended to remain in place for up to 20 years or until the associated debt is fully repaid,
513 whichever occurs first. They also noted that the revenues are dedicated to that purpose.

514
515 Mr. Magureanu confirmed that projected sales tax revenues are sufficient to cover the full debt
516 service over the life of the bonds and that those funds will be used accordingly to repay the debt.

517
518 Mr. Magureanu noted that he was unsure of the exact timing for certain elements and had hoped
519 for additional input from staff. He explained that the information shared represents what can
520 currently be disclosed publicly, and that there may be additional details still under development
521 that are not yet ready for release. He concluded that, based on available information, there have
522 been no significant updates beyond what was presented.

523
524 **Finance Tracking Document**

525
526 Chair Kanzenbach introduced the finance-tracking document, noting that it was included in the
527 meeting packet and was created by the former chair to track the Commission's recommendations
528 over time. He noted that it serves as a running record of past items and may be updated by
529 removing older entries while continuing to track current priorities.

530
531 Chair Kanzenbach referenced specific items, including suggestions to add new columns to
532 financial statements, such as showing percentage increases in property taxes. He observed that
533 many of the tracked items relate to improving financial disclosures, potentially within the
534 statistical section of the ACFR.

535

536 Chair Kanzenbach also noted that staff have been working to improve disclosure materials and
537 presentations and suggested that some of the previously recommended items may already be
538 addressed through those efforts or could be incorporated into the updated formats in the future.
539

540 Mr. Magureanu explained that two primary recommendations have been addressed through
541 ongoing efforts. He noted that historical data on property taxes and community impact are better
542 suited to inclusion in the budget book, where those impacts are more fully analyzed during the
543 budget process.
544

545 Mr. Magureanu added that staff is also developing a Popular Financial Report for the 2025
546 financial statements, which will provide a simplified and more accessible summary of the city's
547 finances. He indicated that this report will likely include historical tax rate information and
548 related impacts to improve transparency for the public.
549

550 Mr. Magureanu further noted that updates are being made to the statistical section of the annual
551 report, including the addition of newer revenue sources such as franchise fees from utilities. He
552 stated that these enhancements are already underway and that changes will be highlighted in the
553 2025 report so the Commission can clearly see what has been updated since prior years.
554

555 Chair Kanzenbach noted that he had originally suggested including this information in the
556 Annual Comprehensive Financial Report, but said he is comfortable presenting it in other
557 formats. He indicated that if the information is publicly available and serves to improve
558 transparency, the approach taken is sufficient, and he feels the work plan is in good shape.
559

560 **Workplan and Future Discussion Items**

561
562 Finance Director Magureanu noted that, based on prior email discussions, there was interest in
563 adding a new item to the tracking document to review the city's investment policy. He suggested
564 that the Commission consider formally including this as a recommendation for future evaluation.
565

566 Chair Kanzenbach noted that the joint City Council and Finance Commission meeting is part of
567 the annual work plan and is used as an opportunity to present recommendations and feedback.
568 He asked for clarification on the specific date of that meeting, indicating it was not clearly
569 identified in the materials.
570

571 Mr. Magureanu responded that the joint meeting is likely scheduled for June but noted that he
572 did not have the exact date available and that it is likely reflected on the city's calendar.
573

574 Chair Kanzenbach explained that the joint meeting with the City Council will serve as an open
575 forum for the Finance Commission to share feedback and recommendations. He emphasized the
576 importance of preparing in advance so the Commission can present thoughtful input.
577

578 Mr. Magureanu added that he will send a reminder email once the meeting date is confirmed, so
579 Commissioners are aware and can plan to attend.
580

581 Chair Kanzenbach and Mr. Magureanu discussed the upcoming audit review and related timing
582 challenges.

583

584 Chair Kanzenbach noted that the Finance Commission is scheduled to review the audit on May
585 12.

586

587 Mr. Magureanu explained that the audit will be presented to the City Council on May 11, before
588 the Commission's review, due to timing constraints. He noted that staff is also bringing the
589 recommended fund transfers to Council on May 5, and that additional entries still need to be
590 completed before finalizing the audit materials.

591

592 Mr. Magureanu indicated that the sequencing was not ideal this year, as he would prefer the
593 Commission to review the audit before it goes to Council. However, he explained that scheduling
594 and preparation timelines made that difficult. He added that, moving forward, he will aim to
595 align the process better so the Commission can review audit materials in advance and provide
596 input before Council consideration.

597

598 Mr. Magureanu also confirmed that the auditors plan to present their findings to the City Council
599 on May 11 as part of the audit process.

600

601 Chair Kanzenbach asked whether an auditor would attend the May 12 meeting, noting
602 uncertainty about past practice.

603

604 Mr. Magureanu responded that auditors have attended in the past and indicated he can reach out
605 to Redpath to see if they are available. He added that while many questions can be addressed by
606 staff, having the auditors present could be helpful for a more detailed discussion.

607

608 Chair Kanzenbach and Mr. Magureanu noted that the next meeting is expected to be lengthy,
609 with significant discussion planned, including updates on the Maintenance and Operations
610 Center and a deeper review of various funds.

611

612 Mr. Magureanu acknowledged that the financial statements can be complex, especially for those
613 new to governmental accounting. He offered to meet one-on-one with Commissioners to walk
614 through the reports and explain key concepts. He emphasized that this could help build a clearer
615 understanding and make future meetings more efficient.

616

617 Chair Kanzenbach added that the financial statements are available on the city's website, though
618 somewhat difficult to locate, and noted that governmental accounting can be challenging due to
619 the use of multiple funds and different accounting methods.

620

621 Mr. Magureanu encouraged Commissioners to reach out and schedule time with him for
622 additional guidance or a detailed overview.

623

624 Commissioner Kaney noted that he was able to locate the 2024 Annual Comprehensive Financial
625 Report online, though he observed that it is a lengthy document.

626
627 Mr. Magureanu explained that the report can be accessed through the city’s website by
628 navigating to Government, then Departments, then Finance, and selecting Budget and Financial
629 Reports. He noted that multiple years of reports and budget documents are available in that
630 section.

631
632 Chair Kanzenbach added that while the document is extensive, certain sections, particularly the
633 statistical section and the notes to the financial statements, provide valuable insight into the
634 city’s operations and financial trends beyond just revenues and expenses.

635
636 Mr. Magureanu encouraged Commissioners to review the report and reiterate his offer to meet
637 individually to walk through the financial statements and answer questions.

638
639 Chair Kanzenbach proposed adding a review of the city’s investment policy to the work plan,
640 noting that it was last updated in 2022 and may benefit from revisions.

641
642 Chair Kanzenbach shared his background in investment management, particularly with
643 municipal bonds, and offered to take the lead on the review in coordination with Mr. Magureanu.
644 He emphasized the importance of ensuring the policy is clear, practical, and easy to follow,
645 outlining what is permitted and what is not, and confirming that the procedures described are
646 realistic and workable in practice.

647
648 Mr. Magureanu noted that after the topic was raised, he reviewed the current investment policy
649 and prepared a preliminary draft update. He explained that while no major changes were made,
650 he focused on improving clarity and overall flow. He suggested sharing the draft with the
651 Commission and using it as a starting point for further discussion.

652
653 Mr. Magureanu recommended comparing Roseville’s policy with those from other cities to
654 identify potential gaps or improvements. He also suggested seeking input from external
655 resources such as the League of Minnesota Cities, legal counsel, and financial brokers, noting
656 that these groups can provide valuable guidance and ensure compliance with state statutes.

657
658 Mr. Magureanu explained that brokers are required to follow the city’s investment policy and to
659 annually acknowledge that they will recommend only investments consistent with it. He
660 emphasized that the policy must clearly define allowable investments and align with legal
661 requirements.

662
663 Chair Kanzenbach agreed and noted that while the policy does not require urgent changes, it is a
664 good time to review it. He emphasized that municipal investment policies are intentionally
665 conservative due to state restrictions, with a focus on safety and liquidity rather than high
666 returns.

667
668 Mr. Magureanu added that investment decisions are driven largely by cash flow needs and the
669 city’s capital improvement plan, ensuring funds are available when needed. He noted that the

670 city prioritizes preserving principal and maintaining liquidity, with typical investments including
671 municipal bonds, U.S. Treasuries, insured certificates of deposit, and money market accounts.

672

673 Commissioner Kaney asked whether updates to the investment policy require formal approval or
674 are handled administratively by staff.

675

676 Mr. Magureanu explained that the City Council must approve any changes to the investment
677 policy. He noted that staff present updates that summarize revisions, often highlighting changes
678 through tracked edits and explaining the rationale behind them, after which the Council takes
679 action to approve the policy.

680

681 Chair Kanzenbach added that the anticipated updates are primarily focused on improving clarity
682 and usability rather than changing what the city is allowed to invest in. He emphasized that the
683 policy would remain aligned with state regulations and existing practices, to make it clearer and
684 more practical to follow.

685

686 Mr. Magureanu and Chair Kanzenbach emphasized the importance of regularly reviewing
687 financial policies, noting that these policies guide key functions such as investing, purchasing,
688 and internal controls.

689

690 Mr. Magureanu explained that while staff follow established practices, periodic reviews by fresh
691 perspectives are valuable to ensure clarity and alignment with current standards. He noted that
692 policy updates are often supported by guidance from organizations such as the League of
693 Minnesota Cities, which provides alerts, recommendations, and best practices when regulatory or
694 industry changes occur. He added that multiple resources, including legal review and
695 professional networks, help ensure policies remain current and compliant.

696

697 Chair Kanzenbach highlighted the significance of these policies given the scale of city funds
698 being managed, noting that reserves can total tens of millions of dollars.

699

700 Mr. Magureanu also referenced a recent investment portfolio performance review presented at a
701 prior meeting, encouraging Commissioners to review it for additional context on how city funds
702 are managed and how they are performing.

703

704 **Commission Direction on Member Initiated Agenda Items**

705

706 **Other Business**

707

708 Chair Kazenbach suggested that, with several new members present, it would be helpful for
709 Commissioners to briefly introduce themselves, including their background, connection to
710 Roseville, and interest in serving on the Commission. He asked whether the group agreed and
711 invited a long-serving member to begin.

712

713 Commissioner Vervoort introduced herself, noting that she is in her third year on the
714 Commission and has lived in Roseville for over a decade. She explained that her professional

715 background is in the life sciences, that she holds a PhD in chemistry, and that she has no
716 background in finance or accounting.

717
718 Commissioner Vervoort shared that she views herself as a representative of the general Roseville
719 resident and often asks foundational questions to understand financial topics better. She
720 highlighted her appreciation for the city’s parks, especially as a parent of two young children.
721 She noted a personal connection to the community through her time working at the Roseville
722 library during high school and college. She welcomed the new members to the Commission.

723
724 Commissioner Jeffers introduced himself, noting that he recently retired after a 30-year career in
725 accounting and tax accounting. He shared that he also served in the Navy earlier in his career.

726
727 Commissioner Jeffers explained that he has lived in Roseville for approximately 15 to 16 years
728 and is interested in contributing to the community and helping maintain the city’s strong
729 standing. While he has not worked extensively in fund accounting, he noted that he has a broad
730 background in various areas of accounting, including experience as a sales tax auditor, and
731 brings a generalist perspective to the Commission.

732
733 Commissioner Davy introduced himself, noting that he has served on the Commission since
734 around 2019. He explained that, like others, he does not have a financial background but values
735 understanding how the city operates and staying aware of its financial health.

736
737 Commissioner Davy shared that he spent most of his career in government, including nearly 20
738 years in law enforcement with the Ramsey County Sheriff’s Office, followed by work with a
739 nonprofit. He currently works in corporate security for a financial services company in St. Paul.
740 He added that he lives in Roseville with his wife and their dog, and that he appreciates being part
741 of a well-run city.

742
743 Chair Kanzenbach introduced himself, noting that he is in his second year on the Commission
744 after retiring a little over a year ago. He explained that he joined the Commission to stay engaged
745 and contribute his expertise.

746
747 Chair Kazenbach shared that his professional background is in institutional investment
748 management, with a specialization in fixed income and municipal bonds. He noted that he has
749 evaluated thousands of municipalities from a credit perspective and has extensive experience
750 analyzing the drivers of a city’s financial health.

751
752 Chair Kazenbach added that he and his wife have lived in Roseville for nearly 50 years, raising
753 their daughter in the community, and expressed his appreciation for the city. He remarked that
754 serving on the Commission has provided a valuable perspective, noting the difference between
755 analyzing cities from the outside and working within one.

756
757 Commissioner Randolph introduced himself, noting that he is new to the Commission and has
758 lived in Roseville for about a year, having recently become a homeowner. He shared that he has
759 been focused on settling into homeownership and getting established in the community.

760
761 Commissioner Randolph explained that he works as a data analyst and has an academic
762 background in social psychology. He noted that he does not have a formal background in finance
763 but is interested in contributing his analytical skills. He added that he joined the Commission to
764 become more involved in the community and local government, now that he is more settled in
765 Roseville.

766
767 Commissioner Kaney introduced himself, noting that he was recently appointed to the
768 Commission. He shared that he and his wife moved to Roseville in May 2023 and have three
769 young children, two of whom attend Roseville schools. He expressed appreciation for the
770 community, particularly the parks and neighborhood environment.

771
772 Commissioner Kaney explained that his professional background is in finance, with
773 approximately 13 to 14 years in banking. He currently manages a team of underwriters, working
774 primarily with businesses generating over \$50 million in revenue, with loan sizes typically
775 starting around \$10 million and extending to public companies. He noted experience reviewing
776 audited financial statements and some exposure to bond financing, particularly in nonprofit and
777 tax credit structures.

778
779 Commissioner Kaney added that while he is not an expert in municipal finance, he is
780 comfortable analyzing financial data and asking thoughtful questions. He stated that joining the
781 Commission is a structured way to give back to the community that fits with his family
782 responsibilities.

783
784 Mr. Magureanu introduced himself, noting that he goes by Sam and is originally from Romania.
785 He shared that he has lived in the United States for over 20 years and has been a U.S. citizen for
786 many years. He explained that he has three children and lives in Woodbury, where his family has
787 resided since 2014. He noted that his children are school-age and that he commutes daily to
788 Roseville.

789
790 Mr. Magureanu explained that he has been with the City of Roseville for approximately two and
791 a half months. He outlined his professional background in local government finance, including
792 prior roles as Finance Director for the City of Lino Lakes and the City of Lake Elmo, as well as
793 experience with the City of Stillwater. He added that he began his career in governmental
794 auditing, which led to his continued work in municipal finance, with approximately 10 years of
795 experience in the field.

796
797 Chair Kanzenbach thanked everyone for their contributions to the community.

798
799 **Adjourn**

800
801 Commissioner Kaney made a motion, seconded by Commissioner Davy to adjourn. The motion
802 carried unanimously.

803
804 Meeting adjourned at 7:57 p.m.

Roseville Finance Commission Agenda Item

DATE: May 12, 2026

ITEM: 5.a.

ITEM DESCRIPTION: Review the 2025 ACFR

Background

On May 11, 2025, the City Council received the City's annual audit presentation from the City's auditors, Redpath & Company. The presentation included a series of separately issued communications and compliance reports from the auditors along with a copy of the 2025 Annual Comprehensive Financial Report.

Rebecca Petersen, Managing Director from Redpath & Company will be presenting the City's annual audit to the Finance Commission on May 12th.

Recommendation

For information purposes only. No formal action is required.

Attachments

1. Roseville, City of - 2025 Final Issued Annual Comprehensive Financial Report (ACFR) - Locked
2. Roseville, City of - 2025 Final Issued Governance Letter - Locked
3. Roseville, City of - 2025 Final Issued Internal Control Report - Locked
4. Roseville, City of - 2025 Final Issued Legal Compliance Report - Locked

City of Roseville, Minnesota

Annual Comprehensive Financial Report

Fiscal Year End Dec. 31, 2025

2025



ROSEVILLE
Finance Department

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**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF ROSEVILLE, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

**PREPARED BY:
THE FINANCE DEPARTMENT**

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INTRODUCTORY SECTION

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May 4, 2026

To the City Council and Citizens of the City of Roseville:

Minnesota law requires cities to issue an annual report on financial position and activity prepared in accordance with U.S. generally accepted accounting principles (GAAP), and to have it audited in accordance with generally accepted auditing standards by a licensed firm of certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Roseville for the fiscal year ended December 31, 2025.

This report reflects management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of the information presented. To support these representations, the City has established a comprehensive internal control framework designed to safeguard assets and to provide sufficient, reliable information for preparing financial statements in conformity with GAAP. Because the cost of internal control should not outweigh its benefits, our framework provides reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Roseville's financial statements have been audited by Redpath and Company, an independent firm of licensed certified public accountants. The audit's objective was to obtain reasonable assurance that the City's financial statements for the year ended December 31, 2025, are free of material misstatement. The audit included test-based examination of evidence supporting amounts and disclosures; assessment of accounting principles and significant estimates; and evaluation of overall presentation. Based on the audit, the independent auditor issued an unmodified opinion that the City's 2025 financial statements are fairly presented in conformity with GAAP. The independent auditor's report appears as the first component of the Financial Section.

As required by GAAP, a Management's Discussion and Analysis (MD&A) accompanies the basic financial statements and provides a narrative overview and analysis. This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A follows the independent auditor's report.

Profile of the Government

Incorporated in 1948, Roseville is a suburban community bordering Minneapolis and St. Paul, Minnesota. The City occupies 13.7 square miles and serves a population of 36,305. Roseville is empowered to levy a property tax on real and personal property within its boundaries. Although state statute permits annexation, Roseville is fully developed and bordered by other incorporated communities.

Roseville has operated under the council-manager form of government since 1974. Policy-making and legislative authority rest with a City Council consisting of the Mayor and four Council Members. The Council passes ordinances, adopts the budget, appoints committees, and hires the City Manager. The City Manager implements Council policies and ordinances, oversees day-to-day operations, and appoints department heads. The Mayor and Council are elected at large on a non-partisan basis to staggered four-year terms.

The City provides a full range of services, including police and fire protection; construction and maintenance of streets, highways, and other infrastructure; water and sewer services; and recreational and cultural programming.

Budgetary Control

The annual budget is the foundation of the City's financial planning and control. Each May, departments submit appropriation requests to the City Manager, who develops a proposed budget for Council review prior to August 31. The Council holds public hearings and adopts a final budget no later than December 31, the close of the City's fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer appropriations within a fund; transfers between funds require City Council approval. Budget-to-actual comparisons are provided for each governmental fund with an adopted annual budget—General, Recreation, Community Development, Roseville Economic Development Authority, Telecommunications, License Center, and Charitable Gambling. For the General Fund, the comparison appears on page 88; for other budgeted governmental funds, comparisons appear in Required Supplementary Information (RSI) on pages 89-91 and the related schedules on pages 118-120.

Factors Affecting Financial Condition

Local Economy. Roseville continues to benefit from a stable and favorable economic environment. While the region is known for a strong retail sector, recent redevelopment has diversified the local economy. The area includes major industries such as computer hardware and software, electrical controls, medical services, and state government divisions supporting transportation and K-12 education. Roseville's employed labor force is approximately 40,000 and is expected to remain stable.

Given Roseville's fully developed status, opportunities for large-scale new housing are limited. The City has focused on supporting homeowners with redevelopment and remodeling efforts to ensure that, as demographic changes occur, younger families continue to choose Roseville.

Long-Term Financial Planning. The City Council annually reviews long-term goals and objectives. Recent priorities include establishing adequate funding mechanisms for infrastructure replacement, redeveloping housing options, and securing funds for new initiatives.

The City is working with state, county, federal, and neighboring jurisdictions to improve the regional transportation network—upgrading highways and strategically placing pathways. Most transportation funding is expected from external sources, with a smaller share from local taxpayers.

Financial Policies. As part of the annual budget process, the City reviews fiscal and budget policies each year. No significant changes were made from the prior year, except for a change in the capital investment policy to increase certain capitalization thresholds.

Major Initiatives and Community Aspirations

The City aims to provide necessary and desired services efficiently while limiting the financial burden on taxpayers. Additional goals focus on supporting community aspirations and responding to needs identified in the most recent citizen survey.

Community Aspirations

- Welcoming, inclusive, and respectful
- Safe and law-abiding
- Economically prosperous, with a stable and broad tax base
- Secure in our diverse, high-quality housing and neighborhoods
- Environmentally responsible, with well-maintained natural assets
- Physically and mentally active and healthy
- Well-connected through transportation and technology infrastructure
- Engaged in our community’s success as citizens, neighbors, volunteers, leaders, and businesspeople

These initiatives are not expected to have a significant financial impact. Where feasible, existing resources will be redirected. As future debt obligations decline, resources previously dedicated to debt service may be repurposed.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Roseville for its ACFR for the fiscal year ended December 31, 2024—the City’s 46th consecutive year receiving this honor. This award recognizes easily readable and efficiently organized reports that meet GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe the current ACFR meets the Certificate Program’s requirements and are submitting it to GFOA for consideration.

The City also received its 30th GFOA Distinguished Budget Presentation Award for the budget dated January 1, 2025. To qualify, the budget was evaluated as a policy document, financial plan, operations guide, and communications device.

Preparation of this report would not have been possible without the dedicated service of the Finance Department staff. I extend my appreciation to all team members who contributed to this effort. I also thank the Mayor and City Council for their continued support of the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,



Samuel Magureanu
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roseville
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

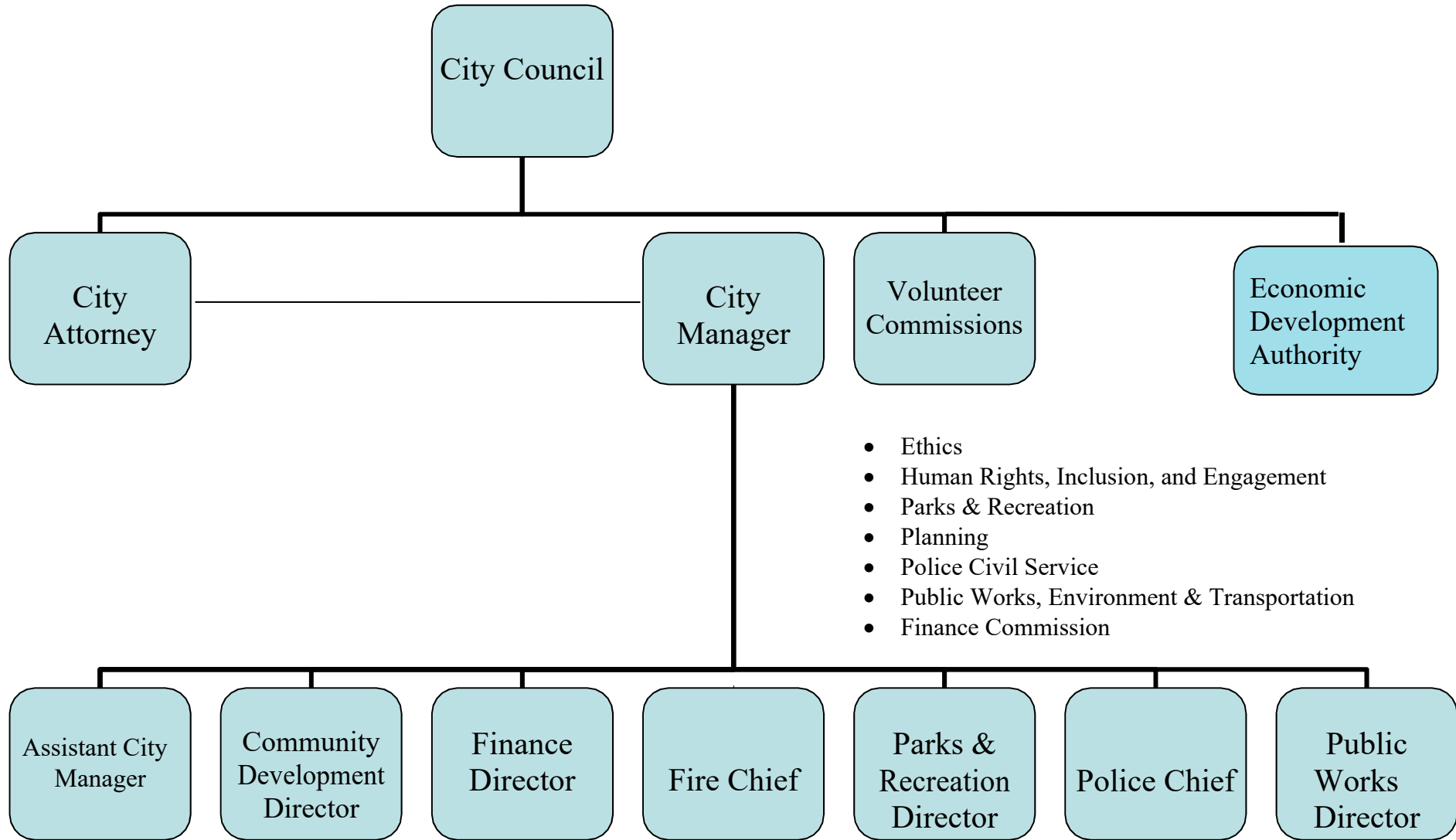
December 31, 2024

Christopher P. Morill

Executive Director/CEO

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City of Roseville Organizational Chart



- Ethics
- Human Rights, Inclusion, and Engagement
- Parks & Recreation
- Planning
- Police Civil Service
- Public Works, Environment & Transportation
- Finance Commission

- Human Resources
- Communications
- Elections
- Recycling
- Technology
- Council Support

- Building Codes
- Economic Development
- GIS
- Planning

- General Accounting
- License Center
- Utility Billing

- Administration
- Operations
- Training
- Inspections
- Investigations

- Golf Course
- Nature Center
- Skating Center
- Parks Maintenance
- Recreation Programs

- Community Relations
- Investigations
- Patrol
- Police Records
- Police Reserves

- Engineering
- Street Maintenance
- Utility Maintenance
- Facilities Maintenance
- Fleet Maintenance
- GIS

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CITY OF ROSEVILLE, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
December 31, 2025

Term Expires

Elected Officials:

Mayor	Dan Roe	December 31, 2026
Council	Matt Bauer	December 31, 2028
Council	Wayne Groff	December 31, 2026
Council	Robin Schroeder	December 31, 2026
Council	Julie Strahan	December 31, 2028

Appointed Officials:

City Manager	Pat Trudgeon
Finance Director	Samuel Magureanu
Police Chief	Erika Scheider
Fire Chief	David Brosnahan
Public Works Director	Jesse Freihammer
Parks & Recreation Director	Matthew Johnson
Community Development Director	Janice Gundlach

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Roseville, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Roseville, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise City of Roseville, Minnesota'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 City of Roseville, Minnesota, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Roseville, Minnesota 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the beginning net position for the 2025 financial statements has been restated due to an error correction. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Roseville, Minnesota'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 City of Roseville, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 City of Roseville, Minnesota's basic financial statements. The accompanying combining and individual nonmajor 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 nonmajor 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2026, on our consideration of City of Roseville, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Roseville, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roseville, Minnesota's internal control over financial reporting and compliance.

Redpath and Company LLC
REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 4, 2026

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As management of the City of Roseville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements and the additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 5 of this report.

Financial Highlights

- The assets and deferred outflows of the City of Roseville exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$238,489,776 (Net position). Of this amount, \$30,166,250 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position from operations increased by \$10,672,977.
- As of the close of the current fiscal year, the City of Roseville's governmental activities reported combined ending unrestricted net position of \$17,604,313.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$10,619,216 or 35% of total general fund expenditures budgeted for 2026. The unrestricted fund balance includes the assigned balances and the unassigned balance presented on the governmental funds balance sheet.
- The City of Roseville total bonded debt decreased by \$675,000 during the current fiscal year.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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, and liabilities and deferred inflows of resources, with the difference between the two 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. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, economic development and recreation. The business-type activities of the City of Roseville include water, sanitary sewer, golf, storm drainage and recycling.

The government-wide financial statements can be found in the Basic Financial Statements section of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 of 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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Recreation, ARPA, Community Development, Roseville Economic Development Authority, Debt Service, Revolving Improvements, Economic Increments Construction and Street Construction, all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sanitary Sewer, Water, Golf Course, Storm Drainage and Solid Waste Recycling operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for Workers' Compensation Self Insurance and Risk Management. The services provided by these funds predominately benefit the governmental rather than the business-type functions. They have been included within governmental activities in the government-wide financial statements.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sanitary Sewer, Water, Golf Course, Storm Drainage and Solid Waste Recycling since they are considered to be major funds of the City. Both internal service funds are combined into a separate single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in the Basic Financial Statements section 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.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, the *Required Supplementary Information* presents a detailed budgetary comparison schedule for the General, Recreation, Community Development, and the Roseville Economic Development Authority Fund to demonstrate compliance with the budget. In accordance with the requirements of GASB Statement 75, it also includes other post-employment benefit plan schedule of funding progress. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds and other information related to the individual funds are presented immediately following the required supplementary information.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The analysis of the City's financial position begins with a review of the *Statement of Net Position* and the *Statement of Activities*. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Roseville, assets and deferred outflows exceeded liabilities by \$238,489,776 as of December 31, 2025. This represents an increase of \$10,672,977 from the previous year.

By far the largest portion of the City of Roseville's net position (74.85% percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Roseville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roseville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024 *	Total 2025	Total 2024 *
Current and other assets	\$80,096,162	\$73,474,891	\$17,095,715	\$14,170,529	\$97,191,877	\$87,645,420
Capital assets	139,237,103	139,443,570	51,054,658	50,617,867	190,291,761	190,061,437
Total Assets	<u>219,333,265</u>	<u>212,918,461</u>	<u>68,150,373</u>	<u>64,788,396</u>	<u>287,483,638</u>	<u>277,706,857</u>
Deferred outflows of resources	<u>14,004,443</u>	<u>14,988,810</u>	<u>159,593</u>	<u>118,100</u>	<u>14,164,036</u>	<u>15,106,910</u>
Long-term liabilities						
Outstanding	26,301,504	26,991,181	2,815,238	1,828,772	29,116,742	28,819,953
Other liabilities	7,905,335	7,816,389	3,257,699	3,105,498	11,163,034	10,921,887
Total Liabilities	<u>34,206,839</u>	<u>34,807,570</u>	<u>6,072,937</u>	<u>4,934,270</u>	<u>40,279,776</u>	<u>39,741,840</u>
Deferred inflows of resources	<u>22,385,858</u>	<u>23,768,150</u>	<u>492,264</u>	<u>499,749</u>	<u>22,878,122</u>	<u>24,267,899</u>
Net Position						
Net investment in capital assets	129,331,576	129,194,910	49,182,828	48,401,095	178,514,404	177,596,005
Restricted	29,809,122	24,180,168	-	-	29,809,122	24,180,168
Unrestricted	17,604,313	15,946,473	12,561,937	10,094,153	30,166,250	26,040,626
Total Net Position	<u>\$176,745,011</u>	<u>\$169,321,551</u>	<u>\$61,744,765</u>	<u>\$58,495,248</u>	<u>\$238,489,776</u>	<u>\$227,816,799</u>

* Unrestricted net position restated for 2024 due to the correction of an error. Additional information on this correction can be found in Note 15 in the Notes to the Financial Statements section of this report.

A portion of the City of Roseville's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaling \$30,166,250 may be used to meet the City's ongoing obligations to citizens and creditors.

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

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Analysis of the City's Operations – Governmental activities increased the City of Roseville's net position by \$7,423,460; Business-type activities increased Roseville's net position by \$3,249,517; for an overall increase of \$10,672,977. Key elements of this increase are as follows:

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Revenues						
Program Revenues						
Charges for services	\$12,058,059	\$10,347,606	\$21,890,654	\$20,931,401	\$33,948,713	\$31,279,007
Operating grants and Contributions	3,409,066	3,061,374	523,300	141,459	3,932,366	3,202,833
Capital grants and Contributions	758,901	3,484,881	43,989	341,790	802,890	3,826,671
General Revenues						
Property taxes	29,831,421	28,244,857	-	-	29,831,421	28,244,857
Other taxes	5,729,442	3,628,288	-	-	5,729,442	3,628,288
Investment earnings	3,759,219	4,088,613	281,785	230,148	4,041,004	4,318,761
Net Increase (decrease) in fair value of investments	1,608,735	642,891	200,002	(42,421)	1,808,737	600,470
Gain on Sale of capital asset	95,381	238,361	175,854	146,915	271,235	385,276
Total Revenues	\$57,250,224	\$53,736,871	\$23,115,584	\$21,749,292	\$80,365,808	\$75,486,163
Expenses						
General government	\$8,185,855	\$8,369,989	-	\$ -	\$8,185,855	\$8,369,989
Public safety	23,784,129	21,484,496	-	-	23,784,129	21,484,496
Public works	6,606,445	6,267,875	-	-	6,606,445	6,267,875
Economic development	2,971,420	3,697,814	-	-	2,971,420	3,697,814
Recreation	8,069,095	7,646,553	-	-	8,069,095	7,646,553
Interest on debt	127,651	279,387	-	-	127,651	279,387
Sanitary sewer	-	-	5,697,694	5,147,221	5,697,694	5,147,221
Water	-	-	9,633,418	8,491,848	9,633,418	8,491,848
Golf	-	-	733,296	665,530	733,296	665,530
Storm drainage	-	-	2,217,958	1,860,959	2,217,958	1,860,959
Recycling	-	-	1,665,870	1,082,334	1,665,870	1,082,334
Total Expenses	\$ 49,744,595	\$ 47,746,114	\$ 19,948,236	\$ 17,247,892	\$ 69,692,831	\$ 64,994,006
Change in Net Position before Transfers						
Transfers	\$7,505,629	\$5,990,757	\$3,167,348	\$4,501,400	\$10,672,977	\$10,492,157
Transfers	(82,169)	(719,111)	82,169	719,111	-	-
Increase (decrease) in Net position	7,423,460	5,271,646	3,249,517	5,220,511	10,672,977	10,492,157
Net position, January 1	\$169,321,551	\$164,049,905	\$59,472,477	\$54,251,966	228,794,028	218,301,871
Error correction	-	-	(977,229)	-	(977,229)	-
Net position on December 31st	\$176,745,011	\$169,321,551	\$61,744,765	\$59,472,477	\$238,489,776	\$228,794,028

CITY OF ROSEVILLE, MINNESOTA

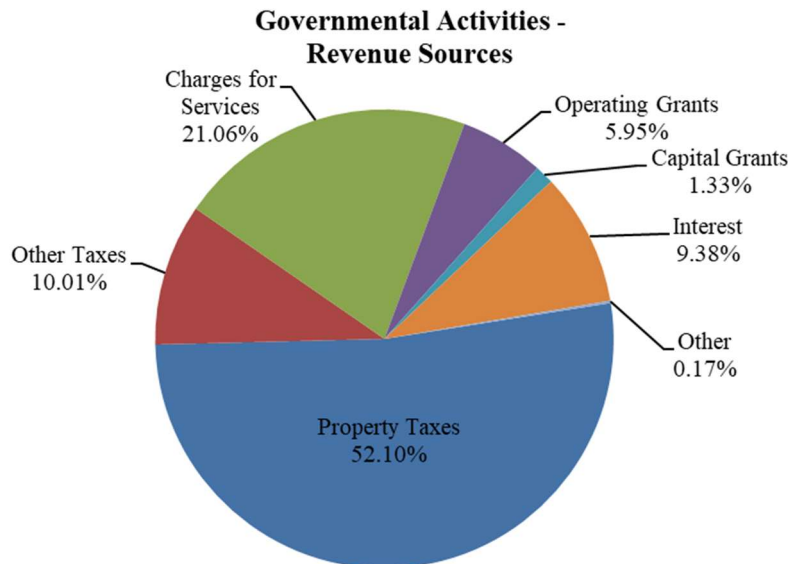
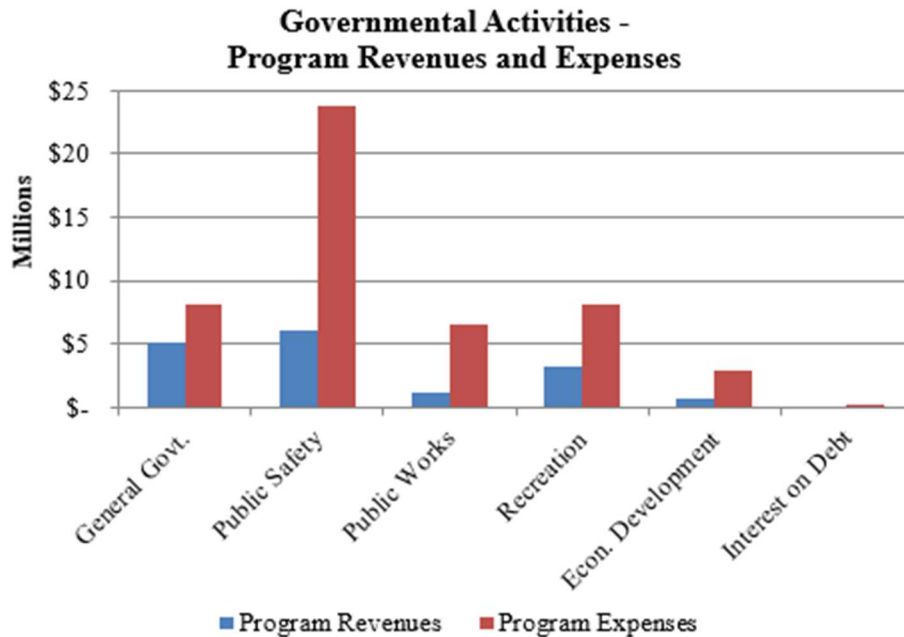
MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Activities

The increase in net position resulted from the collection of a local option sales tax implemented as of July 1, 2025 for the financing of a new Maintenance Operational Center, purchase of capital assets being depreciated and not being depreciated, increase in fair value of investments, and a focus on prudent spending habits.

Below are specific graphs, which provide comparisons of the governmental activities revenues and expenses for the last fiscal year.



CITY OF ROSEVILLE, MINNESOTA

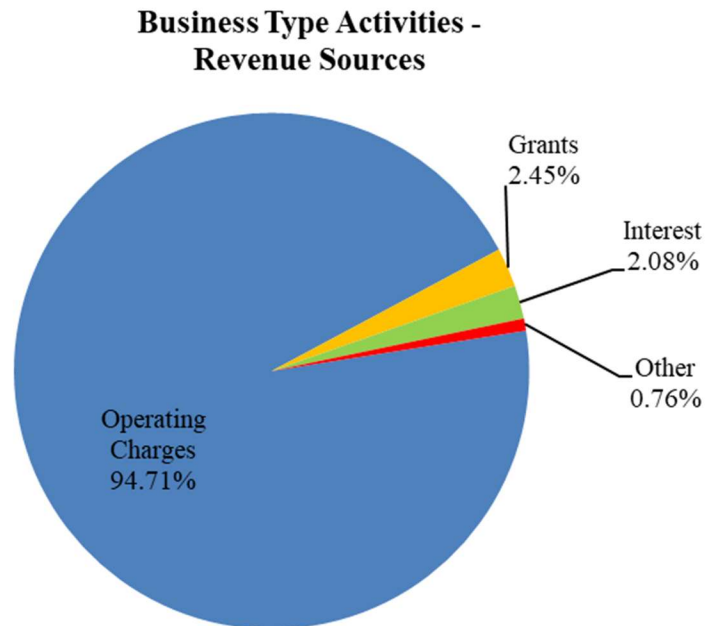
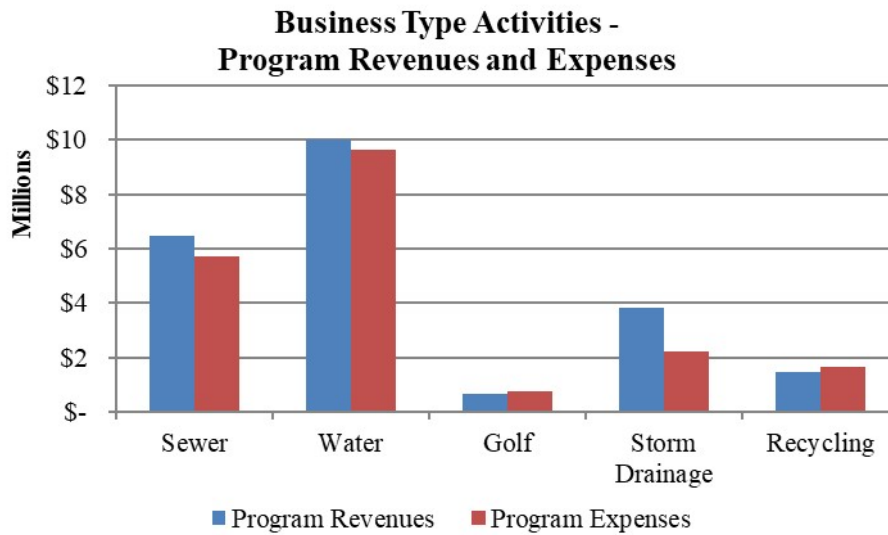
MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Business-type Activities

The increase in net position for business-type activities reflects improved cost containment. Rate increases in 2025 for Water were implemented to offset increased operating costs and declining interest earnings as well as other non-tax revenue sources. A major factor in the increase of net position is the capitalization of depreciable assets in 2025.

Below are graphs showing the business-type activities revenue and expense comparisons for the past fiscal year.



CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City of Roseville'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 of Roseville's financing requirements. In particular, unrestricted fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Roseville's governmental funds reported combined ending fund balances of \$58,866,867. Approximately 64.29% of this total amount, or \$37,844,584, constitutes unrestricted fund balance. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it is legally restricted for; 1) various operating purposes - \$7,165,057, 2) for tax increment financing activities - \$7,582,681, 3) debt service - \$2,397,094, 4) housing and economic development - \$1,580,605, and 5) capital projects - \$2,296,846.

The General Fund net change in fund balance increased by \$463,149 in 2025. The primary factor was an increase of approximately \$1.2 million in charges for services related to contracted police services provided to various retailers and entities in Roseville, which began late in the first quarter. Although this new revenue source boosted overall revenues, the impact was partially offset by the net effect of interfund transfers and higher expenditures, driven largely by increases in public safety personnel costs for both Police and Fire services. In addition, an increase in the fair market value of the City's investments contributed positively to the year-end results.

The Recreation Fund increased by \$96,629, due mainly to increased revenues from rentals and donations received as well as less funds being transferred to the general reserve fund.

The Community Development fund increased by \$374,624 due to the receipt of local affordable housing aid, approximately 563K, which has yet to be utilized for expenditures. The city has three years to utilize the funds before required to return to the State of Minnesota.

The Roseville Economic Development Authority fund increased by \$33,714 due to the increase of the fair market value of investments in 2025.

The Debt Service Fund increased by \$27,895 in 2025, primarily due to an increase in the fair market value of investments. The Fund currently holds cash and investment balances that will be used to make the final debt service payments on two outstanding bond issues scheduled to be fully retired in 2028.

The Revolving Improvements Fund increased by \$3,117,353 mainly due to the issuance of bond 2025A for the purchase of an electric fire engine and the introduction of the new local sales tax for the construction of the new Maintenance Operations Center. Other significant factors would be the increase of fair market value of investments and transfers in from the general fund to support capital projects.

The Economic Increments Construction Fund accounts for the activities in the City's Tax Increment Financing (TIF) Districts. The Fund's balance increased by \$663,398 largely due to receipt of TIF funds for TIF #17 which will be used in the near future for expenditures related to the Hyde – PIK development.

The Street Construction Fund increased by \$413,007 mainly due to the increase in fair market value of investments and 2025 projects extending into 2026.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Proprietary Funds

The City of Roseville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sanitary Sewer fund net position increased by \$1,142,987 in 2025. This was a result of revenues exceeding operational and capital cost within the year because of the capitalization of a new sewer jet truck and improvements to the Dale/Owasso lift station.

The Water fund net position increased by \$504,405. This was a result of revenues exceeding operational and capital costs within the year. Factors that contributed were as follows: A significant adjustment to beginning net position due to the correction of an error for \$977,229, 2025 water fee rate increase and a capital contribution grant.

The Golf fund net position increased by \$14,632 in 2025. The increase relates primarily to transfers in as a result of allocation of capital costs to other capital infrastructure funds.

The Storm Drainage fund net position increased by \$1,775,318 in 2025. This was the result of user charges exceeding expenses which will be used to fund future capital projects. The increase is also due to capital assets added exceeding current depreciation.

The Solid Waste Recycling fund net position decreased by \$187,825 in 2025. This was a result of the purchase of recycling carts city wide which were partially funded by a Ramsey County PEIG grant.

The unrestricted net position in the respective proprietary funds is Sewer - \$3,714,800; Water - \$2,505,442; Golf - (\$71,667); Storm - \$5,969,328 and Recycling - \$444,034. Overall net position increased \$3,249,517 reflecting positive cash flow from utility rates, which were designated for future capital replacements.

General Fund Budgetary Analysis

The General Fund balance increased by \$463,149 in 2025. The primary driver of this increase was a \$1,119,682 rise in charges for services, resulting from the implementation of contracted police services to Roseville entities beginning at the end of the first quarter. Although this new revenue source contributed significantly to revenues, it also generated higher personnel costs, as overtime expenditures increased for staff assigned to these contracted services. These costs partially offset the revenue gains and contributed to Public Safety expenditures exceeding the final budget by \$1,445,612.

General property tax revenues were \$588,773 lower than the final budget, primarily due to an increase in approved valuation petitions that reduced the City's taxable market values and overall tax capacity. This reduction resulted from significant market value adjustments applied by the County Assessor's Office to commercial and industrial properties in 2022 and 2023. Intergovernmental revenues were \$322,698 higher than the final budget due to increased Minnesota Public Safety Aid. Licenses and permits revenue exceeded the final budget by \$217,227, mainly due to higher-than-expected right-of-way permit activity. Investment income in the General Fund also exceeded the final budget, largely due to an increase in the fair value adjustment of investments based on market conditions as of December 31, 2025.

The General Fund received transfers totaling \$678,621 from the License Center and Parks and Recreation Funds to maintain the unrestricted fund balance at or above the City's minimum policy level of 35 percent of subsequent year General Fund budgeted expenditures.

The rental revenue budget was increased due to a reclassification of this revenue as miscellaneous revenue. This reclassification also accounts for the corresponding decrease in the miscellaneous revenue budget.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT’S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

CAPITAL ASSETS

The City of Roseville’s investment in capital assets for its governmental and business type activities as of December 31, 2025, amounts to \$190,291,761 (net of accumulated depreciation) – an increase of \$240,324 from the previous year. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and right to use leases.

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

- Approximately \$2.0 million in improvements to the City’s streets, part of the 2025 Pavement Management Program
- Approximately \$2.9 million in improvements to the City’s sewer lines, water lines, lift stations and storm drainage infrastructure.
- Approximately \$1.7 million in vehicle replacement purchases between Governmental and Business-Type activities.
- Purchased an Electric Fire Engine for approximately \$1.8 million.
- Addition of capital assets exceeded depreciation and disposals which resulted in a \$240 thousand increase from the prior year.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Land & easements	\$37,172,750	\$37,172,750	\$893,299	\$893,299	\$38,066,049	\$38,066,049
Buildings	24,236,388	25,258,000	2,254,659	2,321,217	26,491,047	27,579,217
Right to use lease buildings		-	187,080	249,441	187,080	249,441
Improvements other						
Than buildings	9,315,074	9,182,994	220,352	166,613	9,535,426	9,349,607
Machinery & equipment	7,394,588	7,571,386	2,040,955	1,796,073	9,435,543	9,367,459
Right to use lease vehicles		-	10,681	21,360	10,681	21,360
Infrastructure	57,911,664	58,128,202	44,359,502	42,739,042	102,271,166	100,867,244
Construction in progress	3,206,639	2,120,237	1,088,130	2,430,823	4,294,769	4,551,060
Total Capital Assets	<u>\$139,237,103</u>	<u>\$139,433,569</u>	<u>\$51,054,658</u>	<u>\$50,617,868</u>	<u>\$190,291,761</u>	<u>\$190,051,437</u>

Additional information on the City of Roseville’s capital assets can be found in Notes 1K and Note 5 in the Notes to the Financial Statements section of this report.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT’S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

LONG-TERM OBLIGATIONS

At the end of the current fiscal year, The City of Roseville had total long-term debt outstanding of \$11,005,000. Of this amount:

- \$3,880,000 of general obligation bonds that funded construction of a new fire station and for various parks renewal projects
- \$2,130,000 for the refunding of general obligation bonds that financed the original construction of a new fire station and to make various park improvements
- \$1,790,000 for purchase of a new RTX Electric Fire Engine
- \$1,605,000 in general obligation tax increment revenue bonds to finance public improvements within Tax Increment Financing District No. 17
- \$1,600,000 in general obligation water revenue bonds to finance the replacement of water infrastructure capital assets

OUTSTANDING DEBT GENERAL OBLIGATION IMPROVEMENT BONDS AND CERTIFICATES OF INDEBTEDNESS

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
General obligation bonds						
Tax Increment Revenue Bonds	\$1,605,000	\$1,805,000	\$ -	\$ -	\$1,605,000	\$1,805,000
Municipal bonds	7,800,000	8,025,000	1,600,000	1,850,000	9,400,000	9,875,000
Total Outstanding Debt	\$9,405,000	\$9,830,000	\$1,600,000	\$1,850,000	\$11,005,000	\$11,680,000

The City of Roseville maintains an Aaa rating from Moody's and an AAA from Standard and Poor's on all of its general obligation debt.

Minnesota State statutes limit the amount of general obligation debt a city may issue to 3% of total Estimated Market Value. The current debt limitation for the City of Roseville is \$200,675,425. \$9,405,000 of the City's outstanding debt is counted against the statutory limitation as the debt is wholly financed by a general tax levy.

Additional information on the City of Roseville's long-term debt can be found in Note 10 and Note 6 of this report.

CITY OF ROSEVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2025

FINANCIAL OUTLOOK

A number of local economic and operational factors were considered in developing the City's 2026 budget, utility rates, and fee schedule:

- ❖ The City has experienced valuation challenges from larger commercial properties disputing assessed market values determined by Ramsey County, especially during 2022 and 2023 fiscal years. These appeals have resulted in reduced property tax collections compared to original levy expectations. However, assessed values have begun trending more in line with market conditions, which may reduce the volume of future valuation petitions.
- ❖ Public safety expenditures are expected to increase in 2026 due to the addition of 15 firefighter/EMT positions and 7 police positions. To help offset these costs, the City was awarded two federal grants: the Staffing for Adequate Fire and Emergency Response (SAFER) grant from Federal Emergency Management Agency and the Community Oriented Policing Services (COPS) grant from the U.S. Department of Justice. Both grants are expected to be fully utilized by the end of 2028, at which time the City will need to identify alternative funding sources.
- ❖ The City implemented gas and electric franchise fees effective Quarter 1, 2026, to support capital infrastructure needs and reduce reliance on property taxes.
- ❖ A Local Option Sales Tax became effective July 1, 2025. Proceeds will be used to repay future bond issuances related to the construction of the Maintenance Operations Center.
- ❖ The City anticipates issuing general obligation bonds in 2026 to finance the construction of a new license center and dance studio. The City plans to use the existing debt service levy capacity from two prior bond issues that are scheduled to be fully retired in 2027 to support the new debt without increasing the levy. Debt levels are expected to remain within the City's established policy limits.
- ❖ User charges in the water, sewer, and recycling funds were increased to reflect rising operating costs and to support long-term asset replacement.

These factors were incorporated into the City's 2026 budget and will continue to be monitored as part of ongoing financial planning efforts.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Office of the Finance Director, 2660 Civic Center Drive, Roseville, MN 55113.

BASIC FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$58,574,838	\$12,382,108	\$70,956,946
Receivables			
Accounts	945,047	4,002,682	4,947,729
Taxes	831,288	-	831,288
Investment interest	198,956	42,414	241,370
Special assessments	297,797	592,807	890,604
Due from other governments	2,189,680	30,264	2,219,944
Notes	6,145,941	-	6,145,941
Leases	2,684,142	-	2,684,142
Prepays	35,578	32	35,610
Inventory	-	45,408	45,408
Assets held for resale	10,410	-	10,410
Net pension asset - fire relief	8,182,485	-	8,182,485
Capital assets not being depreciated:			
Land	29,440,857	893,299	30,334,156
Easements	7,731,893	-	7,731,893
Construction in progress	3,206,639	1,088,130	4,294,769
Capital assets net of accumulated depreciation and amortization:			
Buildings	24,236,388	2,254,659	26,491,047
Right to use lease buildings	-	187,080	187,080
Improvements other than buildings	9,315,074	220,352	9,535,426
Machinery, equipment and vehicles	7,394,588	2,040,955	9,435,543
Right to use lease vehicles	-	10,681	10,681
Infrastructure	57,911,664	44,359,502	102,271,166
Total assets	<u>219,333,265</u>	<u>68,150,373</u>	<u>287,483,638</u>
Deferred Outflows of Resources			
Deferred OPEB resources	308,254	-	308,254
Deferred pension resource	13,696,189	159,593	13,855,782
Total deferred outflows of resources	<u>14,004,443</u>	<u>159,593</u>	<u>14,164,036</u>
Liabilities:			
Accounts payable	1,049,372	3,054,325	4,103,697
Accrued payroll	1,112,501	151,397	1,263,898
Contracts and retainage payable	63,268	-	63,268
Bond interest payable	72,260	9,895	82,155
Due to other governmental units	4,789,108	30,082	4,819,190
Unearned revenue	31,060	-	31,060
Deposits payable	787,766	12,000	799,766
Noncurrent Liabilities:			
Due Within One Year	3,810,915	394,522	4,205,437
Due in More than One Year	22,490,589	2,420,716	24,911,305
Total liabilities	<u>34,206,839</u>	<u>6,072,937</u>	<u>40,279,776</u>
Deferred Inflows of Resources			
Related to leases	2,684,142	-	2,684,142
Deferred OPEB resources	497,302	-	497,302
Deferred pension resources	19,204,414	492,264	19,696,678
Total deferred inflows of resources	<u>22,385,858</u>	<u>492,264</u>	<u>22,878,122</u>
Net Position:			
Investment in capital assets	129,331,576	49,182,828	178,514,404
Restricted for:			
Fire relief pension	8,182,485	-	8,182,485
Law enforcement	673,039	-	673,039
Public safety aid	145,415	-	145,415
Telecommunication	69,889	-	69,889
Community development	4,175,869	-	4,175,869
Park dedication	2,065,267	-	2,065,267
Capital projects	2,949,435	-	2,949,435
Tax increment	7,604,722	-	7,604,722
Debt service	2,362,396	-	2,362,396
Housing and economic development	1,580,605	-	1,580,605
Unrestricted	17,604,313	12,561,937	30,166,250
Total net position	<u>\$176,745,011</u>	<u>\$61,744,765</u>	<u>\$238,489,776</u>

The accompanying notes are an integral part of these financial statements.

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$8,185,855	\$5,005,409	\$174,880	\$ -	(\$3,005,566)	\$ -	(\$3,005,566)
Public safety	23,784,129	3,585,134	2,473,412	-	(17,725,583)	-	(17,725,583)
Public works	6,606,445	277,576	112,022	758,901	(5,457,946)	-	(5,457,946)
Economic development	2,971,420	35,699	648,752	-	(2,286,969)	-	(2,286,969)
Recreation	8,069,095	3,154,241	-	-	(4,914,854)	-	(4,914,854)
Interest on long-term debt	127,651	-	-	-	(127,651)	-	(127,651)
Total governmental activities	<u>49,744,595</u>	<u>12,058,059</u>	<u>3,409,066</u>	<u>758,901</u>	<u>(33,518,569)</u>	<u>-</u>	<u>(33,518,569)</u>
Business-type activities:							
Sewer	5,697,694	6,435,880	53,000	-	-	791,186	791,186
Water	9,633,418	9,954,005	16,718	43,989	-	381,294	381,294
Golf	733,296	652,912	-	-	-	(80,384)	(80,384)
Storm drainage	2,217,958	3,828,507	17,922	-	-	1,628,471	1,628,471
Recycling	1,665,870	1,019,350	435,660	-	-	(210,860)	(210,860)
Total business-type activities	<u>19,948,236</u>	<u>21,890,654</u>	<u>523,300</u>	<u>43,989</u>	<u>-</u>	<u>2,509,707</u>	<u>2,509,707</u>
Total governmental and business-type activities	<u>\$69,692,831</u>	<u>\$33,948,713</u>	<u>\$3,932,366</u>	<u>\$802,890</u>	<u>(33,518,569)</u>	<u>2,509,707</u>	<u>(31,008,862)</u>
General revenues:							
Property taxes					29,831,421	-	29,831,421
Tax increments					2,191,480	-	2,191,480
Sales and use taxes					3,192,168	-	3,192,168
Cable franchise taxes					303,776	-	303,776
Gambling taxes					42,018	-	42,018
Unrestricted investment earnings					3,759,219	281,785	4,041,004
Unrestricted net increase(decrease) in the fair value of investments					1,608,735	200,002	1,808,737
Gain on sale of capital assets					95,381	175,854	271,235
Transfers					(82,169)	82,169	-
Total general revenues and transfers					<u>40,942,029</u>	<u>739,810</u>	<u>41,681,839</u>
Change in net position					7,423,460	3,249,517	10,672,977
Net position, January 1, as previously reported					169,321,551	59,472,477	228,794,028
Error correction - see Note 15					-	(977,229)	(977,229)
Total net position, January 1, as restated					<u>169,321,551</u>	<u>58,495,248</u>	<u>227,816,799</u>
Net position - ending					<u>\$176,745,011</u>	<u>\$61,744,765</u>	<u>\$238,489,776</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue				
	General	Recreation	ARPA	Community Development	Roseville Economic Development Authority
Assets:					
Cash and investments	\$12,917,312	\$2,280,358	\$31,060	\$5,290,216	\$2,699,078
Investment interest receivable	42,310	8,078	-	18,125	9,248
Accounts receivable	362,737	284,897	-	1,153	11,242
Taxes receivable	380,215	61,511	-	-	10,951
Special assessments receivable	40,806	-	-	-	-
Due from other governments	181,963	-	-	-	-
Due from other funds	-	-	-	-	10,000
Notes receivable	-	-	-	1,389,568	4,756,373
Lease receivable	2,612,386	-	-	-	-
Property held for sale	-	-	-	-	10,410
Prepaid items	35,578	-	-	-	-
Total assets	16,573,307	2,634,844	31,060	6,699,062	7,507,302
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	424,359	138,613	-	7,232	59,422
Accrued payroll	616,253	237,243	-	111,105	12,624
Contracts and retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	705,713	12,631	-	1,391,389	2,218,613
Unearned revenue	-	-	31,060	-	-
Deposit payable	519,776	1,058	-	247,882	-
Total liabilities	2,266,101	389,545	31,060	1,757,608	2,290,659
Deferred Inflows of Resources:					
Related to leases	2,612,386	-	-	-	-
Unavailable revenue - due from other governments	118,760	-	-	-	-
Unavailable revenue - property tax	347,850	57,527	-	-	10,550
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	3,078,996	57,527	-	0	10,550
Fund Balance:					
Nonspendable	35,578	-	-	-	-
Restricted					
Law enforcement	428,001	-	-	-	-
Telecommunications	-	-	-	-	-
Public safety aid	145,415	-	-	-	-
Community development	-	-	-	4,175,869	-
Park Dedication	-	-	-	-	-
Capital Projects	-	-	-	-	-
Tax increments	-	-	-	-	-
Debt Services	-	-	-	-	-
Housing and Economic Development	-	-	-	765,585	815,020
Committed					
Street replacement	-	-	-	-	-
Assigned					
Parks and Recreation Programs and Maintenance	-	2,187,772	-	-	-
License Center Improvements	-	-	-	-	-
Information Technology	109,992	-	-	-	-
Engineering Services	510,479	-	-	-	-
Accounting Service	21,367	-	-	-	-
Capital Projects	-	-	-	-	-
Housing and Economic Development	-	-	-	-	4,391,073
Unassigned	9,977,378	-	-	-	-
Total fund balance	11,228,210	2,187,772	-	4,941,454	5,206,093
Total liabilities, deferred inflows of resources, and fund balance	\$16,573,307	\$2,634,844	\$31,060	\$6,699,062	\$7,507,302

The accompanying notes are an integral part of these financial statements.

Capital Projects						
Debt Service	Revolving Improvements	Economic Increments Construction	Street Construction	Other Governmental Funds	Intra Activity Elimination	Total Governmental Funds
\$2,386,312	\$18,096,488	\$7,330,130	\$5,587,780	\$962,989	\$ -	\$57,581,723
8,175	61,807	25,131	19,144	3,631	-	195,649
-	276	-	-	284,016	-	944,321
40,169	53,533	259,461	20,393	5,055	-	831,288
-	-	-	256,991	-	-	297,797
-	1,770,627	-	237,090	-	-	2,189,680
-	-	-	-	-	-	10,000
-	-	-	-	-	-	6,145,941
-	71,756	-	-	-	-	2,684,142
-	-	-	-	-	-	10,410
-	-	-	-	-	-	35,578
<u>2,434,656</u>	<u>20,054,487</u>	<u>7,614,722</u>	<u>6,121,398</u>	<u>1,255,691</u>	<u>-</u>	<u>70,926,529</u>
-	198,680	-	98,380	76,767	-	1,003,453
-	-	-	-	135,276	-	1,112,501
-	-	-	63,268	-	-	63,268
-	-	10,000	-	-	-	10,000
-	-	-	-	460,762	-	4,789,108
-	-	-	-	-	-	31,060
-	19,050	-	-	-	-	787,766
-	217,730	10,000	161,648	672,805	-	7,797,156
-	71,756	-	-	-	-	2,684,142
-	698,341	-	-	-	-	817,101
37,562	50,066	22,041	19,072	4,728	-	549,396
-	-	-	211,867	-	-	211,867
<u>37,562</u>	<u>820,163</u>	<u>22,041</u>	<u>230,939</u>	<u>4,728</u>	<u>-</u>	<u>4,262,506</u>
-	-	-	-	-	-	35,578
-	-	-	-	245,038	-	673,039
-	-	-	-	69,889	-	69,889
-	-	-	-	-	-	145,415
-	-	-	-	-	-	4,175,869
-	2,065,267	-	-	-	-	2,065,267
-	2,296,846	-	-	-	-	2,296,846
-	-	7,582,681	-	-	-	7,582,681
2,397,094	-	-	-	-	-	2,397,094
-	-	-	-	-	-	1,580,605
-	-	-	5,728,811	-	-	5,728,811
-	-	-	-	-	-	2,187,772
-	-	-	-	263,231	-	263,231
-	-	-	-	-	-	109,992
-	-	-	-	-	-	510,479
-	-	-	-	-	-	21,367
-	14,654,481	-	-	-	-	14,654,481
-	-	-	-	-	-	4,391,073
-	-	-	-	-	-	9,977,378
<u>2,397,094</u>	<u>19,016,594</u>	<u>7,582,681</u>	<u>5,728,811</u>	<u>578,158</u>	<u>-</u>	<u>58,866,867</u>
<u>\$2,434,656</u>	<u>\$20,054,487</u>	<u>\$7,614,722</u>	<u>\$6,121,398</u>	<u>\$1,255,691</u>	<u>\$ -</u>	<u>\$70,926,529</u>
Fund balance reported above						\$58,866,867
Capital assets used in governmental activities are not financial resources and therefore, are not reported above						139,237,103
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds						(25,859,108)
Internal service funds are used by management to charge the cost of insurance to individual funds.						436,573
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds						9,760,849
Governmental funds do not report long term amounts related to pensions and OPEB						
Deferred outflow of resources						14,004,443
Deferred inflow of resources						(19,701,716)
Net position of governmental activities						<u>\$176,745,011</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025

	Special Revenue				
	General	Recreation	ARPA	Community Development	Roseville Economic Development Authority
Revenues:					
General property taxes	\$19,838,695	\$3,255,962	\$ -	\$ -	\$351,644
Tax increments	-	-	-	-	-
Intergovernmental revenue	2,694,238	-	183,607	-	85,000
Licenses and permits	797,787	-	-	1,415,647	-
Sales and use tax	-	-	-	-	-
Gambling taxes	-	-	-	-	-
Charges for services	2,616,982	2,751,280	-	76,363	-
Fines and forfeits	96,829	-	-	-	-
Cable franchise taxes	-	-	-	-	-
Affordable housing aid	-	-	-	563,752	-
Rentals	405,413	107,331	-	-	-
Donation	77,147	133,832	-	-	-
Special assessments	1,150	-	-	-	-
Investment income:					
Interest earned on investments	234,577	49,505	-	127,307	82,519
Increase (decrease) in fair value of investments	408,331	71,526	-	138,809	105,100
Miscellaneous Revenue	272,404	76,548	-	14,897	23,824
Total revenues	27,443,553	6,445,984	183,607	2,336,775	648,087
Expenditures:					
Current:					
General government	4,723,513	-	-	-	-
Public safety	19,497,277	-	-	1,189,464	-
Public works	3,141,977	-	126,940	-	-
Economic development	-	-	-	730,920	614,373
Recreation	-	6,187,835	-	-	-
Capital outlay	28,175	80,164	-	47,567	-
Debt service:					
Bond principal	-	-	-	-	-
Interest and other charges - bonds	-	-	-	-	-
Total expenditures	27,390,942	6,267,999	126,940	1,967,951	614,373
Excess (deficiency) of revenues over (under) expenditures	52,611	177,985	56,667	368,824	33,714
Other financing sources (uses):					
Proceeds from long term debt, net	-	-	-	-	-
Premium on long term debt	-	-	-	-	-
Transfers in	935,288	-	-	-	-
Transfers out	(525,000)	(81,356)	(56,667)	-	-
Sale of capital asset	250	-	-	5,800	-
Total other financing sources (uses)	410,538	(81,356)	(56,667)	5,800	-
Net change in fund balance	463,149	96,629	-	374,624	33,714
Fund balance, January 1	10,765,061	2,091,143	-	4,566,830	5,172,379
Fund balance, December 31	\$11,228,210	\$2,187,772	\$ -	\$4,941,454	\$5,206,093

The accompanying notes are an integral part of these financial statements.

Capital Projects						
Debt Service	Revolving Improvements	Economics Increments Construction	Street Construction	Other Governmental Funds	Intra Activity Eliminations	Total Governmental Funds
\$2,129,214	\$2,833,536	\$ -	\$1,079,442	\$267,581	\$ -	\$29,756,074
-	-	2,191,480	-	-	-	2,191,480
-	-	-	255,726	-	-	3,218,571
-	-	-	-	-	-	2,213,434
-	2,539,579	-	-	-	-	2,539,579
-	-	-	-	42,018	-	42,018
-	79,752	-	-	2,825,591	-	8,349,968
-	-	-	-	-	-	96,829
-	-	-	-	303,776	-	303,776
-	-	-	-	-	-	563,752
-	113,560	-	-	-	-	626,304
-	81,000	-	-	99,180	-	391,159
-	-	-	150,302	-	-	151,452
49,319	406,861	165,241	165,352	28,671	-	1,309,352
70,571	427,113	195,562	146,235	6,177	-	1,569,424
-	25,989	-	-	85,156	-	498,818
<u>2,249,104</u>	<u>6,507,390</u>	<u>2,552,283</u>	<u>1,797,057</u>	<u>3,658,150</u>	<u>-</u>	<u>53,821,990</u>
-	269,060	-	-	3,052,618	-	8,045,191
-	503,350	-	-	3,960	-	21,194,051
-	398,350	-	147,709	-	-	3,814,976
-	-	1,638,954	-	-	-	2,984,247
-	447,288	-	-	-	-	6,635,123
-	4,123,873	-	1,236,341	-	-	5,516,120
2,215,000	-	-	-	-	-	2,215,000
304,698	-	-	-	-	-	304,698
<u>2,519,698</u>	<u>5,741,921</u>	<u>1,638,954</u>	<u>1,384,050</u>	<u>3,056,578</u>	<u>-</u>	<u>50,709,406</u>
<u>(270,594)</u>	<u>765,469</u>	<u>913,329</u>	<u>413,007</u>	<u>601,572</u>	<u>-</u>	<u>3,112,584</u>
48,558	1,741,442	-	-	-	-	1,790,000
-	78,280	-	-	-	-	78,280
249,931	525,000	-	-	40,378	(1,750,597)	-
-	(82,169)	(249,931)	-	(837,643)	1,750,597	(82,169)
-	89,331	-	-	-	-	95,381
<u>298,489</u>	<u>2,351,884</u>	<u>(249,931)</u>	<u>-</u>	<u>(797,265)</u>	<u>-</u>	<u>1,881,492</u>
27,895	3,117,353	663,398	413,007	(195,693)	-	4,994,076
<u>2,369,199</u>	<u>15,899,241</u>	<u>6,919,283</u>	<u>5,315,804</u>	<u>773,851</u>	<u>-</u>	<u>53,872,791</u>
<u>\$2,397,094</u>	<u>\$19,016,594</u>	<u>\$7,582,681</u>	<u>\$5,728,811</u>	<u>\$578,158</u>	<u>\$ -</u>	<u>\$58,866,867</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2025**

Statement 5

Net change in fund balances - total governmental funds	\$4,994,076
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Net Position, the cost of these assets is capitalized and depreciated over their estimated useful lives with depreciation expense reported in the Statement of Activities	(116,990)
Net effect of sales, trade-ins and retirements of capital assets	(79,478)
Issuance of long-term debt (e.g., bonds)	(1,790,000)
Payments on general obligation debt	2,215,000
Premium on general obligation bonds issued (net of current year amortization)	76,401
Net change due to internal service funds incorporated into statement of activities	(452,336)
Net change in net pension obligation - City	1,286,027
Net change in net pension asset - Fire Relief	1,009,603
Net change in other post employment benefits liability	27,426
Change in compensated absences	(391,179)
Change in bond interest payable	22,367
Adjustment for modified accrual revenue recognition related to special assessments, delinquent property tax and delinquent tax increment	<u>622,543</u>
Change in net position - governmental activities	<u><u>\$7,423,460</u></u>

The accompanying notes are an integral part of these financial statements.

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Sanitary Sewer	Water	Golf Course	Storm Drainage	Solid Waste Recycling	Totals	
Assets:							
Current assets:							
Cash and cash equivalents	\$3,148,760	\$2,858,039	\$211,823	\$5,801,356	\$362,130	\$12,382,108	\$993,115
Investment interest receivable	10,787	9,792	718	19,876	1,241	42,414	3,307
Accounts receivable	1,278,037	1,811,470	1,948	716,597	194,630	4,002,682	726
Special assessments receivable	566,122	15,142	-	11,543	-	592,807	-
Due from other governments	15,825	5,492	-	-	8,947	30,264	-
Prepaid items	-	32	-	-	-	32	-
Inventory	-	-	-	-	45,408	45,408	-
Total Current Assets	5,019,531	4,699,967	214,489	6,549,372	612,356	17,095,715	997,148
Noncurrent assets:							
Capital Assets:							
Land	-	-	319,892	573,407	-	893,299	-
Buildings and improvements	50,567	1,490,785	2,650,556	-	-	4,191,908	-
Improvements other than buildings	-	47,696	394,039	1,134,817	-	1,576,552	-
Machinery, equipment, and vehicles	1,507,125	1,636,089	393,966	2,891,739	-	6,428,919	-
Infrastructure	26,926,684	23,514,344	-	26,766,352	-	77,207,380	-
Right-to-use lease assets	103,933	103,933	53,397	103,934	-	365,197	-
Construction in progress	984,349	53,496	-	50,285	-	1,088,130	-
Less: accumulated depreciation and amortization	(10,334,499)	(12,958,991)	(1,071,687)	(16,331,550)	-	(40,696,727)	-
Total Noncurrent Assets	19,238,159	13,887,352	2,740,163	15,188,984	-	51,054,658	-
Total assets	24,257,690	18,587,319	2,954,652	21,738,356	612,356	68,150,373	997,148
Deferred Outflows of Resources:							
Deferred pension resources	31,189	58,997	27,263	36,058	6,086	159,593	-
Liabilities:							
Current liabilities (payable from current assets):							
Accounts payable	992,015	1,654,791	10,772	273,097	123,650	3,054,325	45,919
Accrued payroll	29,195	50,058	25,250	40,834	6,060	151,397	-
Accrued interest	-	9,895	-	-	-	9,895	-
Compensated absences payable	20,419	12,648	25,664	7,382	-	66,113	-
Customer deposits payable	-	12,000	-	-	-	12,000	-
Due to other governmental units	-	28,552	1,530	-	-	30,082	-
Bonds payable - current portion	-	255,000	-	-	-	255,000	-
Lease payable - current portion	20,767	20,766	11,110	20,766	-	73,409	-
Insurance claims payable	-	-	-	-	-	-	373,891
Total Current Liabilities	1,062,396	2,043,710	74,326	342,079	129,710	3,652,221	419,810
Noncurrent liabilities:							
Compensated absences payable	28,199	17,466	35,440	10,194	-	91,299	-
Other postemployment benefits liability	37,039	34,834	14,544	19,782	-	106,199	-
Net Pension liability	132,851	251,302	116,127	153,592	25,925	679,797	-
Bonds payable	-	1,409,466	-	-	-	1,409,466	-
Lease payable	44,651	44,652	-	44,652	-	133,955	-
Insurance claims payable	-	-	-	-	-	-	140,765
Total Noncurrent Liabilities	242,740	1,757,720	166,111	228,220	25,925	2,420,716	140,765
Total Liabilities	1,305,136	3,801,430	240,437	570,299	155,635	6,072,937	560,575
Deferred Inflows of Resources:							
Deferred pension resources	96,202	181,976	84,092	111,221	18,773	492,264	-
Net position:							
Net Investment in Capital Assets	19,172,741	12,157,468	2,729,053	15,123,566	-	49,182,828	-
Unrestricted	3,714,800	2,505,442	(71,667)	5,969,328	444,034	12,561,937	436,573
Total net position	\$22,887,541	\$14,662,910	\$2,657,386	\$21,092,894	\$444,034	\$61,744,765	\$436,573

The accompanying notes are an integral part of these financial statements.

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Sanitary Sewer	Water	Golf Course	Storm Drainage	Solid Waste Recycling		
Sales and costs of sales:							
Sales	\$ -	\$ -	\$63,030	\$ -	\$10,943	\$73,973	\$ -
Cost of sales	-	-	(28,783)	-	(10,361)	(39,144)	-
Gross profit	-	-	34,247	-	582	34,829	-
Operating revenues:							
User charges	6,376,419	9,872,860	528,798	3,824,156	1,018,643	21,620,876	343,585
Delinquency collections	59,453	-	-	1,071	-	60,524	-
Intergovernmental revenue - operating	53,000	16,718	-	17,922	435,660	523,300	-
Miscellaneous	8	81,145	89,867	3,280	125	174,425	10,697
Total operating revenue	6,488,880	9,970,723	618,665	3,846,429	1,454,428	22,379,125	354,282
Operating expenses:							
Personal service	549,295	889,359	458,440	499,166	101,825	2,498,085	-
Supplies	59,552	332,263	63,098	79,684	5,250	539,847	-
Other services and charges	4,555,045	7,904,055	103,160	830,399	1,558,795	14,951,454	869,953
Depreciation and amortization	533,802	494,890	108,598	808,709	-	1,945,999	-
Total operating expense	5,697,694	9,620,567	733,296	2,217,958	1,665,870	19,935,385	869,953
Operating income (loss)	791,186	350,156	(80,384)	1,628,471	(210,860)	2,478,569	(515,671)
Non-operating revenues (expenses):							
Investment income							
Interest earned on investments	83,033	59,968	4,465	128,375	5,944	281,785	24,024
Increase (decrease) in fair value of investments	100,768	63,143	528	18,472	17,091	200,002	39,311
Bond interest expense	-	(12,851)	-	-	-	(12,851)	-
Gain on sale of capital assets	168,000	-	7,854	-	-	175,854	-
Total non-operating revenues (expenses)	351,801	110,260	12,847	146,847	23,035	644,790	63,335
Income (loss) before capital contributions and transfers	1,142,987	460,416	(67,537)	1,775,318	(187,825)	3,123,359	(452,336)
Capital contributions	-	43,989	-	-	-	43,989	-
Transfers:							
Transfer in	-	-	82,169	-	-	82,169	-
Change in net position	1,142,987	504,405	14,632	1,775,318	(187,825)	3,249,517	(452,336)
Net position, January 1, as previously reported	21,744,554	15,135,734	2,642,754	19,317,576	631,859	59,472,477	888,909
Error correction - see Note 15	-	(977,229)	-	-	-	(977,229)	-
Total net position, January 1, as restated	21,744,554	14,158,505	2,642,754	19,317,576	631,859	58,495,248	888,909
Net position, December 31	\$22,887,541	\$14,662,910	\$2,657,386	\$21,092,894	\$444,034	\$61,744,765	\$436,573

The accompanying notes are an integral part of these financial statements.

	Business-Type Activities Enterprise Funds			Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Sanitary Sewer	Water	Golf Course	Storm Drainage	Solid Waste Recycling	Totals	
Cash flows from operating activities:							
Cash received from customers and users, including deposits	\$6,435,898	\$9,468,891	\$562,362	\$3,850,188	\$1,085,600	\$21,402,939	\$343,585
Cash payments to suppliers for goods and services	(4,229,842)	(8,129,038)	(155,896)	(649,309)	(1,556,412)	(14,720,497)	(585,341)
Cash payments to employees	(507,128)	(872,436)	(437,872)	(567,910)	(89,628)	(2,474,974)	10,697
Subsidy from governmental grants	53,000	16,718	-	17,922	435,660	523,300	-
Other operating revenues	8	81,145	89,867	3,280	125	174,425	-
Net cash flows from operating activities	1,751,936	565,280	58,461	2,654,171	(124,655)	4,905,193	(231,059)
Cash flows from noncapital financing activities:							
Transfer in from other funds	-	-	82,169	-	-	82,169	-
Cash flows from capital and related financing activities:							
Purchase of capital assets	(2,177,206)	(51,175)	(46,753)	(189,704)	-	(2,464,838)	-
Subsidy from governmental grants	-	43,989	-	-	-	43,989	-
Lease payments	(19,754)	(21,277)	(10,891)	(19,754)	-	(71,676)	-
Interest paid on capital debt	-	(26,300)	-	-	-	(26,300)	-
Bond payment	-	(250,000)	-	-	-	(250,000)	-
Proceeds from sale of capital assets	168,000	-	7,854	-	-	175,854	-
Net cash flows from capital and related financing activities	(2,028,960)	(304,763)	(49,790)	(209,458)	-	(2,592,971)	-
Cash flows from investing activities:							
Interest and dividends received	84,109	59,237	4,164	120,279	6,399	274,188	24,858
Increase (decrease) in fair value of investments	100,768	63,143	528	18,472	17,091	200,002	39,311
Net cash provided (used) by investing activities	184,877	122,380	4,692	138,751	23,490	474,190	64,169
Net increase (decrease) in cash and cash equivalents	(92,147)	382,897	95,532	2,583,464	(101,165)	2,868,581	(166,890)
Cash and cash equivalents - January 1	3,240,907	2,475,142	116,291	3,217,892	463,295	9,513,527	1,160,005
Cash and cash equivalents - December 31	\$3,148,760	\$2,858,039	\$211,823	\$5,801,356	\$362,130	\$12,382,108	\$993,115
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$791,186	\$350,156	(\$80,384)	\$1,628,471	(\$210,860)	\$2,478,569	(\$515,671)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Error correction - see Note 15	-	(977,229)	-	-	-	(977,229)	-
Depreciation and amortization	533,802	494,890	108,598	808,709	-	1,945,999	-
Pension related activity	16,072	20,935	8,934	(49,132)	11,616	8,425	-
Changes in elements affecting cash:							
(Increase) decrease in accounts receivable	4,512	(404,806)	(683)	5,463	(4,661)	(400,175)	(726)
(Increase) decrease in special assessments receivable	11,339	-	-	8,994	-	20,333	-
(Increase) decrease in due from other governments	(15,825)	837	-	10,504	71,036	66,552	-
(Increase) decrease in prepaid items	307,854	(32)	-	-	1,870	309,692	-
(Increase) decrease in inventory	-	-	-	-	(45,408)	(45,408)	-
Increase (decrease) in accounts payable	76,901	1,084,936	8,909	260,774	51,171	1,482,691	21,318
Increase (decrease) in accrued payroll	5,583	9,975	4,425	8,741	581	29,305	-
Increase (decrease) in compensated absences	18,343	(15,722)	6,341	(30,088)	-	(21,126)	-
Increase (decrease) in customer deposits payable	-	(2,000)	-	-	-	(2,000)	-
Increase (decrease) in due to other governmental units	-	1,605	1,453	-	-	3,058	-
Increase (decrease) in other postemployment benefits liability	2,169	1,735	868	1,735	-	6,507	-
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	264,020
Total adjustments	960,750	215,124	138,845	1,025,700	86,205	2,426,624	284,612
Net cash provided by operating activities	\$1,751,936	\$565,280	\$58,461	\$2,654,171	(\$124,655)	\$4,905,193	(\$231,059)
Noncash investing, capital and financing activities:							
Increase (decrease) in fair market value of investments	\$100,768	\$63,143	\$528	\$18,472	\$17,091	\$200,002	\$39,311
Increase (decrease) in contracts and retainage payable	(\$46,512)	\$ -	\$ -	(\$35,537)	\$ -	(\$82,049)	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
 December 31, 2025

Statement 9

	<u>Roseville Islamic Cemetery Fund</u>
Assets:	
Cash and investments	\$91,300
Receivables:	
Investment interest receivable	<u>313</u>
Total assets	<u><u>\$91,613</u></u>
Liabilities:	
Due to other organizations	<u>\$ -</u>
Net position:	
Restricted	<u><u>\$91,613</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

For The Year Ended December 31, 2025

Statement 10

	<u>Roseville Islamic Cemetery Fund</u>
Additions:	
Investment income	
Interest earned on investments	\$2,243
Increase (decrease) in fair value of investments	<u>2,473</u>
Total additions	<u>4,716</u>
Deductions:	
Professional services	<u>-</u>
Total deductions	<u>-</u>
Net increase (decrease) in fiduciary net position	4,716
Net position - beginning	<u>86,897</u>
Net position - ending	<u><u>\$91,613</u></u>

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The City of Roseville is a municipal corporation formed under Section 412 of Minnesota State Statutes and operates under a Council-Manager form of government. The five-member Council and Mayor are elected on rotating terms in each even-numbered year.

The financial statements present the City and its component unit. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations are presented in this report as follows:

Blended Component unit. The Roseville Economic Development Authority (EDA) was established to facilitate development and redevelopment in the City. The governing board consists of the members of the City Council. The City approves the levy and appropriations for the EDA annually as part of the City's budget process. Any sale of bonds or obligations issued by the EDA must be approved by the City Council before issuance and the City Council may require the EDA to transfer any portion of the reserves generated by activities of the EDA to the City to reduce the tax levies for bonded indebtedness of the City. The EDA does not issue separate financial statements. Financial information may be obtained at the City's offices.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service 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, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. With the economic resource's measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 expenditure-related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

General Fund

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

Special Revenue Funds

Recreation Fund – This fund accounts for resources and payments related to adult and youth programs, nature center, skating center, and park maintenance activities. Most revenues are derived from user fees of various programs and activities, room rentals, donations, and concessions.

American Rescue Plan (ARPA) Fund – This fund accounts for revenues and expenditures related to the Coronavirus State and Local Fiscal Recovery Funds grant authorized by the American Rescue Plan Act. The City did not budget for these funds.

Community Development Fund – This fund accounts for resources and payments related to the City's building codes enforcement, development, and redevelopment activities. The funds primary revenue sources are through permits, contractor licenses, and plan check fees.

Roseville Economic Development Authority (EDA) Fund – This fund accounts for the revenues and expenditures used for the activity of the Roseville Economic Development Authority general operations. The funds primary revenue sources are levied taxes, grants and charitable contributions.

Debt Service Fund

The debt service fund accounts for resources accumulated and payments for principal and interest on long term general obligation debt.

Capital Project Funds

Revolving Improvements Fund – This fund accounts for revenues and expenditures from replacement funds set aside for equipment and building replacement, and general land improvements.

Economic Increments Construction Fund – This fund accounts for tax increment payments to various developers as part of Pay-as-you-go TIF agreements and infrastructure improvements.

Street Construction Fund – This fund accounts for revenues and expenditures related to street construction and improvements.

The City reports the following major proprietary funds:

Sanitary Sewer Fund – This fund accounts for the activities related to the operation of a sanitary collection system.

Water Fund – This fund account for the activities related to the operation of a water distribution system.

Golf Course Fund – This fund accounts for the activities related to the operation and maintenance of a municipal golf course.

Storm Drainage Fund – This fund accounts for activities related to the operation of a surface water collection system.

Solid Waste Recycling Fund – This fund accounts for the activities related to the operation of a solid waste recycling collection system.

Additionally, the City reports the following fund types:

Internal service funds – Account for the worker’s compensation and general insurance services provided to other departments or agencies of the City.

Fiduciary Fund - Custodial funds are used to account for assets held by the City as an agent for other organizations and are not available to the City for general operations. The City’s custodial fund accounts for resources held by the City for the Roseville Islamic Cemetery. The funds use the economic resources measurement focus and accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are other charges between the City's water and sewer function and various other functions of the primary government and its component unit. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized costs. Interest earnings are accrued at year-end.

For purposes of the Statement of Cash Flows for the proprietary funds and internal service funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. As a result, the cash and investments of the enterprise and internal service funds are considered to be cash and cash equivalents for statement of cash flow purposes.

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loan).

All utility and property tax receivables, including those for the EDA, are shown at a gross amount, since both taxes and utility receivables are assessable to the property taxes and are collectible upon sale of the assessed property. Uncollectible amounts are not material for other receivables and have not been reported.

The entity's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the entity may receive variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels.

F. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district, and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners; the County possesses this authority.

Government-Wide Financial Statements

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City following January) and taxes and credits not received at year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

G. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years determined by policy and approved by resolution. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeited properties are allocated first to the County's cost of administering all tax forfeit properties. Pursuant to State Statute, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Government-Wide Financial Statements

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

H. ASSETS HELD FOR RESALE

Property is acquired by the City for redevelopment purposes and subsequent sale. Assets held for resale are reported at the lower of cost or net realizable value based on estimated sales proceeds and selling expenses.

I. INVENTORY

Inventories are stated at cost, which approximates market, using the first-in, first-out (FIFO) method and consist of waste bins which have not yet been allocated to residents. The cost of inventory is recorded as expenditures/expense when consumed rather than when purchased in both government-wide and fund financial statements.

J. PREPAID ITEMS

Certain payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method for accounting prepaid expenses, where the City reports the prepaid items as an asset in the period in which they are purchased and defers the recognition of the expenditure until the period in which the prepaid items are used or consumed.

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except infrastructure assets, are defined by the City as assets with an initial, individual cost equal to or greater than \$25,000, or an aggregate cost equal to or greater than \$100,000 for a group of similar assets, and an estimated useful life in excess of 2 years. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

With the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City’s Pavement Management Plan contained all historical costs for the City’s general infrastructure assets. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their acquisition value on the date of donation.

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

Assets	Years
Buildings	40
Building Improvements	25
Furniture and Equipment	5
Light Vehicles	5
Heavy Vehicles	10
Fire Trucks	20
Streets and public infrastructure	50
Utility distribution systems	80
Lease assets	Shorter of useful life or lease term

L. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement(s) of Net position for deferred outflows of resources related to pensions and OPEB. Deferred outflows of resources related to pensions and OPEB results from the difference between projected and actual earnings, changes in actuarial assumptions and employer contribution paid to PERA subsequent to the measurement date.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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 four items that qualify for reporting in this category. On the Governmental Fund Balance Sheet, The City presents deferred inflows of resources related to leases and unavailable revenue. Amounts relating to unavailable revenue are deferred and recognized as an inflow of resources in the period that they become available. Additionally, the City presents deferred inflows of resources on the Statement(s) of Net Position related to pensions, OPEB, and leases. Deferred inflows of resources related to pensions and OPEB results from the net difference expected and actual economic experience and changes in proportion. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable, and is recognized as revenue over the lease term.

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation, paid time off (PTO), compensatory time, and sick pay benefits. There is an estimate for a liability for unpaid accumulated sick leave, as employees may receive up to 320 hours upon retirement only. All leave that is attributable to service already rendered, accumulated, and is more likely than not to be used for time off or otherwise paid is accrued 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 resignations and retirements.

N. DEFINED BENEFIT PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and 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.

O. 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, and proprietary fund type statement of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. FUND BALANCE

Classification

In the fund financial statements, governmental funds report fund classifications that comprise hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent:

Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.

Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision-making authority) through resolution. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned Fund Balance – These are amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Pursuant to Council resolution, the City Council is authorized to establish assignments of fund balance.

Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

Minimum Fund Balance

It is the City’s policy that at the end of each year, the City will maintain the unrestricted portion of the fund balance for cash flow in a range equal to 35% to 50% of the General Fund operating expenditures budgeted for next year. At December 31, 2025 this percentage was 35.4% and therefore the minimum fund balance was met.

Q. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Minnesota law governs park dedication, debt service, tax increment, housing and economic development, law enforcement, and public safety aid use.

R. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

S. USE OF ESTIMATES

The preparation of financial statements in accordance with U.S generally accepted accounting principles (GAAP) requires management to make estimates that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

T. RECLASSIFICATIONS

Certain reclassifications have been made to prior year data (such as beginning balances) to conform to the current year presentation. The reclassifications had no effect on the change in net position or total net position as previously reported.

Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the government-wide of net position. Elements of that reconciliation are detailed as follows:

Long-term liabilities:	
Bonds payable	(\$9,405,000)
Premium on bonds payable	(437,259)
Bond interest payable	(72,260)
OPEB liability	(1,385,483)
Net Pension liability	(11,506,668)
Compensated absences	<u>(3,052,438)</u>
Net change due to long-term liabilities	<u><u>(\$25,859,108)</u></u>
Other long-term assets:	
Net pension asset - fire relief	\$8,182,485
Elimination of unavailable deferred revenue	<u>1,578,364</u>
Net change in other long-term assets	<u><u>\$9,760,849</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENTAL-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Capital outlay	\$5,516,120
Capital asset contribution	-
Depreciation expense	<u>(5,633,110)</u>
Net change in fund-balances-total governmental funds and change in net position of governmental activities	<u><u>(\$116,990)</u></u>

Note 3 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

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

Custodial Credit Risk – the risk that in the event of a bank failure, the City’s deposits may not be returned to it.

Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

The City’s deposits of \$1,671,182 were fully insured or collateralized at December 31, 2025. The City’s investment policy has no additional deposit policies addressing custodial credit risk.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

The City has the following investments at year-end December 31, 2025:

Investment type	Fair Value Measurement	Rating	Investment maturities				Total
			Less than one year	1-5 years	6-10 years	Over 10 Years	
Municipal securities	Level 2	A - AAA	\$ 5,534,371	\$ 26,189,113	\$ 9,854,799	\$ 1,722,414	\$ 43,300,697
U.S. Agency Securities & GSEs	Level 2	AA+	-	1,585,819	-	-	1,585,819
Certificates of Deposit	Level 2	NR	240,154	232,946	-	-	473,100
Money Market Funds	NA	AAAm	24,413,525	-	-	-	24,413,525
Total			\$ 30,188,050	\$ 28,007,878	\$ 9,854,799	\$ 1,722,414	\$ 69,773,141
							Deposits \$1,263,805
							Total investments 69,773,141
							Cash on hand 11,300
							Total cash and investments \$71,048,246

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted market prices. Level 2 investments are valued using inputs that are based on matrix pricing models. Level 3 investments are valued using inputs that are unobservable.

The money market fund is a First American Government Obligation fund which seeks to maintain a constant net asset value of \$1.00 per share. The securities held by the fund are measured at amortized cost. Shares may be redeemed without penalty on any business day.

C. INVESTMENT RISKS

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

Credit risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s policy to minimize credit risk includes limiting investing funds to those allowable under Minnesota Statute 118A, annually appointing all financial institutions where investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial credit risk – For investments, this is the risk that in the event of failure of the counterparty to an investment transaction the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not further address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Concentration risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy does not limit the concentration of investments. At December 31, 2025, the following issuers exceeded 5% of the City’s total investment portfolio:

- 5.11% - New York NY General Obligations

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s investment policy does not address interest rate risk. The City holds all investments to maturity.

D. COMPONENTS OF CASH AND INVESTMENTS

Cash and investments at year-end December 31, 2025 consist of the following:

Statement of Net Positions - Government Wide	
Cash and cash equivalents	\$70,956,946
Statement of Fiduciary Net Positions	
Cash and cash equivalents - Custodial Funds	91,300
Total	<u>\$71,048,246</u>

NOTE 4 RECEIVABLES AND UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer recognition in connection with resources that are not yet available. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes (General)	\$ 347,850
Delinquent property taxes (Telecommunications)	4,728
Delinquent property taxes (Recreation)	57,527
Delinquent property taxes (Debt service)	37,562
Delinquent property taxes (Revolving Improvements)	50,066
Delinquent property taxes (Street Construction)	19,072
Delinquent property taxes (EDA)	10,550
Delinquent property taxes (Economic Increments Construction)	22,041
Special assessments not yet due (Street Construction)	211,867
Unavailable revenue due from other governments (General)	118,760
Unavailable revenue due from other governments (Revolving Improvements)	698,341
Deferred Lease Revenue (General)	2,612,386
Deferred Lease Revenue (Revolving Improvements)	71,756
Total deferred inflows for governmental funds	<u>\$ 4,262,506</u>

CITY OF ROSEVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Significant receivable balances not expected to be collected within one year of December 31, 2025 are as follows:

	Special Assessments Receivable	Notes Receivable	Leases Receivable	Total
Major Funds:				
General	\$ -	\$ -	\$2,299,746	\$2,299,746
Community Development	-	1,389,568	-	1,389,568
Street Construction	243,803	-	-	243,803
Roseville Economic Development Authority	-	4,756,373	-	4,756,373
	<u>\$243,803</u>	<u>\$6,145,941</u>	<u>\$2,299,746</u>	<u>\$8,689,490</u>

CITY OF ROSEVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Completed Construction & Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 29,440,857	\$ -	\$ -	\$ -	\$ 29,440,857
Permanent easements	7,731,893	-	-	-	7,731,893
Construction in progress	2,120,237	3,291,119	(4,290)	(2,200,427)	3,206,639
Total capital assets not being depreciated	<u>39,292,987</u>	<u>3,291,119</u>	<u>(4,290)</u>	<u>(2,200,427)</u>	<u>40,379,389</u>
Capital assets being depreciated					
Buildings	44,599,539	-	-	-	44,599,539
Improvements other than buildings	16,662,911	963,568	-	-	17,626,479
Machinery and equipment	24,093,611	1,261,434	(416,691)	-	24,938,354
Infrastructure	126,153,440	-	-	2,200,427	128,353,867
Total capital assets being depreciated	<u>211,509,501</u>	<u>2,225,002</u>	<u>(416,691)</u>	<u>2,200,427</u>	<u>215,518,239</u>
Less accumulated depreciation for					
Buildings	19,341,539	1,021,612	-	-	20,363,151
Improvements other than buildings	7,479,917	831,488	-	-	8,311,405
Machinery and equipment	16,522,226	1,363,043	(341,503)	-	17,543,766
Infrastructure	68,025,236	2,416,967	-	-	70,442,203
Total accumulated depreciation	<u>111,368,918</u>	<u>5,633,110</u>	<u>(341,503)</u>	<u>-</u>	<u>116,660,525</u>
Total capital assets being depreciated, net	<u>100,140,583</u>	<u>(3,408,108)</u>	<u>(75,188)</u>	<u>2,200,427</u>	<u>98,857,714</u>
Governmental activities capital assets, net	<u>\$ 139,433,570</u>	<u>\$ (116,989)</u>	<u>\$ (79,478)</u>	<u>\$ -</u>	<u>\$ 139,237,103</u>

CITY OF ROSEVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Capital asset activity for the year ended December 31, 2025 was as follows (continued):

	Beginning Balance	Increases	Decreases	Completed Construction & Transfers	Ending Balance
Business-type activities					
Capital assets not being amortized/depreciated					
Land	\$ 893,299	\$ -	\$ -	\$ -	\$ 893,299
Construction in progress	2,430,823	1,597,725	(17,652)	(2,922,766)	1,088,130
Total capital assets not being amortized/depreciated	<u>3,324,122</u>	<u>1,597,725</u>	<u>(17,652)</u>	<u>(2,922,766)</u>	<u>1,981,429</u>
Capital assets being amortized/depreciated					
Buildings	4,191,908	-	-	-	4,191,908
Right-to-use lease asset-buildings	311,800	-	-	-	311,800
Improvements other than buildings	1,492,418	84,134	-	-	1,576,552
Machinery and equipment	6,187,867	718,583	(477,531)	-	6,428,919
Right-to-use lease asset-vehicles	53,397	-	-	-	53,397
Infrastructure	74,284,614	-	-	2,922,766	77,207,380
Total capital assets being amortized/depreciated	<u>86,522,004</u>	<u>802,717</u>	<u>(477,531)</u>	<u>2,922,766</u>	<u>89,769,956</u>
Less accumulated amortization/depreciation for					
Buildings	1,870,691	66,558	-	-	1,937,249
Right-to-use lease asset-buildings	62,359	62,361	-	-	124,720
Improvements other than buildings	1,325,805	30,395	-	-	1,356,200
Machinery and equipment	4,391,794	473,701	(477,531)	-	4,387,964
Right-to-use lease asset-vehicles	32,037	10,679	-	-	42,716
Infrastructure	31,545,573	1,302,305	-	-	32,847,878
Total accumulated amortization/depreciation	<u>39,228,259</u>	<u>1,945,999</u>	<u>(477,531)</u>	<u>-</u>	<u>40,696,727</u>
Total capital assets being amortized/depreciated, net	<u>47,293,745</u>	<u>(1,143,282)</u>	<u>-</u>	<u>2,922,766</u>	<u>49,073,229</u>
Business-type activities capital assets, net	<u>\$ 50,617,867</u>	<u>\$ 454,443</u>	<u>\$ (17,652)</u>	<u>\$ -</u>	<u>\$ 51,054,658</u>

CITY OF ROSEVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Depreciation and amortization expense was charged to functions/programs of the City is follows:

Governmental activities:	
General government	\$487,605
Public safety	785,061
Public works including depreciation of infrastructure	2,923,679
Recreation	1,436,765
Total depreciation expense - governmental activities	<u>\$5,633,110</u>
Business-type activities:	
Sanitary sewer	\$533,802
Water	494,890
Golf	108,598
Storm drainage	808,709
Total amortization/depreciation expense - business-type activities	<u>\$1,945,999</u>

NOTE 6 LONG-TERM LIABILITIES

A. LONG-TERM DEBT

The City issues general obligation debt to provide for financing construction of major capital facilities and street improvements. Debt service for street improvements is covered by special assessments against benefited properties with any shortfalls being paid from general taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

CITY OF ROSEVILLE, MINNESOTA
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As of December 31, 2025, the governmental long-term liabilities of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Principal Outstanding
<u>Governmental Activities:</u>					
General Obligation Bonds:					
G.O. Bonds of 2012A	2.00 - 3.00	09/01/13	03/01/28	\$15,685,000	\$3,880,000
G.O. Bonds of 2020A	1.00 - 2.00	12/30/20	03/01/28	4,775,000	2,130,000
G.O. Bonds of 2025A	4.00	08/12/25	02/01/33	1,790,000	1,790,000
Unamortized bond premium				-	437,259
Total General Obligation Bonds				<u>22,250,000</u>	<u>8,237,259</u>
Tax Increment Revenue Bonds:					
G.O. Tax Increment Revenue Bonds of 2015A	2.00 - 4.00	09/01/16	03/01/32	<u>3,060,000</u>	<u>1,605,000</u>
Total governmental activities bonds				<u>\$25,310,000</u>	<u>9,842,259</u>
Compensated absences payable					3,052,438
Insurance claims payable					514,656
Other post employment benefits liability					1,385,483
Net pension liability					<u>11,506,668</u>
Total - governmental activities					<u>26,301,504</u>
<u>Business-Type Activities:</u>					
General Obligation Bonds:					
G.O. Bonds of 2020A	1.00 - 2.00	12/30/20	03/01/28	<u>\$2,565,000</u>	1,600,000
Bond premium					64,466
Total business-type activities bonds					<u>1,664,466</u>
Lease liabilities:					
Buildings					196,254
Vehicles					11,110
Compensated absences payable					157,412
Other post employment benefits liability					106,199
Net pension liability					<u>679,797</u>
Total - business-type activities					<u>2,815,238</u>
Total - government					<u>\$29,116,742</u>

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B. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31,	General Obligation Bonds		G.O. Tax Increment Revenue Bonds	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2026	\$1,945,000	\$202,712	\$210,000	\$41,256
2027	2,210,000	148,625	220,000	34,581
2028	2,295,000	86,025	225,000	29,434
2029	250,000	49,000	230,000	23,888
2030	260,000	38,800	235,000	17,781
2031-2033	840,000	51,200	485,000	14,625
Total	<u>\$7,800,000</u>	<u>\$576,362</u>	<u>\$1,605,000</u>	<u>\$161,565</u>

Year Ending December 31,	General Obligation Bonds		Lease Liabilities - Buildings	
	Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$255,000	\$21,250	\$62,299	\$3,356
2027	260,000	16,100	65,397	2,082
2028	265,000	10,850	68,558	745
2029	270,000	6,850	-	-
2030	275,000	4,125	-	-
2031	275,000	1,375	-	-
Total	<u>\$1,600,000</u>	<u>\$60,550</u>	<u>\$196,254</u>	<u>\$6,183</u>

Year Ending December 31,	Lease Liabilities - Vehicles	
	Business-Type Activities	
	Principal	Interest
2026	<u>\$11,110</u>	<u>\$140</u>

C. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
General obligation bonds	\$8,025,000	\$1,790,000	\$2,015,000	\$7,800,000	\$1,945,000
Bond premiums	513,660	78,280	154,681	437,259	-
Tax increment revenue bonds	1,805,000	-	200,000	1,605,000	210,000
Total bonds payable	<u>10,343,660</u>	<u>1,868,280</u>	<u>2,369,681</u>	<u>9,842,259</u>	<u>2,155,000</u>
Compensated absences payable *	2,661,260	391,178	-	3,052,438	1,282,024
Insurance claims payable	250,636	775,965	511,945	514,656	373,891
Total governmental activities	<u>\$13,255,556</u>	<u>\$3,035,423</u>	<u>\$2,881,626</u>	<u>\$13,409,353</u>	<u>\$3,810,915</u>
<u>Business Type Activities:</u>					
Bonds payable:					
General obligation bonds	\$1,850,000	\$ -	\$250,000	\$1,600,000	\$255,000
Bond premiums	77,359	-	12,893	64,466	-
Total bonds payable	<u>1,927,359</u>	<u>-</u>	<u>262,893</u>	<u>1,664,466</u>	<u>255,000</u>
Lease liabilities:					
Buildings	255,516	-	59,262	196,254	62,299
Vehicles	22,001	-	10,891	11,110	11,110
Compensated absences payable *	178,538	-	21,126	157,412	66,113
Total business-type activities	<u>\$2,383,414</u>	<u>\$ -</u>	<u>\$354,172</u>	<u>\$2,029,242</u>	<u>\$394,522</u>

* The change in compensated absences is presented as a net change.

General obligation bonds are direct obligations and pledge the full faith and credit of the government.

For governmental activities, other post-employment benefits are liquidated through the general fund. For Insurance claims payables, payments are made from the Worker's Compensation and Risk Management Funds.

D. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2025, there were five series of Housing and Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$62.8 million.

NOTE 7 LEASES

A. RIGHT-TO-USE LEASE ASSETS

The City of Roseville has entered into lease agreements to lease various assets. Lease agreements that qualify as other than short-term leases under GASB 87 have been recorded at the present value of the future minimum lease payments as of the date of lease commencement.

The City entered into an agreement which commenced January 1, 2022 to lease golf carts. The lease requires 60 bi-monthly lease payments of \$1,875. The lease liability is measured at discount rate of 2% which is the City's incremental borrowing rate. As a result of the lease, the City has recorded a right-to-use lease asset with a net book value of \$10,681 on December 31, 2025.

This City entered into an agreement which commenced January 1, 2024 to lease a storage unit. The lease requires 60 monthly average lease payments of \$5,471. The lease liability is measured at a discount rate of 2% which is the City's incremental borrowing rate. As a result of the lease, the City has recorded a right to use asset with a net book value of \$187,080 on December 31, 2025.

Expenses recognized relating to right-to-use lease assets for the year ended December 31, 2025 were as follows:

Amortization expense by asset class:	
Vehicles	\$10,679
Buildings	<u>62,361</u>
Total amortization expense	73,040
Variable lease expense	-
Interest on lease liabilities	4,928
Other lease expense	<u>-</u>
Total expense recognized in relation to leased assets	<u><u>\$77,968</u></u>

Activity and balances for the right-to-use lease assets and lease liabilities are reported in the Capital Asset and Long-Term liabilities footnotes respectively.

B. LEASE RECEIVABLE

The City leases a portion of its water towers for cellular tower antenna sites. These leases are non-cancelable with an automatic renewal period at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreements call for annual lease payments between approximately \$13,000-\$51,000 with annual increases based on the contract agreement. The lease receivable is measured as the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2% which is based on the City's borrowing rate over the same time periods.

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The following table shows additional details of the lease contracts:

Location	Lessee	Annual Lease Adjustment Factor	Expiration Date	Renewal Options
1901 Alta Vista	Cingular	3% Increase on Sep 1	08/31/26	5 year terms
1901 Alta Vista	Dish	4% Increase on Jan 1	12/31/28	5 year terms
1901 Alta Vista	T-Mobile	4% Increase on Jan 1	12/31/28	10 year terms
1901 Alta Vista	Verizon	2.5% Increase on Jun 1	05/31/28	5 year terms
2501 Fairview (Lattice Tower)	T-Mobile	3% Increase on Jan 1	12/31/29	6 year terms
2501 Fairview (Water Tower)	AT&T	3% Increase on Jun 1	07/31/26	5 year terms
2501 Fairview (Water Tower)	Verizon	3% Increase on Sep 1	08/31/30	5 year terms
2660 Civic Center Dr (South Tower)	T-Mobile	3% Increase on Sep 15	09/14/30	5 year terms
2660 Civic Center Dr (South Tower)	Verizon	3% Increase on Sep 1	08/31/29	5 year terms
2660 Civic Center Dr (North Tower)	AT&T	3% Increase on Jan 1	12/31/29	5 year terms

The City leases building space at 2719 North Lexington Avenue, Suite 2719. The lease renewal is effective February 1, 2025 and extends through January 31, 2027. The agreement calls for monthly lease payments of \$5,434 with an annual 3% increase factor based on the contract agreement on January 1, 2026. The lease receivable is measured as the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2% which is based on the City's borrowing rate over the same time periods.

At December 31, 2025 the entity recorded \$2,684,142 in lease receivables and deferred inflows of resources for these arrangements.

Total revenue recognized in relation to these leases is as follows:

Amortization of lease-related deferred inflows:	
Antenna leases	\$346,995
Building lease	<u>57,878</u>
Total revenue recognized resulting from deferred inflow amortization	404,873
Variable lease revenue	-
Interest revenue	58,837
Other lease revenues	<u>-</u>
Total revenue recognized in relation to lessor leases	<u><u>\$463,710</u></u>

Note 8 **DEFINED BENEFIT PENSION PLANS - PERA**

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.

1. 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.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

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

B. BENEFITS PROVIDED

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

1. General Employees Plan Benefits

The 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% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the 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 0.25% 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% 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% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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.

2. Police and Fire Plan Benefits

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

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

C. CONTRIBUTIONS

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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were \$900,120. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$1,921,272. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$4,365,907 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 \$105,319.

City's proportionate share of the net pension liability	\$4,365,907
State of Minnesota's proportionate share of the net pension liability associated with the City	105,319
Total	<u>\$4,471,226</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1317% at the end of the measurement period and 0.1300% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of (\$308,330) for its proportionate share of the General Plan's pension expense. In addition, the City recognized an additional (\$16,155) 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.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$416,364	\$ -
Changes in actuarial assumptions	105,189	(1,008,987)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,746,409)
Changes in proportion	64,927	(406,101)
Employer contributions subsequent to the measurement date	438,484	-
Total	<u>\$1,024,964</u>	<u>(\$3,161,497)</u>

The \$438,484 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Pension expense amount
2026	(\$739,207)
2027	(948,740)
2028	(576,747)
2029	(310,323)
2030	-
Thereafter	-
	<u>(\$2,575,017)</u>

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$7,820,558 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.6675% at the end of the measurement period and 0.6281% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$271,099.

City's proportionate share of the net pension liability	\$7,820,558
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>271,099</u>
Total	<u>\$8,091,657</u>

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For the year ended December 31, 2025, the City recognized pension expense of \$1,912,446 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized an additional \$131,171 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid, because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$60,073 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, the City reported Police and Fire Fund 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	\$3,661,879	\$ -
Changes in actuarial assumptions	6,271,170	(9,942,013)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,380,489)
Changes in proportion	1,937,054	(1,137,654)
Employer contributions subsequent to the measurement date	960,715	-
Total	<u>\$12,830,818</u>	<u>(\$14,460,156)</u>

The \$960,715 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Pension expense amount
2026	\$2,302,359
2027	(1,484,997)
2028	(3,865,436)
2029	147,125
2030	310,896
Thereafter	-
	<u>(2,590,053)</u>

The net pension liability will be liquidated by the general, water, sewer, storm, solid waste and golf funds.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

The long-term investment rate of return 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 7.00% is within that range.

Benefit increases after retirement are assumed to be 1.50% for the General Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Plan range in annual increments from 11.50% after one year of service to 3.00% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.00% after 23 years of service.

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

Actuarial assumptions for the General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1.00% to 3.00%; subsequent January 1 increases will be 1.00%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

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

Asset Class	Target Allocation	Long-term expected real rate of return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Markets	25%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2025 was 7.00%. 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 Plan and Police and Fire Plan were projected to be available to make all projected future benefit payments of current plan members. 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.

G. PENSION LIABILITY SENSITIVITY

The following presents the City’s proportionate share of the net pension liability, 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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<u>1% decrease in discount rate</u>	<u>Current Discount Rate</u>	<u>1% increase in discount rate</u>
City's proportionate share of the General Plan net pension liability	\$10,604,103	\$4,365,907	(\$694,674)
City's proportionate share of the Police and Fire Plan net pension liability	\$20,491,520	\$7,820,558	(\$2,584,301)

H. 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 at www.mnpera.org.

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2025 is as follows:

General Plan	(\$324,485)
Police and Fire Plan	2,043,617
Fire Relief	<u>(963,560)</u>
Total	<u><u>\$755,572</u></u>

NOTE 9 VOLUNTEER FIRE FIGHTER'S RELIEF ASSOCIATION

A. PLAN DESCRIPTION

The Roseville Firefighter Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the City of Roseville Fire Department per *Minnesota State Statutes*. The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Roseville Firefighters' Relief Association, 2701 N. Lexington Ave., Roseville, MN 55113.

B. BENEFITS PROVIDED

Volunteer firefighters of the City are members of the Roseville Firefighter Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 15 years of service for monthly service pension, or 10 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits, widow, and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>4</u>
Total	<u><u>82</u></u>

D. CONTRIBUTIONS

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize any unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$46,043 made by the State of Minnesota for the Relief Association.

E. NET PENSION ASSET

The City's net pension asset was measured as of December 31, 2025 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension asset in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%	per year
Discount rate	7.00%	percent average
Investment Rate of Return	7.00%	percent, net of pension plan investment expense

CITY OF ROSEVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percent and are summarized in the following table:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	81.44%	4.60%	7.10%
International equity	0.00%	4.95%	7.45%
Fixed income	17.96%	2.70%	5.20%
Real estate and alternatives	0.00%	3.98%	6.48%
Cash and equivalents	0.63%	1.19%	3.69%
Total	100%		6.98%
			(0.10%)
			7.00%
			Net assumed investment return (rounded to quarter percent)

Discount rate:

The discount rate used to measure the total pension asset was 7.00%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

F. CHANGE IN THE NET PENSION ASSET

As of December 31, 2025, the City reported a net pension asset of \$8,182,485 for the Volunteer Firefighter Fund. Changes in the net pension asset during 2025 were:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (b) - (a)
Balances at January 1, 2025	\$ 10,219,115	\$ 16,569,563	\$ 6,350,448
Changes for the year			
Service cost	13,658	-	(13,658)
Interest	655,288	-	(655,288)
Differences between expected and actual experience	92,215	-	(92,215)
Changes in assumptions	(412,774)	-	412,774
Contributions - state and local	-	46,043	46,043
Change of benefit terms	259,858	-	(259,858)
Net investment income	-	2,425,843	2,425,843
Benefit payments, including refunds of employee contributions	(1,049,592)	(1,049,592)	-
Administrative expense	-	(31,604)	(31,604)
Other charges	-	-	-
Net Charges	\$ (441,347)	\$ 1,390,690	\$ 1,832,037
Balances at December 31, 2025	\$ 9,777,768	\$ 17,960,253	\$ 8,182,485

Sensitivity of the net pension asset to changes in the discount rate. The following presents the net pension asset of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability (asset)	\$ (7,317,973)	\$ (8,182,485)	\$ (8,923,494)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

G. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2025, the City recognized a decrease of pension expense of \$963,560. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual asset	\$ -	\$ -
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	-	2,075,025
Total	<u>\$ -</u>	<u>\$ 2,075,025</u>

Amounts reported as deferred (inflows) outflows of resources related to pensions will be recognized in pension expense as follows:

<u>December 31,</u>	
2026	\$ (190,275)
2027	(998,571)
2028	(617,185)
2029	(268,994)
2030	-
Thereafter	<u>-</u>
Total	<u>\$ (2,075,025)</u>

Note 10 OTHER POST-EMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in the previous notes, the City provides post-employment health care benefits (as defined in paragraph B) for retired employees and police and firefighters disabled in the line of duty, through a single employer defined benefit plan. The term Plan refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate financial report.

B. BENEFITS PROVIDED

Retirees

The City is required by State Statute to allow retirees to continue participation in the City’s group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Employees who satisfy the rule of 90 or attain age 55 and have completed 10 years of service at termination can immediately commence medical benefits. Retirees may obtain dependent coverage while the participating retiree is under age 65. Covered spouses may continue coverage after the retiree’s death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee’s death. All health care coverage is provided through the City’s group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City’s plan becomes secondary.

Disabled police and firefighter

The City continues to pay the employer’s contribution toward health coverage for Police or Firefighters disabled in the line of duty per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability. The 2025 monthly premiums paid for Police or Firefighters disabled in the line of duty were:

Plan	Single	Two Person	Family
HRA Medica	\$686	\$1,346	\$1,858
HSA Medica	\$568	\$1,114	\$1,538

C. PARTICIPANTS

As of the actuarial valuation dated January 1, 2025, participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	13
Disabled police and firefighters	4
Active Employees	<u>206</u>
Total	<u><u>223</u></u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,491,682 was measured as of January 1, 2025 and was determined by an actuarial valuation dated January 1, 2025. Changes in the total OPEB liability during 2025 were:

Balances at January 1, 2025	\$1,390,602
Changes for the year	
Service cost	109,986
Interest	53,531
Assumption changes	(95,495)
Plan changes	-
Differences between expected and actual experience	141,666
Other Changes	-
Benefit payments	<u>(108,608)</u>
Net changes	<u>101,080</u>
Balance at December 31, 2025	<u><u>\$1,491,682</u></u>

There were no plan changes since the measurement date of January 1, 2025. The current portion of the OPEB liability has been determined to be immaterial and is not reported.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Service Graded Table
Discount rate	4.20%
20-year municipal bond yield	4.20%
Medical cost trend rates	6.50% in 2025 grading to 5.00% over 6 years and then 4.00% over the next 48 years

Salary Increase Rates

Years of Service	Public Safety Salary Increase	Other Salary Increase	Years of Service	Public Safety Salary Increase	Other Salary Increase
1	11.75%	11.50%	14	3.60%	3.90%
2	9.25%	6.75%	15	3.50%	3.80%
3	8.00%	6.00%	16	3.50%	3.70%
4	7.00%	5.50%	17	3.50%	3.60%
5	5.50%	5.25%	18	3.50%	3.50%
6	4.80%	5.00%	19	3.40%	3.50%
7	4.60%	4.75%	20	3.40%	3.40%
8	4.30%	4.50%	21	3.40%	3.30%
9	4.10%	4.40%	22	3.30%	3.30%
10	4.00%	4.40%	23	3.15%	3.20%
11	3.90%	4.20%	24	3.00%	3.20%
12	3.80%	4.10%	25-27	3.00%	3.10%
13	3.70%	4.00%	28 or More	3.00%	3.00%

The health care trend rates were updated to better anticipate short term and long term medical increases.

The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The retirement, withdrawal, and salary increase rates for non-police employees were updated to reflect the latest experience study.

The discount rate was changed from 3.70% to 4.20%.

F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.20%) or 1% higher (5.20%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$1,614,240	\$1,491,682	\$1,378,884

G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the City, as well as what the City’s total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% then 3.00%) or 1% higher (7.50% decreasing to 6.00% then 5.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$1,336,575	\$1,491,682	\$1,675,632

H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2025, the City recognized (\$20,919) of OPEB expense. As of December 31, 2025, the City reported deferred outflows and inflows of resources related to the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125,925	\$ 277,735
Changes in assumptions	60,689	219,567
Contributions between measurement date and reporting date	121,640	-
	<u>\$ 308,254</u>	<u>\$ 497,302</u>

\$121,640 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2026.

Amounts reported as deferred outflow and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	OPEB Expense
2026	\$ (59,678)
2027	(59,672)
2028	(50,413)
2029	(61,748)
2030	(46,291)
Thereafter	(32,886)

Deferred outflows and inflows of resources relate primarily to governmental activities and therefore have been allocated there.

NOTE 11 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City utilizes interfund loans, when available, to finance tax increment activities in order to avoid the costs associated with issuing bonds. As of December 31, 2025, the Economic Increments Construction Fund owed \$10,000 to the Roseville EDA Fund related to such a loan.

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move grant funds to specific funds where the grant dollars are used (specifically American Recovery Program Act dollars), 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The following is a schedule of interfund transfers as of December 31, 2025:

Fund	Transfer In	Description
Transfers to General Fund from:		
License Center	\$ 837,643	2025 Budgeted Transfer - Admin Support, and Excess Fund Balance per Council Approval
Parks & Recreation	40,978	Excess of Fund Balance per Council Approval
ARPA Fund	<u>56,667</u>	Funding for Social Worker
Total General Fund	<u>935,288</u>	
Transfers to Telecommunications Fund from:		
Parks & Recreation	<u>40,378</u>	Excess of Fund Balance per Council Approval
Transfers to Debt Service Fund from:		
Economic Increments Construction	<u>249,931</u>	Principal, Interest, and Bond Issuance Costs
Transfers to Revolving Improvements Fund from:		
General Fund	<u>525,000</u>	2025 Budget Transfer - Capital Purchases
Transfers to Golf Fund from:		
Revolving Improvements Fund	<u>82,169</u>	2025 Golf Capital transfer
	<u>\$ 1,832,766</u>	

Total transfers in/out are created to assist in financing various activities and/or projects.

NOTE 12 TAX INCREMENT FINANCING

The City has entered into five Tax Increment Financing agreements, which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under the agreements, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs. During the year ended December 31, 2025, the City generated \$2,191,480 in tax increment revenue and made \$1,351,377 in payments to developers.

Note 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of damage to, and the destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal years of 1980 and 1987, the City established a Workers' Compensation Fund and a Risk Management Fund, respectively (internal service funds) to account for and finance its uninsured risks of loss. During 2025, the Worker's Compensation Fund provided coverage up to a maximum of \$500,000 for each occurrence. The City purchases excess loss coverage from the Workers' Compensation Reinsurance Association, a nonprofit organization established by Minnesota State Statutes.

The Risk Management Fund provides comprehensive general liability and comprehensive automotive liability up to the statutory maximum of \$2,000,000. The City retains the risk of the first \$100,000 of each occurrence with an annual maximum exposure of \$200,000. Liabilities of the funds are reported if it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claim's liability estimate. The City purchased commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this coverage in any of the past five fiscal years. There were no significant reductions in the City's insurance coverage in 2025. Enterprise fund charges and the property tax levy are based on a management estimate of claims history and the amount necessary to maintain catastrophic reserves. The claims liability of \$81,204 and \$433,452, for the Workers' Compensation and Risk Management funds respectively, reported in both funds at December 31, 2025 are based on the requirements of Governmental Accounting Standards Board Statement No. 10. As of December 31, 2025, the Workers' Compensation Fund reported reserves of \$448,864, while the Risk Management Fund reported a deficit of \$12,291.

The internal service funds are used to account for insurance activities provided to other departments on a cost-reimbursement basis. The negative net position of the internal service funds at year-end is primarily attributable to accrued liabilities and timing differences and is expected to be recovered through future service charges.

This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated (IBNR). Changes in the funds' claims liability amount in fiscal years 2024 and 2025 were:

Worker's Compensation Fund				
Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in estimates	Claims Payment	Ending of Fiscal Year Liability
2024	\$ 177,033	\$ (60,122)	\$ 104,298	\$ 12,613
2025	\$ 12,613	\$ 283,707	\$ 215,116	\$ 81,204

Risk Management Fund				
Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in estimates	Claims Payment	Ending of Fiscal Year Liability
2024	\$ 176,891	\$ 239,889	\$ 178,757	\$ 238,023
2025	\$ 238,023	\$ 492,258	\$ 296,829	\$ 433,452

Note 14 COMMITMENTS AND CONTINGENCIES

A. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2025.

B. COMMITTED CONTRACTS

The City has construction projects in progress as of December 31, 2025. The projects include the improvement and construction of streets, water, sewer, and storm systems. At year end the commitments with these contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
MUA Install	\$100,455	\$40,949
2025 PMP	1,265,368	46,827
2025 Sanitary Sewer Lining	958,904	110,536
Cohansey Lift Station Rehab	7,757	52,544
Water Booster Phase 4	46,304	56,594

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Schedule 1

GENERAL FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$20,427,468	\$20,427,468	\$19,838,695	(\$588,773)
Licenses and permits	580,510	580,510	797,787	217,277
Intergovernmental revenue	2,371,540	2,371,540	2,694,238	322,698
Charges for services	1,497,300	1,497,300	2,616,982	1,119,682
Fines and forfeits	70,000	70,000	96,829	26,829
Rentals	-	451,680	405,413	(46,267)
Donations	-	-	77,147	77,147
Special assessments	-	-	1,150	1,150
Investment income				
Interest earned on investments	60,000	60,000	234,577	174,577
Increase (decrease) in fair value of investments	-	-	408,331	408,331
Miscellaneous revenue	651,180	199,500	272,404	72,904
Total revenues	<u>25,657,998</u>	<u>25,657,998</u>	<u>27,443,553</u>	<u>1,785,555</u>
Expenditures:				
Current				
General government	4,812,544	4,812,544	4,723,513	(89,031)
Public safety	18,051,665	18,051,665	19,497,277	1,445,612
Public works	3,317,000	3,317,000	3,141,977	(175,023)
Capital outlay	-	-	28,175	28,175
Total Expenditures	<u>26,181,209</u>	<u>26,181,209</u>	<u>27,390,942</u>	<u>1,209,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(523,211)</u>	<u>(523,211)</u>	<u>52,611</u>	<u>575,822</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	935,288	735,288
Transfers out	-	-	(525,000)	(525,000)
Sale of capital assets	-	-	250	250
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>410,538</u>	<u>210,538</u>
Net Change in Fund Balance	<u>(\$323,211)</u>	<u>(\$323,211)</u>	<u>463,149</u>	<u>\$786,360</u>
Fund balance, January 1			<u>10,765,061</u>	
Fund balance, December 31			<u>\$11,228,210</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Schedule 2

RECREATION FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$3,378,300	\$3,378,300	\$3,255,962	(\$122,338)
Charges for services	2,686,942	2,686,942	2,751,280	64,338
Rentals	100,000	100,000	107,331	7,331
Donations	39,500	39,500	133,832	94,332
Investment income				
Interest earned on investments	15,000	15,000	49,505	34,505
Increase (decrease) in fair value of investments	-	-	71,526	71,526
Miscellaneous Revenue	33,000	33,000	76,548	43,548
Total revenues	<u>6,252,742</u>	<u>6,252,742</u>	<u>6,445,984</u>	<u>193,242</u>
Expenditures:				
Current:				
Recreation				
Personal services	4,122,538	4,122,538	3,986,154	(136,384)
Supplies and materials	408,515	408,515	407,292	(1,223)
Other services and charges	1,941,717	1,941,717	1,794,389	(147,328)
Capital outlay	-	-	80,164	80,164
Total Expenditures	<u>6,472,770</u>	<u>6,472,770</u>	<u>6,267,999</u>	<u>(204,771)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(220,028)</u>	<u>(220,028)</u>	<u>177,985</u>	<u>398,013</u>
Other financing sources (uses):				
Transfers out	-	-	(81,356)	(81,356)
Net Change in Fund Balance	<u>(\$220,028)</u>	<u>(\$220,028)</u>	<u>96,629</u>	<u>\$316,657</u>
Fund balance, January 1			<u>2,091,143</u>	
Fund balance, December 31			<u>\$2,187,772</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Schedule 3

COMMUNITY DEVELOPMENT FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	\$1,436,200	\$1,436,200	\$1,415,647	(\$20,553)
Charges for services	50,000	50,000	76,363	26,363
Affordable housing aid	-	-	563,752	563,752
Special assessments	-	-	-	-
Investment income:				
Interest earned on investments	25,000	25,000	127,307	102,307
Increase (decrease) in fair value of investments	-	-	138,809	138,809
Interest Earned - Other	-	-	-	-
Miscellaneous Revenue	-	-	14,897	14,897
Total revenues	<u>1,511,200</u>	<u>1,511,200</u>	<u>2,336,775</u>	<u>825,575</u>
Expenditures:				
Current:				
Public safety	1,192,180	1,192,180	1,189,464	(2,716)
Economic development	752,220	752,220	730,920	(21,300)
Capital outlay	45,000	45,000	47,567	2,567
Total expenditures	<u>1,989,400</u>	<u>1,989,400</u>	<u>1,967,951</u>	<u>(21,449)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(478,200)</u>	<u>(478,200)</u>	<u>368,824</u>	<u>847,024</u>
Other financing sources (uses):				
Sale of capital asset	-	-	5,800	5,800
Net Change in Fund Balance	<u>(\$478,200)</u>	<u>(\$478,200)</u>	<u>374,624</u>	<u>\$852,824</u>
Fund balance, January 1			<u>4,566,830</u>	
Fund balance, December 31			<u><u>\$4,941,454</u></u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Schedule 4

ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Taxes	\$364,856	\$364,856	\$351,644	(\$13,212)
Intergovernmental	85,000	85,000	85,000	-
Investment income:				
Interest earned on investments	-	-	82,519	82,519
Increase (decrease) in fair value of investments	-	-	105,100	105,100
Miscellaneous Revenue	-	-	23,824	23,824
Total revenues	449,856	449,856	648,087	198,231
Expenditures:				
Current:				
Economic development:				
Personal services	210,250	210,250	203,640	(6,610)
Supplies and materials	-	-	52	52
Other services and charges	239,606	239,606	410,681	171,075
Total expenditures	449,856	449,856	614,373	164,517
Net change in fund balance	\$ -	\$ -	33,714	\$33,714
Fund balance, January 1			5,172,379	
Fund balance, December 31			<u>\$5,206,093</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
For The Last Ten Years

	<u>2025</u>	<u>2024</u>
Total OPEB Liability:		
Service cost	\$109,986	\$104,846
Interest cost	53,531	54,082
Changes in benefit terms	-	-
Differences between expected and actual experience	141,666	-
Changes in assumptions	(95,495)	28,228
Benefit payments	<u>(108,608)</u>	<u>(86,645)</u>
Net changes in total OPEB liability	101,080	100,511
Total OPEB liability - beginning	<u>1,390,602</u>	<u>1,290,091</u>
Total OPEB liability - ending	<u><u>\$1,491,682</u></u>	<u><u>\$1,390,602</u></u>
Covered-employee payroll	\$20,567,533	\$15,863,297
Total OPEB liability as a percentage of covered-employee payroll	7.25%	8.77%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be added as they become available.

There are no plan assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay these benefits.

2023	2022	2021	2020	2019	2018
\$96,877	\$139,534	\$135,470	\$112,235	\$93,240	\$91,108
36,008	35,311	52,102	59,781	51,636	49,752
-	-	-	-	-	-
(309,503)	-	(149,745)	-	(21,855)	-
(181,507)	-	10,616	102,065	(61,560)	-
(110,076)	(84,739)	(82,195)	(65,582)	(78,354)	(93,369)
(468,201)	90,106	(33,752)	208,499	(16,893)	47,491
1,758,292	1,668,186	1,701,938	1,493,439	1,510,332	1,462,841
\$1,290,091	\$1,758,292	\$1,668,186	\$1,701,938	\$1,493,439	\$1,510,332
\$15,401,259	\$17,591,639	\$17,079,261	\$16,129,907	\$15,660,104	\$13,011,570
8.38%	10.00%	9.77%	10.55%	9.54%	11.61%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
 SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION
 LIABILITY - GENERAL EMPLOYEES RETIREMENT FUND
 For The Last Ten Years

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (percentage) 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 % of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	2016	0.1395%	\$11,326,708	\$147,908	\$11,474,616	\$8,657,720	132.5%	68.91%
2017	2017	0.1412%	9,014,115	113,368	9,127,483	9,101,177	100.3%	75.90%
2018	2018	0.1470%	8,154,957	267,459	8,422,416	9,445,284	89.2%	79.50%
2019	2019	0.1423%	7,867,448	244,489	8,111,937	10,059,973	80.6%	80.20%
2020	2020	0.1512%	9,065,131	279,604	9,344,735	10,785,733	86.6%	79.10%
2021	2021	0.1458%	6,226,313	190,072	6,416,385	10,472,613	61.3%	87.00%
2022	2022	0.1522%	12,054,290	353,256	12,407,546	11,390,160	108.99%	76.70%
2023	2023	0.1385%	7,744,765	213,469	7,958,234	11,013,706	72.3%	83.10%
2024	2024	0.1300%	4,806,640	124,290	4,930,930	11,004,337	44.8%	89.10%
2025	2025	0.1317%	4,365,907	105,319	4,471,226	11,932,054	37.5%	90.78%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS -
GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Schedule 7

<u>Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>City's Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
12/31/2016	\$659,339	\$659,339	\$ -	\$8,791,187	7.50%
12/31/2017	708,179	708,179	-	9,448,003	7.50%
12/31/2018	738,318	738,318	-	9,844,240	7.50%
12/31/2019	802,161	802,161	-	10,695,480	7.50%
12/31/2020	764,800	764,800	-	10,197,333	7.50%
12/31/2021	831,049	831,049	-	11,080,653	7.50%
12/31/2022	878,830	878,830	-	11,717,733	7.50%
12/31/2023	781,793	781,793	-	10,423,909	7.50%
12/31/2024	860,920	860,920	-	11,478,933	7.50%
12/31/2025	900,120	900,120	-	12,001,600	7.50%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
 SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION
 LIABILITY - PUBLIC EMPLOYEES POLICE AND FIRE FUND
 For The Last Ten Years

Schedule 8

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (percentage) 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 % of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	2016	0.5110%	\$20,507,319	\$ -	\$20,507,319	\$4,920,648	416.8%	63.9%
2017	2017	0.5160%	6,966,614	-	6,966,614	5,293,562	131.6%	85.4%
2018	2018	0.5259%	5,605,552	-	5,605,552	5,542,123	101.1%	88.8%
2019	2019	0.5452%	5,804,205	-	5,804,205	5,748,900	101.0%	89.3%
2020	2020	0.5625%	7,414,352	174,653	7,589,005	6,347,408	119.6%	87.2%
2021	2021	0.5472%	4,223,804	189,890	4,413,694	6,466,593	68.3%	93.7%
2022	2022	0.6188%	26,927,732	1,176,293	28,104,025	7,517,243	373.9%	70.5%
2023	2023	0.6176%	10,665,149	429,615	11,094,764	8,039,111	138.0%	86.5%
2024	2024	0.6281%	8,263,700	315,009	8,578,709	8,697,929	98.6%	90.2%
2025	2025	0.6675%	7,820,558	271,099	8,091,657	10,130,085	79.9%	91.8%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Last Ten Years

Schedule 9

<u>Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>City's Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
12/31/2016	\$825,632	\$825,632	\$ -	\$5,096,494	16.20%
12/31/2017	874,916	874,916	-	5,400,716	16.20%
12/31/2018	919,728	919,728	-	5,677,333	16.20%
12/31/2019	1,031,508	1,031,508	-	6,085,593	16.95%
12/31/2020	1,083,309	1,083,309	-	6,120,390	17.70%
12/31/2021	1,265,887	1,265,887	-	7,151,904	17.70%
12/31/2022	1,381,677	1,381,677	-	7,806,085	17.70%
12/31/2023	1,463,654	1,463,654	-	8,269,232	17.70%
12/31/2024	1,637,530	1,637,530	-	9,251,582	17.70%
12/31/2025	1,921,272	1,921,272	-	10,854,644	17.70%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - FIRE RELIEF ASSOCIATION
For The Last Ten Years

	2025	2024	2023
Total pension liability (TPL, actuarial accrued liability)			
Service cost	\$13,658	\$12,257	\$19,131
Interest	655,288	646,267	599,189
Differences between expected and actual experience	92,215	202,196	57,073
Changes of assumptions	(412,774)	210,338	(851,626)
Changes of benefit terms	259,858	356,825	291,640
Benefit payments, including member contributions	(1,049,592)	(857,789)	(867,484)
Net change in total pension liability	(441,347)	570,094	(752,077)
Total pension liability - beginning of year	10,219,115	9,649,021	10,401,098
Total pension liability - end of year	<u>\$9,777,768</u>	<u>\$10,219,115</u>	<u>\$9,649,021</u>
Plan fiduciary net position (FNP, assets)			
Contributions - State and local	\$46,043	\$46,400	\$48,725
Contributions - donations and other income	-	-	-
Contributions - members	-	-	-
Net investment income	2,425,843	2,735,337	2,650,695
Other additions (e.g. receivables)	-	-	-
Benefit payments, including member contributions	(1,049,592)	(857,789)	(867,484)
Administrative expense	(31,604)	(29,000)	(28,254)
Other deductions (e.g. payables)	-	-	-
Net change in plan fiduciary net position	1,390,690	1,894,948	1,803,682
Plan fiduciary net position - beginning of year	16,569,563	14,674,615	12,870,933
Plan fiduciary net position - end of year	<u>\$17,960,253</u>	<u>\$16,569,563</u>	<u>\$14,674,615</u>
Net pension liability (NPL) - end of year	(8,182,485)	(6,350,448)	(5,025,594)
Plan fiduciary net position (FNP, assets)	183.68%	162.14%	152.08%

The accompanying notes are an integral part of these financial statements.

2022	2021	2020	2019	2018	2017	2016
\$23,829	\$26,622	\$25,957	\$35,904	\$45,257	\$48,898	\$85,623
563,444	563,110	565,282	552,707	579,955	517,780	525,989
110,275	(61,093)	125,568	5,906	(16,259)	138,754	(389,429)
14,290	186,143	382,673	(8,425)	533,565	111,219	(492,447)
813,363	537,679	265,019	299,036	-	653,842	-
(982,017)	(755,377)	(704,524)	(673,245)	(682,053)	(593,632)	(569,784)
543,184	497,084	659,975	211,883	460,465	876,861	(840,048)
9,857,914	9,360,830	8,700,855	8,488,972	8,028,507	7,151,646	7,991,694
<u>\$10,401,098</u>	<u>\$9,857,914</u>	<u>\$9,360,830</u>	<u>\$8,700,855</u>	<u>\$8,488,972</u>	<u>\$8,028,507</u>	<u>\$7,151,646</u>
\$48,815	\$264,259	\$250,948	\$238,755	\$229,050	\$222,882	\$221,324
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,060,562)	2,566,985	2,410,051	2,626,352	(454,151)	1,775,014	846,802
-	-	-	-	-	-	-
(982,017)	(755,377)	(704,524)	(673,245)	(682,053)	(593,632)	(569,784)
(31,353)	(30,056)	(22,314)	(25,433)	(24,694)	(24,935)	(25,100)
-	-	-	-	-	-	-
(4,025,117)	2,045,811	1,934,161	2,166,429	(931,848)	1,379,329	473,242
16,896,050	14,850,239	12,916,078	10,749,649	11,681,497	10,302,168	9,828,926
<u>\$12,870,933</u>	<u>\$16,896,050</u>	<u>\$14,850,239</u>	<u>\$12,916,078</u>	<u>\$10,749,649</u>	<u>\$11,681,497</u>	<u>\$10,302,168</u>
(2,469,835)	(7,038,136)	(5,489,409)	(4,215,223)	(2,260,677)	(3,652,990)	(3,150,522)
123.75%	171.40%	158.64%	148.45%	126.63%	145.50%	144.05%

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND NON-EMPLOYER
CONTRIBUTING ENTITIES - FIRE RELIEF ASSOCIATION
For The Last Ten Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Employer:			
Actuarially determined contribution (ADC)	\$ -	\$ -	\$ -
Contribution in relation to the ADC	<u>46,043</u>	<u>46,400</u>	<u>48,725</u>
Contribution deficiency (excess)	<u><u>(\$46,043)</u></u>	<u><u>(\$46,400)</u></u>	<u><u>(\$48,725)</u></u>

The accompanying notes are an integral part of these financial statements.

2022	2021	2020	2019	2018	2017	2016
\$ -	\$ -	\$ -	\$ -	\$2,541	\$55,689	\$55,689
48,815	264,259	250,948	238,755	229,050	222,882	221,324
<u>(\$48,815)</u>	<u>(\$264,259)</u>	<u>(\$250,948)</u>	<u>(\$238,755)</u>	<u>(\$226,509)</u>	<u>(\$167,193)</u>	<u>(\$165,635)</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF ROSEVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds classified as the General, Recreation, Community Development, Roseville Economic Development Authority, Telecommunications, License Center, and Charitable Gambling Funds. No budgets are prepared for other governmental funds which include the debt service and capital projects. All annual appropriations lapse at fiscal year-end.

On or before mid-May of each year, all departments and agencies of the City submit requests for appropriations to the City's manager so that a budget may be prepared. Before September 15, the proposed budget is presented to the city council for review and approval. By September 15, the proposed budget and tax levy must be submitted to the county auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted and submitted to the county auditor, no later than December 28.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within the same fund, which only requires the approval of the City's manager, and does not require Council approval. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund and the fund level for certain Special Revenue Funds.

Expenditures occurred in excess of appropriations in the following funds:

- General fund exceeded the budget by \$1,209,733. However, actual revenue exceeded the budget by \$1,785,555.
- Roseville economic development authority fund exceeded the budget by \$164,517. However, actual revenue exceeded the budget by \$198,231.

Note B OPEB INFORMATION

Assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. There are no factors that affect trends in the amounts reported, such as changes of benefit terms or assumptions.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2025 Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

2025 Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes in Actuarial Assumptions:

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

2024 Changes in Plan Provisions:

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

2023 Changes in Actuarial Assumptions:

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

2023 Changes in Plan Provisions:

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

2022 Changes in Actuarial Assumptions:

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

2021 Changes in Actuarial Assumptions:

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

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% 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.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020, through December 31, 2023, and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

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

2019 Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

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

2018 Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of-Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2017 Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16 million in 2017 and 2018 and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The State's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

2016 Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

PERA – Public Employees Police and Fire Fund

2025 Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

2025 Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1.00% to 3.00%; subsequent January 1 increases will be 1.00%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes in Actuarial Assumptions:

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

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020 Changes in Actuarial Assumptions:

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

2019 Changes in Actuarial Assumptions:

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

2018 Changes in Actuarial Assumptions:

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

2018 Changes in Plan Provisions:

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.60% to 7.50%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA was changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Single Employer – Fire Relief Association

2025 Changes in Actuarial Assumptions:

- The discount rate increased from 6.75% to 7.00%
- The expected rate of return on plan assets increased from 6.75% to 7.00%
- The disability, mortality, and withdrawal assumptions were updated from the rates used in the July 1, 2023 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the 2024 PERA of Minnesota Public Employees Police & Fire Plan experience study.

2024 Changes in Actuarial Assumptions:

- The discount rate decreased from 7.00% to 6.75%
- The expected rate of return on plan assets decreased from 7.00% to 6.75%

2023 Changes in Actuarial Assumptions:

- The discount rate increased from 6.00% to 7.00%
- The expected rate of return on plan assets increased from 6.00% to 7.00%

2022 Changes in Actuarial Assumptions:

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

2021 Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The expected return on assets decreased from 6.25% to 6.00%
- The discount rate decreased from 6.25% to 6.00%
- Base mortality tables were changed from RP-2014 tables to Pub- 2010 tables, with adjustments.

2020 Changes in Actuarial Assumptions:

- The discount rate decreased from 6.75% to 6.25%
- The expected return on plan assets decreased from 6.75% to 6.25%
- The price inflation assumption was decreased from 2.50% to 2.25%
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

2019 Changes in Actuarial Assumptions:

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

2018 Changes in Actuarial Assumptions:

- The discount rate decreased from 7.50% to 6.75%
- The expected return on plan assets decreased from 7.50% to 6.75%
- The price of inflation assumption was decreased from 2.75% to 2.50%
- The mortality improvement scale was changed from Scale MP-2016 to Scale MP-2017.

2017 Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016.

2016 Changes in Actuarial Assumptions:

- The discount rate increased from 6.75% to 7.50%
- The expected return on plan assets increased from 6.75% to 7.50%

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special revenue funds account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Telecommunications: accounts for the revenue and expenditures in the administration, maintenance, and participant activities divisions for Telecommunications

License Center: accounts for the revenue and expenditures used to provide motor vehicle licenses, motor vehicle registrations, Passports, and state hunting and fishing licenses

Charitable Gambling: accounts for the revenue and expenditures used from charitable gambling

Opioid Settlement Fund: accounts for the revenue and expenditures used towards preventing the abuse of opioid addiction

Assets	Tele-communications	License Center	Charitable Gambling	Opioid Settlement Fund	Total Nonmajor Special Revenue Funds
Cash and investments	\$55,606	\$637,124	\$26,058	\$244,201	\$962,989
Investments interest receivable	52	2,742	-	837	3,631
Accounts receivable	71,827	212,189	-	-	284,016
Taxes receivable	5,055	-	-	-	5,055
Total assets	<u>\$132,540</u>	<u>\$852,055</u>	<u>\$26,058</u>	<u>\$245,038</u>	<u>\$1,255,691</u>
Liabilities:					
Accounts payable	35,281	15,577	25,909	-	76,767
Accrued payroll	22,642	112,485	149	-	135,276
Due to other governmental units	-	460,762	-	-	460,762
Total liabilities	<u>57,923</u>	<u>588,824</u>	<u>26,058</u>	<u>-</u>	<u>672,805</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>4,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,728</u>
Total deferred inflows of resources	<u>4,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,728</u>
Fund Balance:					
Restricted:					
Law Enforcement				245,038	245,038
Telecommunications	69,889	-	-	-	69,889
Assigned:					
License center improvements	<u>-</u>	<u>263,231</u>	<u>-</u>	<u>-</u>	<u>263,231</u>
Total fund balance	<u>69,889</u>	<u>263,231</u>	<u>-</u>	<u>245,038</u>	<u>578,158</u>
Total liabilities and fund balance	<u>\$132,540</u>	<u>\$852,055</u>	<u>\$26,058</u>	<u>\$245,038</u>	<u>\$1,255,691</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2025

Statement 12

	Tele-Communications	License Center	Charitable Gambling	Opioid Settlement Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$267,581	\$ -	\$ -	\$ -	\$267,581
Gambling taxes	-	-	42,018	-	42,018
Charges for services	-	2,825,591	-	-	2,825,591
Cable franchise taxes	303,776	-	-	-	303,776
Donations	-	-	99,180	-	99,180
Investment income:					
Interest earned on investments	181	21,888	807	5,795	28,671
Increase (decrease) in fair value of investments	239	1,261	-	4,677	6,177
Miscellaneous revenue	47,000	-	-	38,156	85,156
Total revenues	618,777	2,848,740	142,005	48,628	3,658,150
Expenditures:					
Current:					
General government	657,079	2,253,534	142,005	-	3,052,618
Public safety	-	-	-	3,960	3,960
Total expenditures	657,079	2,253,534	142,005	3,960	3,056,578
Excess (deficiency) of revenues over (under) expenditures	(38,302)	595,206	-	44,668	601,572
Other financing sources (uses):					
Transfers in	40,378	-	-	-	40,378
Transfers out	-	(837,643)	-	-	(837,643)
Total other financing sources (uses)	40,378	(837,643)	-	-	(797,265)
Net change in fund balance	2,076	(242,437)	-	44,668	(195,693)
Fund balance, January 1	67,813	505,668	-	200,370	773,851
Fund balance, December 31	\$69,889	\$263,231	\$ -	\$245,038	\$578,158

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Schedule 12

TELECOMMUNICATIONS FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Cable franchise taxes	\$354,000	\$354,000	\$303,776	(\$50,224)
Property taxes	277,635	277,635	267,581	(10,054)
Investment income:				
Interest earned on investments	100	100	181	81
Increase (decrease) in fair value of investments	-	-	239	239
Miscellaneous Revenue	47,000	47,000	47,000	-
Total revenues	<u>678,735</u>	<u>678,735</u>	<u>618,777</u>	<u>(59,958)</u>
Expenditures:				
Current:				
General government:				
Personal services	406,000	406,000	388,740	(17,260)
Supplies and materials	1,000	1,000	-	(1,000)
Other services and charges	271,735	271,735	268,339	(3,396)
Total expenditures	<u>678,735</u>	<u>678,735</u>	<u>657,079</u>	<u>(21,656)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(38,302)</u>	<u>(38,302)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>40,378</u>	<u>40,378</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,076</u>	<u>\$2,076</u>
Fund balance, January 1			<u>67,813</u>	
Fund balance, December 31			<u><u>\$69,889</u></u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Schedule 13

LICENSE CENTER FUND

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$2,600,000	\$2,600,000	\$2,825,591	\$225,591
Investment income				
Interest earned on investments	1,000	1,000	21,888	20,888
Increase (decrease) in fair value of investments	-	-	1,261	1,261
Total revenues	<u>2,601,000</u>	<u>2,601,000</u>	<u>2,848,740</u>	<u>247,740</u>
Expenditures:				
Current				
General government				
Personal services	2,044,930	2,044,930	2,032,246	(12,684)
Supplies and materials	38,200	38,200	37,448	(752)
Other services and charges	205,976	205,976	183,840	(22,136)
Total expenditures	<u>2,289,106</u>	<u>2,289,106</u>	<u>2,253,534</u>	<u>(35,572)</u>
Excess (deficiency) of revenues over (under) expenditures	311,894	311,894	595,206	283,312
Other financing sources (uses):				
Transfers out	(200,000)	(200,000)	(837,643)	(637,643)
Net Change in Fund Balance	<u>\$111,894</u>	<u>\$111,894</u>	<u>(242,437)</u>	<u>(\$354,331)</u>
Fund balance, January 1			<u>505,668</u>	
Fund balance, December 31			<u>\$263,231</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CHARITABLE GAMBLING FUND**

Schedule 14

For The Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Gambling taxes	\$29,279	\$29,279	\$42,018	\$12,739
Donations	120,000	120,000	99,180	(20,820)
Investment income:				
Interest earned on investments	-	-	807	807
Total revenues	<u>149,279</u>	<u>149,279</u>	<u>142,005</u>	<u>(7,274)</u>
Expenditures:				
Current:				
General government:				
Personal services	29,279	29,279	33,503	4,224
Other services and charges	<u>120,000</u>	<u>120,000</u>	<u>108,502</u>	<u>(11,498)</u>
Total expenditures	<u>149,279</u>	<u>149,279</u>	<u>142,005</u>	<u>(7,274)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, January 1			-	
Fund balance, December 31			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

INTERNAL SERVICE FUNDS

Internal Service funds account for the financing of goods or services provided by one department to other departments or to other governmental units.

Workers' Compensation Self Insurance Fund-Outside Services: accounts for revenue and expenditures in the administration and servicing of workers' compensation claims

Risk Management Fund: accounts for the revenue and expenditures in the administration and servicing of general liability claims

CITY OF ROSEVILLE, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2025

Statement 13

	Workers' Compensation Self-Insurance	Risk Management	Total Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$543,654	\$449,461	\$993,115
Investment interest receivable	1,767	1,540	3,307
Accounts receivable	-	726	726
Total assets	<u>545,421</u>	<u>451,727</u>	<u>997,148</u>
Liabilities:			
Current liabilities:			
Accounts payable	15,353	30,566	45,919
Insurance claims payable	18,006	355,885	373,891
Total current liabilities	<u>33,359</u>	<u>386,451</u>	<u>419,810</u>
Noncurrent liabilities:			
Insurance claims payable	63,198	77,567	140,765
Total noncurrent liabilities	<u>63,198</u>	<u>77,567</u>	<u>140,765</u>
Total liabilities	<u>96,557</u>	<u>464,018</u>	<u>560,575</u>
Net Position:			
Unrestricted	<u>448,864</u>	<u>(12,291)</u>	<u>436,573</u>
Total net position	<u><u>\$448,864</u></u>	<u><u>(\$12,291)</u></u>	<u><u>\$436,573</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUNDS

Statement 14

For The Year Ended December 31, 2025

	Workers' Compensation Self- Insurance	Risk Management	Total Internal Service Funds
Operating revenues:			
Departmental charges	\$158,735	\$184,850	\$343,585
Miscellaneous	-	10,697	10,697
Total operating revenue	<u>158,735</u>	<u>195,547</u>	<u>354,282</u>
Operating expenses:			
Professional services	8,475	22,641	31,116
Insurance	37,910	277,501	315,411
Training	-	11,481	11,481
Payment of claims	215,116	296,829	511,945
Total operating expenses	<u>261,501</u>	<u>608,452</u>	<u>869,953</u>
Operating income (loss)	<u>(102,766)</u>	<u>(412,905)</u>	<u>(515,671)</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest earned on investments	12,888	11,136	24,024
Increase (decrease) in fair value of investments	15,838	23,473	39,311
Total nonoperating revenues (expenses)	<u>28,726</u>	<u>34,609</u>	<u>63,335</u>
Change in net position	<u>(74,040)</u>	<u>(378,296)</u>	<u>(452,336)</u>
Net position, January 1	<u>522,904</u>	<u>366,005</u>	<u>888,909</u>
Net position, December 31	<u><u>\$448,864</u></u>	<u><u>(\$12,291)</u></u>	<u><u>\$436,573</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSEVILLE, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2025

Statement 15

	Workers' Compensation Self- Insurance	Risk Management	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from customers and users, including deposits	\$158,735	\$184,850	\$343,585
Cash payments to suppliers for goods and services	(191,710)	(393,631)	(585,341)
Other operating revenues	-	10,697	10,697
Net cash provided (used) by operating activities	<u>(32,975)</u>	<u>(198,084)</u>	<u>(231,059)</u>
Cash flows from investing activities:			
Interest and dividends received	13,023	11,835	24,858
Increase (decrease) in fair value of investments	15,838	23,473	39,311
Net cash provided (used) by investing activities	<u>28,861</u>	<u>35,308</u>	<u>64,169</u>
Net increase (decrease) in cash and cash equivalents	(4,114)	(162,776)	(166,890)
Cash and cash equivalents - January 1	<u>547,768</u>	<u>612,237</u>	<u>1,160,005</u>
Cash and cash equivalents - December 31	<u><u>\$543,654</u></u>	<u><u>\$449,461</u></u>	<u><u>\$993,115</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	<u>(\$102,766)</u>	<u>(\$412,905)</u>	<u>(\$515,671)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Changes in elements affecting cash			
(Increase) decrease in accounts receivable	-	(726)	(726)
Increase (decrease) in accounts payable	1,200	20,118	21,318
Increase (decrease) in insurance claims payable	68,591	195,429	264,020
Total adjustments	<u>69,791</u>	<u>214,821</u>	<u>284,612</u>
Net cash provided (used) by operating activities	<u><u>(\$32,975)</u></u>	<u><u>(\$198,084)</u></u>	<u><u>(\$231,059)</u></u>
Noncash investing, capital, and financing activities			
Increase/(decrease) in fair market value of investments	<u><u>\$15,838</u></u>	<u><u>\$23,473</u></u>	<u><u>\$39,311</u></u>

The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION

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

<u>Contents:</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City of Roseville's financial performance and well-being have changed over time.	Tables 1 - 4
Revenue Capacity These schedules contain information to help the reader assess the City of Roseville's most significant local revenue source, the property tax.	Tables 5 - 9
Debt Capacity These schedules present information to help the reader assess the affordability of the City of Roseville's current levels of outstanding debt and the City's ability to issue additional debt in the future.	Tables 10 - 13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Roseville's financial activities take place.	Tables 14 - 15
Operating Indicators These schedules contain service and infrastructure data to help the reader understand how the information in the City of Roseville's financial report relates to the services the City provides, and the activities it performs.	Tables 16 - 18

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CITY OF ROSEVILLE, MINNESOTA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental Activities					
Net Investment in Capital Assets	\$ 119,959,369	\$ 121,203,724	\$ 121,613,755	\$ 122,449,714	\$ 123,848,344
Restricted	13,847,317	13,523,329	11,908,357	13,744,369	17,447,435
Unrestricted	<u>16,617,276</u>	<u>11,181,711</u>	<u>10,192,853</u>	<u>12,256,314</u>	<u>12,428,273</u>
Total Governmental Activities Net Position	<u>150,423,962</u>	<u>145,908,764</u>	<u>143,714,965</u>	<u>148,450,397</u>	<u>153,724,052</u>
Business-Type Activities					
Net Investment in Capital Assets	30,729,106	33,862,002	37,768,901	40,295,471	39,212,702
Restricted	-	-	-	-	-
Unrestricted	<u>1,593,595</u>	<u>926,515</u>	<u>762,222</u>	<u>(370,939)</u>	<u>4,109,521</u>
Total Business-Type Activities Net Position	<u>32,322,701</u>	<u>34,788,517</u>	<u>38,531,123</u>	<u>39,924,532</u>	<u>43,322,223</u>
Primary Government					
Net Investment in Capital Assets	150,688,475	155,065,726	159,382,656	162,745,185	163,061,046
Restricted	13,847,317	13,523,329	11,908,357	13,744,369	17,447,435
Unrestricted	<u>18,210,871</u>	<u>12,108,226</u>	<u>10,955,075</u>	<u>11,885,375</u>	<u>16,537,794</u>
Total Primary Government Net Position	<u>\$ 182,746,663</u>	<u>\$ 180,697,281</u>	<u>\$ 182,246,088</u>	<u>\$ 188,374,929</u>	<u>\$ 197,046,275</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 122,812,999	\$ 126,195,186	\$ 126,897,771	\$ 129,194,910	\$ 129,331,576
Restricted	13,047,725	13,652,088	22,378,993	24,180,168	29,809,122
Unrestricted	<u>23,600,568</u>	<u>18,620,362</u>	<u>14,773,190</u>	<u>15,946,473</u>	<u>17,604,313</u>
Total Governmental Activities Net Position	<u>159,461,292</u>	<u>158,467,636</u>	<u>164,049,954</u>	<u>169,321,551</u>	<u>176,745,011</u>
Business-Type Activities					
Net Investment in Capital Assets	46,264,802	47,163,517	46,378,287	48,401,095	49,182,828
Restricted	-	-	-	-	-
Unrestricted	<u>1,223,840</u>	<u>2,446,518</u>	<u>7,873,679</u>	<u>11,071,382</u>	<u>12,561,937</u>
Total Business-Type Activities Net Position	<u>47,488,642</u>	<u>49,610,035</u>	<u>54,251,966</u>	<u>59,472,477</u>	<u>61,744,765</u>
Primary Government					
Net Investment in Capital Assets	169,077,801	173,358,703	173,276,058	177,596,005	178,514,404
Restricted	13,047,725	13,652,088	22,378,993	24,180,168	29,809,122
Unrestricted	<u>24,824,408</u>	<u>21,066,880</u>	<u>22,646,869</u>	<u>27,017,855</u>	<u>30,166,250</u>
Total Primary Government Net Position	<u>\$ 206,949,934</u>	<u>\$ 208,077,671</u>	<u>\$ 218,301,920</u>	<u>\$ 228,794,028</u>	<u>\$ 238,489,776</u>

Expenses	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
General government	\$ 7,615,373	\$ 8,180,795	\$ 8,435,979	\$ 8,890,774	\$ 10,031,213
Public safety	13,102,041	12,490,251	12,702,978	12,109,598	13,334,603
Public works	9,676,272	7,759,394	8,095,118	6,201,372	5,804,335
Economic development	4,729,987	4,047,461	1,229,029	1,653,281	2,766,163
Parks and recreation	5,185,845	6,315,824	6,185,924	5,719,426	5,847,653
Interest on long-term debt	813,509	785,702	708,583	643,081	660,497
Total governmental activities expenses	41,123,027	39,579,427	37,357,611	35,217,532	38,444,464
Business-type activities:					
Sewer	3,815,857	3,982,565	4,148,465	5,199,878	4,748,858
Water	5,977,512	6,274,835	5,919,239	6,134,757	6,654,634
Golf	340,677	367,665	448,514	430,186	480,815
Storm Drainage	1,327,856	1,237,523	1,272,724	1,422,743	1,814,662
Recycling	480,918	506,058	551,590	604,052	638,481
Total business-type activities expenses	11,942,820	12,368,646	12,340,532	13,791,616	14,337,450
Total primary government expenses	\$ 53,065,847	\$ 51,948,073	\$ 49,698,143	\$ 49,009,148	\$ 52,781,914
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 4,059,091	\$ 4,550,361	\$ 5,418,566	\$ 6,178,307	\$ 6,691,937
Public safety	2,358,147	1,812,758	2,018,293	3,132,557	2,696,195
Parks and recreation	2,390,468	2,314,762	2,567,059	2,837,337	1,216,481
Other activities	1,009,329	646,320	1,246,974	443,830	412,534
Operating grants and contributions	1,219,715	1,418,596	1,535,286	2,018,835	4,905,134
Capital grants and contributions	2,137,095	1,209,349	708,900	257,859	2,236,032
Total governmental activities program revenues	13,173,845	11,952,146	13,495,078	14,868,725	18,158,313
Business-type activities:					
Charges for Services:					
Sewer	4,808,303	5,270,628	5,458,020	5,733,880	5,837,210
Water	6,687,934	6,613,415	6,649,903	6,806,682	7,000,085
Golf	333,222	288,440	305,905	378,383	362,572
Storm Drainage	1,798,727	1,947,644	2,019,311	1,999,186	3,562,737
Recycling	371,871	436,304	427,065	477,805	584,022
Operating grants and contributions	90,533	87,901	124,248	540,008	236,960
Capital grants and contributions	277,055	0	50,000	8,492	28,125
Total business-type activities program revenues	14,367,645	14,644,332	15,034,452	15,944,436	17,611,711
Total primary government program revenues	\$ 27,541,490	\$ 26,596,478	\$ 28,529,530	\$ 30,813,161	\$ 35,770,024
Net (expense)/revenue					
Governmental activities	\$ (27,949,182)	\$ (27,627,281)	\$ (23,862,533)	\$ (20,348,807)	\$ (20,286,151)
Business-type activities	2,424,825	2,275,686	2,693,920	2,152,820	3,274,261
Total primary government net expense	\$ (25,524,357)	\$ (25,351,595)	\$ (21,168,613)	\$ (18,195,987)	\$ (17,011,890)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 19,550,627	\$ 20,730,169	\$ 20,918,842	\$ 21,166,310	\$ 23,376,184
Tax increments	1,677,742	1,191,202	922,055	1,151,987	927,912
Affordable housing taxes	-	-	-	-	-
Cable franchisetaxes	449,920	452,123	403,224	383,550	379,648
Gambling taxes	93,815	58,581	38,018	41,535	30,487
Grants and contributions not restricted to specific programs	24,435	27,208	98,710	72,372	-
Unrestricted investment earnings	758,630	860,242	378,063	568,744	319,237
Unrestricted net increase (decrease) in the fair value of Investments	(897,640)	(197,305)	(115,486)	842,941	285,640
Gain on sale of capital assets	129,474	112,600	65,101	46,800	90,058
Special Item - Disposal of Metro-INET	805,000	(122,737)	(1,039,793)	810,000	-
Transfers	-	-	-	-	-
Total governmental activities	22,592,003	23,112,083	21,668,734	25,084,239	25,409,166
Business-type activities:					
Unrestricted investment earnings	36,658	31,735	6,039	12,355	6,574
Unrestricted net increase(decrease) in the fair value of investments	(46,107)	10,985	872	15,544	8,827
Bond Interest Payable	-	-	-	-	-
Gain on sale of capital assets	7,635	24,673	1,982	22,690	8,029
Transfers	(805,000)	122,737	1,039,793	(810,000)	-
Total business-type activities	(806,814)	190,130	1,048,686	(759,411)	23,430
Total primary government	\$ 21,785,189	\$ 23,302,213	\$ 22,717,420	\$ 24,324,828	\$ 25,432,596
Change in Net Position					
Governmental activities	\$ (5,357,179)	\$ (4,515,198)	\$ (2,193,799)	\$ 4,735,432	\$ 5,123,015
Business-type activities	1,618,011	2,465,816	3,742,606	1,393,409	3,297,691
Total primary government	\$ (3,739,168)	\$ (2,049,382)	\$ 1,548,807	\$ 6,128,841	\$ 8,420,706

Expenses	Fiscal Year				
	2021	2022	2023	2024	2025
Governmental activities:					
General government	\$ 9,700,733	\$ 11,681,627	\$ 8,353,906	\$ 8,369,989	\$ 8,185,855
Public safety	12,199,338	16,967,185	17,997,888	21,484,496	23,784,129
Public works	5,784,692	8,777,781	6,592,587	6,267,875	6,606,445
Economic development	3,536,319	3,985,490	1,887,813	3,697,814	2,971,420
Parks and recreation	6,345,259	7,315,293	7,525,663	7,646,553	8,069,095
Interest on long-term debt	523,904	396,986	343,509	279,387	127,651
Total governmental activities expenses	38,090,245	49,124,362	42,701,366	47,746,114	49,744,595
Business-type activities:					
Sewer	4,569,332	4,558,112	4,788,374	5,147,221	5,697,694
Water	7,406,174	8,007,013	9,424,806	8,491,848	9,633,418
Golf	501,318	521,681	622,209	665,530	733,296
Storm Drainage	1,498,814	1,672,286	1,901,167	1,860,959	2,217,958
Recycling	586,429	867,109	869,967	1,082,334	1,665,870
Total business-type activities expenses	14,562,067	15,626,201	17,606,523	17,247,892	19,948,236
Total primary government expenses	\$ 52,652,312	\$ 64,750,563	\$ 60,307,889	\$ 64,994,006	\$ 69,692,831
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 7,169,949	\$ 8,233,716	\$ 4,370,052	\$ 4,679,608	\$ 5,005,409
Public safety	2,503,363	2,395,139	2,321,438	2,418,963	3,585,134
Parks and recreation	2,175,626	3,575,149	2,940,040	2,958,373	3,154,241
Other activities	453,650	419,578	461,395	290,662	313,275
Operating grants and contributions	4,816,658	5,513,179	4,847,508	3,061,374	3,409,066
Capital grants and contributions	885,421	6,205,118	1,544,559	3,484,881	758,901
Total governmental activities program revenues	18,004,667	26,341,879	16,484,992	16,893,861	16,226,026
Business-type activities:					
Charges for Services:					
Sewer	6,162,785	6,284,669	6,630,712	6,546,930	6,435,880
Water	7,244,014	7,984,635	10,140,144	8,977,029	9,954,005
Golf	454,586	460,845	500,989	576,871	652,912
Storm Drainage	2,654,349	2,235,351	2,964,884	3,837,572	3,828,507
Recycling	765,140	861,343	965,219	992,999	1,019,350
Operating grants and contributions	280,245	95,927	182,014	141,459	523,300
Capital grants and contributions	1,177,519	98,211	349,840	341,790	43,989
Total business-type activities program revenues	18,738,638	18,020,981	21,733,802	21,414,650	22,457,943
Total primary government program revenues	\$ 36,743,305	\$ 44,362,860	\$ 38,218,794	\$ 38,308,511	\$ 38,683,969
Net (expense)/revenue					
Governmental activities	\$ (20,085,578)	\$ (22,782,483)	\$ (26,216,374)	\$ (30,852,253)	\$ (33,518,569)
Business-type activities	4,176,571	2,394,780	4,127,279	4,166,758	2,509,707
Total primary government net expense	\$ (15,909,007)	\$ (20,387,703)	\$ (22,089,095)	\$ (26,685,495)	\$ (31,008,862)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 24,252,351	\$ 24,964,220	\$ 26,143,346	\$ 28,244,857	\$ 29,831,421
Tax increments	1,211,482	1,400,327	2,429,997	3,261,669	2,191,480
Sales and use taxes	-	-	-	-	3,192,168
Cable franchise taxes	385,750	374,855	354,531	321,611	303,776
Gambling taxes	37,258	42,688	41,619	45,008	42,018
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	436,027	648,345	1,117,581	4,088,613	3,759,219
Unrestricted net increase (decrease) in the fair value of Investments	(510,189)	(5,596,474)	1,961,633	642,891	1,608,735
Gain on sale of capital assets	10,139	1,464,277	249,985	238,361	95,381
Special Item - Disposal of Metro-INET	-	(1,504,232)	-	-	-
Transfers	-	(5,179)	(500,000)	(719,111)	(82,169)
Total governmental activities	25,822,818	21,788,827	31,798,692	36,123,899	40,942,029
Business-type activities:					
Unrestricted investment earnings	19,226	60,808	150,502	230,148	281,785
Unrestricted net increase(decrease) in the fair value of investments	(29,378)	(347,228)	(162,264)	(42,421)	200,002
Bond Interest Payable	-	(26,596)	-	-	-
Gain on sale of capital assets	-	34,450	26,414	146,915	175,854
Transfers	-	5,179	500,000	719,111	82,169
Total business-type activities	(10,152)	(273,387)	514,652	1,053,753	739,810
Total primary government	\$ 25,812,666	\$ 21,515,440	\$ 32,313,344	\$ 37,177,652	\$ 41,681,839
Change in Net Position					
Governmental activities	\$ 5,737,240	\$ (993,656)	\$ 5,582,318	\$ 5,271,646	\$ 7,423,460
Business-type activities	4,166,419	2,121,393	4,641,931	5,220,511	3,249,517
Total primary government	\$ 9,903,659	\$ 1,127,737	\$ 10,224,249	\$ 10,492,157	\$ 10,672,977

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 80,717	\$ 1,875	\$ 9,814	\$ 11,536	\$ 144,207
Restricted					
Law enforcement	446,436	407,132	373,225	364,145	353,541
Public Safety Aid	-	-	-	-	-
Assigned					
Engineering services	772,697	938,020	805,269	760,929	617,125
Accounting services	17,319	17,574	17,687	17,439	17,649
General Service Reserve	-	-	886,000	756,498	366,054
Unassigned	5,856,061	4,848,107	4,136,116	5,006,928	7,347,564
Total General Fund	<u>\$ 7,173,230</u>	<u>\$ 6,212,708</u>	<u>\$ 6,228,111</u>	<u>\$ 6,917,475</u>	<u>\$ 8,846,140</u>
All Other Governmental Funds					
Nonspendable	\$ 410,081	\$ 75	\$ -	\$ 1,000	\$ 1,125
Restricted					
Law Enforcement	-	-	-	-	-
Telecommunications	436,616	431,608	345,056	160,316	125,072
Lawful Gambling	81,118	110,672	81,751	128,918	12,362
Community Development	1,759,272	1,839,150	2,139,763	3,502,984	4,108,422
Park Dedication	1,373,738	1,387,845	512,171	1,009,255	1,160,950
Capital projects	-	-	-	-	-
Tax Increment	6,586,003	3,686,918	4,135,280	4,611,087	3,363,954
Debt Service	2,693,499	2,626,667	2,533,920	2,390,172	7,432,766
Bond Funded Capital Improvements	2,902,068	2,189,727	929,573	734,374	-
Housing and Economic Development	827,821	843,610	857,618	875,223	890,368
Committed					
Street Replacement	9,354,461	-	6,115,052	4,960,459	6,385,662
Equipment Replacement	1,041,002	1,125,426	-	-	-
Assigned					
Parks and Recreation Programs and Maintenance	1,637,111	1,945,172	1,536,462	1,589,307	1,613,737
License Center Improvements	1,172,926	976,492	449,864	526,572	-
Information Technology	-	-	1,534,647	1,525,445	2,015,010
Capital project funds	3,529,937	12,137,748	4,679,926	6,009,217	7,186,739
Housing and Economic Development	3,004,072	3,385,668	3,461,361	3,784,430	4,182,115
Unassigned	-	-	-	-	192,925
Total All Other Governmental Funds	<u>\$ 36,809,725</u>	<u>\$ 32,686,778</u>	<u>\$ 29,312,444</u>	<u>\$ 31,808,759</u>	<u>\$ 38,671,207</u>

	Fiscal Year				
	2021	2022	2023	2024	2025
General Fund					
Nonspendable	\$ 60,863	\$ 16,854	\$ 67,195	\$ 59,911	\$ 35,578
Restricted					
Law enforcement	333,661	366,443	348,866	378,228	428,001
Public Safety Aid	-	-	1,594,625	397,179	145,415
Assigned					
Information Technology			100,863	113,503	109,992
Engineering services	538,106	316,141	320,866	357,310	510,479
Accounting services	16,857	15,566	15,405	14,598	21,367
General Service Reserve	706,946	629,748	972,349	1,365,927	-
Unassigned	8,507,587	7,170,199	7,464,892	8,078,405	9,977,378
Total General Fund	<u>\$ 10,164,020</u>	<u>\$ 8,514,951</u>	<u>\$ 10,885,061</u>	<u>\$ 10,765,061</u>	<u>\$ 11,228,210</u>
All Other Governmental Funds					
Nonspendable	\$ 1,100	\$ 864	\$ 16,982	\$ -	\$ -
Restricted					
Law Enforcement	-	73,522	88,986	200,370	245,038
Telecommunications	94,607	118,808	72,768	67,813	69,889
Lawful Gambling	2,479	-	-	-	-
Community Development	4,447,459	4,127,898	4,399,493	4,365,513	4,175,869
Park Dedication	1,205,885	1,905,328	2,172,845	1,969,963	2,065,267
Capital projects	-	-	-	-	2,296,846
Tax Increment	3,774,096	4,003,839	5,506,016	6,919,283	7,582,681
Debt Service	2,383,400	2,224,332	2,298,919	2,369,199	2,397,094
Bond Funded Capital Improvements	-	-	-	-	-
Housing and Economic Development	899,385	889,772	919,566	1,144,513	1,580,605
Committed					
Street Replacement	6,002,657	4,708,685	5,236,428	5,315,804	5,728,811
Equipment Replacement	-	-	-	-	-
Assigned					
Parks and Recreation Programs and Maintenance	1,923,773	2,007,037	2,234,875	2,091,143	2,187,772
License Center Improvements	364,574	432,531	307,929	505,668	263,231
Information Technology	1,897,601	873,177	-	-	-
Capital project funds	9,212,810	10,092,044	12,773,144	13,929,278	14,654,481
Housing and Economic Development	4,185,195	3,921,805	4,324,945	4,229,183	4,391,073
Unassigned	-	(1,289)	(15,806)	-	-
Total All Other Governmental Funds	<u>\$ 36,395,021</u>	<u>\$ 35,378,353</u>	<u>\$ 40,337,090</u>	<u>\$ 43,107,730</u>	<u>\$ 47,638,657</u>

CITY OF ROSEVILLE, MINNESOTA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

Table 4
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	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Taxes	\$ 22,235	\$ 22,474	\$ 22,252	\$ 22,710	\$ 24,688
Intergovernmental	3,381	2,383	2,004	2,018	6,563
Licenses and permits	2,414	1,962	2,035	3,131	2,605
Charges for services	5,888	6,151	6,859	7,508	6,858
Fines and forfeits	107	90	97	85	57
Special assessments	302	131	162	261	207
Investment earnings	(132)	622	244	1,327	580
Miscellaneous	1,168	1,051	1,218	1,806	1,427
Total revenues	35,363	34,864	34,871	38,846	42,985
Expenditures					
General government	\$ 6,822	\$ 7,342	\$ 7,814	\$ 8,226	\$ 9,307
Public safety	10,086	10,679	11,501	11,360	12,681
Public works	2,499	4,934	5,180	2,616	2,819
Economic development	4,602	3,944	1,179	1,538	2,758
Recreation	4,380	4,685	4,725	4,926	4,231
Capital outlay	9,822	4,836	3,822	4,669	5,238
Debt service					
Principal	2,660	2,760	2,880	2,675	1,900
Interest	849	789	730	666	680
Other Charges	-	-	-	-	-
Total expenditures	41,720	39,969	37,830	36,676	39,614
Excess of revenues over (under) expenditures	(6,357)	(5,105)	(2,959)	2,170	3,371
Other financing sources (uses)					
Transfers in	\$ 2,579	\$ 2,821	\$ 3,365	\$ 2,832	\$ -
Transfers out	(1,774)	(2,944)	(3,884)	(2,022)	-
Refunding bonds issued	-	-	-	-	4,775
Discount on bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	322
Sale of assets	173	144	119	205	173
Total other financing sources (uses)	978	21	(400)	1,015	5,270
Special Item					
Sale of Metro-INET					
Net change in fund balances	\$ (5,379)	\$ (5,084)	\$ (3,359)	\$ 3,185	\$ 8,641
Debt service as a percentage of noncapital expenditures	11.00%	10.10%	10.61%	10.44%	7.51%

CITY OF ROSEVILLE, MINNESOTA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

Table 4
 Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues					
Taxes	\$ 26,005	\$ 26,700	\$ 28,835	\$ 31,923	\$ 34,833
Intergovernmental	5,384	11,541	6,467	6,066	3,783
Licenses and permits	2,633	2,281	2,276	2,144	2,213
Charges for services	8,048	9,898	6,290	6,598	8,350
Fines and forfeits	62	87	76	86	97
Special assessments	137	246	698	48	151
Investment earnings	(73)	(4,809)	2,978	1,937	2,879
Miscellaneous	1,527	2,281	1,416	1,514	1,516
Total revenues	43,723	48,225	49,036	50,316	53,822
Expenditures					
General government	\$ 9,304	\$ 10,659	\$ 7,629	\$ 7,666	\$ 8,045
Public safety	13,627	15,013	15,935	17,665	21,194
Public works	2,949	5,822	3,782	3,519	3,815
Economic development	3,584	3,912	1,862	3,820	2,984
Recreation	4,851	6,099	6,260	6,393	6,635
Capital outlay	2,822	6,961	3,509	5,676	5,516
Debt service					
Principal	7,040	2,020	2,110	2,145	2,215
Interest	532	439	370	301	305
Other Charges	-	-	-	-	-
Total expenditures	44,709	50,925	41,457	47,185	50,709
Excess of revenues over (under) expenditures	(986)	(2,700)	7,579	3,131	3,113
Other financing sources (uses)					
Transfers in	\$ -	\$ -	\$ 1,469	\$ -	\$ -
Transfers out	-	(5)	(1,969)	(719)	(82)
Refunding bonds issued	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	1,790
Premium on bonds issued	-	-	-	-	78
Sale of assets	28	1,328	250	238	95
Total other financing sources (uses)	28	1,323	(250)	(481)	1,881
Special Item					
Sale of Metro-INET		(1,289)			
Net change in fund balances	\$ (958)	\$ (2,666)	\$ 7,329	\$ 2,650	\$ 4,994
Debt service as a percentage of noncapital expenditures	18.08%	5.59%	6.54%	5.89%	5.58%

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CITY OF ROSEVILLE, MINNESOTA
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
 Last Ten Fiscal Years

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increments</u>	<u>Sales and Use Taxes</u>	<u>Cable Franchise Taxes</u>	<u>Gambling Taxes</u>	<u>Total</u>
2016	\$ 19,550,637	\$ 1,677,742	\$ -	\$ 449,920	\$ 93,815	\$ 20,451,552
2017	20,730,169	1,191,202	-	452,123	58,581	21,772,114
2018	20,918,842	922,055	-	403,224	38,018	22,432,075
2019	21,132,512	1,151,987	-	383,550	41,535	22,282,139
2020	23,376,184	927,912	-	379,648	30,487	22,709,584
2021	24,370,939	1,211,482	-	385,750	37,258	24,714,231
2022	24,880,844	1,400,327	-	374,855	42,688	26,005,429
2023	26,006,742	2,429,997	-	354,531	41,619	28,832,889
2024	28,294,064	3,261,669	-	321,611	45,008	31,922,352
2025	29,756,074	2,191,480	2,539,579	303,776	42,018	34,832,927

CITY OF ROSEVILLE, MINNESOTA
ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 6
Page 1 of 2

Fiscal Year Ended December 31	Real Property			Gas & Electric	Personal Property Leased Machinery & Equipment
	Residential Property	Commercial Property	Other		
2016	\$ 25,839,545	\$ 16,230,896	\$ 9,066,597	\$ 707,709	\$ 65,466
2017	27,523,973	17,137,024	9,461,535	682,029	91,259
2018	29,331,022	18,261,950	10,082,719	739,086	72,205
2019	31,375,778	19,535,047	10,785,617	763,065	48,226
2020	28,115,372	28,604,783	7,669,585	783,764	89,799
2021	29,790,164	31,695,674	8,306,067	852,904	113,487
2022	31,421,278	32,838,231	8,786,564	509,980	52,663
2023	35,186,256	36,772,991	9,839,392	528,059	54,852
2024	38,504,828	37,797,436	11,030,074	547,813	57,438
2025	39,392,166	35,795,601	9,837,413	564,030	59,535

Sources: Ramsey County & League of MN Cities

City of Roseville, Minnesota
ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 6
Page 2 of 2

Fiscal Year Ended December 31	Less: TIF & Fiscal Disparity Contribution (Net)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assesed Value as a Percentage of Actual Value
2016	\$ (6,700,122)	\$ 45,983,266	39.32%	\$ 4,067,077,000	1.13%
2017	(6,198,994)	49,475,356	38.56%	4,293,939,000	1.15%
2018	(6,237,582)	53,066,460	38.18%	4,539,121,600	1.17%
2019	(6,631,933)	56,719,579	37.42%	4,861,021,500	1.17%
2020	(6,981,638)	59,161,670	39.20%	5,087,172,300	1.16%
2021	(6,877,663)	64,854,004	37.07%	5,459,147,800	1.19%
2022	(8,190,519)	65,973,536	38.48%	5,666,632,400	1.16%
2023	(9,535,613)	72,837,758	36.08%	6,329,266,941	1.15%
2024	(10,435,909)	77,501,681	37.23%	6,709,886,784	1.16%
2025	(10,003,762)	75,644,983	40.38%	6,689,180,827	1.13%

CITY OF ROSEVILLE, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

Table 7
Page 1 of 2

Fiscal Year	City of Roseville			Ramsey County	Special Districts Tax Capacity
	Operating Tax Capacity	Debt Service Tax Capacity	Total City Tax Capacity	Total County Tax Capacity	
2016	33.77%	5.55%	39.32%	58.89%	9.56%
2017	33.38%	5.18%	38.55%	55.85%	9.04%
2018	33.35%	4.83%	38.18%	53.96%	9.20%
2019	33.53%	3.89%	37.42%	52.88%	8.74%
2020	35.45%	3.75%	39.20%	52.30%	8.74%
2021	33.67%	3.40%	37.07%	47.76%	8.38%
2022	35.08%	3.40%	38.48%	48.07%	10.40%
2023	33.04%	3.04%	36.08%	44.90%	9.78%
2024	34.35%	2.88%	37.23%	45.45%	9.87%
2025	37.44%	2.94%	40.38%	47.48%	10.32%

Sources: Ramsey County & League of MN Cities

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Roseville. Not all overlapping rates apply to all City of Roseville property owners (e.g., the rates for special districts apply only to the portion of the government's property owners whose property is located within the geographic boundaries of the special district).

Fiscal Year	Overlapping Rates (1)		School District - ISD#623		Total Direct & Overlapping Tax Capacity
	School District - ISD#621		Total Capacity Based	Market Value Based Tax Rate	
	Tax Capacity Based	Market Value Based Tax Rate			
2016	26.25%	0.22261%	20.96%	0.22104%	154.97%
2017	25.31%	0.20119%	18.89%	0.19350%	147.64%
2018	28.46%	0.19725%	34.40%	0.21951%	164.20%
2019	26.33%	0.18765%	31.69%	0.22529%	157.06%
2020	24.96%	0.29347%	30.67%	0.19816%	155.87%
2021	23.86%	0.25290%	31.25%	0.16876%	148.32%
2022	23.42%	0.25640%	26.91%	0.26937%	147.28%
2023	18.37%	0.22776%	25.53%	0.21357%	134.66%
2024	16.47%	0.24480%	25.03%	0.23293%	134.05%
2025	17.03%	0.23270%	27.77%	0.22517%	142.97%

CITY OF ROSEVILLE, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Ten Years Ago

Table 8

Taxpayer	2025			2016		
	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxes Levied	Rank	Percentage of Total Taxes Levied
PPF Rtl Rosedale Shopping Ctr LLC	\$ 727,357	1	2.50%	\$ 291,196	5	1.54%
St Paul Fire and Marine Ins So	635,075	2	2.18%	326,507	3	1.72%
Har Mar Retail Associates, LLC	457,708	3	1.57%			
Meritex Industrial Portfolio LLC	363,544	4	1.25%			
Rosedale Commons LP	329,041	5	1.13%	214,706	7	1.13%
Magellan Pipeline Company LP	319,846	6	1.10%	354,367	2	1.87%
Rosedale Square LLC	313,516	7	1.08%	267,389	6	1.41%
Roseville Properties LLC	291,991	8	1.00%			
Crossroads of Roseville 2023 LLC	291,264	9	1.00%			
Arrow Lexington Apartments LLC	241,705	10	0.83%			
Gateway Washington Inc				426,418	1	2.25%
Wilcal Crossroads LLC				325,907	4	1.72%
Wal-mart Realty Company 2087				209,199	8	1.10%
Veritas Technologies LLC				205,011	9	1.08%
BRE Timberwolf Property Owner LLC				195,651	10	1.03%
	\$ 3,971,046		13.62%	\$ 2,816,349		14.87%

Source: Ramsey County

CITY OF ROSEVILLE, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 9

Fiscal Year Ended 31-Dec	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections / Adjustments in Current / Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 18,944,720	\$ 17,663,506	93.24%	\$ (29,539)	\$ 17,633,967	93.08%
2017	19,869,645	19,659,496	98.94%	(40,126)	19,619,370	98.74%
2018	20,756,100	20,721,589	99.83%	(87,361)	20,634,228	99.41%
2019	21,551,650	21,105,455	97.93%	12,312	21,117,767	97.99%
2020	23,105,170	22,981,304	99.46%	(82,226)	22,899,078	99.11%
2021	24,152,660	24,091,198	99.75%	(166,573)	23,924,625	99.06%
2022	25,429,114	25,033,295	98.44%	(212,345)	24,820,950	97.61%
2023	26,822,889	26,293,861	98.03%	(272,685)	26,021,176	97.01%
2024	29,150,515	28,433,718	97.54%	(249,723)	28,183,995	96.68%
2025	30,717,459	30,183,596	98.26%	-	30,183,596	98.26%

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Revenue Bonds	Certificate of Indebtedness	Water Revenue Bonds	Lease Liability (3)				
2016	\$ 26,041,440	\$ -	\$ 3,246,065	\$ 640,000	\$ -	\$ -	\$ 29,927,505	0.74%	\$ 849	
2017	23,492,848	-	3,208,661	325,000	-	-	27,026,509	0.63%	754	
2018	20,904,256	-	3,101,257	-	-	-	24,005,513	0.63%	671	
2019	18,265,665	-	2,923,852	-	-	-	21,189,517	0.44%	584	
2020	21,535,936	-	2,741,448	-	2,693,931	-	26,971,315	0.53%	736	
2021	14,553,659	-	2,529,044	-	2,681,038	-	19,763,741	0.36%	556	
2022	12,591,382	-	2,316,639	-	2,438,145	105,184	17,346,166	0.31%	476	
2023	10,539,096	-	2,104,235	-	2,185,252	33,750	14,828,583	0.23%	403	
2024	8,451,829	-	1,891,830	-	1,927,359	277,515	12,271,018	0.18%	342	
2025	8,162,833	-	1,679,426	-	1,664,466	207,364	11,506,725	0.17%	317	

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

- (1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for the estimated actual taxable value.
- (2) See Population on Demographic & Economic Statistics schedule.
- (3) Lease Liability added in 2022 due to implementation of GASB 87

Fiscal Year	General Obligation Debt	Resources Restricted for Repayment (4)	Net General Bonded Debt (4)	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)	Estimated (3) Personal Income (amounts expressed in whole dollars)	Outstanding Debt to Personal Income
2016	\$ 26,681,440	\$ 2,693,499	\$ 23,987,941	0.74%	\$ 680.62	\$ 1,707,818,508.00	1.75%
2017	23,817,848	2,626,667	21,191,181	0.63%	591.34	1,784,095,260	1.51%
2018	20,904,256	2,533,921	18,370,336	0.53%	513.20	1,871,808,636	1.28%
2019	18,265,665	2,390,172	15,875,492	0.44%	437.68	1,992,566,048	1.06%
2020	21,535,936	7,432,766	14,103,170	0.53%	384.87	2,036,783,452	1.32%
2021	14,553,659	2,383,399	12,170,260	0.36%	332.12	2,082,638,262	0.95%
2022	12,591,382	2,213,907	10,377,475	0.31%	284.78	2,280,925,360	0.76%
2023	10,539,096	2,298,919	8,240,177	0.23%	223.86	2,405,827,980	0.62%
2024	8,451,829	2,304,102	6,147,727	0.18%	171.28	2,487,674,520	0.49%
2025	8,162,833	2,362,396	5,800,437	0.17%	159.77	2,605,573,545	0.44%

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.
- (3) This estimated personal income number is calculated by taking the per capita personal income of Ramsey County and multiplying it by the City population.
- (4) Implementation of GASB 54 in 2011

CITY OF ROSEVILLE, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2025

Table 12

Governmental Unit	Gross Debt Net of Refunding	Percentage Applicable to Roseville	Amount Applicable to Roseville
Direct Debt:			
City of Roseville	\$ 9,842,259	100%	\$ 9,842,259
Overlapping Debt*			
School District #621	\$ 195,795,000	8%	\$ 15,663,600
School District #623	167,200,000	61%	101,992,000
Special School District #916	64,130,000	8%	5,130,400
Metropolitan Council	1,564,245,118	1%	15,642,451
Metropolitan Airports Commission	1,981,755,000	1%	19,817,550
Ramsey County	233,227,000	9%	20,990,430
Total Overlapping Debt	4,206,352,118		179,236,431
Total Direct and Overlapping Debt	\$ 4,216,194,377		\$ 189,078,690

*Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Roseville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 122,012,310	\$ 128,818,170	\$ 136,173,648	\$ 145,830,645	\$ 152,615,169
Total net debt applicable to limit	28,585,000	27,026,509	24,005,513	21,189,517	26,971,315
Legal debt margin	<u>\$ 93,427,310</u>	<u>\$ 101,791,661</u>	<u>\$ 112,168,135</u>	<u>\$ 124,641,128</u>	<u>\$ 125,643,854</u>
Total net debt applicable to the limit as a percentage of debt limit	23.43%	20.98%	17.63%	14.53%	17.67%

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt Limit	\$ 163,774,434	\$ 169,998,972	\$ 189,878,008	\$ 201,296,604	\$ 200,675,425
Total net debt applicable to limit	19,763,741	17,346,166	14,828,583	12,271,018	11,506,725
Legal debt margin	<u>\$ 144,010,693</u>	<u>\$ 152,652,806</u>	<u>\$ 175,049,425</u>	<u>\$ 189,025,586</u>	<u>\$ 189,168,700</u>
Total net debt applicable to the limit as a percentage of debt limit	12.07%	10.20%	7.81%	6.10%	5.73%

Legal Debt Margin Calculation for Fiscal Year 2025

Estimated Market Value	<u>\$ 6,689,180,827</u>
Debt Limit (3% of total estimated market value)	200,675,425
Debt applicable to limit:	
Total Bonded Debt	11,506,725
Less:	
Special Assessment Bonds	-
Housing Bonds	-
Total net debt applicable to limit	<u>11,506,725</u>
Legal Debt Margin	<u>\$ 189,168,700</u>

Note: Under Minnesota state law, the City of Roseville's net debt cannot exceed 3 percent of the estimated market value of property. This limit increased from 2% to 3% in calendar 2008.

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (2)</u>	<u>Per Capita Personal income (3)</u>	<u>School Enrollment District #623 (4)</u>	<u>School Enrollment District #621 (4)</u>	<u>Unemployment Rate (5)</u>
2016	35,244	\$ 1,707,818,508	\$ 48,457	7,580	11,145	3.0%
2017	35,836	1,784,095,260	49,785	7,581	11,285	2.5%
2018	35,796	1,871,808,636	52,291	7,531	11,389	2.4%
2019	36,272	1,992,566,048	54,934	8,255	11,655	2.6%
2020	36,644	2,036,783,452	55,583	7,276	11,715	4.1%
2021	35,566	2,082,638,262	58,557	7,205	11,499	2.1%
2022	36,440	2,280,925,360	62,594	7,379	11,486	2.2%
2023	36,810	2,405,827,980	65,358	7,356	11,792	2.1%
2024	35,892	2,487,674,520	69,310	7,355	11,632	2.3%
2025	36,305	2,605,573,545	71,769	7,256	11,934	3.8%

- (1) Population and per capita income figures, other than census year, are estimates provided by the Metropolitan Council. The last census was taken in the year 2020.
- (2) This estimated personal income number is calculated by taking the per capita personal income of Ramsey County and multiplying it by the City population. Also see note (3) regarding the Per Capita Personal Income figures.
- (3) The per capita personal income used is for that of Ramsey County, in which the city resides, the smallest region applicable to the City that this information is available for. In addition, the 2009 - 2011 figures are an estimate for the State of Minnesota provided by the Bureau of Economic Analysis as there were no other relevant estimates available at the time of this report.
- (4) The City is served by two independent school districts.
 District #623 covers approximately 67% of the City, while District #621 covers approximately 33% of the City. Accordingly, not all students enrolled in District #621 live in the City of Roseville.
 Information is provided by the National Center for Education Statistics School District Search.
- (5) Annual average unemployment provided by the Minnesota Department of Employment & Economic Development

CITY OF ROSEVILLE, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Table 15

<u>Employer</u>	<u>2025</u>			<u>2016</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Roseville Area Schools	1,490	1	4.09%	500	4	1.32%
University-Northwestern-St Pl	1,122	2	3.08%	700	2	1.84%
MN Dept. of Transportation	751	3	2.06%	800	1	2.11%
Old Dutch Foods	600	5	1.65%	400	7	1.05%
Presbyterian Homes Housing	600	4	1.65%			
Pediatric Home Respiratory Services, LLC	438	6	1.20%			
Lunds & Byerlys	377	7	1.03%	377	8	0.99%
Hypro-Pentair	375	8	1.03%	375	9	0.99%
Arvig Answering Solutions	300	9	0.82%			
Asmodee North America	250	10	0.69%			
Metz Baking Co				600	3	1.58%
Symantec Corp				500	5	1.32%
MEDTOX Scientific Inc				400	6	1.05%
Eagle Crest Retirement Community				330	10	0.87%
Total	6,303		17.30%	4,982		13.12%

Sources: Minnesota Department of Employment and Economic Development and Ehlers
 Data Axle Reference Solutions
 Written and Phone Survey

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CITY OF ROSEVILLE, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government (1)	45.19	47.85	50.15	51.50	50.57	55.65	59.28	37.43	38.19	37.02
Public safety										
Police	62.99	58.66	58.74	57.23	62.10	64.74	70.00	72.69	70.96	77.39
Fire	26.88	18.35	20.19	18.32	22.07	28.23	28.77	29.23	29.55	29.83
Public Works	19.29	18.11	18.79	18.92	19.30	20.35	19.74	19.06	19.08	19.30
Recreation	48.76	49.16	47.84	45.36	36.57	42.12	43.09	46.03	46.23	48.65
Economic Development	14.06	13.16	13.57	13.46	13.92	13.36	11.70	12.32	12.06	13.43
Water	7.41	7.92	7.34	7.02	6.22	6.99	7.45	7.11	7.32	7.45
Sewer	5.41	5.21	5.22	5.49	5.40	5.50	4.41	4.04	4.21	4.29
Golf	3.28	3.82	5.20	5.90	4.70	5.17	5.24	5.66	5.38	5.57
Recycling	0.30	0.30	0.30	0.54	0.29	0.30	0.35	0.63	0.70	0.70
Storm Drainage	4.90	4.79	4.31	4.27	4.70	4.89	4.98	4.99	5.18	4.89
Total	238.47	227.33	231.65	228.01	225.84	247.30	255.01	239.19	238.86	248.52

(1) In 2023, Metro INET split off into a separate organization so they are no longer included in the General Government Function.

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Police					
Serious offenses	3,243	2,041	2,003	2,336	3,042
Calls for service					
Reactive	20,997	22,342	21,929	22,942	22,691
Proactive	13,704	12,829	18,837	14,005	8,208
Other	1,377	1,273	1,320	2,257	1,747
Traffic stops (3)	4,232				
Citations issued		508	706	638	247
Warnings issued		1,951	4,730	3,485	1,585
Fire					
Fire incidents	4,997	4,793	4,969	5,540	5,528
Fire inspections	285	557	589	2,112	385
Public Works					
Street patching (tons)	612	625	1,150	1,200	1,422
Snow / ice control (miles)	125	125	125	125	125
Sign repair / replacements	490	342	1,303	1,200	100
Recreation					
Recreation and leisure participations	110,000	137,000	145,210	151,290	103,514
Facility usage permits	1,595	1,691	2,041	2,211	737
Economic Development					
Building permits issued	1,625	1,370	1,568	1,629	1,480
Number of inspections	5,543	4,716	4,854	5,266	4,513
Planning / zoning cases	32	23	29	28	34
Water					
Meters repaired / replaced	1,000	780	620	716	371
Water main breaks	40	35	30	36	35
Hydrants repaired / flushed	1,885	1,885	1,990	2,100	7
Annual water pumped (thousands of gallons)	1,653,881	1,640,606	1,714,346	1,627,211	1,708,834
Sewer					
Sewer pipes repaired / replaced (linear feet)	31,042	39,916	31,152	34,343	37,846
Sewer pipes cleaned (linear feet)	258,564	241,031	257,350	259,110	102,719
Sewer pipes televised (linear feet)	71,804	79,844	79,841	28,213	35,736
Annual sewer flow (thousands of gallons)	1,133,420	1,202,980	1,246,420	1,175,780	1,203,420
Golf					
Number of rounds played	25,905	22,500	20,444	21,416	25,012
Recycling					
Materials collected (tons)	3,241	3,261	3,188	3,102	3,070
Storm Drainage					
Sweeping (centerline miles)	125	125	125	125	125
Structure inspections	181	322	293	300	200
Infrastructure repair / replace (linear feet)	2,940	809	100	0	-

Sources: Various city departments

- (1) In 2023, the Fire Department started to inspect individual units in mulit-family units again. This was suspended during COVID and was restarted.
- (2) In 2025, Recreation facility usage permits began to include all indoor facility permits and not just "Park" permits.
- (3) Ramsey County started to document specific traffic data in 2017. Prior the City only had total stops data.

Function	Fiscal Year				
	2021	2022	2023	2024	2025
Police					
Serious offenses	4,202	4,087	3,377	4,456	3,883
Calls for service					
Reactive	19,688	24,519	25,189	25,797	24,982
Proactive	7,927	10,935	9,586	15,633	13,645
Other	1,407	2,917	3,470	3,262	2,427
Traffic stops					
Citations issued	296	190	164	453	494
Warnings issued	1,609	1,847	3,474	6,193	6,006
Fire					
Fire incidents	6,245	6,650	6,907	7,544	7,788
Fire inspections (1)	466	605	2,119	2,178	2,226
Public Works					
Street patching (tons)	1,673	998	935	441	607
Snow / ice control (miles)	125	125	125	124	124
Sign repair / replacements	75	575	57	52	13
Recreation					
Recreation and leisure participations	193,974	214,462	215,321	221,442	204,117
Facility usage permits (2)	585	1,341	2,407	2,348	10,037
Economic Development					
Building permits issued	1,559	2,086	2,173	1,557	1,499
Number of inspections	5,238	5,442	5,788	4,872	4,894
Planning / zoning cases	25	15	15	22	20
Water					
Meters repaired / replaced	882	827	739	638	292
Water main breaks	29	37	35	21	31
Hydrants repaired / flushed	1,913	1,758	1,753	1,752	1,748
Annual water pumped (thousands of gallons)	1,875,734	1,863,796	1,929,317	1,624,684	1,629,040
Sewer					
Sewer pipes repaired / replaced (linear feet)	37,622	29,146	357	14,784	10,675
Sewer pipes cleaned (linear feet)	173,067	142,514	253,859	245,813	232,870
Sewer pipes televised (linear feet)	42,280	33,293	70,130	15,629	19,874
Annual sewer flow (thousands of gallons)	1,024,525	956,640	1,015,220	1,057,600	1,076,170
Golf					
Number of rounds played	27,401	25,651	25,486	29,749	31,039
Recycling					
Materials collected (tons)	2,937	2,739	2,578	2,513	2,442
Storm Drainage					
Sweeping (centerline miles)	125	125	125	124	124
Structure inspections	200	564	161	630	85
Infrastructure repair / replace (linear feet)	-	-	9	113	370

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol Units	38	37	36	36	36
Fire Stations	1	1	1	1	1
Public Works					
Streets (miles)	125	125	125	125	125
Street Lights	1,145	1,145	1,388	1,134	1,134
Recreation					
Parks and playgrounds	32	32	32	32	32
Lighted park shelters	5	5	5	5	5
Parks Acreage	685	685	685	685	685
Skating Rinks					
Outdoor	11	11	11	11	11
Indoor	1	1	1	1	1
Golf Course	1	1	1	1	1
Ballfields	21	21	21	21	21
Soccer/football fields	19	19	19	19	19
Tennis Courts	17	17	17	17	17
Volleyball Courts	5	5	5	5	5
Basketball Courts	15	15	15	15	15
Pickleball Courts					
Miles of Trails	71	71	71	71	71
Water					
Number of connections	10,224	10,278	10,303	10,311	10,340
Water mains (miles)	166	166	166	166	166
Fire Hydrants	1,711	1,711	1,784	1,784	1,784
Water purchased from St. Paul (thousands of gallons)	1,653,881	1,640,606	1,714,346	1,629,466	1,708,834
Sewer					
Number of connections	10,159	10,208	10,230	10,258	10,266
Sanitary sewers (miles)	156	156	156	156	156
Storm drainage					
Storm sewers (miles)	145	145	145	145	145

Sources: Various city departments
 Note: No capital asset indicators are available for the general government function
 (1) Prior years only included game-ready fields. In 2025, the number also included neighborhood ballfields.

Function	Fiscal Year				
	2021	2022	2023	2024	2025
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol Units	38	42	41	42	42
Fire Stations	1	1	1	1	1
Public Works					
Streets (miles)	125	125	125	124	124
Street Lights	1,134	1,134	1,407	1,423	1,416
Recreation					
Parks and playgrounds	33	34	34	34	33
Lighted park shelters	5	5	5	5	5
Parks Acreage	686	688	688	688	688
Skating Rinks					
Outdoor	11	11	11	11	11
Indoor	1	1	1	1	1
Golf Course	1	1	1	1	1
Ballfields (1)	21	21	21	21	35
Soccer/football fields	19	19	19	19	19
Tennis Courts	17	15	15	15	15
Volleyball Courts	5	5	5	5	5
Basketball Courts	15	15	15	15	15
Pickleball Courts		6	6	6	6
Miles of Trails	71	71	71	71	71
Water					
Number of connections	10,385	10,397	10,422	10,499	10,534
Water mains (miles)	166	162	162	162	162
Fire Hydrants	1,784	1,784	1,753	1,752	1,748
Water purchased from St. Paul (thousands of gallons)	1,875,734	1,863,796	1,929,317	1,624,684	1,629,040
Sewer					
Number of connections	10,305	10,291	10,341	10,342	10,361
Sanitary sewers (miles)	156	156	156	157	157
Storm drainage					
Storm sewers (miles)	145	125	125	128	128

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable Mayor and
Members of the City Council
City of Roseville, 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 the City of Roseville, Minnesota for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government 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 January 9, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 of Roseville, Minnesota are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025, except that the City of Roseville increased its capitalization threshold for certain types of capital assets (see footnote 1.K.). We noted no transactions entered into by the City of Roseville, Minnesota 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 City of Roseville, Minnesota's financial statements are the:

- the estimates used to calculate the net pension liability, the pension related deferred outflows and inflows of resources, and pension expense
- the estimates used to calculate the other post-employment benefit liability and deferred inflows and outflows
- the self-insurance liability and related accounts



These estimates are based on actuarial studies and loss run reports. We evaluated the methods, assumptions and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 8 – Defined benefit pension plans and Note 15 – Error Correction.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate to the financial statements taken as a whole. The most significant identified uncorrected misstatement in the 2025 financial statements relates to the write-off of old utility receivables, resulting in an understatement of revenue in the following funds of approximately:

- \$13,500 in the recycling fund
- \$112,000 in the water fund
- \$78,000 in the sewer fund

The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. However, management identified a material error correction that resulted in the restatement of beginning net position in the 2025 financial statements.

In January 2026, the finance department was notified of invoices that were received by a city department in 2024 and had not been remitted to finance for payment. The invoices related to project expenses that should have been accrued as a liability at December 31, 2024. This matter resulted in a prior period error correction of an approximately \$977,000 reduction to beginning net position, as well as an internal control finding (2025-001) and legal compliance finding (2025-003).

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Roseville, Minnesota'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 of Roseville, Minnesota's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We were unable to substantiate the City's collateral balance related to deposit accounts held with BMO Bank as of December 31, 2025. The City closed its accounts with BMO Bank subsequent to year-end and supporting documentation for the collateral balance in effect prior to account closure was not retained.

Other Matters

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

We were engaged to report on combining and individual nonmajor 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 report and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Roseville, Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 4, 2026

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

To the Honorable Mayor and
Members of the City Council
Roseville, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Roseville, Minnesota's basic financial statements, and have issued our report thereon dated May 4, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Roseville, Minnesota'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 of Roseville, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Roseville, Minnesota's internal control.

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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.



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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

The City of Roseville, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Roseville, Minnesota's responses to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of Roseville, Minnesota's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 4, 2026

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2025

2025-001 Financial Statement Corrections

Criteria: An entity's system of internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Material audit adjustments are considered to be a deficiency in internal control as defined by auditing standards.

Condition: The 2025 financial statements include a restatement of beginning net position due to an error correction. An invoice including \$977,229 of water fund expenses for services and charges relating to 2024 was not accrued as a payable at December 31, 2024.

Cause: The City did not identify the missing accrual during the 2024 year-end closing process. We understand that lack of communication between City departments may have been a contributing factor.

Effect: Inadequate controls over the year-end closing process results in an increased risk that financial statement misstatements may occur and not be detected on a timely basis. This matter also resulted in a legal compliance finding (2025-003).

Recommendation: We recommend the City continue efforts to ensure that all adjustments are identified during the year-end closing process. Additionally, we recommend that the City take steps to educate other departments within the City about the importance of communicating with finance regarding year-end accruals, unpaid invoices and other similar matters.

City Response: The Finance Department agrees with this finding and recognizes a need for increased internal controls. The Finance Department is working with other departments to create project codes to track budgeted activity which may have been missed. The Finance Department will also evaluate year end procedures and implement additional procedures to help minimize such misstatements in the future.

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2025

2025-002 Internal Controls over Disbursements

Criteria: The City should have adequate internal controls over its disbursements to ensure all expenditures adhere to public purchase requirements. Additionally, the City should have adequate segregation of duties over approval of expenditures.

Condition: During the audit, we noted the following matters related to disbursements:

- One instance noted where a department head approved their own purchasing card (P-Card) transaction for \$350.
- Two instances noted where supporting documentation was not sufficient to provide details of the specific items purchased in the P-card transactions, totaling \$665.74.
- One instance noted where the amount of a P-card purchase was cut off from support provided, and the employee wrote in the missing amount for \$69.64.
- Four instances noted where there were grocery or meal expense reimbursements coded to training, however there was no proof of training held included within the reimbursement request. These instances totaled \$437.40.

Cause: We noted the City's purchasing policies and procedures were not followed related to segregation of duties over approvals and attaching receipts. In addition, we noted a lack of internal controls over reimbursement for meals purchased for training to validate meetings were held at the time meals were provided.

Effect: Lack of adherence to internal controls and inadequate internal controls over disbursements results in an increased risk that disbursements do not meet a public purpose. Additionally, there is an increased risk of fraudulent or erroneous payments being made and going undetected.

Recommendation: We recommend that management develop additional internal controls to ensure the City's purchasing policies and procedures are followed. Additionally, we recommend management enhance the City's P-card policy to require employees to submit proof of training held to substantiate the meals provided where meals could be provided under Union contract. We recommend proof of training include the training agenda, attendees, location, date(s) and time(s) of training held.

Views of Responsible Officials: The Finance Department agrees with this finding and is in the process of updating their P-card policy. Additionally, the Finance Department will add monitoring internal controls over their disbursement approval process to validate adherence to their P-card policy.

MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and
Members of the City Council
City of Roseville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Minnesota as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Roseville, Minnesota's basic financial statements, and have issued our report thereon dated May 4, 2026.

In connection with our audit, we noted that the City of Roseville, Minnesota failed to comply with provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and responses as item 2025-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City of Roseville, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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 of Roseville, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



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

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 4, 2026

CITY OF ROSEVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2025

2025-003 Prompt Payment of Bills

Criteria: Minnesota Statute 471.425 requires that a municipality must pay each vendor obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period unless the municipality in good faith disputes the obligation. For municipalities who have governing boards which have regularly scheduled meetings at least once a month, the standard payment period is defined as within 35 days of the date of receipt.

Condition: During our audit testing, we noted multiple contractor invoices submitted to the City which were not paid within 35 days of the date of receipt, as summarized below:

- A project pay request for \$309,523 was approved for payment on October 2, 2025 and not paid until December 31, 2025.
- Project pay requests totaling \$1,063,660 were dated December 26, 2024 and not paid until January 28, 2026.

Cause: Our understanding is that \$1,063,660 of invoices were not provided to the finance department for payment on a timely basis. The delay in payment of the \$309,523 pay request was due to a delay in setting up a new vendor for payment.

Effect: Although no penalties and interest were charged to the City in this circumstance, there is a risk of incurring finance charges if invoices are not paid timely. Additionally, lack of timely identification of certain project amounts due resulted in a \$977,229 restatement of beginning net position in the 2025 financial statements.

Recommendation: We recommend the City implement procedures to ensure all invoices are provided to the finance department so that payment can be made timely. Additionally, we recommend that the City take steps to educate other departments within the City about the importance of communicating with finance regarding year-end accruals, unpaid invoices and other similar matters.

Management Response: There is no disagreement with the audit finding. City staff will work to ensure timely and prompt payment of invoices within the legally required time limit.

Roseville Finance Commission Agenda Item

DATE: May 12, 2026

ITEM: 5.b.

ITEM DESCRIPTION: Discuss items for Joint City Council - Finance Commission Meeting

Background

The Finance Commission has a joint meeting with the City Council on June 8, 2026, for the purposes of reviewing the Commission's activities during the past year, to receive any Commission guidance or recommendations, and to discuss the Commission's workplan for the current year.

Since the last joint meeting on June 17, 2025, the Finance Commission has conducted the following discussions or activities:

- Reviewed and made recommendation on the 2026-2045 Capital Improvement Plan review #1 – July 8th, 2025
- Reviewed and provided recommendations on the 2026 Budget, Tax Levy and Utility Rates — August 27th, 2025
- Reviewed and made recommendation on the 2026-2045 Capital Improvement Plan review #2 — August 27th, 2025
- Established Recommendation on 2026 City Manager Recommended Budget & Tax Levy — September 9th, 2025
- Establish Recommendation on 2026-2046 Capital Improvement Plan — September 9th, 2025
- Present Budget Recommendation to City Council — September 15th, 2025
- Update on the Council's adopted 2026 preliminary Budget & Tax Levy — October 14th, 2025
- Review final 2026 Budget & Levy — January 13th, 2026
- CIP discussion — should inflation be included, debt issuance — February 10th, 2026
- Review 2025 Investment Portfolio and performance — March 10th, 2026
- Reviewed excess cash reserve fund for 2025
- Received and reviewed 2025 audit reports

The Finance Commission should determine who will be presenting the various topics – past accomplishments, current workplan, etc.

Recommendation

Discussion on topics and preparation of recommendations for City Council consideration at a Joint City Council-Finance Commission meeting.

Attachments

None

Roseville Finance Commission Agenda Item

DATE: May 12, 2026

ITEM: 5.c.

ITEM DESCRIPTION: Maintenance and Operations Center Update/Discussion

Background

At each meeting throughout the planning and construction process, staff will provide updates on the progress of the Maintenance and Operations Center. The February 11th Commission meeting contained a lot of information with regard to this project, and it is recommended that Commission members bring this information to each meeting for reference.

The Below information was provided by the City Public Works Director, Jesse Freihammer:

Both the License Passport Center and Dance Studio (LPCDS) and Maintenance Operations Center (MOC) are still in schematic design. The LPCDS portion of the project is about a month ahead of the MOC. The focus has been on size of space and layout on the site.

The Civic Campus Final Design Stakeholder Group is a group composed of residents surrounding the project area, a representative of the VFW, one representative from five of the City commissions (Finance, Parks and Recreation, Public Works, Environment & Transportation, Planning, and Equity and Inclusion), and one City Council member. They held their 2nd meeting on February 12. They reviewed design advancement for the overall site. The LPCDS is currently looking to be a 1-story facility. The overall shared parking lot between the LPCDS, VFW and park is being developed with around 150 stalls. The group provided feedback on parking lot configurations, potential uses of park space, building aesthetic types, LPCDS west facade window types/coverage, screening types along Lexington Avenue. The next meeting for this group has not been scheduled. Stakeholder minutes and presentations can be found here. <https://www.cityofroseville.com/4017/Civic-Campus-Final-Design-Stakeholder-Gr>

The overall project is looking to be bid late this year with construction starting in 2027.

Recommendation

No recommendation at this time.

Attachments

None

Roseville Finance Commission Agenda Item

DATE: May 12, 2026

ITEM: 5.d.

ITEM DESCRIPTION: Finance Tracking Document

Background

Recommendation

Attachments

1. Tracking Document

**Roseville Finance Commission
Recommendation Tracking Report
Report Date - April 14, 2026**

No.	Recommendation	Description	Date Recommend	Date Presented	Status	Discussion and Next Steps
2025-06	Finance Commission agrees with the proposed update and revisions including the update to the statutory limit of 3% of estimated market value of taxable property. The Commission recommends changing the "AAA Bond rating" to "Strong Credit Rating". With these changes the Commission recommends approval by City Council.	Debt Policy review and revision	10/14/2025	10/27/2025	Implemented	Finance Commission reviewed and discussed proposed changes and updates to Debt Policy.
2026-01	Finance Commission recommends expanded disclosures in the statistical section of the Annual Comprehensive Financial Report. (ACFR)	Recommendation is to expand disclosures in Table 5. Recommends adding a new column to disclose the annual % increase in Property Tax. Further recommends adding new columns for Sales Tax and Franchise Fees. The intent of this recommendation is to show the annual change in city tax burden for homeowners and businesses. <u>Also report annual property tax on median value home</u>	1/13/2026		Pending	Finance Commission will continue the conversation about this recommendation at the meeting of 2/10/26. We expect the continuing conversation will include an examination of the annual change in city tax burden on median value home.
2026-02	Finance Commission would like to review a sample copy of a simplified ACFR report to determine if it might be a worthy addition to our standard financial reports.	Finance Director made reference to a simplified ACFR format that might be easier to read and understand.	1/13/2026		Pending	Discussion about the complex format of the ACFR. Probably beyond what is reasonable for the average reader to comprehend and synthesize.
2026-03	Numerous questions or recommendations were discussed in many of the City Funds. For example, suggested use of borrowing as a source of funds for fire engines. Another example is use of state grants or borrowed funds for OVAL improvements. A common theme of these suggestions is creative or alternative sources of funding so that levy is not the sole source of CIP funding.	Finance Commission reviewed the first draft of the Capital Improvement Plan for 2027.	1/13/2026		Pending	The Finance Commission asked questions or made recommendations about the CIP draft for the consideration of staff or City Council.
2026-04	Finance Commission recommends 20 year CIP report without inflation. Also recommends 10 year CIP report with a 3% inflation factor.	Finance Commission discussed format options for the CIP budget worksheets. Are the last 10 years of a 20 year look ahead really useful? Should we add a cost of living escalator of some sort?	1/13/2026		Pending	It was noted that costs contained in the CIP budget worksheets are updated to estimated market conditions each year

Roseville Finance Commission Agenda Item

DATE: May 12, 2026

ITEM: 5.e.

ITEM DESCRIPTION: Workplan and future discussion items

Background

Recommendation

Attachments

1. Annual Workplan 2026

Roseville Finance Commission

2026 Meeting Topics & Calendar

Month	2026 Discussion Topics (Tentative)
January 13	<ul style="list-style-type: none"> ▪ Review final 2026 Budget & Levy ▪ Government Budget and Financial Processes Review ▪ Maintenance and Operations Center update
February 10	<ul style="list-style-type: none"> ▪ CIP Discussion-should inflation be factored in, debt issuance, other changes ▪ Maintenance and Operations Center update ▪ Commissioner request for additional information in the ACFR
March 10	<ul style="list-style-type: none"> ▪ Select Chair, Vice-Chair, and Ethics Commission Representative ▪ Review 2025 Investment Portfolio performance ▪ Maintenance and Operations Center update
April 14	<ul style="list-style-type: none"> ▪ Oath of Office by new Commissioners ▪ Review 2025 preliminary year-end cash reserve levels ▪ Maintenance and Operations Center update
May 12	<ul style="list-style-type: none"> ▪ Discuss items for Joint City Council-Finance Commission meeting ▪ Review 2025 Audit Reports ▪ Maintenance and Operations Center update
June 9	<ul style="list-style-type: none"> ▪ Finalize discussion items for joint City Council-Finance Commission meeting ▪ Maintenance and Operations Center update
July 14	<ul style="list-style-type: none"> ▪ 2027-2046 Capital Improvement Plan review #1 ▪ Maintenance and Operations Center update
August 26 * Wednesday	<ul style="list-style-type: none"> ▪ Discuss the 2027 City Manager Recommended Budget & Tax Levy ▪ 2027-2046 Capital Improvement Plan review #2 ▪ Maintenance and Operations Center update
September 15	<ul style="list-style-type: none"> ▪ Establish Recommendation on 2026 City Manager Recommended Budget & Tax Levy ▪ Establish Recommendation on 2027-2046 Capital Improvement Plan ▪ Maintenance and Operations Center update
September 21	<ul style="list-style-type: none"> ▪ Present Budget Recommendation to City Council
October 13	<ul style="list-style-type: none"> ▪ Update on the Council-adopted 2027 preliminary Budget & Tax Levy ▪ Review and adopt a recommendation on the 2027 proposed utility rates ▪
November 10	<ul style="list-style-type: none"> ▪ Adopt 2027 Meeting Calendar ▪ Adopt 2027 Work Plan ▪