

**SHAKOPEE PUBLIC UTILITIES COMMISSION
A COMPONENT UNIT OF THE
CITY OF SHAKOPEE, MINNESOTA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024



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**SHAKOPEE PUBLIC UTILITIES COMMISSION
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INTRODUCTORY SECTION

BOARD OF COMMISSIONERS AND ADMINISTRATION	1
--	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	6
---	----------

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	19
----------------------------------	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	21
---	-----------

STATEMENT OF CASH FLOWS	22
--------------------------------	-----------

NOTES TO FINANCIAL STATEMENTS	24
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	44
---	-----------

GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS	45
--	-----------

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	46
--	-----------

SUPPLEMENTARY INFORMATION – ELECTRIC UTILITY

STATEMENT OF CASH FLOWS – ELECTRIC UTILITY	54
---	-----------

DETAILED STATEMENT OF OPERATING REVENUES – ELECTRIC UTILITY	56
--	-----------

SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY	57
--	-----------

SUPPLEMENTARY INFORMATION – WATER UTILITY

STATEMENT OF NET POSITION – WATER UTILITY	58
--	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – WATER UTILITY	60
--	-----------

STATEMENT OF CASH FLOWS – WATER UTILITY	61
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**SHAKOPEE PUBLIC UTILITIES COMMISSION
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

DETAILED STATEMENT OF OPERATING REVENUES – WATER UTILITY	63
SCHEDULE OF PLANT IN SERVICE – WATER UTILITY	64

INTRODUCTORY SECTION

**SHAKOPEE PUBLIC UTILITIES COMMISSION
BOARD OF COMMISSIONERS AND ADMINISTRATION
DECEMBER 31, 2024**

Officials	Position	Term Expires
Justin Krieg	President/MMPA Alternate Rep	March 31, 2027
Benedict Letourneau	Vice President	March 31, 2027
Kathi Mocol	Commissioner	March 31, 2025
Kayden Fox	Commissioner	March 31, 2026
Jim Dulaney	Commissioner/City Council Member	March 31, 2026

Administration		
Greg Drent	General Manager/MMPA Rep	
Kelley Willemssen	Director of Finance and Administration	

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Shakopee Public Utilities Commission
Shakopee, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, a component unit of the City of Shakopee, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission'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 each major fund of the Shakopee Public Utilities Commission, as of December 31, 2024, and the respective changes in financial position and 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shakopee Public Utilities Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shakopee Public Utilities Commission 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules as listed in the table of contents be presented to supplement the 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 GAAS, 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 for the year ended December 31, 2024 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shakopee Public Utilities Commission's basic financial statements. The individual fund financial statements and schedules for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements, as listed in the table of contents. 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 GAAS. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with GAAS, the basic financial statements of the Shakopee Public Utilities Commission as of and for the year ended **December 31, 2023**, (not presented herein), and have issued our report thereon dated April 29, 2024 which contained unmodified opinions on the respective financial statements of each major fund. The individual fund financial statements and schedules for the year ended **December 31, 2023** 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 related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended **December 31, 2023**.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the 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.

Report on Summarized Comparative Information

We have previously audited the Shakopee Public Utilities Commission 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of each major fund in our report dated April 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended **December 31, 2023** is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2025, on our consideration of the Shakopee Public Utilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shakopee Public Utilities Commission'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 Shakopee Public Utilities Commission's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 28, 2025

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ended December 31, 2024. You are invited to read this narrative in conjunction with the Utilities' financial statements.

FINANCIAL HIGHLIGHTS

- The electric utility's net position increased \$7,209,429 to \$110,891,466 in 2024, an increase of 6.95%. Total assets increased by \$7,131,696 due to increases in net capital assets of \$5,802,276 and increases in other assets of \$2,942,506 partially offset by a decrease in accounts receivable of \$1,464,735. Deferred outflows of resources decreased \$446,333 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities decreased by \$1,001,057 due to a decrease in net pension liability of \$1,047,813, accounts payable of \$647,413, partially offset by an increase in customer advances of \$418,929 and subscriptions payable of \$169,242. Deferred inflows of resources increased \$476,991 (see Table 1).
- The electric utility's operating revenue decreased by \$2,394,932 or 3.91%, driven by lower-than-average kilowatt hour sales revenue and demand fee revenue. Total kWh sales volume decreased 2.6%. The electric utility added 827 new customers in 2024, an increase of 4.18% (see Table 3).
- The electric utility's operating expenses in 2024 decreased \$2,983,115 or 5.5%, due to decreases in purchased power costs of \$3,186,564 and employee benefits of \$403,037, partially offset by increases in administrative and general salaries of \$149,055, and depreciation expense of \$386,413 and distribution system maintenance of \$99,008.
- The water utility's net position increased \$14,397,381 to \$118,379,078 in 2024, an increase of 13.85%. Total assets increased by \$13,198,912 due to an increase in net capital assets of \$11,887,599, an increase of \$5,960,828 in cash and investments and an increase in the water reconstruction account of \$372,053. Deferred outflows of resources decreased \$197,129 reflecting the GASB 68 pension reporting activity. Total liabilities decreased \$1,393,323 due to decreases in accounts payable of \$1,169,392, and net pension liability of \$453,470. Deferred inflows of resources decreased \$2,275 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable (see Table 2).
- The water utility's 2024 operating revenues, generated mostly by sales of water, decreased \$839,453 or 10.78% due to a decrease in water gallons sold. The water utility added 285 new customers in 2024, an increase of 2.32% (see Table 4).
- The water utility's operating expenses in 2024 decreased \$508,544 or 6.6% driven by a decrease in distribution, maintenance, and administrative expenses. Total gallons pumped decreased 13.58%.
- Capital contributions for the utility increased from 2023 to 2024 by \$5,447,344 due to increases in water connection fees and developer capital contributions.
- Municipal contributions expenses to the City of Shakopee decreased from 2023 to 2024 by \$40,665 driven by lower kWh sales, a decrease in purchase power cost adjustment revenue driven by lower kWh sales and lower demand revenue as well as lower water gallons sold.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The electric and water utilities are self-supporting entities and separate enterprise funds of the City of Shakopee. The utilities provide electric and water service to properties within the City of Shakopee and some areas outside the municipality. Water service is provided within the corporate limits of the City of Shakopee. The electric utility service territory is a matter of state law, which became effective in 1975 and is supported by official maps. The areas generally served are the City of Shakopee, Townships of Jackson and Louisville, and part of the City of Prior Lake lying north of Prior Lake and abutting the City of Shakopee.

The electric and water utility is managed by a utilities commission and operates under *Minnesota Statutes* 453. The Commission has, and continues to establish, rates and charges without approval, review, or veto authority of the City Council. The Commission also establishes the policies and service rules that guide the administration and management of the Shakopee Public Utilities. The City Council created the utility commission in the mid- 1950s.

The current utility commission is made up of five members having authority under the Power Agency Law, *Minnesota Statutes* 453, adopted by the State Legislature in 1976. The Power Agency Law replaces the original empowerment authority and provides the legal platform for the Commission to operate as the governing body of the "electric utility" and join other utilities to solve the issues of generation and transmission.

This annual report consists of two parts: Management's Discussion and Analysis and the financial statements as well as the Independent Auditors' Report.

An analysis of the utilities' financial position begins with a review of the statement of net position and the statement of revenues, expenses, and changes in net fund position. These two statements report the Utilities' Net Position and changes therein. The Utilities' Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, are important in measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions, and new regulations.

UTILITY FINANCIAL ANALYSIS

The Statement of Net Position includes all of the Utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amount of investments in resources and the obligations to creditors. This Statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utilities.

A summary of the Utilities' Statement of Net Position is presented in Tables 1 and 2.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

**TABLE 1
CONDENSED STATEMENT OF NET POSITION – ELECTRIC UTILITY**

	2024	2023	Change
ASSETS			
Current and Other Assets	\$ 56,846,901	\$ 55,517,481	\$ 1,329,420
Net Capital Assets	65,516,313	59,714,037	5,802,276
Total Assets	<u>122,363,214</u>	<u>115,231,518</u>	<u>7,131,696</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>447,900</u>	<u>894,233</u>	<u>(446,333)</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 122,811,114</u></u>	<u><u>\$ 116,125,751</u></u>	<u><u>\$ 6,685,363</u></u>
LIABILITIES			
Net Pension Liability	\$ 1,701,991	\$ 2,749,804	\$ (1,047,813)
Other Liabilities	8,613,975	8,567,219	46,756
Total Liabilities	<u>10,315,966</u>	<u>11,317,023</u>	<u>(1,001,057)</u>
DEFERRED INFLOWS OF RESOURCES	1,603,682	1,126,691	476,991
NET POSITION			
Net Investment in Capital Assets	65,513,523	59,344,130	6,169,393
Unrestricted	45,377,943	44,337,907	1,040,036
Total Net Position	<u>110,891,466</u>	<u>103,682,037</u>	<u>7,209,429</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 122,811,114</u></u>	<u><u>\$ 116,125,751</u></u>	<u><u>\$ 6,685,363</u></u>

As can be seen from the table above, the electric utility's net position increased \$7,209,429 to \$110,891,466 in 2024, an increase of 6.95%. Total assets increased by \$7,131,696 due to increases in net capital assets of \$5,802,276 and increases in other current assets (excluding accounts receivable) of \$2,942,506, partially offset by a decrease in net accounts receivable of \$1,464,735. Deferred outflows of resources decreased \$446,333 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting.

Total liabilities decreased by \$1,001,057 due to a decrease in net pension liability of \$1,047,813, accounts payable of \$647,413, partially offset by an increase in customer advances of \$418,929 and subscriptions payable of \$169,2442. Deferred inflows of resources increased \$476,991

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

**TABLE 2
CONDENSED STATEMENT OF NET POSITION – WATER UTILITY**

	2024	2023	Change
ASSETS			
Current and Other Assets	\$ 41,648,672	\$ 40,337,359	\$ 1,311,313
Net Capital Assets	81,929,868	70,042,269	11,887,599
Total Assets	<u>123,578,540</u>	<u>110,379,628</u>	<u>13,198,912</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>210,666</u>	<u>407,795</u>	<u>(197,129)</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 123,789,206</u></u>	<u><u>\$ 110,787,423</u></u>	<u><u>\$ 13,001,783</u></u>
LIABILITIES			
Net Pension Liability	\$ 800,518	\$ 1,253,988	\$ (453,470)
Other Liabilities	1,882,254	2,822,107	(939,853)
Total Liabilities	<u>2,682,772</u>	<u>4,076,095</u>	<u>(1,393,323)</u>
DEFERRED INFLOWS OF RESOURCES	2,727,356	2,729,631	(2,275)
NET POSITION			
Net Investment in Capital Assets	81,753,388	70,006,775	11,746,613
Restricted	16,635,861	19,835,106	(3,199,245)
Unrestricted	19,989,829	14,139,816	5,850,013
Total Net Position	<u>118,379,078</u>	<u>103,981,697</u>	<u>14,397,381</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 123,789,206</u></u>	<u><u>\$ 110,787,423</u></u>	<u><u>\$ 13,001,783</u></u>

As can be seen from the table above, the water utility's net position increased \$14,397,381 to \$118,379,078 in 2024, an increase of 13.85%. Total assets increased by \$13,198,912 due to an increase in net capital assets of \$11,887,599, an increase of \$5,960,828 in cash and investments and an increase in the water reconstruction account of \$372,053, partially offset by a decrease in net accounts receivable of \$1,415,124. Deferred outflows of resources decreased \$197,129 reflecting the GASB 68 pension reporting activity.

Total liabilities decreased \$1,393,323 due to decreases in accounts payable of \$1,169,392, and net pension liability of \$453,470. Deferred inflows of resources decreased \$2,275 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

Customer Deposit Account - Restricted resources from customers required to deposit monies before the utility will begin service. These deposits are subject to repayment when the customer leaves the utility's service area.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

Connection and Trunk Water Accts - Restricted resources, per enabling legislation, to be used for future water production and trunk distribution facility acquisitions.

The specific nature or source of these changes becomes more evident in the statement of revenues, expenses, and changes in fund net position as shown in Tables 3 and 4.

The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

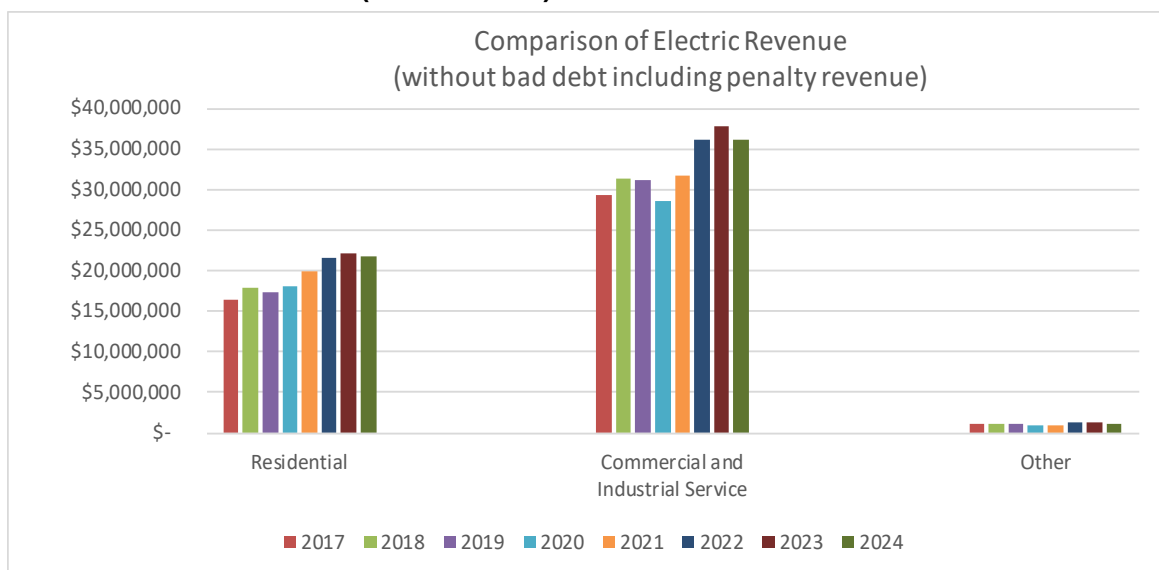
**TABLE 3
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - ELECTRIC UTILITY**

	2024	2023	Change
OPERATING REVENUES	\$ 58,871,852	\$ 61,266,784	\$ (2,394,932)
OPERATING EXPENSES			
Operation, Customer, and Administrative	47,774,832	51,144,360	(3,369,528)
Depreciation and Amortization Expense	3,881,563	3,495,150	386,413
Total Operating Expenses	<u>51,656,395</u>	<u>54,639,510</u>	<u>(2,983,115)</u>
OPERATING INCOME	7,215,457	6,627,274	588,183
Nonoperating Revenues (Expenses)	2,497,894	2,255,889	242,005
Capital Contributions	936,171	1,580,437	(644,266)
Free Electric Service to the City of Shakopee	147,542	144,062	3,480
Transfers to Municipality	<u>(3,587,635)</u>	<u>(3,716,567)</u>	<u>128,932</u>
CHANGE IN NET POSITION	7,209,429	6,891,095	318,334
Net Position - Beginning of Year	<u>103,682,037</u>	<u>96,790,942</u>	<u>6,891,095</u>
NET POSITION - END OF YEAR	<u>\$ 110,891,466</u>	<u>\$ 103,682,037</u>	<u>\$ 7,209,429</u>

As can be seen in Table 3, the electric utility's operating revenue decreased by \$2,394,932 or 3.91%, driven by lower-than-average purchase power cost adjustment revenue and demand fee revenue. Total kWh sales volume decreased 3.69%. The electric utility added 827 new customers in 2024, an increase of 4.18%. The electric utility's operating expenses in 2024 decreased \$2,983,115 or 5.5%, due to decreases in purchased power costs of \$3,186,564 and employee benefits of \$403,037, partially offset by increases in administrative and general salaries of \$149,055, and depreciation expense of \$386,413 and distribution system maintenance of \$99,008. Nonoperating income increased \$242,005 due to higher investment income. Capital contributions decreased \$644,266 due to decreases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee decreased \$128,932, from \$3,716,567 to \$3,587,635 driven by lower electric sales revenue.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Year		Residential	Commercial and Industrial Service		Other
2017	\$	16,496,838	\$	29,341,945	\$ 1,100,006
2018		17,891,566		31,414,834	1,158,891
2019		17,314,820		31,261,142	1,135,968
2020		18,032,655		28,553,793	870,373
2021		19,996,991		31,752,298	1,022,634
2022		21,548,095		36,255,304	1,315,038
2023		22,150,117		37,881,431	1,271,900
2024		21,700,887		36,191,894	1,109,763

Residential, Commercial, Industrial, and other sales of electricity (without bad debt) decreased in 2024 by \$2,300,904 or 3.75% due to lower kWh sales volume and purchased power cost adjustment revenue. Purchase power costs decreased in 2024 by \$3,186,564 or 7.5%. Purchased power is the single largest expense item in the electric system operating budget.

Total kWh purchased in 2024 was 449,243,225 as compared to 461,468,537 in 2023, reflecting a decrease of 2.6% year over year. Total kWh sold in 2024 was 426,613,317 as compared to 442,969,326 in 2023, reflecting a decrease of 3.69% for the year 2024. Electric operating revenues, including bad debt totaled \$58,871,852 in 2024 compared to \$61,266,784 in 2023, a decrease of \$2,394,932 or 3.9% driven by lower power cost adjustment revenue due to decreased power cost kWh sales volume as well as lower kilowatt hour demand.

The utility purchases power from MPPA and joined MPPA as a full member in 2004, with a long-term Purchase Power Agreement extending to 2050.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

The following is the total cost of kilowatt-hours purchased, total kilowatt-hours purchased, system peak demand, and total kilowatt-hours delivered for the past ten years.

Historical Power and Energy Requirements				
Energy (kWh)				
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2024	449,243,225	\$ 39,501,717	105,064	426,613,317
2023	461,468,537	42,699,064	109,980	442,969,326
2022	462,160,248	42,865,031	108,770	441,586,600
2021	463,906,473	37,956,344	108,103	443,409,817
2020	449,885,399	32,729,485	100,447	431,784,931
2019	459,120,703	34,198,101	104,661	446,158,441
2018	469,262,264	35,555,031	102,853	454,234,398
2017	452,309,391	33,180,393	99,725	429,261,118
2016	449,534,290	32,282,815	100,501	426,048,194
2015	425,268,243	29,939,985	92,605	406,459,331

Kilowatt (kWh) Hours

METERED ELECTRIC CUSTOMERS

The following are the number of metered connections for the past ten years.

Year	Meters
2024	20,600
2023	19,773
2022	19,020
2021	18,837
2020	18,562
2019	17,960
2018	17,575
2017	17,126
2016	17,084
2015	16,885

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

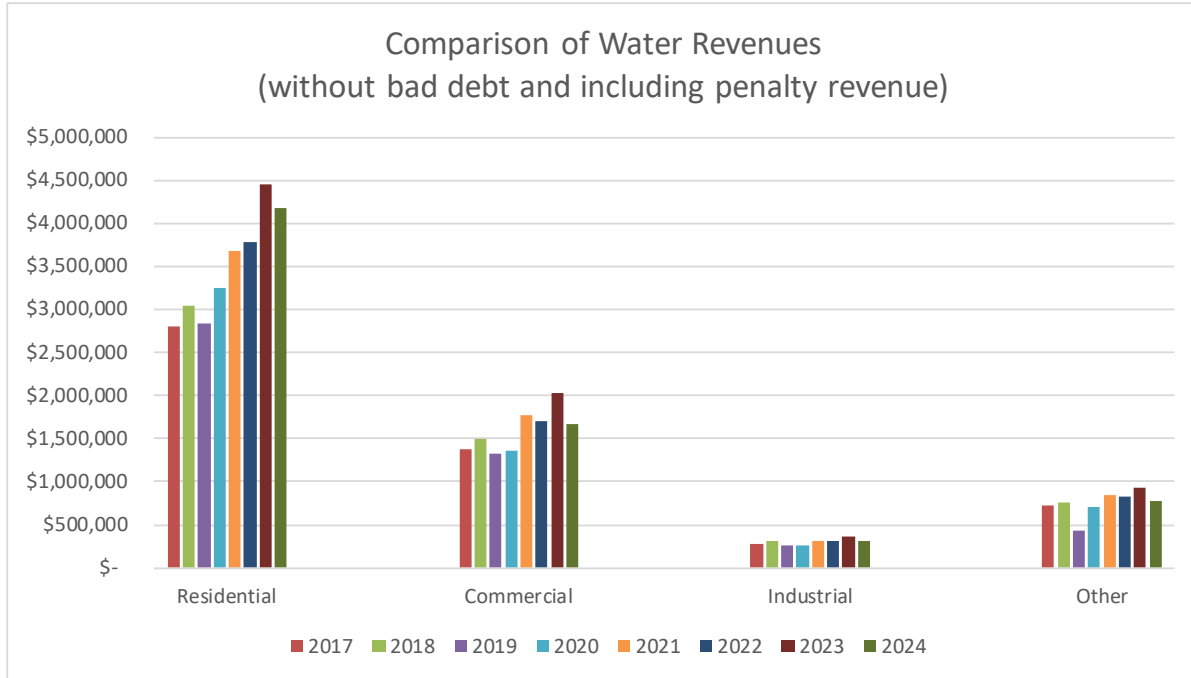
**TABLE 4
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - WATER UTILITY**

	2024	2023	Change
OPERATING REVENUES	\$ 6,945,345	\$ 7,784,798	\$ (839,453)
OPERATING EXPENSES			
Operation, Customer, and Administrative	4,381,159	4,582,569	(201,410)
Depreciation and Amortization Expense	<u>2,807,278</u>	<u>3,114,412</u>	<u>(307,134)</u>
Total Operating Expenses	<u>7,188,437</u>	<u>7,696,981</u>	<u>(508,544)</u>
OPERATING INCOME	(243,092)	87,817	(330,909)
Nonoperating Revenues (Expenses)	1,990,580	1,399,139	591,441
Capital Contributions	13,020,147	7,572,803	5,447,344
Transfers to Municipality	<u>(370,254)</u>	<u>(410,919)</u>	<u>40,665</u>
CHANGE IN NET POSITION	14,397,381	8,648,840	5,748,541
Net Position - Beginning of Year	<u>103,981,697</u>	<u>95,332,857</u>	<u>8,648,840</u>
NET POSITION - END OF YEAR	<u><u>\$ 118,379,078</u></u>	<u><u>\$ 103,981,697</u></u>	<u><u>\$ 14,397,381</u></u>

In 2024 the water utility's operating revenues decreased \$839,453, or 10.8%. The water utility's operating expenses in 2024 decreased \$508,544 or 6.6% driven by a decrease in distribution, maintenance, and administrative expenses. Nonoperating income increased \$591,441 from \$1,399,084 to \$1,990,580 reflecting an increase in investment income of \$140,371 and an increase in miscellaneous income of \$471,035. Capital contributions increased \$5,447,344 primarily due to an increase in contributed capital water mains of \$3,993,531, trunk water connections of \$758,427 and water connection fees of \$614,998.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Year	Residential	Commercial	Industrial	Other
2017	\$ 2,804,902	\$ 1,380,349	\$ 281,240	\$ 718,998
2018	3,043,443	1,496,789	306,868	759,531
2019	2,844,970	1,322,398	268,467	433,911
2020	3,257,458	1,358,234	259,951	706,486
2021	3,684,101	1,769,298	304,968	846,419
2022	3,780,680	1,710,132	309,566	828,935
2023	4,452,997	2,023,129	360,093	936,143
2024	4,171,208	1,676,731	321,183	783,629

Sales of water (without bad debt) decreased in 2024 by \$823,212 or 10.59%. The decrease in operating revenues is the result of a decrease in water gallons sold in 2024, the water utility added 285 new customers in 2024.

Water gallons pumped in 2024 totaled 1,936,849 thousand gallons as compared to 2,241,251 thousand gallons in 2023, reflecting a decrease of 13.58% for the year 2024. Water gallons sold including hydrant sales in 2024 totaled 1,740,192 thousand gallons as compared to 2,063,792 thousand gallons in 2023, reflecting a decrease of 15.3% for the year 2024. Water operating revenues excluding reconstruction fees totaled \$6,200,996 in 2024 as compared to \$6,883,125 in 2023, a decrease of 9.91%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

WATER DEMAND

The following is the average daily demand and peak daily demand for the past ten years.

Year	Demand (MGD)	Peak Daily Demand (MGD)
2024	5.306	10.493
2023	6.140	14.185
2022	5.498	13.254
2021	5.699	14.655
2020	4.927	12.81
2019	4.559	11.149
2018	5.054	11.122
2017	4.873	13.234
2016	4.792	11.582
2015	4.556	9.936
2014	4.631	10.878

WATER METERS/PRODUCTION

The following shows the number of meters and production for the water utility for the past ten years.

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2024	5,306,440	44,859	12,584	63	37
2023	6,140,414	42,135	12,299	61	39
2022	5,498,474	40,096	12,057	61	39
2021	5,699,129	39,592	11,853	61	39
2020	4,927,033	38,506	11,741	64	34
2019	4,559,496	38,506	11,567	60	40
2018	5,053,767	38,519	11,438	59	41
2017	4,873,381	37,643	11,299	59	41
2016	4,792,447	37,254	11,277	60	40
2015	4,555,603	37,254	11,170	60	40
2014	4,631,167	35,300	11,085	62	38

*Total City Population per Metropolitan Council estimates less population served by private and community wells.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

**TABLE 5
CONDENSED STATEMENT OF CASH FLOWS – ELECTRIC UTILITY**

	2024	2023
CASH FLOWS FROM:		
Operating Activities	\$ 12,671,270	\$ 9,467,988
Noncapital Financing Activities	(3,587,635)	(3,716,567)
Capital and Related Financing Activities	(8,465,398)	(8,213,026)
Investing Activities	(109,690)	3,160,044
NET CHANGE IN CASH AND CASH EQUIVALENTS	508,547	698,439
Cash and Cash Equivalents - Beginning of Year	4,341,496	3,643,057
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,850,043</u>	<u>\$ 4,341,496</u>

**TABLE 6
CONDENSED STATEMENT OF CASH FLOWS – WATER UTILITY**

	2024	2023
CASH FLOWS FROM:		
Operating Activities	\$ 3,001,071	\$ 4,042,297
Noncapital Financing Activities	(370,254)	(410,919)
Capital and Related Financing Activities	(1,187,682)	(2,843,037)
Investing Activities	(761,612)	5,362,490
NET CHANGE IN CASH AND CASH EQUIVALENTS	681,523	6,150,831
Cash and Cash Equivalents - Beginning of Year	12,860,659	6,709,828
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,542,182</u>	<u>\$ 12,860,659</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

**TABLE 7
CAPITAL ASSETS – ELECTRIC UTILITY**

	2024	2023
CAPITAL ASSETS		
Distribution	\$ 85,923,127	\$ 72,116,736
General	20,449,905	19,032,941
Total Capital Assets	<u>106,373,032</u>	<u>91,149,677</u>
Less: Accumulated Depreciation and Amortization	(42,462,997)	(38,806,624)
Construction in Progress	<u>1,606,278</u>	<u>7,370,984</u>
Net Capital Assets	<u><u>\$ 65,516,313</u></u>	<u><u>\$ 59,714,037</u></u>

The electric utility's net capital assets increased \$5,802,276 or 9.72% from 2023. This increase is due to investments in new underground construction and transformation driven by new development, substation improvements, and capital equipment. In addition, construction in progress decreased by \$5,764,706. These increases were offset by increases in accumulated depreciation of \$3,656,373.

**TABLE 8
CAPITAL ASSETS – WATER UTILITY**

	2024	2023
CAPITAL ASSETS		
Distribution	\$ 106,163,174	\$ 95,473,612
General	3,586,099	2,243,178
Total Capital Assets	<u>109,749,273</u>	<u>97,716,790</u>
Less: Accumulated Depreciation	(32,206,535)	(29,574,369)
Construction in Progress	<u>4,387,130</u>	<u>1,899,848</u>
Net Capital Assets	<u><u>\$ 81,929,868</u></u>	<u><u>\$ 70,042,269</u></u>

During 2024, the water utility's net capital assets increased by \$11,887,599 or 17% from 2023. Distribution and other assets increased by \$12,032,483 due to investments in watermains and contributed watermains. In addition, construction in progress increased \$2,487,282. These changes in the value of assets were offset by accumulated depreciation of \$2,632,166.

Please refer to the notes to the financial statements for further detail of the utilities' capital assets.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

LONG-TERM DEBT

The electric and water utilities have no bonds outstanding as of December 31, 2024. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of \$7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

If the commission were to issue bonds, they would be payable from and secured by a pledge of income and revenue to be derived from the operation of the electric and water utilities and are primarily issued for various infrastructure projects. Expansion of the water and electric utilities is dependent on (1) cash flow from operations (after expenses) for the electric utilities, (2) special water connection and trunk charges for the water utilities, and (3) the ability to access the capital markets to borrow funds. Bonds are issued only on an as needed basis and for projects described within the capital improvement program approved annually by the Commission.

Issued Bonds are limited obligations of the Shakopee Public Utilities Commission, payable solely from net revenues of the Commission. The Bonds are not general obligations of the Commission, and neither the full faith and credit nor the taxing powers of the City of Shakopee, the County.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City of Shakopee is located approximately 25 miles southwest of downtown Minneapolis. Shakopee is the county seat of Scott County. The City was organized in 1870 and became a statutory city, Plan A, in April 1975. It is organized under a mayor/council form of government as outlined in Minnesota Statutes 412. A Mayor is elected for a four-year term and four City Council Members are elected to staggered four-year terms. The community is served by US No. 169 and Scott County Highway No. 101; US No. 169 connects Scott County with Hennepin County and the Metro Center of Minneapolis-Saint Paul.

The City Council has the obligation to appoint the members to the Shakopee Public Utilities Commission.

CONTACTING UTILITY MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact the Director of Finance and Administration, Post Office Box 470, 255 Sarazin Street, Shakopee, Minnesota 55379.

General information relating to the Shakopee Public Utilities can be found at the Utility web site: <https://www.spucweb.com>.

FINANCIAL STATEMENTS

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)

	2024			2023
	Electric	Water	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 46,880,105	\$ 20,492,612	\$ 67,372,717	\$ 59,001,074
Cash and Investments - Emergency Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	287,410	156,346	443,756	276,985
Customer Accounts Receivable	4,698,820	450,033	5,148,853	5,656,953
Allowance for Uncollectible Amounts	(62,076)	(2,078)	(64,154)	(24,237)
Other Accounts Receivable	171,984	1,522,524	1,694,508	4,018,491
Due from City of Shakopee	223,261	84,709	307,970	315,829
Prepaid Supplies	2,850,835	52,715	2,903,550	2,423,718
Prepaid Expenses	90,730	26,532	117,262	139,825
Lease Receivable	-	135,813	135,813	127,494
Total Current Assets	55,241,069	22,919,206	78,160,275	72,036,132
NONCURRENT ASSETS				
Restricted Cash and Investments:				
Customer Deposit Accounts	1,605,832	77,298	1,683,130	1,847,971
Connection Account	-	14,552,241	14,552,241	18,107,049
Water Reconstruction Account	-	2,006,322	2,006,322	1,634,269
Lease Receivable	-	2,093,605	2,093,605	2,229,419
Capital Assets:				
Plant in Service	106,373,032	109,749,273	216,122,305	188,866,467
Accumulated Depreciation and Amortization	(42,462,997)	(32,206,535)	(74,669,532)	(68,380,993)
Construction in Progress	1,606,278	4,387,130	5,993,408	9,270,832
Total Noncurrent Assets	67,122,145	100,659,334	167,781,479	153,575,014
Total Assets	122,363,214	123,578,540	245,941,754	225,611,146
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	447,900	210,666	658,566	1,302,028
Total Assets and Deferred Outflows Resources	\$ 122,811,114	\$ 123,789,206	\$ 246,600,320	\$ 226,913,174

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)

	2024			2023
	Electric	Water	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,672,157	\$ 719,254	\$ 4,391,411	\$ 6,118,287
Due to City of Shakopee	459,479	-	459,479	491,484
Subscriptions Payable	127,873	130,757	258,630	41,068
Other Current Liabilities	789,782	441,640	1,231,422	1,010,066
Total Current Liabilities	5,049,291	1,291,651	6,340,942	7,660,905
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS				
	1,605,832	77,298	1,683,130	1,847,971
NONCURRENT LIABILITIES				
Customer Advances	1,508,299	179,700	1,687,999	1,505,369
Subscriptions Payable	450,553	333,605	784,158	375,081
Net Pension Liability	1,701,991	800,518	2,502,509	4,003,792
Total Noncurrent Liabilities	3,660,843	1,313,823	4,974,666	5,884,242
Total Liabilities	10,315,966	2,682,772	12,998,738	15,393,118
DEFERRED INFLOWS OF RESOURCES				
Lease Related Amounts	-	2,132,991	2,132,991	2,309,436
Regulatory Collections to Cover Future Costs	339,995	-	339,995	205,267
Pension Related Amounts	1,263,687	594,365	1,858,052	1,341,619
Total Deferred Inflows of Resources	1,603,682	2,727,356	4,331,038	3,856,322
NET POSITION				
Net Investment in Capital Assets	65,513,523	81,753,388	147,266,911	129,350,905
Restricted	-	16,635,861	16,635,861	19,835,106
Unrestricted	45,377,943	19,989,829	65,367,772	58,477,723
Total Net Position	110,891,466	118,379,078	229,270,544	207,663,734
 Total Liabilities, Deferred Inflows of Resources, and Net Position				
	<u>\$ 122,811,114</u>	<u>\$ 123,789,206</u>	<u>\$ 246,600,320</u>	<u>\$ 226,913,174</u>

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	Electric	2024 Water	Total	2023 Total
OPERATING REVENUES				
Sales	\$ 58,871,852	\$ 6,945,345	\$ 65,817,197	\$ 69,051,582
OPERATING EXPENSES				
Operation, Customer and Administrative	47,774,832	4,381,159	52,155,991	55,726,929
Depreciation and Amortization of Capital Assets	3,881,563	2,807,278	6,688,841	6,609,562
Total Operating Expenses	<u>51,656,395</u>	<u>7,188,437</u>	<u>58,844,832</u>	<u>62,336,491</u>
OPERATING INCOME	7,215,457	(243,092)	6,972,365	6,715,091
NONOPERATING REVENUES (EXPENSES)				
Rentals and Miscellaneous	587,675	556,445	1,144,120	249,469
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	1,890,260	1,387,537	3,277,797	3,248,155
Interest from Leases	-	53,017	53,017	54,735
Interest Expense	(85,997)	(4,670)	(90,667)	(83,750)
Gain (Loss) on Disposition of Property	15,956	(1,749)	14,207	96,419
Total Nonoperating Revenues (Expenses)	<u>2,497,894</u>	<u>1,990,580</u>	<u>4,488,474</u>	<u>3,655,028</u>
Income Before Contributions and Transfers	9,713,351	1,747,488	11,460,839	10,370,119
Capital Contributions	936,171	13,020,147	13,956,318	9,153,240
Free Electric Service to the City of Shakopee	147,542	-	147,542	144,062
Contributions to City of Shakopee	<u>(3,587,635)</u>	<u>(370,254)</u>	<u>(3,957,889)</u>	<u>(4,127,486)</u>
CHANGE IN NET POSITION	7,209,429	14,397,381	21,606,810	15,539,935
Net Position - Beginning of Year	<u>103,682,037</u>	<u>103,981,697</u>	<u>207,663,734</u>	<u>192,123,799</u>
NET POSITION - END OF YEAR	<u><u>\$ 110,891,466</u></u>	<u><u>\$ 118,379,078</u></u>	<u><u>\$ 229,270,544</u></u>	<u><u>\$ 207,663,734</u></u>

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Electric	Water	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 61,629,464	\$ 8,551,540	\$ 70,181,004	\$ 68,497,387
Payments to Employees	(4,136,524)	2,097,672	(2,038,852)	(5,389,646)
Payments to Suppliers	(44,821,670)	(7,648,141)	(52,469,811)	(49,597,456)
Net Cash Provided by Operating Activities	12,671,270	3,001,071	15,672,341	13,510,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to City of Shakopee	(3,587,635)	(370,254)	(3,957,889)	(4,127,486)
Net Cash Used by Noncapital Financing Activities	(3,587,635)	(370,254)	(3,957,889)	(4,127,486)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	47,710	41,829	89,539	96,419
Leasing Activities	-	75,455	75,455	99,441
Interest from Leases	-	53,017	53,017	54,735
Subscription Activities	(189,484)	(335,170)	(524,654)	(206,638)
Acquisition of Capital Assets	(8,323,624)	(6,297,249)	(14,620,873)	(14,923,786)
Installation Fees	-	225,815	225,815	148,750
Connection Charges	-	3,651,655	3,651,655	3,036,657
Trunk Charges	-	1,396,966	1,396,966	638,359
Net Cash Used by Capital and Related Financing Activities	(8,465,398)	(1,187,682)	(9,653,080)	(11,056,063)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption (Purchase) of Investments	(1,902,268)	(2,080,060)	(3,982,328)	5,430,297
Interest and Dividends Received	1,792,578	1,318,448	3,111,026	3,092,237
Net Cash Provided (Used) by Investing Activities	(109,690)	(761,612)	(871,302)	8,522,534
NET CHANGE IN CASH AND CASH EQUIVALENTS	508,547	681,523	1,190,070	6,849,270
Cash and Cash Equivalents - Beginning of Year	4,341,496	12,860,659	17,202,155	10,352,885
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,850,043</u>	<u>\$ 13,542,182</u>	<u>\$ 18,392,225</u>	<u>\$ 17,202,155</u>

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

	2024			2023
	Electric	Water	Total	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES				
Operating Income	\$ 7,215,457	\$ (243,092)	\$ 6,972,365	\$ 6,715,091
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	147,542	-	147,542	144,062
Nonoperating Revenues	591,678	427,370	1,019,048	131,314
Depreciation and Amortization Expense	3,881,563	2,807,278	6,688,841	6,434,137
Deferred Pension Outflows	446,333	197,129	643,462	439,438
Deferred Pension Inflows	342,263	174,170	516,433	1,129,777
Net Pension Liability	(1,047,813)	(453,470)	(1,501,283)	(1,286,790)
Allowance for Uncollectible Accounts	-	682	682	(23,771)
Change in Assets and Liabilities				
Customer Accounts Receivable	561,212	(13,877)	547,335	(123,313)
Other Accounts Receivable	885,775	1,438,208	2,323,983	(1,297,342)
Due from City of Shakopee	17,748	(9,889)	7,859	387,328
Inventory	(459,676)	(20,156)	(479,832)	(542,386)
Prepaid Items	25,667	(3,104)	22,563	50,464
Accounts Payable	(557,484)	(1,169,392)	(1,726,876)	1,111,911
Customer Deposits	148,351	(16,490.00)	131,861	(119,569)
Unearned Revenue	134,728	-	134,728	15,545
Customer Advances	270,578	(236,299.0)	34,279	330,057
Due to City of Shakopee	(32,005)	-	(32,005)	(71,800)
Other Liabilities	99,353	122,003	221,356	86,132
Total Adjustments	5,455,813	3,244,163	8,699,976	6,795,194
Net Cash Provided by Operating Activities	<u>\$ 12,671,270</u>	<u>\$ 3,001,071</u>	<u>\$ 15,672,341</u>	<u>\$ 13,510,285</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION

Customer Deposits Account	\$ 1,605,832	\$ 77,298	\$ 1,683,130	\$ 1,847,971
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	14,552,241	14,552,241	18,107,049
Water Reconstruction Account	-	2,006,322	2,006,322	1,634,269
Cash and Investments	46,880,105	20,492,612	67,372,717	59,001,074
Total	48,585,937	37,128,473	85,714,410	80,690,363
Less: Investments	(43,735,894)	(23,586,291)	(67,322,185)	(63,488,208)
Total Cash and Cash Equivalents	<u>\$ 4,850,043</u>	<u>\$ 13,542,182</u>	<u>\$ 18,392,225</u>	<u>\$ 17,202,155</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Contributions of Capital Assets from the Municipality and Developers	\$ 936,171	\$ 7,740,914	\$ 8,677,085	\$ 5,327,820
Free Electric Service to City of Shakopee	147,542	-	147,542	144,062

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The electric and water utilities of the Shakopee Public Utilities Commission (the "Commission") are self-supporting entities and reported as a component unit of the City of Shakopee (the "City"). The Commission provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The Commission accounts for the costs of electric and water operations on a continuing basis and is managed by the Commission. The Commission consists of five members who serve three-year terms.

Customer and service rates are established by the Commission.

FUND FINANCIAL STATEMENTS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

DESCRIPTION OF FUNDS

Proprietary Funds:

- Electric Fund - This fund accounts for the operations of the Commission's electric utility.
- Water Fund - This fund accounts for the operations of the Commission's water utility.

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

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

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. DEPOSITS AND INVESTMENTS

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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

Minnesota Statutes authorizes the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the Commission are reported at fair value as disclosed in Note 2. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2024. Bad debts are expensed annually when deemed uncollectible.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

3. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses or prepaid supplies in the financial statements.

4. RESTRICTED ASSETS

Customer Deposit Account - Restricted resources from customers required to deposit monies before the Commission will begin electric or water service. These deposits are subject to repayment when the customer leaves the Commission's service area.

Connection Account - Restricted resources, per enabling legislation, to be used for future expansion of the water system.

Water Reconstruction Account - Restricted resources to be used for future water reconstruction projects.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed.

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

Property, plant, and equipment of the Commission are depreciated using a half year convention the first year with the straight-line method over the remaining estimated useful lives.

	<u>Years</u>
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. The Commission presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions, leases receivable and deferred inflows for regulatory collections.

7. CUSTOMER ADVANCES FOR CONSTRUCTION

This account represents customer advances for construction which may be refundable in part or in whole.

8. CUSTOMER DEPOSITS

This account represents required deposits to be used to guaranty electric and water utility billings.

9. COMPENSATED ABSENCES

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. The liability for compensated absences reported in financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Employees also earn sick leave which is paid out at separation to the employee's Health Care Savings Plan based on years of Commission service.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

10. PENSIONS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. LONG-TERM OBLIGATIONS

Long-term debt and other obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

12. CAPITAL CONTRIBUTIONS

Cash and capital assets are contributed to the Commission from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenues on the statement of revenues, expenses, and changes in fund net position.

13. MUNICIPAL CONTRIBUTIONS

Municipal contributions include the contribution in lieu of taxes to the municipality and free service to the municipality for streetlights.

14. NET POSITION

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources are derived from user fees (not restricted to use), and other revenues. This component is used for transactions related to general operations of SPU and may be designated for specific purposes by action of the Board.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

15. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

16. COMPARATIVE DATA

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2023, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

17. ADOPTION OF NEW ACCOUNTING STANDARDS

GASB Statement No. 101, *Compensated Absences*

Effective January 1, 2024, the Commission implemented GASB Statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. There was no material impact as a result of the implementation of this standard.

NOTE 2 CASH AND INVESTMENTS

Cash balances of the Commission's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

In accordance with applicable *Minnesota Statutes*, the Commission maintains deposits at depository banks authorized by the Commission Board.

A. Deposits

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2024, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

The Commission's deposits had a book balance as follows:

	2024
Checking	<u>\$ 13,542,181</u>
Total Deposits	<u><u>\$ 13,542,181</u></u>

B. Investments

As of December 31, 2024, the Commission had the following investments:

	Rating	Total Value	Years to Maturity			
			Less than 1 Year	1-5 Years	Over 5 Years	No Maturity
U.S. Agencies	AAA	\$ 6,492,381	\$ 2,855,919	\$ 3,492,560	\$ 143,902	\$ -
U.S. Treasuries	N/A	45,184,864	8,779,528	36,405,336	-	-
4M Fund	NR	2,609,275	-	-	-	2,609,275
4M Plus Fund	NR	8,994,140	-	-	-	8,994,140
Municipal Bonds	AA	660,501	509,193	151,308	-	-
Commercial Paper	N/A	4,936,879	4,936,879	-	-	-
Money Market	NR	3,292,189	-	-	-	3,292,189
Total		<u>\$ 72,170,229</u>	<u>\$ 17,081,519</u>	<u>\$ 40,049,204</u>	<u>\$ 143,902</u>	<u>\$ 14,895,604</u>

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

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agencies	\$ 6,492,381	\$ -	\$ 6,492,381	\$ -
U.S. Treasuries	45,184,864	45,184,864	-	-
Municipal Bonds	660,501	-	660,501	-
Total	<u>52,337,746</u>	<u>\$ 45,184,864</u>	<u>\$ 7,152,882</u>	<u>\$ -</u>

Investments Measured at the Amortized Cost

Investments Measured at Amortized Cost	<u>19,832,483</u>
Total Investments	<u><u>\$ 72,170,229</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2024, to address the following risks:

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

Concentration of Credit Risk – Investments - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota, and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

As of December 31, 2024, the Commission was not exposed to concentration of credit risk. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

Interest Rate Risk - This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The Commission's policy states it will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Credit Risk- Investments - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits and Investments

Summary of cash, deposits, and investments as of December 31, 2024:

Deposit (Note 2.A)	\$ 13,542,181
Investments (Note 2.B.)	72,170,229
Petty Cash	<u>2,000</u>
Total Deposits	<u><u>\$ 85,714,410</u></u>

Deposits and investments are presented in the December 31, 2024, financial statements as follows:

Statement of Net Position

Current Assets

Cash and Investments	\$ 67,372,717
Cash and Investments - Emergency Repairs Account	100,000

Noncurrent Assets

Restricted Cash and Investments

Customer Deposit Account	1,683,130
Connection Account	14,552,241
Water Reconstruction Account	<u>2,006,322</u>
Total	<u><u>\$ 85,714,410</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CAPITAL ASSETS

Electric capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and Land Rights	\$ 6,203,804	\$ -	\$ -	\$ 6,203,804
Construction in Progress	7,370,984	4,271,735	(10,036,441)	1,606,278
Total Capital Assets Not Being Depreciated	13,574,788	4,271,735	(10,036,441)	7,810,082
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	42,873,868	8,325,096	(35,899)	51,163,065
Distribution Equipment	23,039,064	5,517,194	-	28,556,258
General Infrastructure	11,931,955	12,650	-	11,944,605
General Equipment	6,578,641	1,049,838	(165,790)	7,462,689
Total Capital Assets Being Depreciated	84,423,528	14,904,778	(201,689)	99,126,617
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(18,264,321)	(2,004,722)	24,265	(20,244,778)
Distribution Equipment	(10,681,986)	(943,907)	-	(11,625,893)
General Infrastructure	(5,413,170)	(361,637)	-	(5,774,807)
General Equipment	(4,376,702)	(451,574)	145,670	(4,682,606)
Total Accumulated Depreciation	(38,736,179)	(3,761,840)	169,935	(42,328,084)
Total Capital Assets Being Depreciated, Net	45,687,349	11,142,938	(31,754)	56,798,533
SUPSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS	522,345	575,521	(55,255)	1,042,611
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(70,445)	(119,723)	55,255	(134,913)
Total Subscription Based Information Technology Arrangement Assets, Net	451,900	455,798	-	907,698
Total Capital Assets, Net	\$ 59,714,037	\$ 15,870,471	\$ (10,068,195)	\$ 65,516,313

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CAPITAL ASSETS (CONTINUED)

Water capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and Land Rights	\$ 2,944,778	\$ -	\$ -	\$ 2,944,778
Construction in Progress	1,899,848	4,391,240	(1,903,958)	4,387,130
Total Capital Assets Not Being Depreciated	4,844,626	4,391,240	(1,903,958)	7,331,908
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	83,661,927	10,805,592	(141,252)	94,326,267
Distribution Equipment	8,866,907	25,222	-	8,892,129
General Infrastructure	963,639	31,198	-	994,837
General Equipment	1,123,842	693,666	(77,438)	1,740,070
Total Capital Assets Being Depreciated	94,616,315	11,555,678	(218,690)	105,953,303
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(22,699,505)	(2,215,012)	141,252	(24,773,265)
Distribution Equipment	(5,422,972)	(372,029)	-	(5,795,001)
General Infrastructure	(651,479)	(44,044)	-	(695,523)
General Equipment	(786,249)	(104,549)	33,860	(856,938)
Total Accumulated Depreciation	(29,560,205)	(2,735,634)	175,112	(32,120,727)
Total Capital Assets Being Depreciated, Net	65,056,110	8,820,044	(43,578)	73,832,576
SUPSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS	155,697	695,495	-	851,192
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(14,164)	(71,644)	-	(85,808)
Total Subscription Based Information Technology Arrangement Assets, Net	141,533	623,851	-	765,384
Total Capital Assets, Net	<u>\$ 70,042,269</u>	<u>\$ 13,835,135</u>	<u>\$ (1,947,536)</u>	<u>\$ 81,929,868</u>

Depreciation and amortization expense for 2024 for Electric and Water totaled \$3,881,563 and \$2,807,278 respectively.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS

Amounts receivable from and payable to the City of Shakopee as of December 31, 2024, are as follows:

Receivable Fund/Municipality	Payable Fund/Municipality	Amount
Electric Fund	City of Shakopee	\$ 223,261
City of Shakopee	Electric Fund	459,479
Water Fund	City of Shakopee	84,709

The receivables and payables generally represent billing expenses, general operating expenses, and capital projects.

The composition of municipal contributions as of December 31, 2024, was as follows:

Contributions To	Contributions From	Amount
City of Shakopee	Electric Fund	\$ 3,587,635
City of Shakopee	Water Fund	370,254
Total		<u>\$ 3,957,889</u>

Contributions were made from the Water and Electric Funds to the City for contributions in lieu of taxes and for free service to the City.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE

A. Plan Description

The Commission 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 Fund

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

B. Benefits Provided (Continued)

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

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 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .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 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a 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

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission’s contributions to the General Employees Fund for the year ended December 31, 2024, were \$429,682. The Commission’s contributions were equal to the required contributions as set by state statute.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the Commission reported a liability of \$2,502,508 for its proportionate share of the General Employees Fund's net pension liability. The Commission'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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$64,710.

Commission's Proportionate Share of the Net Pension Liability	\$ 2,502,508
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Commission	<u>64,710</u>
Total	<u><u>\$ 2,567,218</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0677% at the end of the measurement period and .0716% for the beginning of the period.

For the year ended December 31, 2024, the Commission recognized pension expense of \$212,399 for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2024, the Commission reported its proportionate share of the General Employees Plans' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 235,302	\$ -
Changes in Actuarial Assumptions	12,218	947,158
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	726,708
Changes in Proportion	192,243	184,186
Commission Contributions Subsequent to the Measurement Date	218,803	-
Total	<u><u>\$ 658,566</u></u>	<u><u>\$ 1,858,052</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

\$218,803 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (733,453)
2026	(125,026)
2027	(368,008)
2028	(191,802)

E. Long-Term Expected Return on Investments

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

F. Actuarial Assumptions (Continued)

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employee Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	6.00 %	7.00 %	8.00 %
Commission's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 5,465,881	\$ 2,502,508	\$ 64,864

I. Pension Plan Fiduciary Net Position

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

NOTE 6 LEASES

The Commission, acting as lessor, leases water tower space for cellular services under long-term, non-cancelable lease agreements. The leases expire at various dates through 2038. During the year ended December 31, 2024, the Commission recognized \$176,446 and \$53,017 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments of either 3 percent or 4 percent.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 LEASES (CONTINUED)

The future payments to be received under lease agreements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 135,812	\$ 51,151
2026	144,524	49,131
2027	153,639	46,943
2028	115,509	44,707
2029	123,093	42,670
2030-2034	572,336	180,944
2035-2039	538,221	121,585
2040-2044	241,844	64,591
2045-2049	204,440	8,989
Total Payments	<u>\$ 2,229,418</u>	<u>\$ 601,722</u>

NOTE 7 SUBSCRIPTIONS PAYABLE

A summary of the changes in the Commission's Electric subscriptions payable for the year ended December 31, 2024, are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>Beginning of Year,</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Within</u>
					<u>One Year</u>
Subscriptions Payable	<u>\$ 312,112</u>	<u>\$ 400,445</u>	<u>\$ (134,131)</u>	<u>\$ 578,426</u>	<u>\$ 127,873</u>

A summary of the changes in the Commission's Water subscriptions payable for the year ended December 31, 2024, are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>Beginning of Year,</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Within</u>
					<u>One Year</u>
Subscriptions Payable	<u>\$ 104,037</u>	<u>\$ 499,643</u>	<u>\$ (139,318)</u>	<u>\$ 464,362</u>	<u>\$ 130,757</u>

The Entity has entered into a subscription based-information technology arrangement (SBITA) for an accounting and HR information system, with 75% attributable to the Electric Fund and 25% attributable to the Water Fund. Management is reasonably certain that the period covered by the SBITA arrangement will end in 2033.

As of December 31, 2024, SBITA assets and the related accumulated amortization in the Electric Fund totaled \$1,042,611 and 134,914, respectively.

As of December 31, 2024, SBITA assets and the related accumulated amortization in the Water Fund totaled \$851,191 and 85,808, respectively.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 SUBSCRIPTIONS PAYABLE

The future Electric subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31.</u>	<u>Electric Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 127,873	\$ 15,178	\$ 143,051
2026	130,672	11,748	142,420
2027	134,194	8,226	142,420
2028	33,458	4,609	38,067
2029	34,373	3,694	38,067
2030-2035	117,856	5,392	123,248
Total	<u>\$ 578,426</u>	<u>\$ 48,847</u>	<u>\$ 627,273</u>

The future Water subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31.</u>	<u>Water Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 130,757	\$ 12,344	\$ 143,101
2026	134,054	8,836	142,890
2027	137,654	5,234	142,888
2028	11,154	1,536	12,690
2029	11,458	1,231	12,689
2030-2035	39,285	1,796	41,081
Total	<u>\$ 464,362</u>	<u>\$ 30,977</u>	<u>\$ 495,339</u>

NOTE 8 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2024 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2024, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 COMMITMENTS

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2024, outstanding commitments for these multi-year projects total approximately \$890,232.

REQUIRED SUPPLEMENTARY INFORMATION

**SHAKOPEE PUBLIC UTILITIES COMMISSION
GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commission's Proportion of the Net Pension Liability	0.0677 %	0.0716 %	0.0668 %	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %	0.0608 %
Commission's Proportionate Share of the Net Pension Liability	\$ 2,502,508	\$ 4,003,792	\$ 5,290,582	\$ 2,707,464	\$ 4,064,920	\$ 3,532,888	\$ 3,578,196	\$ 4,111,253	\$ 5,042,212	\$ 3,150,972
State's Proportionate Share of the Net Pension Liability Associated with the Commission	64,710	110,260	155,198	82,761	125,364	109,829	117,344	51,656	65,842	-
Total	<u>\$ 2,567,218</u>	<u>\$ 4,114,052</u>	<u>\$ 5,445,780</u>	<u>\$ 2,790,225</u>	<u>\$ 4,190,284</u>	<u>\$ 3,642,717</u>	<u>\$ 3,695,540</u>	<u>\$ 4,162,909</u>	<u>\$ 5,108,054</u>	<u>\$ 3,150,972</u>
Commission's Covered Payroll	\$ 5,863,021	\$ 5,478,816	\$ 5,009,118	\$ 4,553,229	\$ 3,516,627	\$ 3,854,427	\$ 4,145,653	\$ 4,333,280	\$ 3,854,427	\$ 3,516,627
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	42.68 %	73.08 %	105.62 %	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %	89.60 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08 %	83.10 %	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %	78.19 %

The Amounts Presented for Each Fiscal Year were determined as of 6/30.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended December 31,									
	2024	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 429,682	\$ 417,048	\$ 401,135	\$ 359,999	\$ 360,080	\$ 350,018	\$ 339,188	\$ 315,791	\$ 299,473	\$ 277,221
Contributions in Relation to the Statutorily Required Contribution	(429,682)	(417,048)	(401,135)	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)	(277,221)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 5,729,093	\$ 5,560,640	\$ 5,348,467	\$ 4,799,987	\$ 4,801,067	\$ 4,666,907	\$ 4,522,507	\$ 4,210,547	\$ 3,992,973	\$ 3,696,280
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

General Employees Fund (Continued)

2021 Changes:

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.

Changes in Plan Provisions:

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

2020 Changes:

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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

General Employees Fund (Continued)

2019 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes:

Changes in Actuarial Assumptions:

- The morality 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.

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.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

General Employees Fund (Continued)

2017 Changes:

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement 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 changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

General Employees Fund (Continued)

2015 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

SUPPLEMENTARY INFORMATION
ELECTRIC UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION – ELECTRIC UTILITY
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

ASSETS	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Investments	\$ 46,880,105	\$ 44,469,290
Cash and Investments - Emergency Repairs	100,000	100,000
Accrued Interest Receivable	287,410	189,728
Customer Accounts Receivable	4,698,820	5,220,797
Allowance for Uncollectible Amounts	(62,076)	(22,841)
Other Accounts Receivable	171,984	1,057,759
Due from City of Shakopee	223,261	241,009
Prepaid Supplies	2,850,835	2,391,159
Prepaid Expenses	90,730	116,397
Total Current Assets	<u>55,241,069</u>	<u>53,763,298</u>
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	1,605,832	1,754,183
Capital Assets:		
Plant in Service	106,373,032	91,149,677
Accumulated Depreciation and Amortization	(42,462,997)	(38,806,624)
Construction in Progress	1,606,278	7,370,984
Total Noncurrent Assets	<u>67,122,145</u>	<u>61,468,220</u>
Total Assets	<u>122,363,214</u>	<u>115,231,518</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	<u>447,900</u>	<u>894,233</u>
 Total Assets and Deferred Outflows Resources	 <u><u>\$ 122,811,114</u></u>	 <u><u>\$ 116,125,751</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION – ELECTRIC UTILITY (CONTINUED)
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

LIABILITIES	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 3,672,157	\$ 4,229,641
Due to City of Shakopee	459,479	491,484
Subscriptions Payable	127,873	30,801
Other Current Liabilities	<u>789,782</u>	<u>690,429</u>
Total Current Liabilities	5,049,291	5,442,355
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS	1,605,832	1,754,183
NONCURRENT LIABILITIES		
Customer Advances	1,508,299	1,089,370
Subscriptions Payable	450,553	281,311
Net Pension Liability	<u>1,701,991</u>	<u>2,749,804</u>
Total Noncurrent Liabilities	<u>3,660,843</u>	<u>4,120,485</u>
Total Liabilities	10,315,966	11,317,023
DEFERRED INFLOWS OF RESOURCES		
Regulatory Collections to Cover Future Costs	339,995	205,267
Pension Related Amounts	<u>1,263,687</u>	<u>921,424</u>
Total Deferred Inflows of Resources	1,603,682	1,126,691
NET POSITION		
Net Investment in Capital Assets	65,513,523	59,344,130
Unrestricted	<u>45,377,943</u>	<u>44,337,907</u>
Total Net Position	<u>110,891,466</u>	<u>103,682,037</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 122,811,114</u>	<u>\$ 116,125,751</u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Sales	\$ 58,871,852	\$ 61,266,784
OPERATING EXPENSES		
Operation, Customer and Administrative	47,774,832	51,144,360
Depreciation and Amortization of Capital Assets	<u>3,881,563</u>	<u>3,495,150</u>
Total Operating Expenses	<u>51,656,395</u>	<u>54,639,510</u>
OPERATING INCOME	7,215,457	6,627,274
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	587,675	164,059
Interdepartmental Rent from Water	90,000	90,000
Investment Income	1,890,260	2,000,989
Interest Expense	(85,997)	(79,294)
Gain (Loss) on Disposition of Property	15,956	80,135
Total Nonoperating Revenues (Expenses)	<u>2,497,894</u>	<u>2,255,889</u>
Income Before Contributions and Transfers	9,713,351	8,883,163
Capital Contributions	936,171	1,580,437
Free Electric Service to the City of Shakopee	147,542	144,062
Contributions to City of Shakopee	<u>(3,587,635)</u>	<u>(3,716,567)</u>
CHANGE IN NET POSITION	7,209,429	6,891,095
Net Position - Beginning of Year	<u>103,682,037</u>	<u>96,790,942</u>
NET POSITION - END OF YEAR	<u><u>\$ 110,891,466</u></u>	<u><u>\$ 103,682,037</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS – ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 61,629,464	\$ 61,433,517
Payments to Employees	(4,136,524)	(3,686,580)
Payments to Suppliers	<u>(44,821,670)</u>	<u>(48,278,949)</u>
Net Cash Flows Provided by Operating Activities	12,671,270	9,467,988
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	<u>(3,587,635)</u>	<u>(3,716,567)</u>
Net Cash Flows Used by Noncapital Financing Activities	<u>(3,587,635)</u>	<u>(3,716,567)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	47,710	80,135
Acquisition of Capital Assets	(8,323,624)	(8,138,183)
Subscription Activities	<u>(189,484)</u>	<u>(154,978)</u>
Net Cash Flows Used by Capital and Related Financing Activities	(8,465,398)	(8,213,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(1,902,268)	1,259,764
Interest and Dividends Received	<u>1,792,578</u>	<u>1,900,280</u>
Net Cash Provided by Investing Activities	<u>(109,690)</u>	<u>3,160,044</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	508,547	698,439
Cash and Cash Equivalents - Beginning of Year	<u>4,341,496</u>	<u>3,643,057</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,850,043</u></u>	<u><u>\$ 4,341,496</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS – ELECTRIC UTILITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	\$ 7,215,457	\$ 6,627,274
Adjustments to Reconcile Operating Income (Loss) to Cash		
Provided by Operating Activities:		
Free Electric Service to City of Shakopee	147,542	144,062
Nonoperating Revenues	591,678	174,765
Depreciation and Amortization Expense	3,881,563	3,424,705
Deferred Pension Outflows	446,333	311,210
Deferred Pension Inflows	342,263	774,787
Net Pension Liability	(1,047,813)	(912,337)
Change in Assets and Liabilities:		
Customer Accounts Receivable	561,212	(109,388)
Other Accounts Receivable	885,775	(693,599)
Due from City of Shakopee	17,748	396,570
Inventory	(459,676)	(547,056)
Prepaid Items	25,667	55,023
Accounts Payable	(557,484)	(402,597)
Customer Deposits	148,351	(118,075)
Unearned Revenue	134,728	15,545
Customer Advances	270,578	356,853
Due to City of Shakopee	(32,005)	(71,800)
Other Liabilities	99,353	42,046
Total Adjustments	5,455,813	2,840,714
Net Cash Provided by Operating Activities	<u>\$ 12,671,270</u>	<u>\$ 9,467,988</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	\$ 1,605,832	\$ 1,754,183
Emergency Repairs Account	100,000	100,000
Cash and Investments	46,880,105	44,469,290
Total	48,585,937	46,323,473
Less: Investments	(43,735,894)	(41,981,977)
Total Cash and Cash Equivalents	<u>\$ 4,850,043</u>	<u>\$ 4,341,496</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	\$ 936,171	\$ 1,580,437
Free Electric Service to City of Shakopee	147,542	144,062

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Sales of Electricity:		
Residential	\$ 21,700,887	\$ 22,150,117
Commercial	36,191,894	37,881,431
Uncollectible Accounts	<u>(130,692)</u>	<u>(36,664)</u>
Total Sales of Electricity	57,762,089	59,994,884
Forfeited Discounts	247,691	373,716
Conservation Program	<u>862,072</u>	<u>898,184</u>
Total Operating Revenues	58,871,852	61,266,784
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	39,555,806	42,742,370
Distribution Operation Expenses	595,222	654,327
Distribution System Maintenance	1,253,951	1,154,943
Maintenance of General Plant	<u>456,189</u>	<u>404,506</u>
Total Operation and Maintenance	41,861,168	44,956,146
Customer Accounts:		
Meter Reading	118,770	139,742
Customer Records and Collection	519,929	648,814
Energy Conservation	<u>862,071</u>	<u>898,184</u>
Total Customer Accounts	1,500,770	1,686,740
Administrative and General:		
Administrative and General Salaries	931,622	782,567
Office Supplies and Expense	491,829	449,970
Outside Services Employed	464,496	390,485
Insurance	171,829	178,053
Employee Benefits	1,807,274	2,210,311
Miscellaneous General	<u>545,844</u>	<u>490,088</u>
Total Administrative and General	4,412,894	4,501,474
Total Operation, Customer, and Administrative Expenses	47,774,832	51,144,360
Depreciation / Amortization of Capital Assets	3,881,563	3,495,150
Total Operating Expenses	<u>51,656,395</u>	<u>54,639,510</u>
Total Operating Income	<u><u>\$ 7,215,457</u></u>	<u><u>\$ 6,627,274</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2024

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2024
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	\$ 2,652,475	\$ -	\$ -	\$ 2,652,475
Structures and Improvements	460,701	-	-	460,701
Station Equipment	23,037,208	5,517,194	-	28,554,402
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	523,377	-	1,627	521,750
Overhead Conductors and Devices	3,707,076	39,223	3,786	3,742,513
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	26,438,382	2,045,361	30,486	28,453,257
Line Transformers	8,726,689	2,424,186	-	11,150,875
Services	50,643	-	-	50,643
Meters	2,060,718	3,816,326	-	5,877,044
Total Distribution	68,565,407	13,842,290	35,899	82,371,798
General:				
Computer Hardware	931,053	489,229	-	1,420,282
Land and land rights	3,551,329	-	-	3,551,329
Structures and improvements	11,832,487	12,650	-	11,845,137
Office furniture and equipment	1,222,151	52,249	-	1,274,400
Transportation equipment	2,788,410	500,966	165,790	3,123,586
Tools, shop and garage equipment	201,467	7,394	-	208,861
Laboratory equipment	37,660	-	-	37,660
Power operated equipment	1,040,779	-	-	1,040,779
Communication equipment	357,121	-	-	357,121
Miscellaneous equipment	99,468	-	-	99,468
Total General	22,061,925	1,062,488	165,790	22,958,623
Computer Software	522,345	575,521	55,255	1,042,611
 Total Plant in Service	 <u>\$ 91,149,677</u>	 <u>\$ 15,480,299</u>	 <u>\$ 256,944</u>	 <u>\$ 106,373,032</u>

SUPPLEMENTARY INFORMATION
WATER UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION – WATER UTILITY
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

ASSETS	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Investments	\$ 20,492,612	\$ 14,531,784
Accrued Interest Receivable	156,346	87,257
Customer Accounts Receivable	450,033	436,156
Allowance for Uncollectible Amounts	(2,078)	(1,396)
Other Accounts Receivable	1,522,524	2,960,732
Due from City of Shakopee	84,709	74,820
Prepaid Supplies	52,715	32,559
Prepaid Expenses	26,532	23,428
Lease Receivable	135,813	127,494
Total Current Assets	<u>22,919,206</u>	<u>18,272,834</u>
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	77,298	93,788
Connection Account	14,552,241	18,107,049
Water Reconstruction Account	2,006,322	1,634,269
Lease Receivable	2,093,605	2,229,419
Capital Assets:		
Plant in Service	109,749,273	97,716,790
Accumulated Depreciation and Amortization	(32,206,535)	(29,574,369)
Construction in Progress	4,387,130	1,899,848
Total Noncurrent Assets	<u>100,659,334</u>	<u>92,106,794</u>
Total Assets	<u>123,578,540</u>	<u>110,379,628</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	<u>210,666</u>	<u>407,795</u>
Total Assets and Deferred Outflows Resources	<u><u>\$ 123,789,206</u></u>	<u><u>\$ 110,787,423</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION – WATER UTILITY (CONTINUED)
DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

LIABILITIES	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 719,254	\$ 1,888,646
Subscriptions Payable	130,757	10,267
Other Current Liabilities	<u>441,640</u>	<u>319,637</u>
Total Current Liabilities	1,291,651	2,218,550
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS	77,298	93,788
NONCURRENT LIABILITIES		
Customer Advances	179,700	415,999
Subscriptions Payable	333,605	93,770
Net Pension Liability	<u>800,518</u>	<u>1,253,988</u>
Total Noncurrent Liabilities	<u>1,313,823</u>	<u>1,763,757</u>
Total Liabilities	2,682,772	4,076,095
DEFERRED INFLOWS OF RESOURCES		
Lease Related Amounts	2,132,991	2,309,436
Pension Related Amounts	<u>594,365</u>	<u>420,195</u>
Total Deferred Inflows of Resources	2,727,356	2,729,631
NET POSITION		
Net Investment in Capital Assets	81,753,388	70,006,775
Restricted	16,635,861	19,835,106
Unrestricted	<u>19,989,829</u>	<u>14,139,816</u>
Total Net Position	<u>118,379,078</u>	<u>103,981,697</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u><u>\$ 123,789,206</u></u>	 <u><u>\$ 110,787,423</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – WATER UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Sales	\$ 6,945,345	\$ 7,784,798
OPERATING EXPENSES		
Operation, Customer and Administrative	4,381,159	4,582,569
Depreciation and Amortization of Capital Assets	<u>2,807,278</u>	<u>3,114,412</u>
Total Operating Expenses	<u>7,188,437</u>	<u>7,696,981</u>
OPERATING INCOME	(243,092)	87,817
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	556,445	85,410
Investment Income	1,387,537	1,247,166
Interest from Leases	53,017	54,735
Interest Expense	(4,670)	(4,456)
Gain (Loss) on Disposition of Property	<u>(1,749)</u>	<u>16,284</u>
Total Nonoperating Revenues (Expenses)	<u>1,990,580</u>	<u>1,399,139</u>
Income Before Contributions and Transfers	1,747,488	1,486,956
Capital Contributions	13,020,147	7,572,803
Contributions to City of Shakopee	<u>(370,254)</u>	<u>(410,919)</u>
CHANGE IN NET POSITION	14,397,381	8,648,840
Net Position - Beginning of Year	<u>103,981,697</u>	<u>95,332,857</u>
NET POSITION - END OF YEAR	<u><u>\$ 118,379,078</u></u>	<u><u>\$ 103,981,697</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS – WATER UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 8,551,540	\$ 7,063,870
Payments to Employees	2,097,672	(1,703,066)
Payments to Suppliers	(7,648,141)	(1,318,507)
Net Cash Flows Provided by Operating Activities	<u>3,001,071</u>	<u>4,042,297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(370,254)	(410,919)
Net Cash Flows Provided by Noncapital Financing Activities	<u>(370,254)</u>	<u>(410,919)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	41,829	16,284
Leasing Activities	75,455	99,441
Interest from Leases	53,017	54,735
Subscription Activities	(335,170)	(51,660)
Acquisition or Construction of Capital Assets	(6,297,249)	(6,785,603)
Installation Fees	225,815	148,750
Connection Charges	3,651,655	3,036,657
Trunk Charges	1,396,966	638,359
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,187,682)</u>	<u>(2,843,037)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(2,080,060)	4,170,533
Interest and Dividends Received	1,318,448	1,191,957
Net Cash Provided (Used) by Investing Activities	<u>(761,612)</u>	<u>5,362,490</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	681,523	6,150,831
Cash and Cash Equivalents - Beginning of Year	<u>12,860,659</u>	<u>6,709,828</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 13,542,182</u></u>	<u><u>\$ 12,860,659</u></u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS – WATER UTILITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	\$ (243,092)	\$ 87,817
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating		
Nonoperating Revenues	427,370	(43,451)
Depreciation and Amortization Expense	2,807,278	3,009,432
Deferred Pension Outflows	197,129	128,228
Deferred Pension Inflows	174,170	354,990
Net Pension Liability	(453,470)	(374,453)
Allowance for Uncollectible Accounts	682	(23,771)
Change in Assets and Liabilities		
Customer Accounts Receivable	(13,877)	(13,925)
Other Accounts Receivable	1,438,208	(603,743)
Due from City of Shakopee	(9,889)	(9,242)
Inventory	(20,156)	4,670
Prepaid Items	(3,104)	(4,559)
Accounts Payable	(1,169,392)	1,514,508
Customer Deposits	(16,490)	(1,494)
Customer Advances	(236,299)	(26,796)
Due to City of Shakopee	-	-
Other Liabilities	122,003	44,086
Total Adjustments	<u>3,244,163</u>	<u>3,954,480</u>
Net Cash Provided by Operating Activities	<u>\$ 3,001,071</u>	<u>\$ 4,042,297</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	\$ 77,298	\$ 93,788
Connection Account	14,552,241	18,107,049
Water Reconstruction Account	2,006,322	1,634,269
Cash and Investments	20,492,612	14,531,784
Total	<u>37,128,473</u>	<u>34,366,890</u>
Less Investments	<u>(23,586,291)</u>	<u>(21,506,231)</u>
Total Cash and Cash Equivalents	<u>\$ 13,542,182</u>	<u>\$ 12,860,659</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	\$ 7,740,914	\$ 3,747,383

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2023)

	2024	2023
OPERATING REVENUES		
Sales of Water	\$ 6,930,475	\$ 7,746,571
Forfeited Discounts	22,276	29,392
Uncollectible Accounts	(7,406)	8,835
Total Operating Revenues	<u>6,945,345</u>	<u>7,784,798</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Pumping and Distribution Operation	760,523	832,974
Pumping and Distribution Maintenance	703,189	873,183
Power for Pumping	349,815	358,161
Maintenance of General Plant	48,464	70,023
Total Operating and Maintenance	<u>1,861,991</u>	<u>2,134,341</u>
Customer Accounts:		
Meter Reading	68,850	86,087
Customer Records and Collection	154,889	190,071
Energy Conservation	4,922	12,564
Total Customer Accounts	<u>228,661</u>	<u>288,722</u>
Administrative and General:		
Administrative and General Salaries	536,788	469,083
Office Supplies and Expense	164,750	142,280
Outside Services Employed	357,288	183,325
Insurance	57,306	59,351
Employee Benefits	952,603	1,054,134
Miscellaneous General	221,772	251,333
Total Administrative and General	<u>2,290,507</u>	<u>2,159,506</u>
Total Operation, Customer, and Administrative Expenses	4,381,159	4,582,569
Depreciation / Amortization of Capital Assets	2,807,278	3,114,412
Total Operating Expenses	<u>7,188,437</u>	<u>7,696,981</u>
Total Operating Income	<u>\$ (243,092)</u>	<u>\$ 87,817</u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE – WATER UTILITY
YEAR ENDED DECEMBER 31, 2024

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2024
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	\$ 2,944,778	\$ -	\$ -	\$ 2,944,778
Wells	5,170,570	32,820	15,931	5,187,459
Electric Pumping Equipment	8,866,906	25,221	-	8,892,127
Towers and Pump Houses	12,063,063	-	-	12,063,063
Distribution system	61,334,941	8,429,813	121,321	69,643,433
Meters	5,093,353	2,342,960	4,000	7,432,313
Total Distribution	95,473,611	10,830,814	141,252	106,163,173
General:				
Computer Hardware	203,329	521,842	-	725,171
Structures Improvements	351,331	-	-	351,331
Furniture-Equipment	154,518	-	-	154,518
Transportation equipment	646,426	60,995	77,438	629,983
Tools, Shop-Garage	22,396	5,000	-	27,396
Laboratory Equipment	64,427	-	-	64,427
Power operated equipment	10,268	-	-	10,268
Communication equipment	22,480	105,828	-	128,308
SCADA Equipment	612,307	31,199	-	643,506
Total General	2,087,482	724,864	77,438	2,734,908
Subscription Based Information Technology Arrangement Assets:				
Subscription Based Information Technology Arrangements	155,697	695,495	-	851,192
Total Plant in Service	\$ 97,716,790	\$ 12,251,173	\$ 218,690	\$ 109,749,273

