

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

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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**SHAKOPEE PUBLIC UTILITIES COMMISSION
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

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 THE COMMISSION CONTRIBUTIONS	45
--	-----------

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

SUPPLEMENTARY INFORMATION – ELECTRIC UTILITY

STATEMENT OF NET POSITION – ELECTRIC UTILITY	51
---	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – ELECTRIC UTILITY	53
---	-----------

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

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

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

SUPPLEMENTARY INFORMATION – WATER UTILITY

STATEMENT OF NET POSITION – WATER UTILITY	58
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**SHAKOPEE PUBLIC UTILITIES COMMISSION
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – WATER UTILITY	60
STATEMENT OF CASH FLOWS – WATER UTILITY	61
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY	63
SCHEDULE OF PLANT IN SERVICE – WATER UTILITY	64

INTRODUCTORY SECTION

**SHAKOPEE PUBLIC UTILITIES COMMISSION
BOARD OF COMMISSIONERS AND ADMINISTRATION
DECEMBER 31, 2025**

Officials	Position	Term Expires
Benedict Letourneau	President	March 31, 2027
Kathi Hofer-Mocol	Vice President	March 31, 2028
Justin Krieg	Commissioner/MMPA Alternate Rep	March 31, 2027
Kayden Fox	Commissioner	March 31, 2026
Jim Dulaney	Commissioner/City Council Member	March 31, 2027

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, 2025, 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, 2025, 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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, 2025 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, 2025 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, 2024, (not presented herein), and have issued our report thereon dated April 28, 2025 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, 2024 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 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 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, 2024.

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 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of each major fund in our report dated April 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 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 24, 2026, 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 24, 2026

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

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, 2025. You are invited to read this narrative in conjunction with the Utilities' financial statements.

FINANCIAL HIGHLIGHTS

- The electric utility's net position increased \$8,502,701 to \$119,394,167 in 2025, an increase of 7.67%. Total assets increased by \$8,638,154 due to increases in net capital assets of \$1,864,053, increases in cash and investments of \$5,625,075 and prepaid supplies of \$1,191,762 partially offset by a decrease in receivables of \$107,750. Deferred outflows of resources decreased \$64,662 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities increased by \$163,176 due to an increase in accounts payable of \$435,164, partially offset by a decrease in customer advances of \$227,626 and net pension liability of \$217,696. Deferred inflows of resources decreased \$27,723 (see Table 1).
- The electric utility's operating revenue increased \$3,806,142 or 6.47% from 2024. Total Kilowatt-hour sales volume rose by \$16.8 million kWh (3.95%), reflecting stronger usage levels. Residential usage increased 8.81%, commercial 10.74%, and industrial 1.13%. In addition, the utility experienced continued customer growth, adding 468 new customers during the year, a 2.27% increase, further contributing to the overall rise in operating revenues. Wholesale power cost increases or decreases are also passed through to customers through the Power Cost Adjustment (PCA). Wholesale power costs increased \$2.7 million (6.78%) in 2025, contributing to the increase in revenue, as well as expense (see Table 3).
- The electric utility's operating expenses in 2025 increased \$2,716,102 or 5.3%, due to increases in purchased power costs of \$2,682,202 or 6.78% and salaries of \$227,327, partially offset by decreases in distribution system maintenance expenses of \$237,895, and outside services of \$104,405.
- The water utility's net position increased \$13,170,830 to \$131,549,908 in 2025, an increase of 11.13%. Total assets increased by \$14,379,197 due to an increase in net capital assets of \$9,538,898, an increase of \$1,168,196 in cash and investments offset by a decrease in the receivables of \$1,108,457. Deferred outflows of resources decreased \$30,840 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$25,597 due to increases in accounts payable of \$118,388 and customer advances of \$100,264 offset by decreases in subscriptions payable of \$122,299 and net pension liability of \$104,048. Deferred inflows of resources increased \$1,151,930 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 2025 operating revenues, generated mostly by sales of water, increased \$991,645 or 14.28% due to an increase in water gallons sold. The water utility added 377 new customers in 2025, an increase of 3.00% (see Table 4).
- The water utility's operating expenses in 2025 increased \$339,647 or 4.72% primarily driven by an increase in depreciation and amortization of capital assets. Total gallons pumped increased 2.08%.
- Capital contributions for the utility decreased from 2024 to 2025 by \$3,111,986 due to decreases in water capacity, trunk water charges and developer capital contributions.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL HIGHLIGHTS (CONTINUED)

- Municipal contributions expenses to the City of Shakopee increased from 2024 to 2025 by \$16,333 driven by higher kWh sales, an increase in purchase power cost adjustment revenue driven by higher kWh sales and higher demand revenue as well as higher water gallons sold.

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, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

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

	2025	2024	Change
ASSETS			
Current and Other Assets	\$ 63,685,664	\$ 56,846,901	\$ 6,838,763
Net Capital Assets	67,380,366	65,516,313	1,864,053
Total Assets	131,066,030	122,363,214	8,702,816
DEFERRED OUTFLOWS OF RESOURCES	383,238	447,900	(64,662)
Total Assets and Deferred Outflows of Resources	\$ 131,449,268	\$ 122,811,114	\$ 8,638,154
LIABILITIES			
Net Pension Liability	\$ 1,484,295	\$ 1,701,991	\$ (217,696)
Other Liabilities	8,994,847	8,613,975	380,872
Total Liabilities	10,479,142	10,315,966	163,176
DEFERRED INFLOWS OF RESOURCES	1,575,959	1,603,682	(27,723)
NET POSITION			
Net Investment in Capital Assets	67,380,366	65,513,523	1,866,843
Restricted	1,647,003	-	1,647,003
Unrestricted	50,366,798	45,377,943	4,988,855
Total Net Position	119,394,167	110,891,466	8,502,701
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 131,449,268	\$ 122,811,114	\$ 8,638,154

As can be seen from the table above, the electric utility's net position increased \$8,502,701 to \$119,394,167 in 2025, an increase of 7.67%. Total assets increased by \$8,702,816 due to increases in net capital assets of \$1,864,053, increases in cash and investments of \$5,625,075 and prepaid supplies of \$1,191,762 partially offset by a decrease in net accounts receivable of \$107,750. Deferred outflows of resources decreased \$64,662 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting.

Total liabilities increased by \$163,176 due to an increase in accounts payable of \$435,164 and other current liabilities of \$115,997 partially offset by a decrease in customer advances of \$227,626 and net pension liability of \$217,696. Deferred inflows of resources decreased \$27,723.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

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

	2025	2024	Change
ASSETS			
Current and Other Assets	\$ 46,488,971	\$ 41,648,672	\$ 4,840,299
Net Capital Assets	91,468,766	81,929,868	9,538,898
Total Assets	137,957,737	123,578,540	14,379,197
DEFERRED OUTFLOWS OF RESOURCES	179,826	210,666	(30,840)
Total Assets and Deferred Outflows of Resources	\$ 138,137,563	\$ 123,789,206	\$ 14,348,357
LIABILITIES			
Net Pension Liability	\$ 696,470	\$ 800,518	\$ (104,048)
Other Liabilities	2,011,899	1,882,254	129,645
Total Liabilities	2,708,369	2,682,772	25,597
DEFERRED INFLOWS OF RESOURCES	3,879,286	2,727,356	1,151,930
NET POSITION			
Net Investment in Capital Assets	91,340,342	81,753,388	9,586,954
Restricted	20,092,845	16,635,861	3,456,984
Unrestricted	20,116,721	19,989,829	126,892
Total Net Position	131,549,908	118,379,078	13,170,830
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 138,137,563	\$ 123,789,206	\$ 14,348,357

As can be seen from the table above, the water utility's net position increased \$13,170,830 to \$131,549,908 in 2025, an increase of 11.13%. Total assets increased by \$14,379,197 due to an increase in net capital assets of \$9,538,898, an increase of \$1,168,196 in cash and investments, an increase of \$2,690,612 in the water availability account, and an increase in the water reconstruction account of \$772,183, partially offset by a decrease in net accounts receivable of \$1,108,457. Deferred outflows of resources decreased \$30,840 reflecting the GASB 68 pension reporting activity.

Total liabilities increased \$25,597, due to increases in accounts payable of \$118,388 partially offset by decreases in net pension liability of \$104,048 and decreases in subscriptions payable by \$122,299. Deferred inflows of resources increased \$1,151,930 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

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.

Water Availability Accounts - Restricted resources, per enabling legislation, to be used for future oversizing of watermains to support trunk systems and for providing capacity for water supply infrastructure, 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.

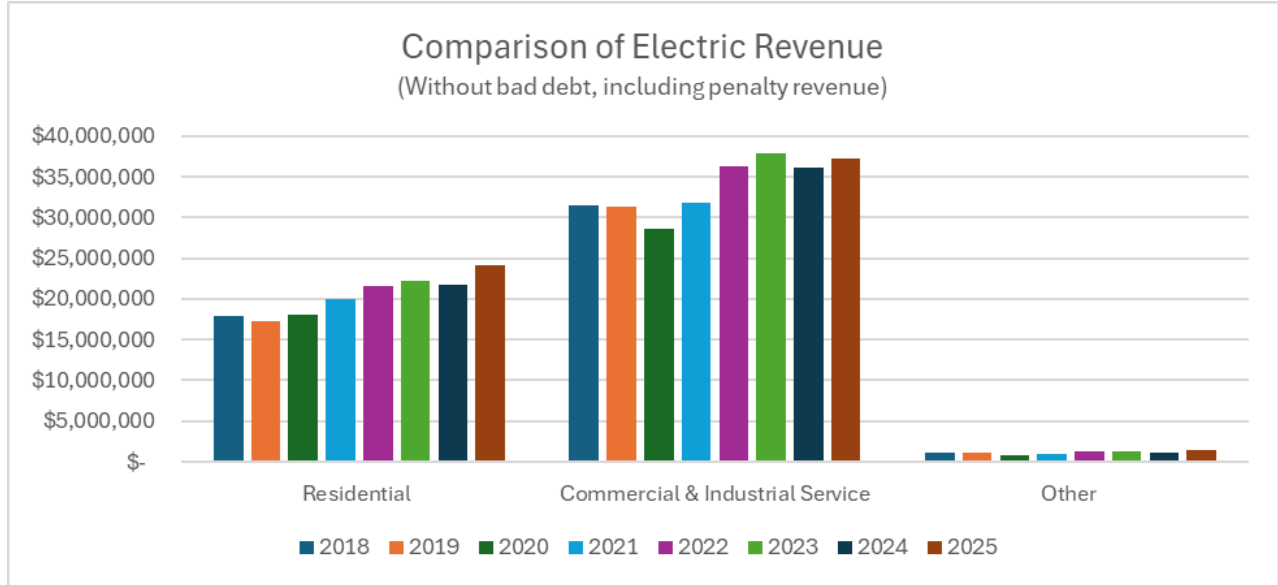
**TABLE 3
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - ELECTRIC UTILITY**

	2025	2024	Change
OPERATING REVENUES	<u>\$ 62,677,994</u>	<u>\$ 58,871,852</u>	<u>\$ 3,806,142</u>
OPERATING EXPENSES			
Operation, Customer, and Administrative	50,329,848	47,774,832	2,555,016
Depreciation and Amortization Expense	<u>4,042,649</u>	<u>3,881,563</u>	<u>161,086</u>
Total Operating Expenses	<u>54,372,497</u>	<u>51,656,395</u>	<u>2,716,102</u>
OPERATING INCOME	8,305,497	7,215,457	1,090,040
Nonoperating Revenues (Expenses)	2,768,838	2,497,894	270,944
Capital Contributions	1,093,048	936,171	156,877
Free Electric Service to the City of Shakopee	163,875	147,542	16,333
Transfers to Municipality	<u>(3,828,557)</u>	<u>(3,587,635)</u>	<u>(240,922)</u>
CHANGE IN NET POSITION	8,502,701	7,209,429	1,293,272
Net Position - Beginning of Year	<u>110,891,466</u>	<u>103,682,037</u>	<u>7,209,429</u>
NET POSITION - END OF YEAR	<u>\$ 119,394,167</u>	<u>\$ 110,891,466</u>	<u>\$ 8,502,701</u>

As can be seen in Table 3, the electric utility's operating revenue increased by \$3,806,142 or 6.47%, driven by growth, higher usage levels across all customer classes, demand revenue, and power cost adjustment revenue. Total kWh sales volume increased 3.95%. Residential, commercial, industrial, and other sales of electricity (without bad debt) increased by \$3,787,750 or 6.54%. The electric utility added 468 new customers in 2025, an increase of 2.27%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

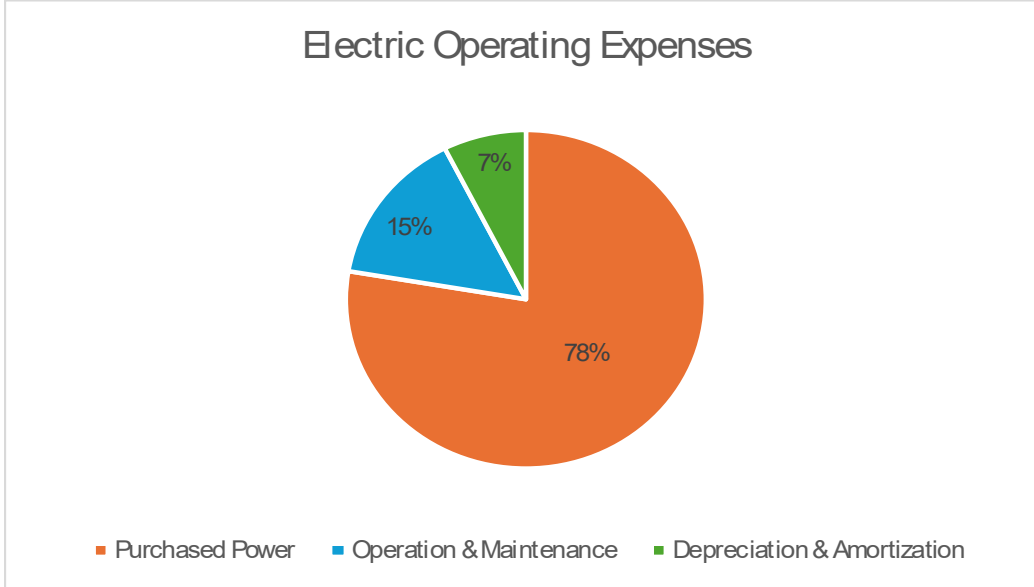


Year	Residential	Commercial & Industrial Service	Other
2018	\$ 17,891,566	\$ 31,414,834	\$ 1,158,891
2019	17,314,820	31,261,142	1,135,968
2020	18,032,655	28,553,793	870,373
2021	19,996,991	31,752,298	1,022,634
2022	21,548,095	36,255,304	1,315,038
2023	22,150,117	37,881,431	1,271,900
2024	21,700,887	36,191,894	1,109,763
2025	24,158,149	37,192,585	1,469,040

The electric utility's operating expenses in 2025 increased \$2,716,102 or 5.26%, due to increases in purchased power costs of \$2,682,202, partially offset by decreases in distribution system maintenance of \$237,895. Purchase power is the single largest expense item in the electric system operating budget. Nonoperating income increased \$270,944 due to higher investment income. Capital contributions increased \$156,877 due to increases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased \$240,922 from \$3,587,635 to \$3,828,557 driven by higher electric sales revenue.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Total kWh purchased in 2025 was 464,537,063 as compared to 449,243,225 in 2024, reflecting an increase of 3.4% year over year. Total kWh sold in 2025 was 444,661,402 as compared to 426,613,317 in 2024, reflecting an increase of 4.2% for the year 2025.

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

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 eight years.

Historical Power and Energy Requirements				
Energy (kWh)				
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2025	464,537,063	\$ 42,238,008	104,015	444,661,402
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

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

Metered Electric Customers

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

Year	Meters
2025	21,068
2024	20,600
2023	19,773
2022	19,020
2021	18,837
2020	18,562
2019	17,960
2018	17,575

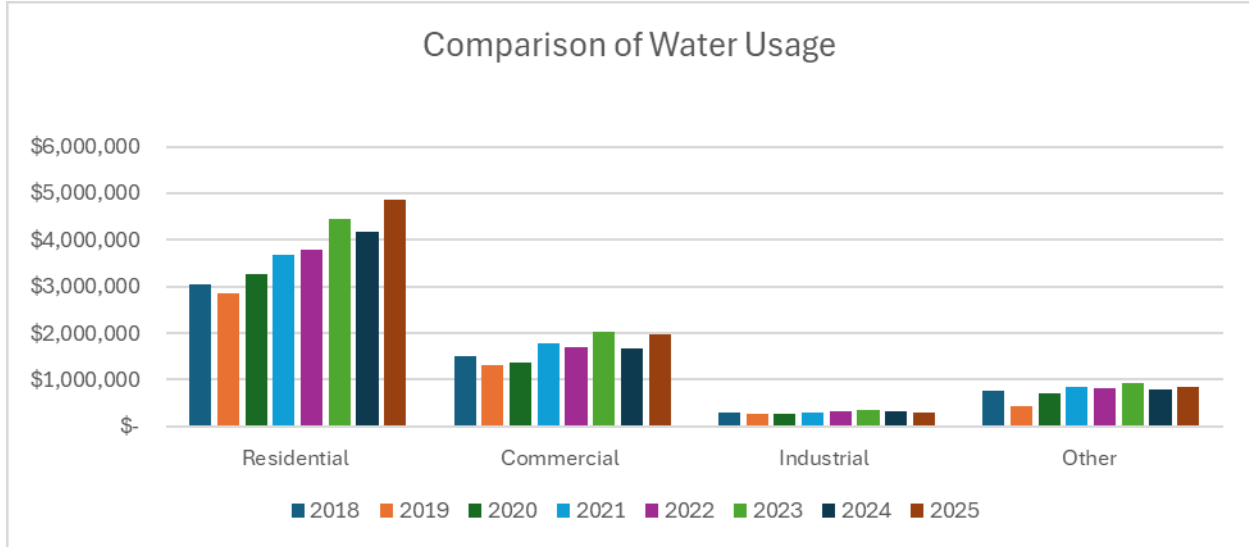
**TABLE 4
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - WATER UTILITY**

	2025	2024	Change
OPERATING REVENUES	\$ 7,936,990	\$ 6,945,345	\$ 991,645
OPERATING EXPENSES			
Operation, Customer, and Administrative	4,198,760	4,381,159	(182,399)
Depreciation and Amortization Expense	3,329,324	2,807,278	522,046
Total Operating Expenses	7,528,084	7,188,437	339,647
OPERATING INCOME	408,906	(243,092)	651,998
Nonoperating Revenues (Expenses)	3,278,888	1,990,580	1,288,308
Capital Contributions	9,908,161	13,020,147	(3,111,986)
Transfers to Municipality	(425,125)	(370,254)	(54,871)
CHANGE IN NET POSITION	13,170,830	14,397,381	(1,226,551)
Net Position - Beginning of Year	118,379,078	103,981,697	14,397,381
NET POSITION - END OF YEAR	\$ 131,549,908	\$ 118,379,078	\$ 13,170,830

In 2025 the water utility's operating revenues increased \$991,645, or 14.28%. The water utility's operating expenses in 2025 increased \$339,647 or 4.72% driven by an increase in depreciation and amortization of capital assets. Nonoperating income increased \$1,288,308 from \$1,990,580 to \$3,278,888 reflecting an increase in investment income of \$362,527 and an increase in miscellaneous income of \$906,133. Capital contributions decreased \$3,111,986 primarily due to a decrease in contributed capital water mains of \$1,137,593, trunk water connections of \$540,915 and water connection fees of \$1,417,409.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Year	Residential	Commercial	Industrial	Other
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
2025	4,850,319	1,963,386	282,211	851,567

Sales of water (without bad debt) increased in 2025 by \$994,732 or 14.31%. The increase in operating revenues is the result of an increase in water gallons sold in 2025, the water utility added 377 new customers in 2025.

Water gallons pumped in 2025 totaled 1,977,190 thousand gallons as compared to 1,936,849 thousand gallons in 2024, reflecting an increase of 2.08% for the year 2025. Water gallons sold including hydrant sales in 2025 totaled 1,822,889 thousand gallons as compared to 1,740,192 thousand gallons in 2024, reflecting an increase of 4.75% for the year 2025. Water operating revenues excluding reconstruction fees totaled \$7,116,548 in 2025 as compared to \$6,200,996 in 2024, an increase of 14.76%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

Water Demand

The following is the average daily demand and peak daily demand for the past eight years:

Year	Demand (MGD)	Peak Daily Demand (MGD)
2025	5.417	11.014
2024	5.306	10.493
2023	6.140	14.185
2022	5.498	13.254
2021	5.699	14.655
2020	4.927	12.810
2019	4.559	11.149
2018	5.054	11.122

Water Meters/Production

The following shows the number of meters and production for the water utility for the past eight years:

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2025	5,416,960	45,249	12,961	63	37
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

*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, 2025**

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**

	2025	2024
CASH FLOWS FROM:		
Operating Activities	\$ 11,906,357	\$ 12,671,270
Noncapital Financing Activities	(3,828,557)	(3,587,635)
Capital and Related Financing Activities	(4,848,974)	(8,465,398)
Investing Activities	304,936	(109,690)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	508,547
Cash and Cash Equivalents - Beginning of Year	4,850,043	4,341,496
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,383,805	\$ 4,850,043

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

	2025	2024
CASH FLOWS FROM:		
Operating Activities	\$ 6,225,838	\$ 3,001,071
Noncapital Financing Activities	(425,125)	(370,254)
Capital and Related Financing Activities	(2,908,104)	(1,187,682)
Investing Activities	(3,876,885)	(761,612)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(984,276)	681,523
Cash and Cash Equivalents - Beginning of Year	13,542,182	12,860,659
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,557,906	\$ 13,542,182

**SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

UTILITY FINANCIAL ANALYSIS (CONTINUED)

**TABLE 7
CAPITAL ASSETS – ELECTRIC UTILITY**

	2025	2024
CAPITAL ASSETS		
Distribution	\$ 88,187,860	\$ 85,923,127
General	21,310,837	20,449,905
Total Capital Assets	109,498,697	106,373,032
Less: Accumulated Depreciation and Amortization	(44,227,850)	(42,462,997)
Construction in Progress	2,109,519	1,606,278
Net Capital Assets	\$ 67,380,366	\$ 65,516,313

The electric utility's net capital assets increased \$1,864,053 or 2.85% from 2024. 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 increased by \$503,241. These increases were offset by increases in accumulated depreciation of \$1,764,853.

**TABLE 8
CAPITAL ASSETS – WATER UTILITY**

	2025	2024
CAPITAL ASSETS		
Distribution	\$ 117,314,066	\$ 106,163,174
General	3,876,103	3,586,099
Total Capital Assets	121,190,169	109,749,273
Less: Accumulated Depreciation	(32,329,944)	(32,206,535)
Construction in Progress	2,608,541	4,387,130
Net Capital Assets	\$ 91,468,766	\$ 81,929,868

During 2025, the water utility's net capital assets increased by \$9,538,898 or 11.64% from 2024. Distribution and other assets increased by \$11,150,892 due to investments in watermains and contributed watermains. This change in the value of assets was offset by construction in progress, which decreased \$1,778,589.

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, 2025**

LONG-TERM DEBT

The electric and water utilities have no bonds outstanding as of December 31, 2025. 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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2024)

ASSETS	2025			2024
	Electric	Water	Total	Total
CURRENT ASSETS				
Cash and Investments	\$ 52,464,009	\$ 21,660,808	\$ 74,124,817	\$ 67,372,717
Cash and Investments - Emergency				
Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	339,815	173,839	513,654	443,756
Customer Accounts Receivable	4,591,759	491,037	5,082,796	5,148,853
Allowance for Uncollectible Amounts	(11,505)	(1,154)	(12,659)	(64,154)
Other Accounts Receivable	224,782	371,549	596,331	1,694,508
Due from City of Shakopee	119,203	85,299	204,502	307,970
Prepaid Supplies	4,042,597	54,604	4,097,201	2,903,550
Prepaid Expenses	168,001	41,784	209,785	117,262
Lease Receivable	-	129,212	129,212	135,813
Total Current Assets	62,038,661	23,006,978	85,045,639	78,160,275
NONCURRENT ASSETS				
Restricted Cash and Investments:				
Customer Deposit Accounts	1,647,003	71,487	1,718,490	1,683,130
Water Availability Account	-	17,242,853	17,242,853	14,552,241
Water Reconstruction Account	-	2,778,505	2,778,505	2,006,322
Lease Receivable	-	3,389,148	3,389,148	2,093,605
Capital Assets:				
Plant in Service	109,498,697	121,190,169	230,688,866	216,122,305
Accumulated Depreciation and Amortization	(44,227,850)	(32,329,944)	(76,557,794)	(74,669,532)
Construction in Progress	2,109,519	2,608,541	4,718,060	5,993,408
Total Noncurrent Assets	69,027,369	114,950,759	183,978,128	167,781,479
Total Assets	131,066,030	137,957,737	269,023,767	245,941,754
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	383,238	179,826	563,064	658,566
Total Assets and Deferred Outflows Resources	\$ 131,449,268	\$ 138,137,563	\$ 269,586,831	\$ 246,600,320

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2024)

LIABILITIES	2025			2024
	Electric	Water	Total	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 4,107,321	\$ 837,642	\$ 4,944,963	\$ 4,391,411
Due to City of Shakopee	535,267	-	535,267	459,479
Subscriptions Payable	163,658	145,049	308,707	258,630
Compensated Absences	163,014	92,896	255,910	-
Other Current Liabilities	164,592	67,649	232,241	1,231,422
Total Current Liabilities	5,133,852	1,143,236	6,277,088	6,340,942
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS				
	1,647,003	71,487	1,718,490	1,683,130
NONCURRENT LIABILITIES				
Customer Advances	1,280,673	279,964	1,560,637	1,687,999
Subscriptions Payable	355,146	211,306	566,452	784,158
Compensated Absences	578,173	305,906	884,079	-
Net Pension Liability	1,484,295	696,470	2,180,765	2,502,509
Total Noncurrent Liabilities	3,698,287	1,493,646	5,191,933	4,974,666
Total Liabilities	10,479,142	2,708,369	13,187,511	12,998,738
DEFERRED INFLOWS OF RESOURCES				
Lease Related Amounts	-	3,376,560	3,376,560	2,132,991
Regulatory Collections to Cover Future Costs	504,566	-	504,566	339,995
Pension Related Amounts	1,071,393	502,726	1,574,119	1,858,052
Total Deferred Inflows of Resources	1,575,959	3,879,286	5,455,245	4,331,038
NET POSITION				
Net Investment in Capital Assets	67,380,366	91,340,342	158,720,708	147,266,911
Restricted	1,647,003	20,092,845	21,739,848	16,635,861
Unrestricted	50,366,798	20,116,721	70,483,519	65,367,772
Total Net Position	119,394,167	131,549,908	250,944,075	229,270,544
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 131,449,268	\$ 138,137,563	\$ 269,586,831	\$ 246,600,320

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
OPERATING REVENUES				
Sales	\$ 62,677,994	\$ 7,936,990	\$ 70,614,984	\$ 65,817,197
OPERATING EXPENSES				
Operation, Customer and Administrative	50,329,848	4,198,760	54,528,608	52,155,991
Depreciation and Amortization of Capital Assets	4,042,649	3,329,324	7,371,973	6,688,841
Total Operating Expenses	<u>54,372,497</u>	<u>7,528,084</u>	<u>61,900,581</u>	<u>58,844,832</u>
OPERATING INCOME	8,305,497	408,906	8,714,403	6,972,365
NONOPERATING REVENUES (EXPENSES)				
Rentals and Miscellaneous	318,372	1,462,578	1,780,950	1,144,120
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	2,407,483	1,750,064	4,157,547	3,277,797
Interest from Leases	-	54,859	54,859	53,017
Interest Expense	(71,319)	(3,278)	(74,597)	(90,667)
Gain (Loss) on Disposition of Property	24,302	14,665	38,967	14,207
Total Nonoperating Revenues (Expenses)	<u>2,768,838</u>	<u>3,278,888</u>	<u>6,047,726</u>	<u>4,488,474</u>
Income Before Contributions and Transfers	11,074,335	3,687,794	14,762,129	11,460,839
Capital Contributions	1,093,048	9,908,161	11,001,209	13,956,318
Free Electric Service to the City of Shakopee	163,875	-	163,875	147,542
Contributions to City of Shakopee	<u>(3,828,557)</u>	<u>(425,125)</u>	<u>(4,253,682)</u>	<u>(3,957,889)</u>
CHANGE IN NET POSITION	8,502,701	13,170,830	21,673,531	21,606,810
Net Position - Beginning of Year	<u>110,891,466</u>	<u>118,379,078</u>	<u>229,270,544</u>	<u>207,663,734</u>
NET POSITION - END OF YEAR	<u>\$ 119,394,167</u>	<u>\$ 131,549,908</u>	<u>\$ 250,944,075</u>	<u>\$ 229,270,544</u>

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 63,223,617	\$ 10,469,198	\$ 73,692,815	\$ 70,181,004
Payments to Employees	(4,507,303)	(2,232,900)	(6,740,203)	(6,154,532)
Payments to Suppliers	(46,809,957)	(2,010,460)	(48,820,417)	(48,354,131)
Net Cash Provided by Operating Activities	11,906,357	6,225,838	18,132,195	15,672,341
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to City of Shakopee	(3,828,557)	(425,125)	(4,253,682)	(3,957,889)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	40,244	16,075	56,319	89,539
Leasing Activities	-	90,440	90,440	75,455
Interest from Leases	-	54,859	54,859	53,017
Subscription Activities	95,155	(141,898)	(46,743)	(524,654)
Acquisition of Capital Assets	(4,984,373)	(6,243,452)	(11,227,825)	(14,620,873)
Installation Fees	-	225,575	225,575	225,815
Connection Charges	-	2,234,246	2,234,246	3,651,655
Trunk Charges	-	856,051	856,051	1,396,966
Net Cash Used by Capital and Related Financing Activities	(4,848,974)	(2,908,104)	(7,757,078)	(9,653,080)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption (Purchase) of Investments	(2,050,142)	(5,609,456)	(7,659,598)	(3,982,328)
Interest and Dividends Received	2,355,078	1,732,571	4,087,649	3,111,026
Net Cash Provided (Used) by Investing Activities	304,936	(3,876,885)	(3,571,949)	(871,302)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	(984,276)	2,549,486	1,190,070
Cash and Cash Equivalents - Beginning of Year	4,850,043	13,542,182	18,392,225	17,202,155
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,383,805</u>	<u>\$ 12,557,906</u>	<u>\$ 20,941,711</u>	<u>\$ 18,392,225</u>

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES				
Operating Income	\$ 8,305,497	\$ 408,906	\$ 8,714,403	\$ 6,972,365
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	163,875	-	163,875	147,542
Nonoperating Revenues	337,053	1,323,487	1,660,540	1,019,048
Depreciation and Amortization Expense	4,042,649	3,329,324	7,371,973	6,688,841
Deferred Pension Outflows	64,662	30,840	95,502	643,462
Deferred Pension Inflows	(192,294)	(91,639)	(283,933)	516,433
Net Pension Liability	(217,696)	(104,048)	(321,744)	(1,501,283)
Allowance for Uncollectible Accounts	-	(924)	(924)	682
Change in Assets and Liabilities				
Customer Accounts Receivable	56,490	(41,004)	15,486	547,335
Other Accounts Receivable	(52,798)	1,150,975	1,098,177	2,323,983
Due from City of Shakopee	104,058	(590)	103,468	7,859
Inventory	(1,191,762)	(1,889)	(1,193,651)	(479,832)
Prepaid Items	(77,271)	(15,252)	(92,523)	22,563
Accounts Payable	435,164	118,388	553,552	(1,726,876)
Customer Deposits	(41,171)	(5,811)	(46,982)	131,861
Unearned Revenue	164,571	-	164,571	134,728
Customer Advances	(186,455)	100,264	(86,191)	34,279
Due to City of Shakopee	75,788	-	75,788	(32,005)
Other Liabilities	115,997	24,811	140,808	221,356
Total Adjustments	<u>3,600,860</u>	<u>5,816,932</u>	<u>9,417,792</u>	<u>8,699,976</u>
Net Cash Provided by Operating Activities	<u>\$ 11,906,357</u>	<u>\$ 6,225,838</u>	<u>\$ 18,132,195</u>	<u>\$ 15,672,341</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Customer Deposits Account	\$ 1,647,003	\$ 71,487	\$ 1,718,490	\$ 1,683,130
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	17,242,853	17,242,853	14,552,241
Water Reconstruction Account	-	2,778,505	2,778,505	2,006,322
Cash and Investments	<u>52,464,009</u>	<u>21,660,808</u>	<u>74,124,817</u>	<u>67,372,717</u>
Total	<u>54,211,012</u>	<u>41,753,653</u>	<u>95,964,665</u>	<u>85,714,410</u>
Less: Investments	<u>(45,827,207)</u>	<u>(29,195,747)</u>	<u>(75,022,954)</u>	<u>(67,322,185)</u>
Total Cash and Cash Equivalents	<u>\$ 8,383,805</u>	<u>\$ 12,557,906</u>	<u>\$ 20,941,711</u>	<u>\$ 18,392,225</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of Capital Assets from the Municipality and Developers	\$ 1,093,048	\$ 6,603,321	\$ 7,696,369	\$ 8,677,085
Free Electric Service to City of Shakopee	163,875	-	163,875	147,542
Accounts Payable Exchanged for Capital Assets	-	128,424	128,424	-

See accompanying Notes to Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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, 2025**

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, 2025. Bad debts are expensed annually when deemed uncollectible.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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 \$5,000 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 start being depreciated once the asset is put into service.

	Years
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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. Compensated absences are included as part of current and non-current liabilities in the statement of net position.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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, 2025**

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, 2024, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

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.

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, 2025, 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:

	2025
Checking	\$ 20,939,711
Total Deposits	\$ 20,939,711

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2025, 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	\$ 5,634,194	\$ 837,666	\$ 4,689,087	\$ 107,441	\$ -
U.S. Treasuries	N/A	51,484,501	18,130,459	33,354,042	-	-
4M Fund	NR	2,720,292	-	-	-	2,720,292
4M Plus Fund	NR	9,378,888	-	-	-	9,378,888
Municipal Bonds	AA	976,071	150,731	825,340	-	-
Commercial Paper	N/A	4,450,795	4,450,795	-	-	-
Money Market	NR	378,213	-	-	-	378,213
Total		<u>\$ 75,022,954</u>	<u>\$ 23,569,651</u>	<u>\$ 38,868,469</u>	<u>\$ 107,441</u>	<u>\$ 12,477,393</u>

The Commission has the following recurring fair value measurements as of December 31, 2025:

	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	\$ 5,634,194	\$ -	\$ 5,634,194	\$ -
U.S. Treasuries	51,484,501	51,484,501	-	-
Municipal Bonds	976,071	-	976,071	-
Total	<u>58,094,766</u>	<u>\$ 51,484,501</u>	<u>\$ 6,610,265</u>	<u>\$ -</u>

Investments Measured at the Amortized Cost

Investments Measured at Amortized Cost	<u>16,928,188</u>
Total Investments	<u>\$ 75,022,954</u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2025, 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, 2025, 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, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and Investments

Summary of cash, deposits, and investments as of December 31, 2025:

Deposit (Note 2.A)	\$ 20,939,711
Investments (Note 2.B)	75,022,954
Petty Cash	2,000
Total Deposits	<u>\$ 95,964,665</u>

Deposits and investments are presented in the December 31, 2025, financial statements as follows:

Statement of Net Position

Current Assets

Cash and Investments	\$ 74,124,817
Cash and Investments - Emergency	
Repairs Account	100,000

Noncurrent Assets

Restricted Cash and Investments

Customer Deposit Account	1,718,490
Water Availability Account	17,242,853
Water Reconstruction Account	2,778,505
Total	<u>\$ 95,964,665</u>

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CAPITAL ASSETS

Electric capital asset activity for the year ended December 31, 2025 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	1,606,278	4,262,283	(3,759,042)	2,109,519
Total Capital Assets Not Being Depreciated	7,810,082	4,262,283	(3,759,042)	8,313,323
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	51,163,065	4,356,864	(2,101,107)	53,418,822
Distribution Equipment	28,556,258	8,976	-	28,565,234
General Infrastructure	11,944,605	17,343	-	11,961,948
General Equipment	7,462,689	934,546	(192,631)	8,204,604
Total Capital Assets Being Depreciated	99,126,617	5,317,729	(2,293,738)	102,150,608
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(20,244,778)	(1,867,308)	2,085,166	(20,026,920)
Distribution Equipment	(11,625,893)	(992,759)	-	(12,618,652)
General Infrastructure	(5,774,807)	(362,419)	-	(6,137,226)
General Equipment	(4,682,606)	(563,712)	192,630	(5,053,688)
Total Accumulated Depreciation	(42,328,084)	(3,786,198)	2,277,796	(43,836,486)
Total Capital Assets Being Depreciated, Net	56,798,533	1,531,531	(15,942)	58,314,122
SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS				
	1,042,611	101,674	-	1,144,285
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(134,913)	(256,451)	-	(391,364)
Total Subscription Based Information Technology Arrangement Assets, Net	907,698	(154,777)	-	752,921
Total Capital Assets, Net	<u>\$ 65,516,313</u>	<u>\$ 5,639,037</u>	<u>\$ (3,774,984)</u>	<u>\$ 67,380,366</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Water capital asset activity for the year ended December 31, 2025 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	4,387,130	5,214,533	(6,993,122)	2,608,541
Total Capital Assets Not Being Depreciated	7,331,908	5,214,533	(6,993,122)	5,553,319
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	94,326,267	9,740,909	(3,127,836)	100,939,340
Distribution Equipment	8,892,129	4,537,819	-	13,429,948
General Infrastructure	994,837	25,575	-	1,020,412
General Equipment	1,740,070	310,027	(79,489)	1,970,608
Total Capital Assets Being Depreciated	105,953,303	14,614,330	(3,207,325)	117,360,308
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(24,773,265)	(2,452,761)	3,126,425	(24,099,601)
Distribution Equipment	(5,795,001)	(377,152)	-	(6,172,153)
General Infrastructure	(695,523)	(42,365)	-	(737,888)
General Equipment	(856,938)	(208,215)	79,490	(985,663)
Total Accumulated Depreciation	(32,120,727)	(3,080,493)	3,205,915	(31,995,305)
Total Capital Assets Being Depreciated, Net	73,832,576	11,533,837	(1,410)	85,365,003
SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS				
	851,192	33,891	-	885,083
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(85,808)	(248,831)	-	(334,639)
Total Subscription Based Information Technology Arrangement Assets, Net	765,384	(214,940)	-	550,444
Total Capital Assets, Net	<u>\$ 81,929,868</u>	<u>\$ 16,533,430</u>	<u>\$ (6,994,532)</u>	<u>\$ 91,468,766</u>

Depreciation and amortization expense for 2025 for Electric and Water totaled \$4,042,649 and \$3,329,324 respectively.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS

Amounts receivable from and payable to the City of Shakopee as of December 31, 2025, are as follows:

Receivable Fund/Municipality	Payable Fund/Municipality	2025 Amount
Electric Fund	City of Shakopee	\$ 119,203
City of Shakopee	Electric Fund	535,267
Water Fund	City of Shakopee	85,299

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

The composition of municipal contributions as of December 31, 2025, was as follows:

Contributions To	Contributions From	2025 Amount
City of Shakopee	Electric Fund	\$ 3,828,557
City of Shakopee	Water Fund	425,125
Total		\$ 4,253,682

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

B. Benefits Provided

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

When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

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 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 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, 2025, were \$446,999. The Commission's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the Commission reported a liability of \$2,180,765 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 \$52,607.

Commission's Proportionate Share of the Net Pension Liability	\$ 2,180,765
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Commission	52,607
Total	<u>\$ 2,233,372</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0658% at the end of the measurement period and .0677% for the beginning of the period.

For the year ended December 31, 2025, the Commission recognized pension expense of \$50,899 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized \$10,529 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2025, 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	\$ 207,779	\$ -
Changes in Actuarial Assumptions	52,544	501,787
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments		867,747
Changes in Proportion	71,687	204,585
 Commission Contributions Subsequent to the Measurement Date	 231,054	 -
Total	<u>\$ 563,064</u>	<u>\$ 1,574,119</u>

\$231,054 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, 2026. 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>
2026	\$ (261,634)
2027	(499,065)
2028	(326,399)
2029	(155,011)

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

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 using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

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

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, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% 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.

SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

F. Actuarial Assumptions (Continued)

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

General Employees Fund

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

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	\$ 5,296,736	\$ 2,180,765	\$ (346,989)

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 2052. During the year ended December 31, 2025, the Commission recognized \$135,813 and \$54,859 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% or 4%.

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

Year Ending	Principal	Interest
2026	\$ 129,212	\$ 64,059
2027	137,717	62,033
2028	146,610	59,841
2029	155,908	57,474
2030	165,629	54,919
2031-2035	757,118	236,500
2036-2040	720,235	163,506
2041-2045	585,138	93,322
2046-2050	538,160	24,623
2051-2052	182,633	2,137
Total Payments	<u>\$ 3,518,360</u>	<u>\$ 791,654</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 SUBSCRIPTIONS PAYABLE

A summary of the changes in the Commission's Electric subscriptions payable for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Subscriptions Payable	\$ 578,426	\$ 101,674	\$ (161,296)	\$ 518,804	\$ 163,659

A summary of the changes in the Commission's Water subscriptions payable for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Subscriptions Payable	\$ 464,362	\$ 33,891	\$ (141,898)	\$ 356,355	\$ 145,048

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, 2025, SBITA assets and the related accumulated amortization in the Electric Fund totaled \$1,144,285 and \$391,364, respectively.

As of December 31, 2025, SBITA assets and the related accumulated amortization in the Water Fund totaled \$885,083 and \$334,639, respectively.

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

Year Ending December 31,	Principal	Interest	Total
2026	\$ 163,659	\$ 15,418	\$ 179,077
2027	170,723	10,156	180,879
2028	34,090	4,609	38,699
2029	35,005	3,694	38,699
2030	35,944	2,755	38,699
2031-2033	79,383	2,637	82,020
Total	<u>\$ 518,804</u>	<u>\$ 39,269</u>	<u>\$ 558,073</u>

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

Year Ending December 31,	Principal	Interest	Total
2026	\$ 145,048	\$ 10,060	\$ 155,108
2027	149,830	5,878	155,708
2028	11,364	1,537	12,901
2029	11,669	1,232	12,901
2030	11,982	919	12,901
2031-2033	26,462	878	27,340
Total	<u>\$ 356,355</u>	<u>\$ 20,504</u>	<u>\$ 376,859</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 COMPENSATED ABSENCES

A summary of changes in the Commission’s Electric compensated absences for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Within One Year
Compensated Absences	\$ 664,308	\$ 76,879	\$ -	\$ 741,187	\$ 163,014

A summary of changes in the Commission’s Water compensated absences for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Within One Year
Compensated Absences	\$ 380,185	\$ 18,617	\$ -	\$ 398,802	\$ 92,896

NOTE 9 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 2025 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2025, 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.

NOTE 10 COMMITMENTS

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2025, outstanding commitments for these multi-year projects total approximately \$3,466,723.

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commission's Proportion of the Net Pension Liability	0.0658 %	0.0677 %	0.0716 %	0.0668 %	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %
Commission's Proportionate Share of the Net Pension Liability	\$ 2,180,765	\$ 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
State's Proportionate Share of the Net Pension Liability Associated with the Commission	<u>52,607</u>	<u>64,710</u>	<u>110,260</u>	<u>155,198</u>	<u>82,761</u>	<u>125,364</u>	<u>109,829</u>	<u>117,344</u>	<u>51,656</u>	<u>65,842</u>
Total	<u>\$ 2,233,372</u>	<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>
Commission's Covered Payroll	\$ 6,141,055	\$ 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
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	35.51 %	42.68 %	73.08 %	105.62 %	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.80 %	89.08 %	83.10 %	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %

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,									
	2025	2024	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 446,999	\$ 429,682	\$ 417,048	\$ 401,135	\$ 359,999	\$ 360,080	\$ 350,018	\$ 339,188	\$ 315,791	\$ 299,473
Contributions in Relation to the Statutorily Required Contribution	(446,999)	(429,682)	(417,048)	(401,135)	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 5,959,987	\$ 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
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
DECEMBER 31, 2025**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

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% to 7.00%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

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

General Employees Fund (Continued)

2023 Changes (Continued)

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.

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

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

General Employees Fund (Continued)

2020 Changes (continued)

Changes in Actuarial Assumptions (continued):

- 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.

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

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

General Employees Fund (Continued)

2018 Changes (Continued)

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.

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

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

General Employees Fund (Continued)

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.

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Investments	\$ 52,464,009	\$ 46,880,105
Cash and Investments - Emergency Repairs	100,000	100,000
Accrued Interest Receivable	339,815	287,410
Customer Accounts Receivable	4,591,759	4,698,820
Allowance for Uncollectible Amounts	(11,505)	(62,076)
Other Accounts Receivable	224,782	171,984
Due from City of Shakopee	119,203	223,261
Prepaid Supplies	4,042,597	2,850,835
Prepaid Expenses	168,001	90,730
Total Current Assets	62,038,661	55,241,069
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	1,647,003	1,605,832
Capital Assets:		
Plant in Service	109,498,697	106,373,032
Accumulated Depreciation and Amortization	(44,227,850)	(42,462,997)
Construction in Progress	2,109,519	1,606,278
Total Noncurrent Assets	69,027,369	67,122,145
Total Assets	131,066,030	122,363,214
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	383,238	447,900
Total Assets and Deferred Outflows Resources	\$ 131,449,268	\$ 122,811,114

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
ELECTRIC UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

LIABILITIES	2025	2024
CURRENT LIABILITIES		
Accounts Payable	\$ 4,107,321	\$ 3,672,157
Due to City of Shakopee	535,267	459,479
Subscriptions Payable	163,658	127,873
Compensated Absences	163,014	-
Other Current Liabilities	164,592	789,782
Total Current Liabilities	5,133,852	5,049,291
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS		
	1,647,003	1,605,832
NONCURRENT LIABILITIES		
Customer Advances	1,280,673	1,508,299
Subscriptions Payable	355,146	450,553
Compensated Absences	578,173	-
Net Pension Liability	1,484,295	1,701,991
Total Noncurrent Liabilities	3,698,287	3,660,843
Total Liabilities	10,479,142	10,315,966
DEFERRED INFLOWS OF RESOURCES		
Regulatory Collections to Cover Future Costs	504,566	339,995
Pension Related Amounts	1,071,393	1,263,687
Total Deferred Inflows of Resources	1,575,959	1,603,682
NET POSITION		
Net Investment in Capital Assets	67,380,366	65,513,523
Restricted	1,647,003	-
Unrestricted	50,366,798	45,377,943
Total Net Position	119,394,167	110,891,466
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 131,449,268	\$ 122,811,114

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales	\$ 62,677,994	\$ 58,871,852
OPERATING EXPENSES		
Operation, Customer and Administrative	50,329,848	47,774,832
Depreciation and Amortization of Capital Assets	4,042,649	3,881,563
Total Operating Expenses	54,372,497	51,656,395
OPERATING INCOME	8,305,497	7,215,457
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	318,372	587,675
Interdepartmental Rent from Water	90,000	90,000
Investment Income	2,407,483	1,890,260
Interest Expense	(71,319)	(85,997)
Gain (Loss) on Disposition of Property	24,302	15,956
Total Nonoperating Revenues (Expenses)	2,768,838	2,497,894
Income Before Contributions and Transfers	11,074,335	9,713,351
Capital Contributions	1,093,048	936,171
Free Electric Service to the City of Shakopee	163,875	147,542
Contributions to City of Shakopee	(3,828,557)	(3,587,635)
CHANGE IN NET POSITION	8,502,701	7,209,429
Net Position - Beginning of Year	110,891,466	103,682,037
NET POSITION - END OF YEAR	\$ 119,394,167	\$ 110,891,466

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 63,223,617	\$ 61,629,464
Payments to Employees	(4,507,303)	(4,136,524)
Payments to Suppliers	(46,809,957)	(44,821,670)
Net Cash Flows Provided by Operating Activities	11,906,357	12,671,270
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(3,828,557)	(3,587,635)
Net Cash Flows Used by Noncapital Financing Activities	(3,828,557)	(3,587,635)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	40,244	47,710
Acquisition of Capital Assets	(4,984,373)	(8,323,624)
Subscription Activities	95,155	(189,484)
Net Cash Flows Used by Capital and Related Financing Activities	(4,848,974)	(8,465,398)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(2,050,142)	(1,902,268)
Interest and Dividends Received	2,355,078	1,792,578
Net Cash Provided by Investing Activities	304,936	(109,690)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	508,547
 Cash and Cash Equivalents - Beginning of Year	4,850,043	4,341,496
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,383,805	\$ 4,850,043

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	\$ 8,305,497	\$ 7,215,457
Adjustments to Reconcile Operating Income (Loss) to Cash		
Provided by Operating Activities:		
Free Electric Service to City of Shakopee	163,875	147,542
Nonoperating Revenues	337,053	591,678
Depreciation and Amortization Expense	4,042,649	3,881,563
Deferred Pension Outflows	64,662	446,333
Deferred Pension Inflows	(192,294)	342,263
Net Pension Liability	(217,696)	(1,047,813)
Change in Assets and Liabilities:		
Customer Accounts Receivable	56,490	561,212
Other Accounts Receivable	(52,798)	885,775
Due from City of Shakopee	104,058	17,748
Inventory	(1,191,762)	(459,676)
Prepaid Items	(77,271)	25,667
Accounts Payable	435,164	(557,484)
Customer Deposits	(41,171)	148,351
Unearned Revenue	164,571	134,728
Customer Advances	(186,455)	270,578
Due to City of Shakopee	75,788	(32,005)
Other Liabilities	115,997	99,353
Total Adjustments	3,600,860	5,455,813
Net Cash Provided by Operating Activities	\$ 11,906,357	\$ 12,671,270
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	\$ 1,647,003	\$ 1,605,832
Emergency Repairs Account	100,000	100,000
Cash and Investments	52,464,009	46,880,105
Total	54,211,012	48,585,937
Less: Investments	(45,827,207)	(43,735,894)
Total Cash and Cash Equivalents	\$ 8,383,805	\$ 4,850,043
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	\$ 1,093,048	\$ 936,171
Free Electric Service to City of Shakopee	163,875	147,542

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales of Electricity:		
Residential	\$ 24,158,150	\$ 21,700,887
Commercial	37,522,381	36,191,894
Uncollectible Accounts	(141,780)	(130,692)
Total Sales of Electricity	61,538,751	57,762,089
Forfeited Discounts	221,729	247,691
Conservation Program	917,514	862,072
Total Operating Revenues	62,677,994	58,871,852
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	42,238,008	39,555,806
Distribution Operation Expenses	696,423	595,222
Distribution System Maintenance	1,016,056	1,253,951
Maintenance of General Plant	416,111	456,189
Total Operation and Maintenance	44,366,598	41,861,168
Customer Accounts:		
Meter Reading	25,123	118,770
Customer Records and Collection	492,478	519,929
Energy Conservation	917,515	862,071
Total Customer Accounts	1,435,116	1,500,770
Administrative and General:		
Administrative and General Salaries	1,158,949	931,622
Office Supplies and Expense	533,239	491,829
Outside Services Employed	360,091	464,496
Insurance	166,652	171,829
Employee Benefits	1,776,189	1,807,274
Miscellaneous General	533,014	545,844
Total Administrative and General	4,528,134	4,412,894
Total Operation, Customer, and Administrative Expenses	50,329,848	47,774,832
Depreciation / Amortization of Capital Assets	4,042,649	3,881,563
Total Operating Expenses	54,372,497	51,656,395
Total Operating Income	\$ 8,305,497	\$ 7,215,457

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	\$ 2,652,475	\$ -	\$ -	\$ 2,652,475
Structures and Improvements	460,701	-	-	460,701
Station Equipment	28,554,402	8,976	-	28,563,378
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	521,750	-	2,137	519,613
Overhead Conductors and Devices	3,742,513	298,054	3,455	4,037,112
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	28,453,257	3,254,852	26,674	31,681,435
Line Transformers	11,150,875	233,825	12,613	11,372,087
Services	50,643	-	-	50,643
Meters	5,877,044	570,133	2,056,228	4,390,949
Total Distribution	<u>82,371,798</u>	<u>4,365,840</u>	<u>2,101,107</u>	<u>84,636,531</u>
General:				
Computer Hardware	1,420,282	40,662	-	1,460,944
Land and land rights	3,551,329	-	-	3,551,329
Structures and improvements	11,845,137	17,343	-	11,862,480
Office furniture and equipment	1,274,400	22,700	-	1,297,100
Transportation equipment	3,123,586	589,328	180,198	3,532,716
Tools, shop and garage equipment	208,861	27,383	-	236,244
Laboratory equipment	37,660	-	-	37,660
Power operated equipment	1,040,779	37,371	12,433	1,065,717
Communication equipment	357,121	217,102	-	574,223
Miscellaneous equipment	99,468	-	-	99,468
Total General	<u>22,958,623</u>	<u>951,889</u>	<u>192,631</u>	<u>23,717,881</u>
Computer Software	<u>1,042,611</u>	<u>101,674</u>	<u>-</u>	<u>1,144,285</u>
Total Plant in Service	<u>\$ 106,373,032</u>	<u>\$ 5,419,403</u>	<u>\$ 2,293,738</u>	<u>\$ 109,498,697</u>

**SUPPLEMENTARY INFORMATION
WATER UTILITY FUND**

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Investments	\$ 21,660,808	\$ 20,492,612
Accrued Interest Receivable	173,839	156,346
Customer Accounts Receivable	491,037	450,033
Allowance for Uncollectible Amounts	(1,154)	(2,078)
Other Accounts Receivable	371,549	1,522,524
Due from City of Shakopee	85,299	84,709
Prepaid Supplies	54,604	52,715
Prepaid Expenses	41,784	26,532
Lease Receivable	129,212	135,813
Total Current Assets	23,006,978	22,919,206
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	71,487	77,298
Water Availability Account	17,242,853	14,552,241
Water Reconstruction Account	2,778,505	2,006,322
Lease Receivable	3,389,148	2,093,605
Capital Assets:		
Plant in Service	121,190,169	109,749,273
Accumulated Depreciation and Amortization	(32,329,944)	(32,206,535)
Construction in Progress	2,608,541	4,387,130
Total Noncurrent Assets	114,950,759	100,659,334
Total Assets	137,957,737	123,578,540
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	179,826	210,666
Total Assets and Deferred Outflows Resources	\$ 138,137,563	\$ 123,789,206

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

LIABILITIES	2025	2024
CURRENT LIABILITIES		
Accounts Payable	\$ 837,642	\$ 719,254
Subscriptions Payable	145,049	130,757
Compensated Absences	92,896	-
Other Current Liabilities	67,649	441,640
Total Current Liabilities	1,143,236	1,291,651
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS		
	71,487	77,298
NONCURRENT LIABILITIES		
Customer Advances	279,964	179,700
Subscriptions Payable	211,306	333,605
Compensated Absences	305,906	-
Net Pension Liability	696,470	800,518
Total Noncurrent Liabilities	1,493,646	1,313,823
Total Liabilities	2,708,369	2,682,772
DEFERRED INFLOWS OF RESOURCES		
Lease Related Amounts	3,376,560	2,132,991
Pension Related Amounts	502,726	594,365
Total Deferred Inflows of Resources	3,879,286	2,727,356
NET POSITION		
Net Investment in Capital Assets	91,340,342	81,753,388
Restricted	20,092,845	16,635,861
Unrestricted	20,116,721	19,989,829
Total Net Position	131,549,908	118,379,078
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 138,137,563	\$ 123,789,206

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales	\$ 7,936,990	\$ 6,945,345
OPERATING EXPENSES		
Operation, Customer and Administrative	4,198,760	4,381,159
Depreciation and Amortization of Capital Assets	3,329,324	2,807,278
Total Operating Expenses	7,528,084	7,188,437
OPERATING INCOME	408,906	(243,092)
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	1,462,578	556,445
Investment Income	1,750,064	1,387,537
Interest from Leases	54,859	53,017
Interest Expense	(3,278)	(4,670)
Gain (Loss) on Disposition of Property	14,665	(1,749)
Total Nonoperating Revenues (Expenses)	3,278,888	1,990,580
Income Before Contributions and Transfers	3,687,794	1,747,488
Capital Contributions	9,908,161	13,020,147
Contributions to City of Shakopee	(425,125)	(370,254)
CHANGE IN NET POSITION	13,170,830	14,397,381
Net Position - Beginning of Year	118,379,078	103,981,697
NET POSITION - END OF YEAR	\$ 131,549,908	\$ 118,379,078

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 10,469,198	\$ 8,551,540
Payments to Employees	(2,232,900)	(2,018,008)
Payments to Suppliers	(2,010,460)	(3,532,461)
Net Cash Flows Provided by Operating Activities	6,225,838	3,001,071
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(425,125)	(370,254)
Net Cash Flows Provided by Noncapital Financing Activities	(425,125)	(370,254)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	16,075	41,829
Leasing Activities	90,440	75,455
Interest from Leases	54,859	53,017
Subscription Activities	(141,898)	(335,170)
Acquisition or Construction of Capital Assets	(6,243,452)	(6,297,249)
Installation Fees	225,575	225,815
Connection Charges	2,234,246	3,651,655
Trunk Charges	856,051	1,396,966
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(2,908,104)	(1,187,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(5,609,456)	(2,080,060)
Interest and Dividends Received	1,732,571	1,318,448
Net Cash Provided (Used) by Investing Activities	(3,876,885)	(761,612)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(984,276)	681,523
Cash and Cash Equivalents - Beginning of Year	13,542,182	12,860,659
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,557,906	\$ 13,542,182

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	\$ 408,906	\$ (243,092)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating		
Nonoperating Revenues	1,323,487	427,370
Depreciation and Amortization Expense	3,329,324	2,807,278
Deferred Pension Outflows	30,840	197,129
Deferred Pension Inflows	(91,639)	174,170
Net Pension Liability	(104,048)	(453,470)
Allowance for Uncollectible Accounts	(924)	682
Change in Assets and Liabilities		
Customer Accounts Receivable	(41,004)	(13,877)
Other Accounts Receivable	1,150,975	1,438,208
Due from City of Shakopee	(590)	(9,889)
Inventory	(1,889)	(20,156)
Prepaid Items	(15,252)	(3,104)
Accounts Payable	118,388	(1,169,392)
Customer Deposits	(5,811)	(16,490)
Customer Advances	100,264	(236,299)
Other Liabilities	24,811	122,003
Total Adjustments	5,816,932	3,244,163
Net Cash Provided by Operating Activities	\$ 6,225,838	\$ 3,001,071
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	\$ 71,487	\$ 77,298
Connection Account	17,242,853	14,552,241
Water Reconstruction Account	2,778,505	2,006,322
Cash and Investments	21,660,808	20,492,612
Total	41,753,653	37,128,473
Less Investments	(29,195,747)	(23,586,291)
Total Cash and Cash Equivalents	\$ 12,557,906	\$ 13,542,182
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	\$ 6,603,321	\$ 7,740,914
Accounts Payable Exchanged for Capital Assets	128,424	-

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales of Water	\$ 7,917,253	\$ 6,930,475
Forfeited Discounts	30,230	22,276
Uncollectible Accounts	(10,493)	(7,406)
Total Operating Revenues	7,936,990	6,945,345
OPERATING EXPENSES		
Operation and Maintenance:		
Pumping and Distribution Operation	855,954	760,523
Pumping and Distribution Maintenance	684,926	703,189
Power for Pumping	370,345	349,815
Maintenance of General Plant	29,492	48,464
Total Operating and Maintenance	1,940,717	1,861,991
Customer Accounts:		
Meter Reading	11,561	68,850
Customer Records and Collection	161,850	154,889
Energy Conservation	3,265	4,922
Total Customer Accounts	176,676	228,661
Administrative and General:		
Administrative and General Salaries	562,066	536,788
Office Supplies and Expense	209,912	164,750
Outside Services Employed	143,844	357,288
Insurance	55,551	57,306
Employee Benefits	828,955	952,603
Miscellaneous General	281,039	221,772
Total Administrative and General	2,081,367	2,290,507
Total Operation, Customer, and Administrative Expenses	4,198,760	4,381,159
Depreciation / Amortization of Capital Assets	3,329,324	2,807,278
Total Operating Expenses	7,528,084	7,188,437
Total Operating Income	\$ 408,906	\$ (243,092)

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	\$ 2,944,778	\$ -	\$ -	\$ 2,944,778
Wells	5,187,459	-	-	5,187,459
Electric Pumping Equipment	8,892,129	4,537,819	-	13,429,948
Towers and Pump Houses	12,063,063	1,643,983	-	13,707,046
Distribution system	69,643,432	7,384,596	7,500	77,020,528
Meters	7,432,313	712,330	3,120,336	5,024,307
Total Distribution	<u>106,163,174</u>	<u>14,278,728</u>	<u>3,127,836</u>	<u>117,314,066</u>
General:				
Computer Hardware	725,171	31,073	-	756,244
Structures Improvements	351,331	-	-	351,331
Furniture-Equipment	154,518	-	-	154,518
Transportation equipment	629,983	111,581	79,489	662,075
Tools, Shop-Garage	27,396	11,779	-	39,175
Laboratory Equipment	64,427	-	-	64,427
Power operated equipment	10,268	-	-	10,268
Communication equipment	128,308	155,594	-	283,902
SCADA Equipment	643,505	25,575	-	669,080
Total General	<u>2,734,907</u>	<u>335,602</u>	<u>79,489</u>	<u>2,991,020</u>
Subscription Based Information				
Technology Arrangement Assets:				
Subscription Based Information				
Technology Arrangements	851,192	33,891	-	885,083
Total Plant in Service	<u>\$ 109,749,273</u>	<u>\$ 14,648,221</u>	<u>\$ 3,207,325</u>	<u>\$ 121,190,169</u>



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