



# SOUTH METRO FIRE DEPARTMENT

1650 Humboldt Avenue • West St. Paul MN 55118

Phone: (651) 552-4176 • FAX: (651) 552-4195

[www.smfdmn.org](http://www.smfdmn.org)

## AGENDA BOARD OF DIRECTORS MEETING

**Meeting Date:** April 16, 2025, at 4:30 PM  
**Meeting Place:** South St. Paul Training Room

- I. Roll Call  
*Board Members: Berry, Francis, Napier, Seaberg, Wippermann*
- II. Adopt Agenda
- III. Communications/Recognitions
- IV. Consent Agenda
  - a. [March 19, 2025, Meeting Minutes](#)
  - b. [March 2025 List of Claims](#)
  - c. [March 2025 Bank Reconciliation](#)
  - d. [March 2025 Month End Budget Report](#)
  - e. [March 2025 Run Summary Report](#)
  - f. [Accept Donations](#)
  - g. [Fund Balance Transfer](#)
- V. Committee Reports
  - a. None
- VI. Agenda Items
  - a. [Presentation by Bonnie Schwieger from Abdo of the 2024 Financial Audit](#)
  - b. [Future SAFER Firefighter Budgeting Options](#)
- VII. Public Comment
- VIII. Adjourn

Next Regular Meeting – May 21, 2025, South St. Paul

## **MINUTES**

### **SOUTH METRO FIRE DEPARTMENT BOARD OF DIRECTORS**

Wednesday, March 19, 2025

West St Paul Lobby Conference Room

Members Present: Dennis Wippermann, Wendy Berry, James Francis

Also Present: Chief Juelfs, Sam Seal, Terry Johnson  
Carlo LaManna

The meeting was called to order at 4:30 p.m.

#### **ADOPT AGENDA**

Motion was made to adopt the Agenda by Francis; seconded by Wippermann.  
Motion carried.

#### **COMMUNICATIONS/RECOGNITIONS**

None

#### **CONSENT AGENDA**

Motion was made to approve the Consent Agenda by Francis; seconded by Wippermann.  
Motion carried.

#### **COMMITTEE REPORTS**

None

#### **AGENDA ITEMS**

Election of Board Members

President Wendy Berry  
Vice President James Francis  
Secretary David Napier  
Treasurer Tom Seaberg

Motion to approve the 2025 elections of officers by Wippermann; seconded by Francis  
Motion carried.

Appointment of Committee Members

2025 Budget Committee  
Dave Napier, James Francis, Dennis Wippermann, SSP Finance Director, WSP Finance Director, Fire Chief and Assistant Chief.

2025 Finance Committee

Tom Seaberg, Wendy Berry, SSP Finance Director, WSP Finance Director, Fire Chief and Assistant Chief.

Motion to approve the officers appointed to the Budget Committee and the Finance Committee by Francis; seconded by Wippermann.  
Motion carried.

2026 Budget Process Timeline

Chief Juelfs provided, for informational purposes, a timeline that included target dates for the process.

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**PUBLIC COMMENT**

Badging ceremony in West St Paul Council Chambers following the Board Meeting.  
Carlo LaManna asked how many fire trucks the department has and where do we get our graphics done.

**MOTION TO ADJOURN**

Motion to adjourn by Francis; seconded by Wippermann.

Motion carried.

The next regular meeting is scheduled on April 16, 2025 at 4:30 pm in South St. Paul

Respectfully submitted by:

Deb Wheeler

## **SOUTH METRO FIRE**

### Summary of List of Claims Board Meeting of April 16, 2025

#### **PAYROLL CHECK REGISTER:**

Payroll Period	3/3 - 3/16		
Date Paid	3/21/2025		
Direct Deposit		\$	163,347.15

Payroll Period	3/17 - 3/30		
Date Paid	4/4/2025		
Direct Deposit		\$	157,559.08

Payroll Period			
Date Paid		\$	-
Direct Deposit			

<b>TOTAL NET PAYROLL</b>
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<b>\$ 320,906.23</b>
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#### **DISBURSEMENT CHECK REGISTER:**

Checks	11954 - 12003	\$	580,044.07
EFTS	3158 - 3180	\$	253,628.46

<b>TOTAL DISBURSEMENT CHECKS</b>
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<b>\$833,672.53</b>
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<b><u>TOTAL PAYROLL, DISBURSEMENTS, ACH'S</u></b>
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<b><u>\$1,154,578.76</u></b>
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# Payment Register

From Payment Date: 3/10/2025 - To Payment Date: 4/8/2025

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
1-ANCHOR BAN - ANCHOR BANK									
<u>Check</u>									
11954	03/24/2025	Open			Accounts Payable	ABDO, LLP	\$13,000.00	\$13,000.00	\$0.00
11955	03/24/2025	Open			Accounts Payable	ANCOM TECHNICAL CENTER	\$2,572.47	\$2,572.47	\$0.00
11956	03/24/2025	Open			Accounts Payable	ASPEN MILLS	\$1,815.43	\$1,815.43	\$0.00
11957	03/24/2025	Open			Accounts Payable	Berry/ Wendy	\$100.00		
11958	03/24/2025	Open			Accounts Payable	CDW Government	\$6,036.45		
11959	03/24/2025	Open			Accounts Payable	Civic Plus	\$7,182.00		
11960	03/24/2025	Open			Accounts Payable	DAKOTA COUNTY TREASURER	\$2,006.38		
11961	03/24/2025	Open			Accounts Payable	DAN'S SOUTHSIDE MARINE	\$25,432.47		
11962	03/24/2025	Open			Accounts Payable	DELL MARKETING L.P.	\$78.29		
11963	03/24/2025	Open			Accounts Payable	Dinges Fire Company	\$50.97		
11964	03/24/2025	Open			Accounts Payable	EAGLE ENGRAVING	\$821.95		
11965	03/24/2025	Open			Accounts Payable	EMERGENCY APPARATUS MAINTENANC	\$6,899.86		
11966	03/24/2025	Open			Accounts Payable	EMERGENCY AUTOMOTIVE TECH	\$552.04	\$552.04	\$0.00
11967	03/24/2025	Open			Accounts Payable	Emergency Technical Decon	\$3,780.00		
11968	03/24/2025	Open			Accounts Payable	FD Company Identifiers LLC	\$205.60		
11969	03/24/2025	Open			Accounts Payable	Francis, James	\$100.00		
11970	03/24/2025	Open			Accounts Payable	GALLS, LLC	\$532.28	\$532.28	\$0.00
11971	03/24/2025	Open			Accounts Payable	GANFIELD/JACOB	\$132.80	\$132.80	\$0.00
11972	03/24/2025	Open			Accounts Payable	HENRY SCHEIN	\$75.58	\$75.58	\$0.00
11973	03/24/2025	Open			Accounts Payable	INT'L ASSN FIREFIGHTERS 1059	\$295.56		
11974	03/24/2025	Open			Accounts Payable	INT'L ASSN FIREFIGHTERS 724	\$1,828.05		
11975	03/24/2025	Open			Accounts Payable	LEAGUE OF MN CITIES INS. TRUST	\$1,220.20	\$1,220.20	\$0.00
11976	03/24/2025	Open			Accounts Payable	MacQueen Emergency Group	\$1,413.11	\$1,413.11	\$0.00
11977	03/24/2025	Open			Accounts Payable	METRO SALES, INC	\$135.89	\$135.89	\$0.00
11978	03/24/2025	Open			Accounts Payable	OXYGEN SERVICE COMPANY	\$293.50	\$293.50	\$0.00
11979	03/24/2025	Open			Accounts Payable	Rihm Kenworth	\$138.84		
11980	03/24/2025	Open			Accounts Payable	Riverland Laser	\$189.47		
11981	03/24/2025	Open			Accounts Payable	S ST PAUL/CITY OF	\$5,902.50	\$5,902.50	\$0.00
11982	03/24/2025	Open			Accounts Payable	Sleep Number Corporation	\$6,960.24		
11983	03/24/2025	Open			Accounts Payable	Stryker Sales Corporation	\$10,284.00		
11984	03/24/2025	Open			Accounts Payable	US Bank Equipment Finance	\$117.00		
11985	03/24/2025	Open			Accounts Payable	WIPPERMANN/DENNIS	\$100.00	\$100.00	\$0.00
11986	04/01/2025	Open			Accounts Payable	CARDMEMBER SERVICES	\$9,427.77		
11987	04/03/2025	Open			Accounts Payable	ASPEN MILLS	\$1,408.31		
11988	04/03/2025	Open			Accounts Payable	AT&T MOBILITY	\$1,113.64		
11989	04/03/2025	Open			Accounts Payable	BOUND TREE MEDICAL	\$38.32		
11990	04/03/2025	Open			Accounts Payable	EMERGENCY APPARATUS MAINTENANC	\$2,292.69		
11991	04/03/2025	Open			Accounts Payable	Field Training Solutions	\$590.00		
11992	04/03/2025	Open			Accounts Payable	GALLS, LLC	\$346.66		
11993	04/03/2025	Open			Accounts Payable	IMAGE TREND	\$450.00		
11994	04/03/2025	Open			Accounts Payable	INT'L ASSN FIREFIGHTERS 1059	\$295.56		
11995	04/03/2025	Open			Accounts Payable	INT'L ASSN FIREFIGHTERS 724	\$1,828.05		
11996	04/03/2025	Open			Accounts Payable	MacQueen Emergency Group	\$27.83		
11997	04/03/2025	Open			Accounts Payable	Maritronics Ltd	\$594.83		
11998	04/03/2025	Open			Accounts Payable	MINNESOTA FIRE SERVICE CERTIFICATION BOARD	\$426.00		

# Payment Register

From Payment Date: 3/10/2025 - To Payment Date: 4/8/2025

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
11999	04/03/2025	Open			Accounts Payable	NINTH BRAIN	\$146.74		
12000	04/03/2025	Open			Accounts Payable	STANDARD INSURANCE COMPANY	\$2,412.54		
12001	04/03/2025	Open			Accounts Payable	US Bank Equipment Finance	\$270.20		
12002	04/07/2025	Open			Accounts Payable	LEAGUE OF MN CITIES INS. TRUST	\$156,797.00		
12003	04/07/2025	Open			Accounts Payable	PREMIER SPECIALTY VEHICLES	\$301,325.00		
Type Check Totals:							\$580,044.07	\$27,745.80	\$0.00
1-ANCHOR BAN - ANCHOR BANK Totals									

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	50	\$580,044.07	\$27,745.80
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	50	\$580,044.07	\$27,745.80

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	50	\$580,044.07	\$27,745.80
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	50	\$580,044.07	\$27,745.80

Grand Totals:

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	50	\$580,044.07	\$27,745.80
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	50	\$580,044.07	\$27,745.80

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	50	\$580,044.07	\$27,745.80
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	50	\$580,044.07	\$27,745.80

# Payment Register

From Payment Date: 3/10/2025 - To Payment Date: 4/8/2025

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
1-ANCHOR BAN - ANCHOR BANK									
EFT									
3158	03/24/2025	Open			Accounts Payable	I C M A RETIREMENT CORP	\$1,200.00	\$1,200.00	\$0.00
3159	03/24/2025	Open			Accounts Payable	MN CHILD SUPPORT	\$388.55	\$388.55	\$0.00
3160	03/24/2025	Open			Accounts Payable	MN DEPT OF REVENUE	\$11,141.79	\$11,141.79	\$0.00
3161	03/24/2025	Open			Accounts Payable	MN II LIFE -- HSA	\$1,223.30	\$1,223.30	\$0.00
3162	03/24/2025	Open			Accounts Payable	MSRS	\$450.00	\$450.00	\$0.00
3163	03/24/2025	Open			Accounts Payable	MSRS - HCSP	\$3,239.51	\$3,239.51	\$0.00
3164	03/24/2025	Open			Accounts Payable	NATIONWIDE	\$2,550.00	\$2,550.00	\$0.00
3165	03/24/2025	Open			Accounts Payable	IRS - PR TAXES	\$33,234.91	\$33,234.91	\$0.00
3166	03/24/2025	Open			Accounts Payable	PUBLIC EMPLOYEES RETIRE ASSN	\$72,620.13	\$72,620.13	\$0.00
3167	03/24/2025	Open			Accounts Payable	Wisconsin Child Support Agency	\$323.07	\$323.07	\$0.00
3168	03/31/2025	Open			Accounts Payable	OLD NATIONAL BANK	\$94.56	\$94.56	\$0.00
3169	04/03/2025	Open			Accounts Payable	I C M A RETIREMENT CORP	\$1,200.00		
3170	04/03/2025	Open			Accounts Payable	IRS - PR TAXES	\$31,741.37		
3171	04/03/2025	Open			Accounts Payable	MN CHILD SUPPORT	\$388.55		
3172	04/03/2025	Open			Accounts Payable	MN DEPT OF REVENUE	\$10,578.30		
3173	04/03/2025	Open			Accounts Payable	MN II LIFE -- HSA	\$1,312.17		
3174	04/03/2025	Open			Accounts Payable	MSRS	\$450.00		
3175	04/03/2025	Open			Accounts Payable	MSRS - HCSP	\$3,202.91		
3176	04/03/2025	Open			Accounts Payable	NATIONWIDE	\$2,600.00		
3177	04/03/2025	Open			Accounts Payable	Wisconsin Child Support Agency	\$323.07		
3178	04/03/2025	Open			Accounts Payable	PUBLIC EMPLOYEES RETIRE ASSN	\$70,043.67		
3179	04/03/2025	Open			Accounts Payable	Health Equity	\$5,212.50		

# Payment Register

From Payment Date: 3/10/2025 - To Payment Date: 4/8/2025

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
3180	04/03/2025	Open			Accounts Payable	Health Equity	\$110.10		
Type EFT Totals:							\$253,628.46	\$126,465.82	\$0.00
1-ANCHOR BAN - ANCHOR BANK Totals									
				<b>EFTs</b>	<b>Status</b>	<b>Count</b>	<b>Transaction Amount</b>	<b>Reconciled Amount</b>	
					Open	23	\$253,628.46	\$126,465.82	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					<b>Total</b>	<b>23</b>	<b>\$253,628.46</b>	<b>\$126,465.82</b>	
				<b>All</b>	<b>Status</b>	<b>Count</b>	<b>Transaction Amount</b>	<b>Reconciled Amount</b>	
					Open	23	\$253,628.46	\$126,465.82	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					<b>Total</b>	<b>23</b>	<b>\$253,628.46</b>	<b>\$126,465.82</b>	
				<b>EFTs</b>	<b>Status</b>	<b>Count</b>	<b>Transaction Amount</b>	<b>Reconciled Amount</b>	
					Open	23	\$253,628.46	\$126,465.82	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					<b>Total</b>	<b>23</b>	<b>\$253,628.46</b>	<b>\$126,465.82</b>	
				<b>All</b>	<b>Status</b>	<b>Count</b>	<b>Transaction Amount</b>	<b>Reconciled Amount</b>	
					Open	23	\$253,628.46	\$126,465.82	
					Reconciled	0	\$0.00	\$0.00	
					Voided	0	\$0.00	\$0.00	
					Stopped	0	\$0.00	\$0.00	
					<b>Total</b>	<b>23</b>	<b>\$253,628.46</b>	<b>\$126,465.82</b>	

Grand Totals:



**SOUTH METRO FIRE DEPT  
BANK RECONCILIATION  
March 31, 2025**

<b>Old National Bank</b>		
Ending Balance - Checking	\$	1,219,645.11
Outstanding Disbursement Checks		(78,312.43)
DIT		
Adjustments:		
<b>RECONCILED BALANCE</b>		<b>\$ 1,141,332.68</b>

<b>CITY TREASURER'S BALANCE:</b>		
Previous Month's Reconciled Balance	\$	1,794,578.09
Daily Receipts Posted		67,880.82
Disbursement Checks Issued		(356,528.65)
Payroll Checks and Direct Deposits		(317,130.73)
Journal Entries		
Rev Prior Month Adj:		
Health Equity		(1871.20)
Blue Cross Blue Shield		(46942.76)
PR Ach error		1347.11
<b>RECONCILED BALANCE</b>		<b>\$ 1,141,332.68</b>

<b>CASH ACCOUNT BALANCE:</b>		
	\$	1,190,799.53
Health Equity		(2,000.00)
Health Equity		(1871.20)
Blue Cross Blue Shield		(46942.76)
PR Ach error		1347.11
<b>RECONCILED BALANCE</b>		<b>\$ 1,141,332.68</b>

**Cash by Fund:**

		Beginning Balance	Net Activity	Ending Balance
General Fund	101-10101	1,054,373.19	(566,098.62)	488,274.57
Grant Fund	201-10100	-	-	-
Fed Port Security Grant	230-10100	-	-	-
Fire Assistance Fund	240-10100	-	-	-
Debt Service Fund	301-10101	1.34	-	1.34
Capital Fund	401-10101	742,203.56	(39,679.94)	702,523.62
Total		1,796,578.09	(605,778.56)	1,190,799.53



Account Classification	Adopted Budget	Current Month Transactions	YTD Transactions	YTD Balance	% used/ Rec'd	Prior Year YTD Balance
<b>Fund 101 - General Fund</b>						
<b>REVENUE</b>						
Taxes	2,554,626.00	.00	108,314.84	2,446,311.16	4%	1,859,467.48
Intergovernmental Revenues	297,742.00	.00	3,899.93	293,842.07	1%	183,941.75
Charges for Services	6,079,303.00	65,835.24	1,458,995.89	4,620,307.11	24%	3,865,664.28
Other Revenue	50,000.00	4,175.99	12,447.43	37,552.57	25%	32,605.66
Other Financing Sources	.00	.00	.00	.00	+++	.00
REVENUE TOTALS	\$8,981,671.00	\$70,011.23	\$1,583,658.09	\$7,398,012.91	18%	\$5,941,679.17
<b>EXPENSE</b>						
Personal Services	9,019,549.00	573,456.26	1,765,408.61	7,254,140.39	20%	5,513,224.93
Supplies	262,617.00	17,633.23	54,555.59	208,061.41	21%	201,274.14
Contractual Services	503,998.00	40,687.31	115,890.85	388,107.15	23%	335,985.30
Other Charges	290,287.00	20,356.70	106,077.81	184,209.19	37%	175,109.26
Capital Outlay	.00	.00	.00	.00	+++	.00
Debt Service	.00	.00	.00	.00	+++	.00
Other Financing Uses	.00	.00	.00	.00	+++	(130,712.00)
EXPENSE TOTALS	\$10,076,451.00	652,133.50	2,041,932.86	\$8,034,518.14	20%	\$6,094,881.63
Fund 101 - General Fund Totals						
REVENUE TOTALS	8,981,671.00	70,011.23	1,583,658.09	7,398,012.91	18%	5,941,679.17
EXPENSE TOTALS	10,076,451.00	652,133.50	2,041,932.86	8,034,518.14	20%	6,094,881.63
Fund 101 - General Fund Totals	(\$1,094,780.00)	(\$582,122.27)	(\$458,274.77)	(\$636,505.23)		(\$153,202.46)
<b>Fund 201 - Grant Fund</b>						
<b>REVENUE</b>						
Intergovernmental Revenues	.00	.00	.00	.00	0%	.00
REVENUE TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	+++	\$0.00
<b>EXPENSE</b>						
Contractual Services	.00	.00	.00	.00	+++	.00
EXPENSE TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	+++	\$0.00
<b>Fund 301 - Debt Service</b>						
<b>REVENUE</b>						
Intergovernmental Revenues	185,540.00	.00	.00	185,540.00	0%	232,262.50
REVENUE TOTALS	\$185,540.00	.00	.00	\$185,540.00	+++	\$232,262.50
<b>EXPENSE</b>						
Contractual Services	185,540.00	.00	.00	185,540.00	+++	186,650.00
EXPENSE TOTALS	\$185,540.00	.00	.00	\$185,540.00	+++	\$186,650.00
Fund 301 - Debt Totals						
REVENUE TOTALS	185,540.00	.00	.00	185,540.00	+++	232,262.50
EXPENSE TOTALS	185,540.00	.00	.00	185,540.00	+++	186,650.00
Fund 301 - Debt Totals	\$0.00	\$0.00	\$0.00	\$0.00		\$45,612.50
<b>Fund 401 - Capital Projects</b>						
<b>REVENUE</b>						
Intergovernmental Revenues	.00	.00	.00	.00	0%	.00
Charges for Services	269,620.00	.00	67,405.00	202,215.00	25%	140,427.86
Other Revenue	.00	.00	.00	.00	+++	.00
Other Financing Sources	.00	.00	.00	.00	+++	.00
REVENUE TOTALS	\$269,620.00	\$0.00	\$67,405.00	\$202,215.00		\$140,427.86
<b>EXPENSE</b>						
Motor Vehicles	427,355.00	26,669.25	29,669.25	397,685.75	7%	364,397.81
Office Equipment	110,182.00	14,615.59	29,224.85	80,957.15	27%	65,564.28
Other Equipment	135,000.00	.00	(944.07)	135,944.07	-1%	50,193.84
EXPENSE TOTALS	\$672,537.00	\$41,284.84	\$57,950.03	\$614,586.97	9%	\$480,155.93
Fund 401 - Capital Projects						
REVENUE TOTALS	269,620.00	.00	67,405.00	202,215.00	25%	9,715.86
EXPENSE TOTALS	672,537.00	41,284.84	58,161.14	614,375.86	9%	480,155.93
Fund 401 - Capital Projects	(\$402,917.00)	(\$41,284.84)	\$9,243.86	(\$412,160.86)		(\$470,440.07)
<b>Grand Totals</b>						
REVENUE TOTALS	9,436,831.00	70,011.23	1,651,063.09	7,785,767.91	17%	6,183,657.53
EXPENSE TOTALS	10,934,438.00	693,418.34	2,100,094.00	8,834,344.00	19%	6,761,687.56
Grand Totals	(\$1,497,607.00)	(\$623,407.11)	(\$449,030.91)	(\$1,048,576.09)		(\$578,030.03)

[illegible]



BLS Transports	190	160	191	541	525
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# South Metro Fire Department

## Resolution Number 2025-02

### RESOLUTION ACCEPTING DONATIONS

**WHEREAS**, the below listed individuals and/or businesses have donated funds or items to the Department:

Federal Ammunition donated \$1000.00 to the Department for the Badges and Bobbers event.

Scheel's donated \$50.00 to the Department for the Badges and Bobbers event.

**WHEREAS**, the donated funds will be used to by the Department to offset costs for the Badges and Bobbers event; and

**WHEREAS**, the South Metro Board of Directors acknowledges the generosity of the businesses and community members, and extend their sincere appreciation to them for their consideration and generous donations; and

**WHEREAS**, the Board authorizes budget reflection in the 2025 budget year to show the donation to the office supplies account; and

**NOW, THEREFORE, BE IT RESOLVED** the Board of Directors accepts the donations on behalf of the South Metro Fire Department and authorize the Department Staff to expend these funds and make the necessary budgetary adjustments in the manner described therein.

Passed by the Board of Directors on April 16, 2025.

Attest:

---

Dave Napier, Secretary



# SOUTH METRO FIRE DEPARTMENT

1650 Humboldt Avenue • West St. Paul MN 55118

Phone: (651) 552-4176 • FAX: (651) 552-4195

[www.southmetrofire.com](http://www.southmetrofire.com)

---

DATE: April 16, 2025

TO: President and Board

FROM: Mark Juelfs, Fire Chief

RE: **Fund Balance Transfer**

**Summary:**

At fiscal year-end, the General Fund had a balance more than the established 5% limit. By policy, these excess funds are to be transferred to the Capital Fund, to support the 10-year Capital Plan. After completion of the 2024 Financial Audit, it was determined that the General Fund had a balance of \$898,987 an excess of \$395,165. The 2024 excess balance was realized in the personal services categories including salaries, PERA contributions, FICA contributions, medical insurance, and additional ambulance revenues. In addition, we received \$175,574 in unexpected training reimbursements from the State.

**Budget Impact:**

The General Fund balance will be maintained at the established 5% maximum limit of \$503,823 and \$395,165, identified as excess funds will be transferred into the Capital Fund.

**Recommendation:**

Approve Resolution 2025-03 retaining a 5% General Fund balance and transferring the excess funds in the amount of \$395,165 to the Capital Fund.

**Attachment:**

Resolution 2025-03 Approving Fund Balance Transfer



*Lighting the path forward*

# South Metro Fire Department

## 2024 Financial Statement Audit

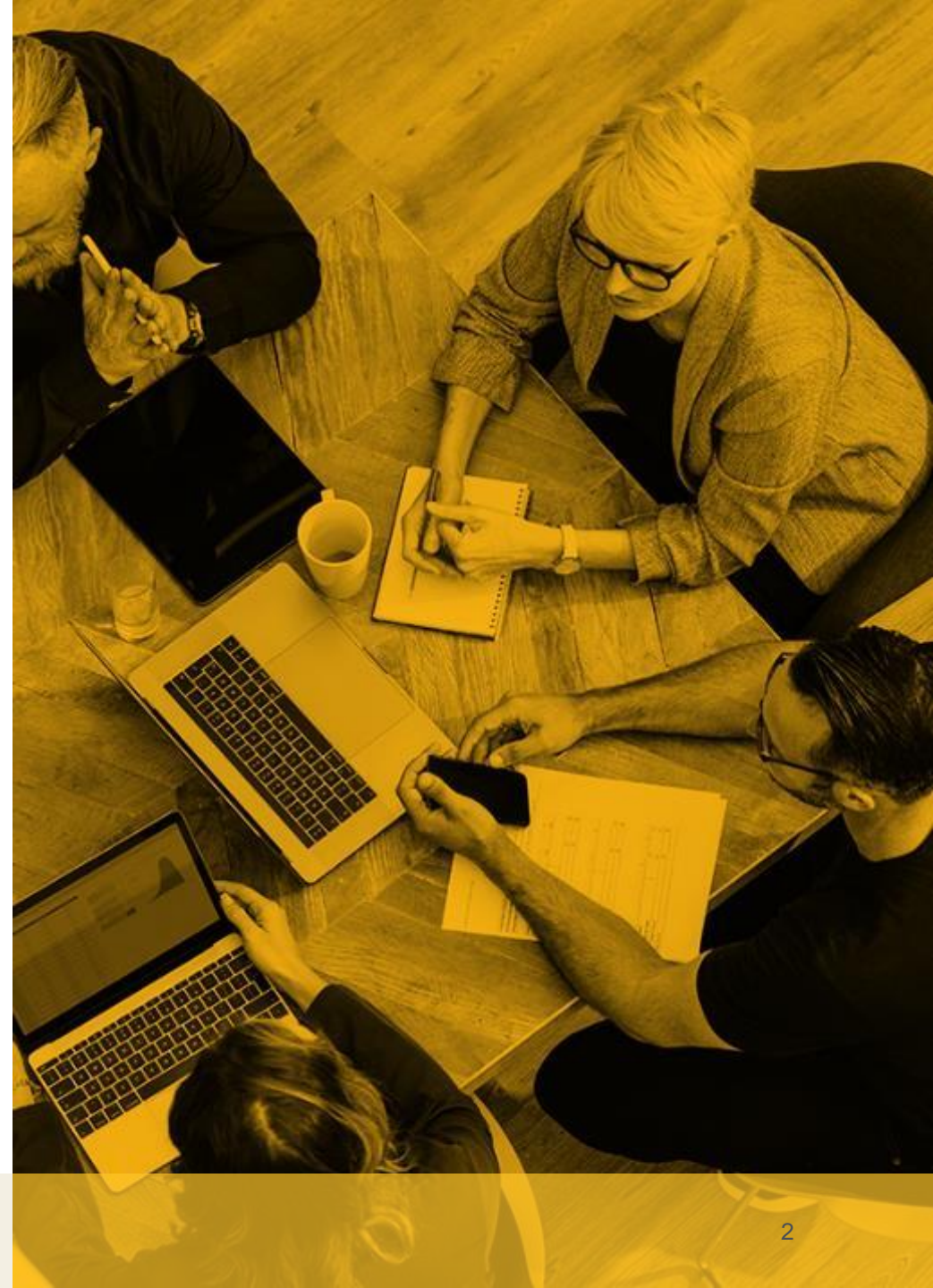




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# Introduction

- Audit Results
- General Fund
- Other Governmental Funds





# Audit Results

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## Auditor's Opinion



Unmodified opinion  
under GAAS

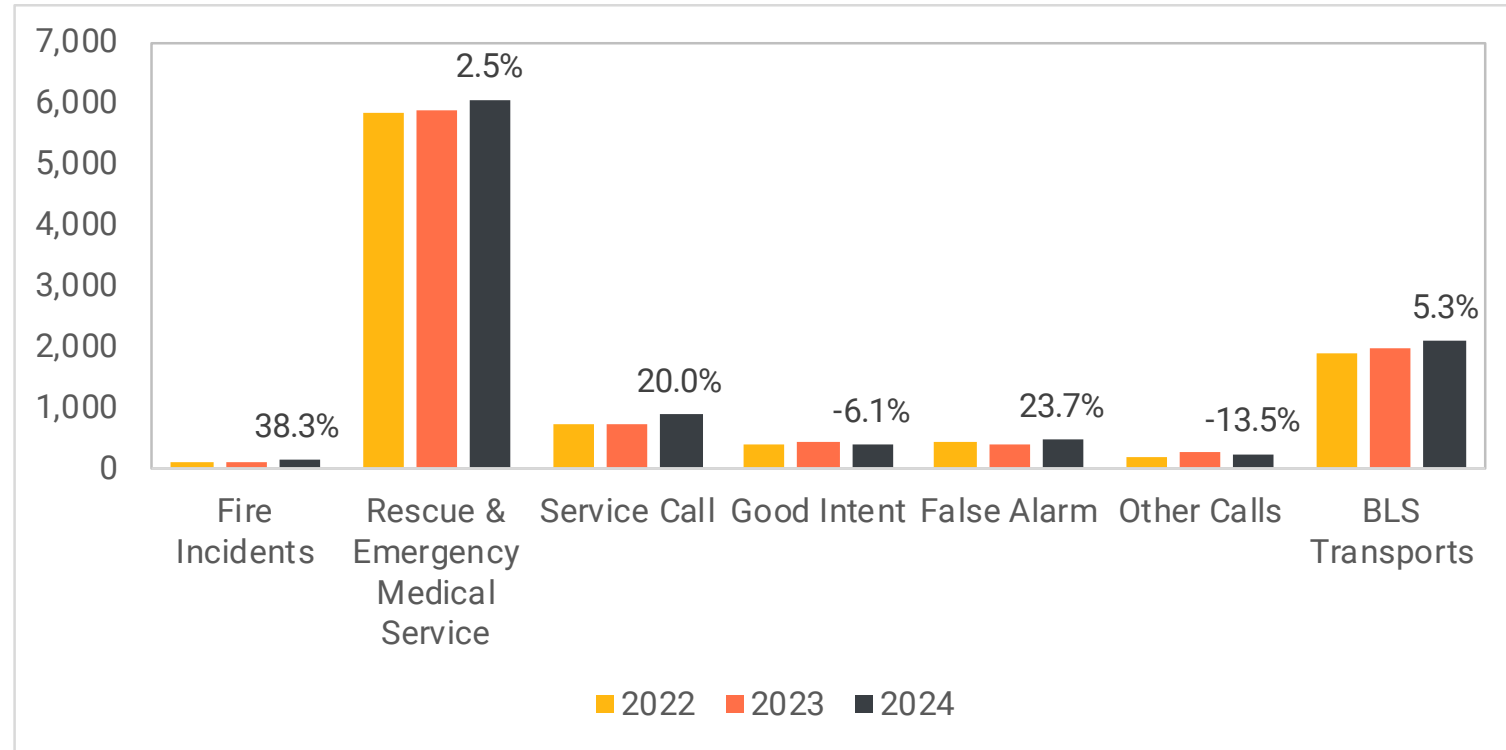
## Minnesota Legal Compliance



No instances of  
Noncompliance

# Service Call Summary

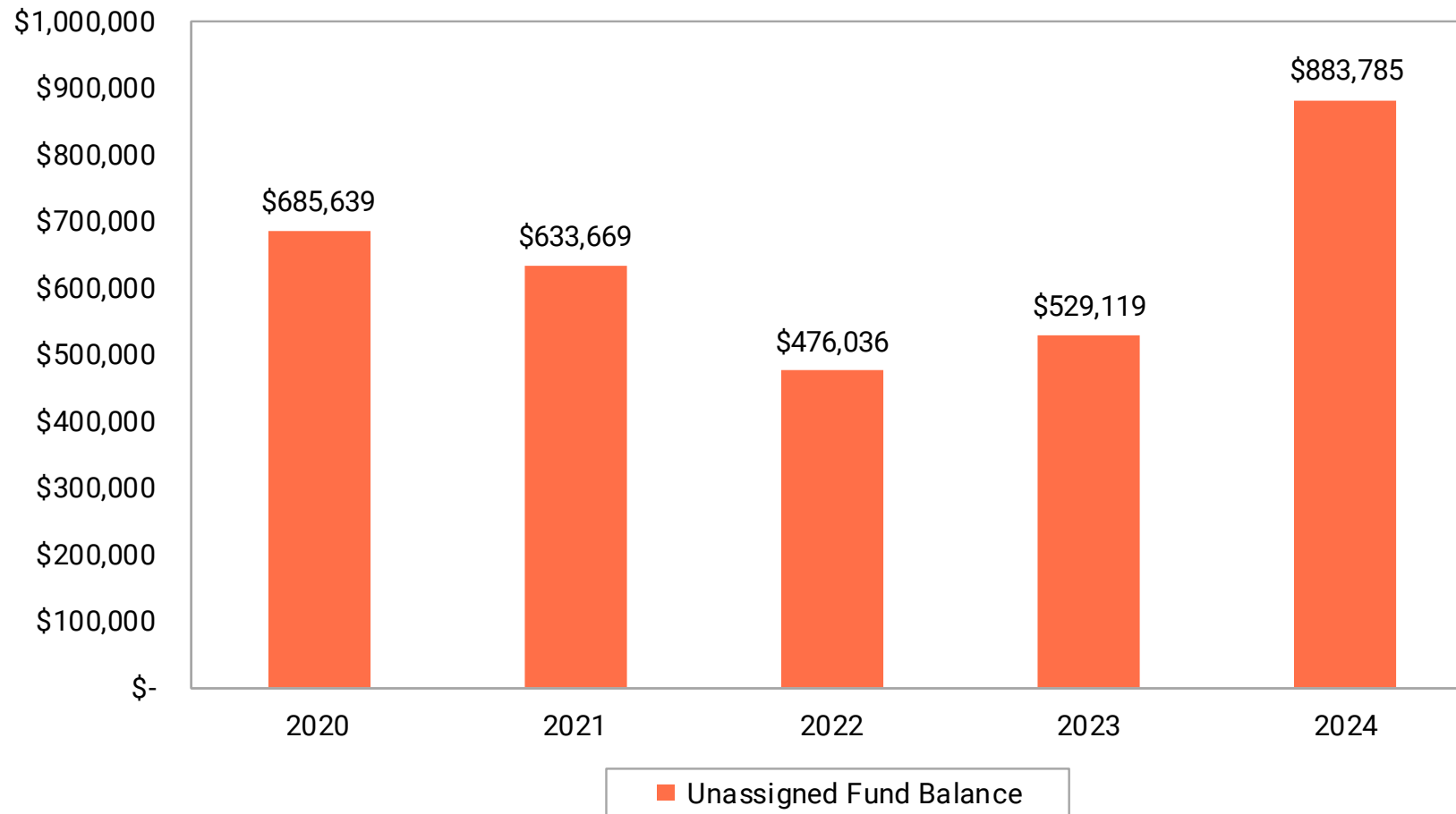
*% Increase over the prior year*



## Notes:

- Call Data obtained from Run Summary Reports.
- Other Calls include over pressure rupture explosion, overhear, hazardous condition, severe weather, special incident calls

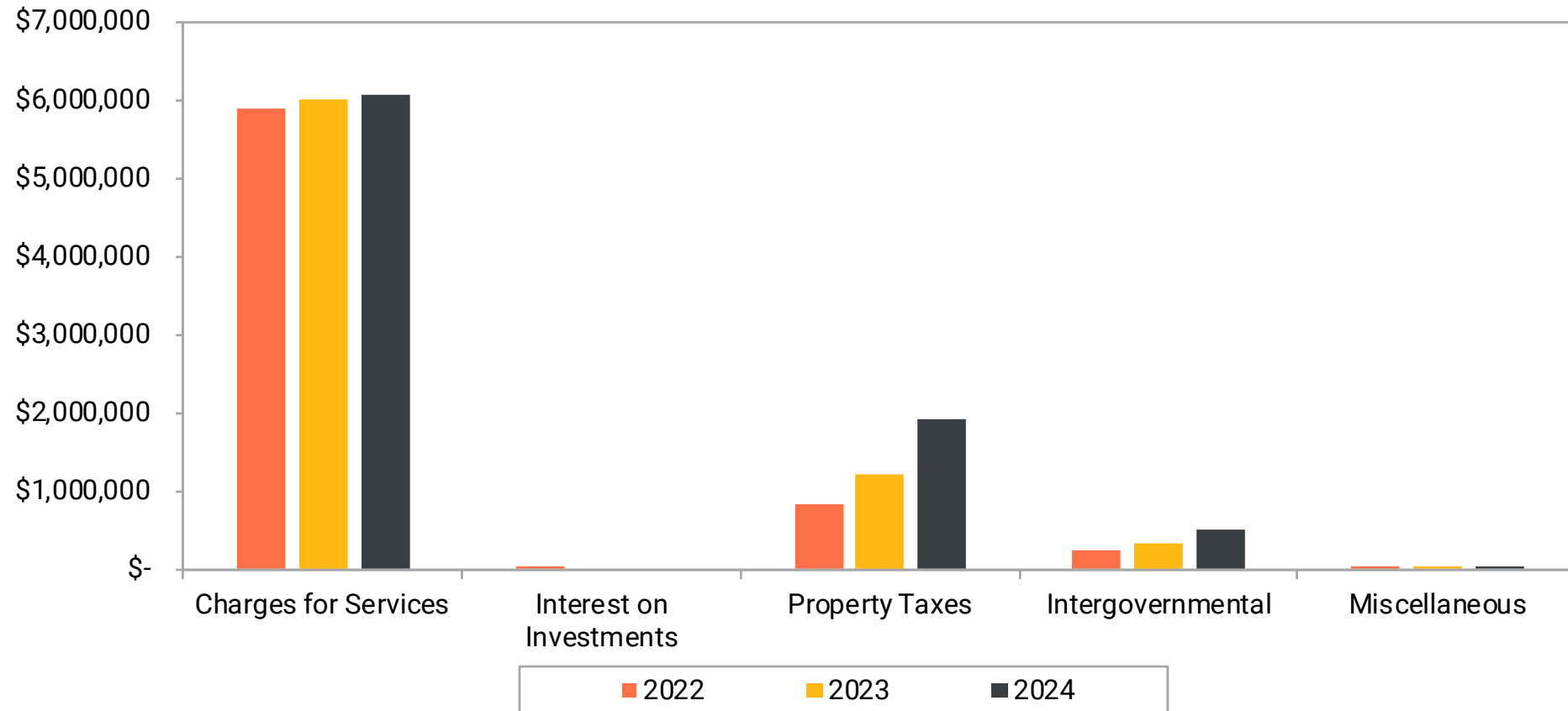
# General Fund – Fund Balances



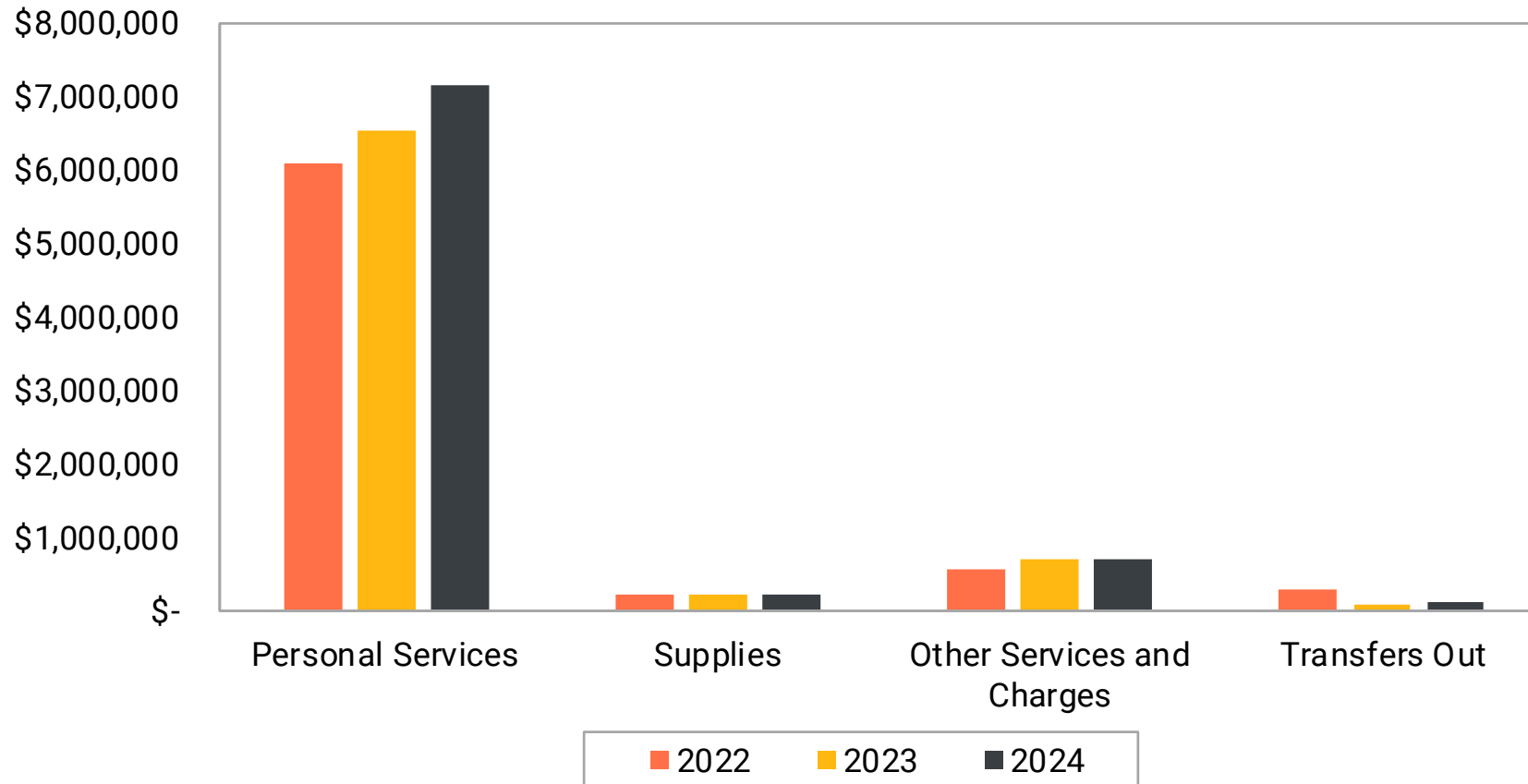
# General Fund Budget to Actual

	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues	\$ 8,220,820	\$ 8,586,742	\$ 365,922
Expenditures	<u>8,220,820</u>	<u>8,101,364</u>	<u>119,456</u>
Excess of Revenues Over Expenditures	-	485,378	485,378
Other Financing Uses			
Transfers out	<u>-</u>	<u>(130,712)</u>	<u>(130,712)</u>
Change in Fund Balances	-	354,666	354,666
Fund Balances, January 1	<u>544,321</u>	<u>544,321</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 544,321</u>	<u>\$ 898,987</u>	<u>\$ 354,666</u>

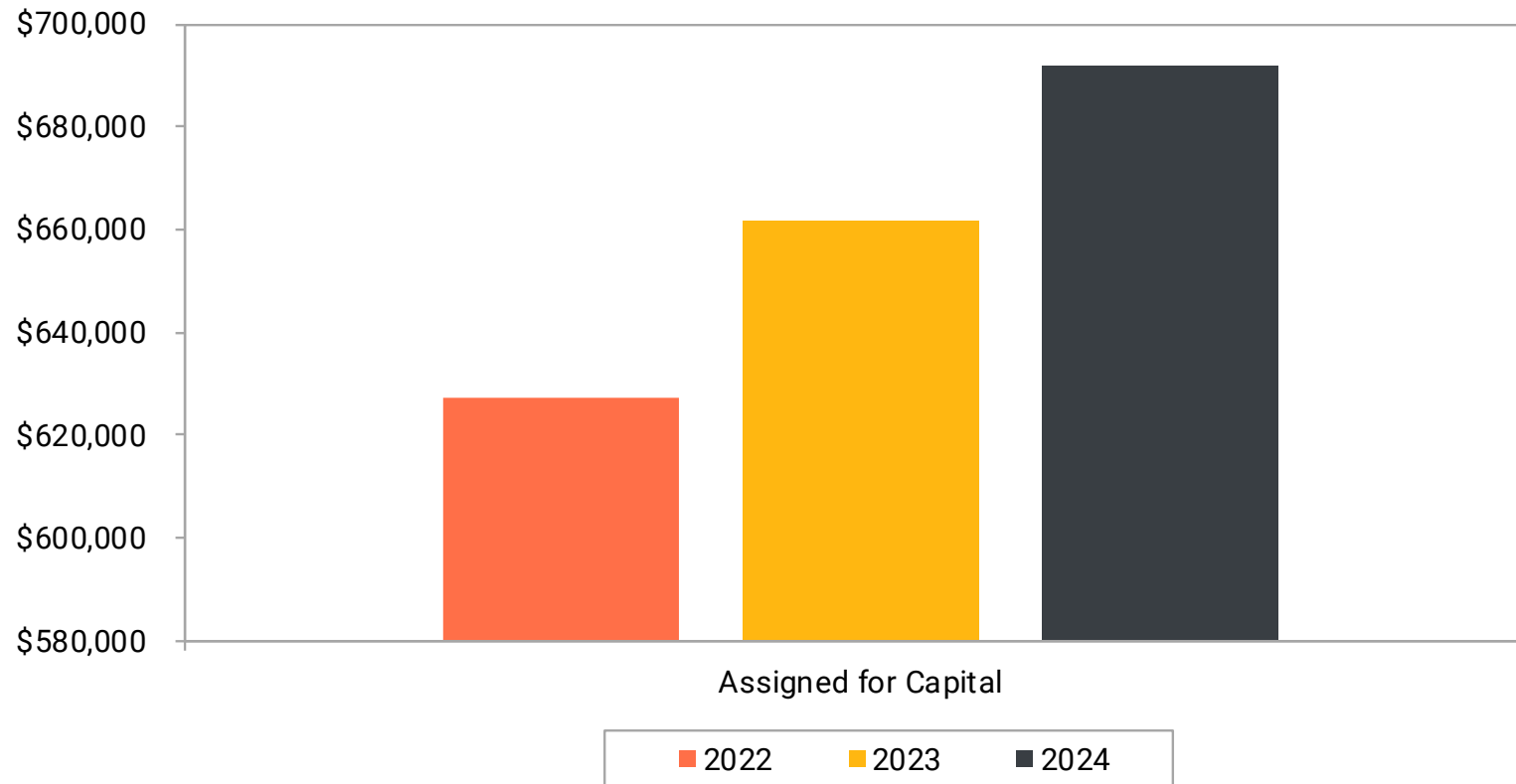
# General Fund Revenues by Type



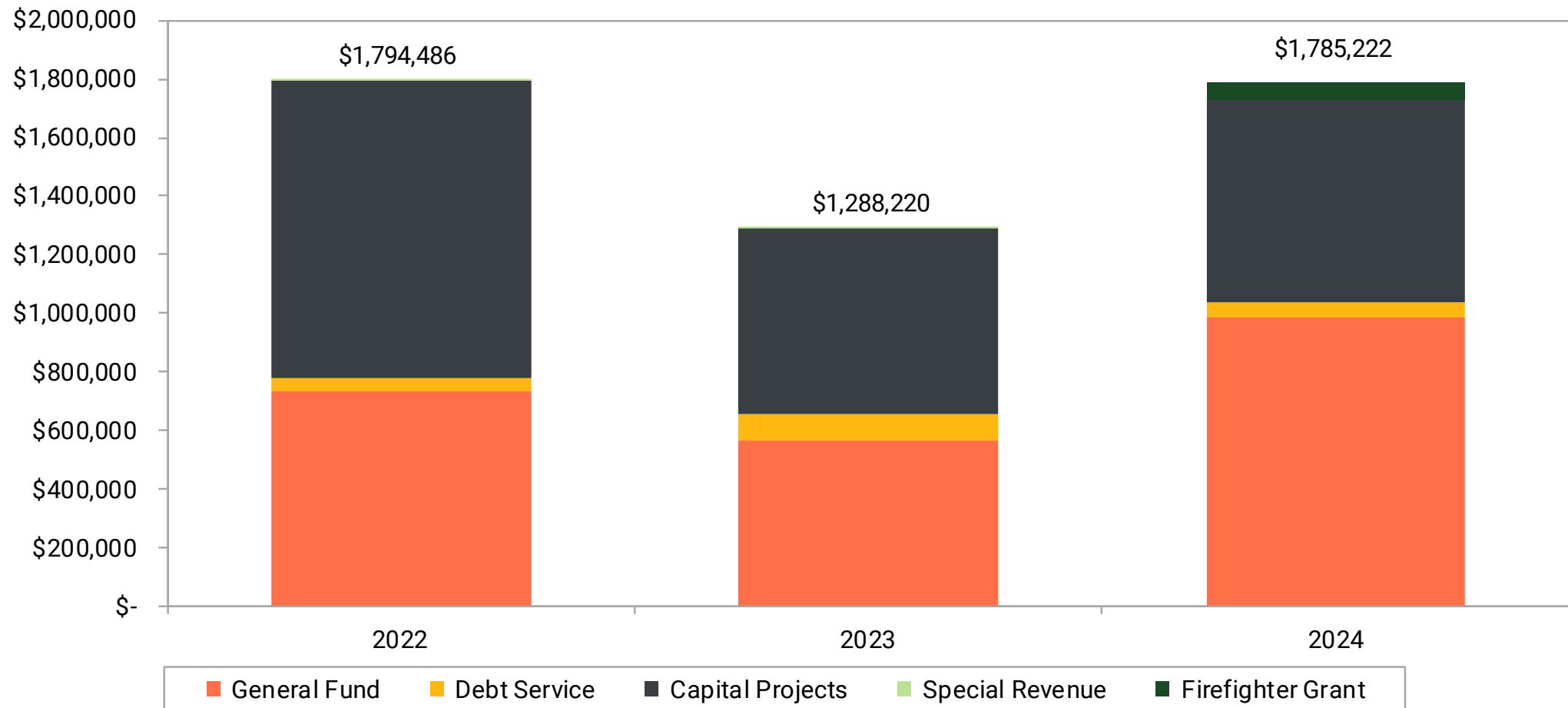
# General Fund Expenditures by Type



# Capital Project Fund Balance



# Cash Balances by Type





# Your Abdo Team



Brad Falteysek, CPA  
Partner

[brad.falteysek@abdosolutions.com](mailto:brad.falteysek@abdosolutions.com)



Bonnie Schwieger, CPA  
Partner

[bonnie.schwieger@abdosolutions.com](mailto:bonnie.schwieger@abdosolutions.com)



Delaney Rossow  
Associate

[delaney.rossow@abdosolutions.com](mailto:delaney.rossow@abdosolutions.com)



Jacob Spindler  
Intern

[jacob.spindler@abdosolutions.com](mailto:jacob.spindler@abdosolutions.com)

# **ANNUAL FINANCIAL REPORT**

SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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South Metro Fire Department  
West St. Paul, Minnesota  
Annual Financial Report  
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For the Year Ended December 31, 2024

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INTRODUCTORY SECTION  
SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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South Metro Fire Department  
West St. Paul, Minnesota  
Organization  
For the Year Ended December 31, 2024

**BOARD OF DIRECTORS**

<u>Name</u>	<u>City</u>	<u>Title</u>	<u>Term Expires</u>
Wendy Berry	West St. Paul	President	12/31/2025
James Francis	South St. Paul	Vice-President	12/31/2025
Dave Napier	West St. Paul	Secretary	12/31/2025
Tom Seaberg	South St. Paul	Treasurer	12/31/2025
Dennis Wipperman	West St. Paul	Public Member	3/31/2026

**APPOINTED**

<u>Name</u>	<u>Title</u>
Mark Juelfs	Fire Chief
Mark Erickson	Chief of Operations
Terry Johnson	Fire Marshal



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FINANCIAL SECTION  
SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
South Metro Fire Department  
West St. Paul, Minnesota

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Metro Fire Department (the Department), West St. Paul, Minnesota, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Department'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 financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Department as of December 31, 2024 and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department'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 starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of changes in the Department's OPEB Liability and related ratios starting on page 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Department's basic financial statements. The individual fund financial schedule is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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



**Abdo**  
Minneapolis, Minnesota  
April 8, 2025



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## **Management's Discussion and Analysis**

As management of the South Metro Fire Department (the Department), West St. Paul, Minnesota, we offer readers of the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the fiscal year ended December 31, 2024.

### **Financial Highlights**

- The liabilities and deferred inflows of resources of the Department exceeded its assets and deferred outflows or resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the Department's ongoing obligations to citizens and creditors.
- The Department's total net position increased as shown in the summary of changes in net assets table on the following pages. This increase is primarily due to a decrease in the Department's pension balances and OPEB liability.
- For the current fiscal year, the Department's governmental funds fund balances are shown in the Financial Analysis of the Department's Funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decrease was mainly due to expenses incurred from the fire truck purchase project that began in 2023. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the Department's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the Department's funds section increased from prior year primarily due to excess training reimbursements received over budget.



## Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements that further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**Department's Annual Financial Report**

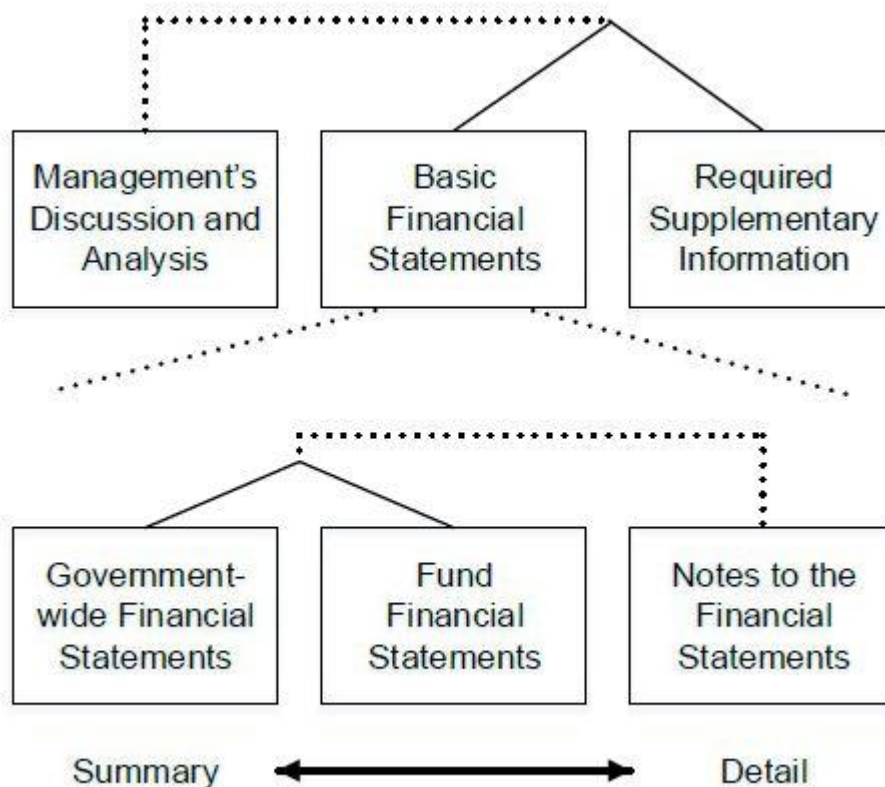


Figure 2 summarizes the major features of the Department’s financial statements, including the portion of the Department they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of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

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

	<b>Fund Financial Statements</b>	
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>
Scope	Entire Department (except fiduciary funds) and the Department’s component units	The activities of the Department that are not proprietary or fiduciary, such as fire and ambulance
Required financial statements	Statement of Net Position	Balance Sheet
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflows/outflows information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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

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

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

The government-wide financial statements start on page 26 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The Department maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General, Debt and Capital Projects funds, which are considered major funds.

The Department adopts an annual appropriated budget for its General fund and Capital Projects fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The fund financial statements start on page 30 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 35 of this report.

**Required Supplementary Information.** In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information concerning the South Metro Fire Department's share of net pension liabilities for defined benefit plans, schedules of contribution, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 56 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. The individual fund schedule starts on page 64 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Department's financial position. In the case of the Department, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year, as shown in the Statement of Net Position below.

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

## South Metro Fire Department's Statement of Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Assets			
Current	\$ 2,019,610	\$ 2,185,104	\$ (165,494)
Capital assets, net of accumulated depreciation	3,490,671	2,952,671	538,000
Total Assets	<u>5,510,281</u>	<u>5,137,775</u>	<u>372,506</u>
Deferred Outflows of Resources	<u>7,364,955</u>	<u>9,247,371</u>	<u>(1,882,416)</u>
Liabilities			
Other liabilities	411,494	247,479	164,015
Long-term liabilities outstanding	5,893,282	7,708,504	(1,815,222)
Total Liabilities	<u>6,304,776</u>	<u>7,955,983</u>	<u>(1,651,207)</u>
Deferred Inflows of Resources	<u>8,306,501</u>	<u>8,756,170</u>	<u>(449,669)</u>
Net Position			
Net investment in capital assets	2,815,671	2,122,671	693,000
Restricted	15,202	15,202	-
Unrestricted	<u>(4,566,914)</u>	<u>(4,464,880)</u>	<u>(102,034)</u>
Total Net Position	<u>\$ (1,736,041)</u>	<u>\$ (2,327,007)</u>	<u>\$ 590,966</u>
Net Position as a Percent of Total			
Net investment in capital assets	(162.2) %	(91.2) %	
Restricted	(0.9)	(0.7)	
Unrestricted	263.1	191.9	
Total	<u>100.0 %</u>	<u>100.0 %</u>	

At the end of the current fiscal year, the Department is reporting a deficit balance in unrestricted net position due to the net pension liability related to the PERA defined contribution benefit plan. The large change in long-term liabilities was due to a significant decrease in the Department's pension liability.

**Governmental Activities.** Governmental activities increased the Department's net position, as shown below. Key elements of this increase are as follows:

### South Metro Fire Department's Change in Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 6,282,126	\$ 6,215,373	\$ 66,753
Operating grants and contributions	870,261	357,953	512,308
Capital grants and contributions	224,684	187,236	37,448
General revenues			
Property taxes	1,905,137	1,209,556	695,581
Gain on sale of capital assets	-	16,879	(16,879)
Unrestricted investment earnings	-	-	-
Total Revenues	<u>9,282,208</u>	<u>7,986,997</u>	<u>1,295,211</u>
Expenses			
Public safety	8,659,592	8,969,434	(309,842)
Interest on long-term debt	31,650	37,450	(5,800)
Total Expenses	<u>8,691,242</u>	<u>9,006,884</u>	<u>(315,642)</u>
Change in Net Position	590,966	(1,019,887)	1,610,853
Net Position, January 1	<u>(2,327,007)</u>	<u>(1,307,120)</u>	<u>(1,019,887)</u>
Net Position, December 31	<u><u>\$ (1,736,041)</u></u>	<u><u>\$ (2,327,007)</u></u>	<u><u>\$ 590,966</u></u>

- Total governmental revenues increased during the year due to nonrecurring training reimbursements and public safety aid.
- Public safety expenses decreased primarily due to decrease of the OPEB and Pension liability balances.

## Financial Analysis of the Department's Funds

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

**Governmental Funds.** The focus of the Department's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Department's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General fund is the chief operating fund of the Department. The Capital Projects fund accounts for the resources used for acquiring capital assets. The table below outlines the governmental fund balances for the year ending December 31, 2024.

	General Fund	Capital Projects	Hazmat Grant Fund	Total	Prior Year Total	Increase/ Decrease
Fund Balances						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 677,485	\$ (677,485)
Restricted for						
Training	15,202	-	-	15,202	15,202	-
Assigned for						
Capital projects	-	691,675	4,551	696,226	661,582	34,644
Unassigned	883,785	-	-	883,785	529,119	354,666
Total	<u>\$ 898,987</u>	<u>\$ 691,675</u>	<u>\$ 4,551</u>	<u>\$ 1,595,213</u>	<u>\$ 1,883,388</u>	<u>\$ (288,175)</u>

As of the close of the current fiscal year, the Department's governmental funds reported combined ending fund balances shown above. Additional information on the Department's fund balances can be found in Note 1 starting on page 35 of this report.

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balance			
Restricted for			
Training	\$ 15,202	\$ 15,202	\$ -
Unassigned	883,785	529,119	354,666
Total	<u>\$ 898,987</u>	<u>\$ 544,321</u>	<u>\$ 354,666</u>
General Fund expenditures	\$ 8,101,364	\$ 7,445,409	
Unassigned as a percent of expenditures	10.9 %	7.1 %	
Total Fund Balances as a percent of expenditures	11.1	7.3	

The fund balance of the Department's General Fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to one-time public safety aid received from member cities, unbudgeted training reimbursements and less than expected payroll expenditures.

Other major governmental fund analysis is shown below:

	December 31, 2024	December 31, 2023	Increase (Decrease)
Capital Projects Funds	\$ 691,675	\$ 1,339,067	\$ (647,392)
<i>The Capital Projects fund decrease in fund balance during the year was due to capital outlay expenses for projects being worked on.</i>			

#### 2024 General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 8,220,820	\$ 8,220,820	\$ 8,586,742	\$ 365,922
Expenditures	8,220,820	8,220,820	8,101,364	119,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	485,378	485,378
Other Financing Uses Transfers out	-	-	(130,712)	(130,712)
Net Change in Fund Balance	-	-	354,666	354,666
Fund Balance, January 1	544,321	544,321	544,321	-
Fund Balance, December 31	<u>\$ 544,321</u>	<u>\$ 544,321</u>	<u>\$ 898,987</u>	<u>\$ 354,666</u>

The Department's General fund budget was not amended during the year. Actual revenues varied from budget due to nonrecurring training reimbursement and public safety aid revenues. Expenditures variance from budget mostly due to less than expected personal service costs

#### 2024 Capital Projects Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 224,684	\$ 224,684	\$ 224,684	\$ -
Expenditures	654,502	654,502	1,002,788	(348,286)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,818)	(429,818)	(778,104)	(348,286)
Other Financing Sources Transfers in	-	-	130,712	130,712
Net Change in Fund Balance	(429,818)	(429,818)	(647,392)	(217,574)
Fund Balance, January 1	1,339,067	1,339,067	1,339,067	-
Fund Balance, December 31	<u>\$ 909,249</u>	<u>\$ 909,249</u>	<u>\$ 691,675</u>	<u>\$ (217,574)</u>

The Department's Capital projects fund budget was not amended during the year. Actual expenditures were over the final budget amounts as shown above, largely due to capital costs which were budgeted for in the prior year but not incurred until 2024.

## Capital Asset and Debt Administration

**Capital Assets.** The Department's investment in capital assets for its governmental activities as of December 31, 2024, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes machinery, equipment, and vehicles. The total increase in the Department's investment in capital assets for the current fiscal year for governmental activities is due New purchases relating to capital.

Major capital asset events during the current fiscal year were as follows:

- Purchase of Chevy Equinox
- Purchase of Forcible Entry Door
- Purchase of miscellaneous equipment

	Governmental Activities		
	2024	2023	Increase (Decrease)
Construction in process	\$ -	\$ 677,485	\$ (677,485)
Machinery and Equipment	798,818	787,703	11,115
Vehicles	2,691,853	1,487,483	1,204,370
Total	<u>\$ 3,490,671</u>	<u>\$ 2,952,671</u>	<u>\$ 538,000</u>

**Long-term Liabilities.** At the end of the current fiscal year, the Department had a financed purchase agreement outstanding in the amount shown in the table below.

	Governmental Activities		
	2024	2023	Increase (Decrease)
Financed Purchase Agreement	<u>\$ 675,000</u>	<u>\$ 830,000</u>	<u>\$ (155,000)</u>

Additional information on the Department's long-term liabilities can be found in Note 3D on page 42 of this report.

## Economic Factors and Future Budget Plans

- The financial position of the South Metro Fire Department has improved to the point where the General fund reserves have exceeded the 5 percent maximum limit designated by the Board. By policy this excess fund balance will be transferred to the Capital fund during 2025.

All of these factors need to be considered in preparing future budgets.

## Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Mark Juelfs, South Metro Fire Department, 1650 Humboldt Ave, West St Paul, MN 55118.



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

South Metro Fire Department  
West St. Paul, Minnesota  
Statement of Net Position  
December 31, 2024

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,785,222
Accounts receivable	67,429
Taxes receivable	133,891
Due from other governments	33,068
Capital assets	
Depreciable, net of accumulated depreciation	3,490,671
Total Assets	<u>5,510,281</u>
Deferred Outflows of Resources	
Deferred pension resources	7,339,744
Deferred other post employment benefits	25,211
Total Deferred Outflows of Resources	<u>7,364,955</u>
Liabilities	
Accounts payable	127,560
Accrued salaries payable	190,475
Due to other governments	48,642
Deferred revenue	44,817
Noncurrent liabilities	
Due within one year	
Financed purchase obligation	160,000
Compensated absences	196,986
Due in more than one year	
Financed purchase obligation	515,000
Net pension liability	4,626,062
Other postemployment benefits payable	395,234
Total Liabilities	<u>6,304,776</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>8,306,501</u>
Net Position	
Net investment in capital assets	2,815,671
Restricted for	
Training	15,202
Unrestricted	<u>(4,566,914)</u>
Total Net Position	<u>\$ (1,736,041)</u>

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

South Metro Fire Department  
West St. Paul, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2024

					Net (Expense) Revenue and Changes in Net Position
					Governmental Activities
Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public safety	\$ 8,659,592	\$ 6,282,126	\$ 870,261	\$ 224,684	\$ (1,282,521)
Interest on long-term debt	31,650	-	-	-	(31,650)
Total Governmental Activities	<u>\$ 8,691,242</u>	<u>\$ 6,282,126</u>	<u>\$ 870,261</u>	<u>\$ 224,684</u>	\$ (1,314,171)
General Revenues					
Property taxes					1,905,137
Change in Net Position					590,966
Net Position, January 1					(2,327,007)
Net Position, December 31					<u>\$ (1,736,041)</u>

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

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FUND FINANCIAL STATEMENTS  
SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

South Metro Fire Department  
West St. Paul, Minnesota  
Balance Sheet  
Governmental Funds  
For the Year Ended December 31, 2024

	<b>101</b>	<b>301</b>	<b>401</b>	<b>240</b>	Non-major Special Revenue	Total
	General	Debt Service	Capital Projects	Firefighter Grant	<b>201</b> Grant	Governmental Funds
<b>Assets</b>						
Cash and temporary investments	\$ 988,763	\$ 46,664	\$ 691,675	\$ 4,551	\$ 53,569	\$ 1,785,222
Accounts receivable	67,429	-	-	-	-	67,429
Taxes receivable	133,891	-	-	-	-	133,891
Due from other governments	4,785	-	-	-	28,283	33,068
<b>Total Assets</b>	<b>\$ 1,194,868</b>	<b>\$ 46,664</b>	<b>\$ 691,675</b>	<b>\$ 4,551</b>	<b>\$ 81,852</b>	<b>\$ 2,019,610</b>
<b>Liabilities</b>						
Accounts payable	\$ 45,708	\$ -	\$ -	\$ -	\$ 81,852	\$ 127,560
Accrued salaries payable	190,475	-	-	-	-	190,475
Compensated absences	32,144	-	-	-	-	32,144
Due to other governments	1,978	46,664	-	-	-	48,642
<b>Total Liabilities</b>	<b>270,305</b>	<b>46,664</b>	<b>-</b>	<b>-</b>	<b>81,852</b>	<b>398,821</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	25,576	-	-	-	-	25,576
<b>Fund Balances</b>						
Restricted for						
Training	15,202	-	-	-	-	15,202
Assigned for capital projects	-	-	691,675	4,551	-	696,226
Unassigned	883,785	-	-	-	-	883,785
<b>Total Fund Balances</b>	<b>898,987</b>	<b>-</b>	<b>691,675</b>	<b>4,551</b>	<b>-</b>	<b>1,595,213</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,194,868</b>	<b>\$ 46,664</b>	<b>\$ 691,675</b>	<b>\$ 4,551</b>	<b>\$ 81,852</b>	<b>\$ 2,019,610</b>

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

South Metro Fire Department  
West St. Paul, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2024

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

Total Fund Balances - Governmental Funds	\$ 1,595,213
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Cost of capital assets	7,252,246
Less: accumulated depreciation	(3,761,575)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Financed purchase agreement	(675,000)
Compensated absences payable	(164,842)
Other postemployment benefits payable	(395,234)
Net pension liability	(4,626,062)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	7,339,744
Deferred inflows of pension resources	(8,306,501)
Deferred outflows of other postemployment benefits resources	25,211
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds	<u>(25,576)</u>
Total Net Position - Governmental Activities	<u><u>\$ (1,742,376)</u></u>

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



South Metro Fire Department  
West St. Paul, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2024

	<b>101</b>	<b>301</b>	<b>401</b>	<b>240</b>	Non-major Special Revenue	Total
	General	Debt Service	Capital Projects	Firefighter Grant	<b>201</b> Grant	Governmental Funds
<b>Revenues</b>						
Charges for services	\$ 6,090,505	\$ 186,650	\$ 224,684	\$ -	\$ -	\$ 6,501,839
Property taxes	1,927,546	-	-	-	-	1,927,546
Intergovernmental	525,051	-	-	79,192	178,991	783,234
Miscellaneous revenue	43,640	-	-	-	-	43,640
Total Revenues	<u>8,586,742</u>	<u>186,650</u>	<u>224,684</u>	<u>79,192</u>	<u>178,991</u>	<u>9,256,259</u>
<b>Expenditures</b>						
Current						
Public safety	8,101,364	-	-	-	174,440	8,275,804
Capital outlay						
Public safety	-	-	1,002,788	79,192	-	1,081,980
Debt service						
Principal	-	155,000	-	-	-	155,000
Interest and other	-	31,650	-	-	-	31,650
Total Expenditures	<u>8,101,364</u>	<u>186,650</u>	<u>1,002,788</u>	<u>79,192</u>	<u>174,440</u>	<u>9,544,434</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>485,378</u>	<u>-</u>	<u>(778,104)</u>	<u>-</u>	<u>4,551</u>	<u>(288,175)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	130,712	-	-	130,712
Transfers out	(130,712)	-	-	-	-	(130,712)
Total Other Financing Sources (Uses)	<u>(130,712)</u>	<u>-</u>	<u>130,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	354,666	-	(647,392)	-	4,551	(288,175)
Fund Balances, January 1	<u>544,321</u>	<u>-</u>	<u>1,339,067</u>	<u>-</u>	<u>-</u>	<u>1,883,388</u>
Fund Balances, December 31	<u>\$ 898,987</u>	<u>\$ -</u>	<u>\$ 691,675</u>	<u>\$ -</u>	<u>\$ 4,551</u>	<u>\$ 1,595,213</u>

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

South Metro Fire Department  
West St. Paul, Minnesota  
Reconciliation of the Statement of  
Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2024

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

Total Net Change in Fund Balances - Governmental Funds	\$ (288,175)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	850,556
Depreciation expense	(312,294)
Loss on sale of capital assets	(262)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discount, premiums and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	155,000
Long-term pension activity is not reported in governmental funds.	
Pension expense	64,827
Pension revenue	48,358
Certain revenue are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(22,409)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefits	111,807
Compensated absences	(16,442)
Change in Net Position - Governmental Activities	<u>\$ 590,966</u>

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

**South Metro Fire Department**  
 West St. Paul, Minnesota  
 Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 General Fund  
 For the Year Ended December 31, 2024  
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Charges for services					
Member charges for services	\$ 5,254,156	\$ 5,254,156	\$ 5,256,240	\$ 2,084	\$ 5,298,366
Ambulance services	712,002	712,002	817,998	105,996	706,891
Fire services	22,300	22,300	16,267	(6,033)	16,555
Property taxes	1,938,696	1,938,696	1,927,546	(11,150)	1,208,517
Intergovernmental	243,666	243,666	525,051	281,385	335,132
Miscellaneous revenue	50,000	50,000	43,640	(6,360)	33,932
Total Revenues	<u>8,220,820</u>	<u>8,220,820</u>	<u>8,586,742</u>	<u>365,922</u>	<u>7,599,393</u>
Expenditures					
Current					
Public safety					
Personal services	7,321,472	7,321,472	7,182,059	139,413	6,540,186
Supplies	214,699	214,699	209,692	5,007	207,647
Other services and charges	684,649	684,649	709,613	(24,964)	697,576
Total Expenditures	<u>8,220,820</u>	<u>8,220,820</u>	<u>8,101,364</u>	<u>119,456</u>	<u>7,445,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	485,378	485,378	153,984
Other Financing Uses					
Transfers out	-	-	(130,712)	(130,712)	(100,901)
Change in Fund Balances	-	-	354,666	354,666	53,083
Fund Balances, January 1	<u>544,321</u>	<u>544,321</u>	<u>544,321</u>	-	<u>491,238</u>
Fund Balances, December 31	<u>\$ 544,321</u>	<u>\$ 544,321</u>	<u>\$ 898,987</u>	<u>\$ 354,666</u>	<u>\$ 544,321</u>

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

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The South Metro Fire Department (the Department) was created by a joint powers agreement between the Cities of South St. Paul and West St. Paul and began operations on January 1, 2008, pursuant to Minnesota Statute 471.59. The purpose of the Department is to provide fire protection services including, but not limited to, fire suppression, emergency medical support, specialized rescue and extrication services, fire prevention, public fire safety education, emergency hazardous materials release response, and fire cause and origin determination to the residents of South St. Paul and West St. Paul. The Department is governed by a five-member Board of Directors (Board) which includes two council members from each joint city. The fifth member is a public representative who is neither an employee nor a resident of either city, not an employee of the Department, and not employed in the fire service of any governmental unit. The City Council from each respective City appoints two of the five members to the Board. Each member serves a term of two years. The process for filling the public member position is as follows:

1. The Board shall approve three names to be forwarded to each City Council.
2. Each City Council shall rank each nominee in order of preference.
3. If the highest ranked person is the same on each list, then that person is appointed by each Council. If a nominee is not appointed within 30 days, a Chief Judge of the Dakota County District Court will appoint the public member from the list.

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

**Blended Component Unit.** The South St. Paul and West St. Paul Emergency Medical Services Special Taxing District (the Taxing District) is considered to be part of the primary government and included in the Department's reporting entity due to having the same Board of Directors and as a blended component unit due to the organization having a benefit relationship between the Department and the Taxing District. The Taxing District is reported as a part of the General fund.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Department. As a general rule, the effect of interfund activity has been removed from these statements.

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

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

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fines, interest and other items associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Department.

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue. On the modified accrual bases, receivables that will not be collected within the available period have also been reported as unavailable revenue in the fund financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Department reports the following major governmental funds:

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

The *Debt Service fund* accounts for the resources used in debt payments.

The *Capital Projects fund* accounts for the resources used for acquiring capital assets.

The *Firefighter Grant fund* accounts for the resources used for the improvements of the fire department.

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

***Deposits and Investments***

The Department’s cash and cash equivalents are considered to be cash on hand and demand deposits.

Cash balances from all funds are pooled and deposited in demand deposit accounts and savings accounts. The Department does not have any investments.

***Property Taxes***

The Taxing District Board annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the Taxing District. These taxes attach an enforceable lien on taxable property within the taxing district on January 1 and are payable by the property owners in two installments. The taxes are collected by the county auditor and tax settlements are made to the Taxing District during January, July, and December of each year.

***Accounts Receivable***

Accounts receivable include amounts billed for ambulance and fire services provided before year end but not yet collected as of the end of the year. Delinquent charges are annually certified to collection agencies.

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$2,500 (amount not rounded) 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 cost at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Asset</u>	<u>Useful Lives in Years</u>
Machinery and Equipment	5 - 15
Vehicles	5 - 20

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Postemployment Benefits other than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, at December 31, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

***Pensions***

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

The total pension expense for the General Employees Plan (GERP) and Police and Fire Plan (PEPFP) plans are as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	PEPFP	
Department's proportionate share	\$ 2,688	\$ 817,418	\$ 820,106
Proportionate share of State's contribution	(19)	16,986	16,967
Total pension expense	<u>\$ 2,669</u>	<u>\$ 834,404</u>	<u>\$ 837,073</u>

***Compensated Absences***

It is the Department's policy to permit employees to accumulate earned but unused vacation and sick leave. Half of the year end sick leave balance is paid out to a health care savings account by January 31st of the subsequent year, while the maximum vacation balance for the year is equal to the annual accrual which will be paid out upon separation. At December 31, 2024, the liability accrued is \$164,842 for vacation benefits, while the amount accrued for sick leave is \$32,144. The General fund is typically used to liquidate governmental compensated absences payable.

***Long-term Obligations***

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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

***Fund Balance***

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

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

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

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

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

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

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

The Department has formally adopted a fund balance policy for the General fund. The Department's policy is to retain unassigned fund balance in the General fund of no more than 5 percent of budgeted operating expenditures for cash-flow timing needs. It is the Department's policy to transfer any unassigned balance in excess of 5 percent of the following years budgeted expenditures to the capital projects fund in the subsequent year.



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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Net Position**

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

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

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

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and Capital Projects fund. All annual appropriations lapse at year end. The Department does not use encumbrance accounting.

Annually, the Board must approve a budget and submit it to each City. The budget becomes adopted once approved by both City Councils. Each City is responsible for 50 percent of the approved operating budget of the Department.

**B. Excess of Expenditures over Appropriations**

For the year ended December 31, 2024, expenditures exceeded appropriations in the Capital Projects fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
Capital Projects	\$ 654,502	\$ 1,002,788	\$ (348,286)

These excess expenditures were funded by a grant received in the prior year.

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**Note 3: Detailed Notes on Accounts**

**A. Deposits and Investments**

***Deposits***

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

Minnesota statutes require that all Department deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the Department's carrying amount of deposits was \$1,785,222 and the bank balance was \$1,846,157. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was covered with collateral held by the Department's agent in the Department's name.

**B. Interfund Transfers**

The Department made the following one-time transfers in 2024:

- The General fund transferred \$130,712 to the Capital Projects fund for future capital projects in following department policy to transfer fund balance in excess five percent of the followings year's budget.

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Notes to the Financial Statements  
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**Note 3: Detailed Notes on Accounts (Continued)**

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Construction in progress	\$ 677,485	\$ -	\$ (677,485)	\$ -
Capital Assets being Depreciated				
Machinery and equipment	1,515,436	139,645	(5,670)	1,649,411
Vehicles	4,214,439	1,388,396	-	5,602,835
Total Capital Assets Being Depreciated	5,729,875	1,528,041	(5,670)	7,252,246
Less Accumulated Depreciation for				
Machinery and equipment	(727,733)	(128,268)	5,408	(850,593)
Vehicles	(2,726,956)	(184,026)	-	(2,910,982)
Total Accumulated Depreciation	(3,454,689)	(312,294)	5,408	(3,761,575)
Total Capital Assets being depreciated, Net	2,275,186	1,215,747	(262)	3,490,671
Total Capital Assets, Net	\$ 2,952,671	\$ 1,215,747	\$ (677,747)	\$ 3,490,671

**D. Leases**

The Department has issued the following finance purchase obligations to finance vehicles:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Fire Truck - Pumper	\$ 1,380,000	2.19 %	5/1/2019	12/1/2028	\$ 675,000

Annual requirements to maturity are as follows:

Year Ended December 31,	Financed Purchase Obligation		
	Principal	Interest	Total
2025	\$ 160,000	\$ 25,200	\$ 185,200
2026	165,000	18,800	183,800
2027	170,000	12,200	182,200
2028	180,000	5,400	185,400
Total	\$ 675,000	\$ 61,600	\$ 736,600

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**Note 3: Detailed Notes on Accounts (Continued)**

**E. Changes in Long-term Liabilities**

The following changes occurred in long-term liabilities during the year ended December 31, 2024:

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
Financed Purchase Obligation	\$ 830,000	\$ -	\$ (155,000)	\$ 675,000	\$ 160,000
Compensated Absences	199,469	194,503	(196,986)	196,986	196,986
Total	<u>\$ 1,029,469</u>	<u>\$ 194,503</u>	<u>\$ (351,986)</u>	<u>\$ 871,986</u>	<u>\$ 356,986</u>

**Note 4: Joint Powers Agreement**

On May 1, 2012, the cities of South St. Paul and West St. Paul entered into a joint powers agreement to create a special taxing district for emergency medical services, pursuant to Minnesota statutes 471.59 and 144F.01. The purpose of the special taxing district is to provide for out-of-hospital emergency medical services including, but not limited to, first responder or rescue squads, ambulance services, medical control function, communications equipment and system and programs of regional emergency medical services. The special taxing district is governed by the South Metro Fire Department Board of Directors and the two entities share the same set of bylaws. Taxes were levied by the district in 2024 for \$1,938,696, the maximum allowed for the special taxing district. As the purpose of the taxing district was to help fund the out-of-hospital emergency services of the Department, the entire amount of the taxes received was transferred to the Department. The special taxing district has been presented as a blended component unit. During 2024, the Taxing District collected \$1,927,546 in taxes and transferred the entire amount to the Department.

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## **Note 5: Defined Benefit Pension Plans - Statewide**

### **A. Plan Description**

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

#### General Employees Retirement Plan (General Plan)

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

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

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

### **B. Benefits Provided**

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

#### General Employee Plan Benefits

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

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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

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

Police and Fire Plan Benefits

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

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

**C. Contributions**

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the Fire Department was required to contribute 7.50 percent for Coordinated Plan members. The Fire Department's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$6,728, \$6,114 and \$5,555, respectively. The Fire Department's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the Fire Department was required to contribute 17.70 percent for Police and Fire Plan members. The Fire Department's contributions to the Police and Fire Fund for the years ending December 31, 2024, 2023 and, 2022 were \$895,172, \$814,129 and \$760,840, respectively. The Fire Department's contributions were equal to the required contributions for each year as set by state statute.

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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2024, the Fire Department reported a liability of \$37,315 for its proportionate share of the General Employees Fund's net pension liability. The Fire Department's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Fire Department totaled \$965.

Fire Department's Proportionate Share of the Net Pension Liability	\$ 37,315
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Fire Department	<u>965</u>
Total	<u><u>\$ 38,280</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fire Department's proportion of the net pension liability was based on the Fire Department's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The Fire Department's proportionate share was 0.001 percent at the end of the measurement period and 0.001 percent for the beginning of the period.

For the year ended December 31, 2024, the Fire Department recognized pension expense of \$2,688 for its proportionate share of the General Employees Plan's pension expense. In addition, the Fire Department recognized an additional negative \$19 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The Fire Department recognized \$1,701 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 3,498	\$ -
Changes in Actuarial Assumptions	180	14,028
Net Difference Between Projected and Actual Investment Earnings	-	10,841
Changes in Proportion	261	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>3,407</u>	<u>-</u>
Total	<u><u>\$ 7,346</u></u>	<u><u>\$ 24,869</u></u>

South Metro Fire Department  
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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

The \$3,407 reported as deferred outflows of resources related to pensions resulting from the Fire Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$	(11,598)
2026		(1,912)
2027		(4,561)
2028		(2,859)

Police and Fire Fund Pension Costs

At December 31, 2024, the Fire Department reported a liability of \$4,588,747 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fire Department's proportionate share of the net pension liability was based on the Fire Department's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The Fire Department's proportionate share was 0.3488 percent at the end of the measurement period and 0.3508 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the Fire Department totaled \$174,921.

Fire Department's Proportionate Share of the Net Pension Liability	\$	4,588,747
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Fire Department		<u>174,921</u>
Total	\$	<u><u>4,763,668</u></u>

For the year ended December 31, 2024, the Fire Department recognized pension expense of \$817,418 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the Fire Department recognized an additional \$16,986 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The Fire Department recognized \$31,391 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.



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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,776,844	\$ -
Changes in Actuarial Assumptions	4,887,049	6,795,061
Net Difference Between Projected and Actual Investment Earnings	-	1,445,718
Changes in Proportion	216,755	40,853
Contributions Paid to PERA Subsequent to the Measurement Date	451,750	-
	<u>\$ 7,332,398</u>	<u>\$ 8,281,632</u>
Total		

The \$451,750 reported as deferred outflows of resources related to pensions resulting from Fire Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (185,910)
2026	1,145,556
2027	(669,150)
2028	(1,797,223)
2029	105,743

**E. Long-term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-term Expected Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	
Total		

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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

**F. Actuarial Assumptions**

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

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

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.0% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.0% after 24 years of service.

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

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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**Note 5: Defined Benefit Pension Plans - Statewide (Continued)**

Police and Fire Fund

Changes in Plan Provisions

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

**G. Discount Rate**

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

**H. Pension Liability Sensitivity**

The following presents the Fire Department'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 Fire Department's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 81,501	\$ 37,315	\$ 967
Police and Fire Fund	10,844,104	4,588,747	(548,211)

**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](http://www.mnpera.org).

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 6: Postemployment Benefits other than Pensions**

**A. Plan Description**

The Department operates a single-employer retiree benefit plan ("the Plan") that provides benefits for retirees as required by Minnesota Statutes 471.61 subdivision 2b.. The full cost of the benefits is covered by the plan. Benefit and eligibility provisions are established through negotiations between the Department and various unions representing Department employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available report. Eligibility requirements are as follows:

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Active Plan Members	<u>38</u>
Total Plan Members	<u><u>44</u></u>

**B. Funding Policy**

The Department funds its OPEB obligation on a pay as you go basis. For the year ended December 31, 2024, the Department's average contribution rate was 2.12 percent of covered-employee payroll. For the fiscal year 2024, the Department contributed \$25,211 to the plan.

**C. Actuarial Methods and Assumptions**

The Fire Department's total OPEB liability of \$395,234 was measured as of December 31, 2023, and the OPEB liability was determined by an actuarial valuation as of December 31, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.77%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	3.77%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	7.6% for 2023, gradually decreasing over several decades to an ultimate rate of 3.9% in 2075 and later years

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 6: Postemployment Benefits other than Pensions (Continued)**

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

The discount rate used to measure the total OPEB liability was 3.77 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the RP-2010 Mortality Tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in the valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balances at December 31, 2023	\$ 344,789
Valuation Adjustments	
Changes for the Year	
Service Costs	51,067
Interest Costs	15,255
Assumption Changes	4,638
Differences between expected and actual experience	17,858
Benefit Payment	(38,373)
Net Changes	<u>50,445</u>
Balances at December 31, 2024	<u>\$ 395,234</u>

Since the prior measurement date, the following assumptions changed:

- None

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

- None

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

- None

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 6: Postemployment Benefits other than Pensions (Continued)**

**E. Sensitivity of the Net OPEB Liability**

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

1 Percent Decrease 2.77%	Discount Rate Current 3.77%	1 Percent Increase 4.77%
\$ 411,097	\$ 395,234	\$ 378,425

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

1 Percent Decrease 7.66% Decreasing to 6.66%	Healthcare Cost Trend Rates Current 7.6%	1 Percent Increase 7.66% Increasing to 8.66%
\$ 355,750	\$ 395,234	\$ 440,565

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

For the year ended December 31, 2024, the Fire Department Recognized OPEB expense of \$88,818. At December 31, 2024, the Fire Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Paid to OPEB Subsequent to the Measurement Date	\$ 25,211	\$ -

Deferred outflows of resources totaling \$25,211 related to pensions resulting from the Fire Department's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability as of December 31, 2025.

South Metro Fire Department  
West St. Paul, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 7: Other Information**

**Risk Management**

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Department carries insurance. There have been no significant reductions in insurance coverage during 2024 and settlements have not exceeded insurance coverage for any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024



South Metro Fire Department  
Required Supplementary Information  
December 31, 2024

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

Fiscal Year Ending	Fire Department's Proportion of the Net Pension Liability	Fire Department's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Fire Department (b)	Total (a+b)	Fire Department's Covered Payroll (c)	Fire Department's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.0010 %	\$ 37,315	\$ 965	\$ 38,280	\$ 85,422	43.7 %	86.7 %
6/30/2023	0.0010	55,919	1,500	57,419	80,358	69.6	83.1
6/30/2022	0.0010	79,200	2,256	81,456	72,738	108.9	76.7
6/30/2021	0.0010	42,704	1,265	43,969	67,937	62.9	87.0
6/30/2020	0.0010	59,955	1,793	61,748	68,567	87.4	79.0
6/30/2019	0.0010	55,288	1,667	56,955	67,908	81.4	80.2
6/30/2018	0.0009	49,928	1,762	51,690	62,321	80.1	79.5
6/30/2017	0.0009	57,455	722	58,177	57,941	99.2	75.9
6/30/2016	0.0010	81,195	1,047	82,242	54,185	149.8	68.9
6/30/2015	0.0009	46,643	-	46,643	52,076	89.6	78.2

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Fire Department's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 6,728	\$ 6,728	\$ -	\$ 89,707	7.50 %
12/31/2023	6,114	6,114	-	81,525	7.50
12/31/2022	5,555	5,555	-	74,062	7.50
12/31/2021	5,381	5,381	-	71,748	7.50
12/31/2020	5,219	5,219	-	69,587	7.50
12/31/2019	5,076	5,076	-	67,683	7.50
12/31/2018	4,895	4,895	-	65,269	7.50
12/31/2017	4,571	4,571	-	60,941	7.50
12/31/2016	4,157	4,157	-	55,423	7.50
12/31/2015	4,023	4,023	-	53,642	7.50

South Metro Fire Department  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

South Metro Fire Department  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

Changes in Plan Provisions

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

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

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

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

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

South Metro Fire Department  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

Fiscal Year Ending	Fire Department's Proportion of the Net Pension Liability	Fire Department's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Fire Department (b)	Total (a+b)	Fire Department's Covered Payroll (c)	Fire Department's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.3488 %	\$ 4,588,747	\$ 174,921	\$ 4,763,668	\$ 4,829,870	95.0 %	87.0 %
6/30/2023	0.3508	6,057,860	244,061	6,301,921	4,607,311	131.5	86.5
6/30/2022	0.3426	14,908,599	651,351	15,559,950	4,161,666	358.2	70.5
6/30/2021	0.3277	2,529,497	113,708	2,643,205	3,727,679	67.9	93.7
6/30/2020	0.3296	4,344,481	102,329	4,446,810	3,717,877	116.9	87.2
6/30/2019	0.3344	3,560,026	-	3,560,026	3,524,229	101.0	89.3
6/30/2018	0.3218	3,430,057	-	3,430,057	3,391,538	101.1	88.8
6/30/2017	0.3130	4,225,872	-	4,225,872	3,214,340	131.5	85.4
6/30/2016	0.3210	12,882,289	-	12,882,289	3,091,272	416.7	63.9
6/30/2015	0.3180	3,613,224	-	3,613,224	2,834,113	127.5	86.6

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Fire Department's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 895,172	\$ 895,172	\$ -	\$ 5,057,471	17.70 %
12/31/2023	814,129	814,129	-	4,599,598	17.70
12/31/2022	760,840	760,840	-	4,298,529	17.70
12/31/2021	712,314	712,314	-	4,024,372	17.70
12/31/2020	669,808	669,808	-	3,784,226	17.70
12/31/2019	620,837	620,837	-	3,662,753	16.95
12/31/2018	550,230	550,230	-	3,396,484	16.20
12/31/2017	536,044	536,044	-	3,308,915	16.20
12/31/2016	510,403	510,403	-	3,150,634	16.20
12/31/2015	487,242	487,242	-	3,007,668	16.20

South Metro Fire Department  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

South Metro Fire Department  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

Changes in Plan Provisions

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

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

2023 - An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023. The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years. A one-time non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability was increased, effective July 1, 2023.

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

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

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

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

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

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

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

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

South Metro Fire Department  
West St. Paul, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service Costs	\$ 51,067	\$ 56,272	\$ 53,339	\$ 83,426	\$ 67,351	\$ 46,710
Interest Costs	15,255	11,327	10,558	36,106	42,877	30,196
Assumption Changes	4,638	(201,438)	63,496	(800,275)	-	151,311
Differences between expected and actual experience	17,858	(74,756)	4,994	13,305	98,941	29,973
Benefit Payment	(38,373)	(11,872)	(83,426)	(91,595)	(44,384)	(26,433)
Net Change in Total OPEB Liability	50,445	(220,467)	48,961	(759,033)	164,785	231,757
Total OPEB Liability - Beginning	344,789	565,256	516,295	1,275,328	1,110,543	878,786
Total OPEB Liability - Ending	<u>\$ 395,234</u>	<u>\$ 344,789</u>	<u>\$ 565,256</u>	<u>\$ 516,295</u>	<u>\$ 1,275,328</u>	<u>\$ 1,110,543</u>
Covered - Employee Payroll	\$ 4,666,701	\$ 4,343,931	\$ 4,118,359	\$ 3,938,293	\$ 3,742,803	\$ 3,483,255
City's total OPEB liability as a percentage of covered employee payroll	8.47 %	7.94 %	13.73 %	13.11 %	34.07 %	31.88 %

Changes in assumptions:

In 2022, there were no changes in assumptions.

In 2021, the following assumptions changes:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations.
- Disability rates were added as rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 PERA Police & Fire Plan valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The spouse election rate is no longer applicable since implicit subsidy benefits were removed.

In 2020, the following assumptions changes:

- The discount rate and the Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination was changed from 3.71% to 2.75%.
- The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plan due to its repeal.

In 2019, the following assumptions changes:

- The discount rate and the Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination was changed from 3.31% to 3.71%.
- The health care trend rates were reset to reflect updated cost increase expectations
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.41% beginning calendar year 2040 for plans other than Medicare plans.
- The withdrawal table and salary scale for employees were updated to relect the rates used in the July 1, 2018 PERA actuarial valuations.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis

Changes in Plan Provisions:

- None

Changes in benefits:

- None

INDIVIDUAL FUND FINANCIAL SCHEDULE

SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024



**South Metro Fire Department**  
 West St. Paul, Minnesota  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 Capital Projects Fund  
 For the Year Ended December 31, 2024  
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Charges for services				
Member charges for services	\$ 224,684	\$ 224,684	\$ 224,684	\$ 187,236
Expenditures				
Capital outlay	654,502	654,502	1,002,788	932,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,818)	(429,818)	(778,104)	(745,060)
Other Financing Sources (Uses)				
Transfers in	-	-	130,712	101,675
Change in Fund Balances	(429,818)	(429,818)	(647,392)	(643,385)
Fund Balances, January 1	1,339,067	1,339,067	1,339,067	1,982,452
Fund Balances, December 31	<u>\$ 909,249</u>	<u>\$ 909,249</u>	<u>\$ 691,675</u>	<u>\$ 1,339,067</u>

OTHER REQUIRED REPORT  
SOUTH METRO FIRE DEPARTMENT  
WEST ST. PAUL, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors  
South Metro Fire Department  
West St. Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Metro Fire Department (the Department), West St. Paul, Minnesota as of and for the year ended December 31, 2024, and the notes to the financial statements which collectively comprise the Department's basic financial statements, and have issued our report thereon dated April 8, 2025.

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

This report is intended solely for the information and use of management, the Board of Directors, others within the Department, and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
April 8, 2025



# SOUTH METRO FIRE DEPARTMENT

1650 Humboldt Avenue • West St. Paul MN 55118

Phone: (651) 552-4176 • FAX: (651) 552-4195

[www.smfdmn.org](http://www.smfdmn.org)

DATE: April 16, 2025

TO: SMFD President and Board

FROM: Mark Juelfs, Fire Chief

RE: **Safer Grant Firefighter Funding Discussion**

## **Background:**

In 2024 South Metro received a SAFER grant from FEMA for the hiring of eight Firefighters. The grant pays for wages and benefits for three years. When the grant expires in 2028, the grant income will need to be shifted to either the respective Cities contributions or the EMS taxing district levy. Staff are looking for direction from the Board on how to account for these positions in future budgets. Below are three options for discussion.

1. The first option is to break the post grant costs into equal amounts of roughly \$318,750. The 2026 budget would be increased by \$318,750 and the 2027 budget would be increased by an additional \$318,750 to account for the future budget impact of the eight Firefighter positions. The remaining \$318,750 of the increase would be allocated in the 2028 budget when the grant expires. The \$956,250 allocated over the budget years of 2026 and 2027 could either be used to increase our budget reserve, buy down the impact of the expiration of the grant in future budget years or for some other anticipated cost such as the fire engines that are due for delivery in 2030. This approach would gradually increase the contributions of the two Cities or the impact on the EMS taxing levy over the next three budget years depending on what income line the Board wants the increase allocated.
2. The second option is to have the two Cities add the projected increases to their budgets in 2026 and 2027, understanding that the grant ends in 2028 and the income from the grant will need to be shifted to either the Cities contribution or the EMS taxing levy. This approach will allow the Cities to gradually increase their respective budgets by \$159,375 a year in 2026, 2027, and 2028 to pay for the eight Firefighter positions when the grant expires. The Cities would decide what they want to use the budgeted money for in their respective budgets.
3. The third option is to do nothing in the 2026 and 2027 budgets with the knowledge that the grant income will be shifted to either the two Cities or the EMS taxing district in 2028. This option will result in the entire impact on the two Cities or the EMS taxing district levy hitting in the 2028 budget.

## **Budget Impact:**

If option 1 or 2 is selected there will be an increase to the Cities budgets of \$159,375 in 2026, 2027, and 2028 or an increase to the EMS taxing district levy of \$318,750 a year in 2026, 2027 and 2028. If option 3 is selected all the projected increase will need to be allocated in the respective 2028 budgets. This will result in an increase to the Cities budgets of \$637,500 in 2028 or an increase to the EMS taxing district levy of \$1,275,000 in 2028.

## **Recommendation:**

Discuss and give staff direction on the budgeting options after the SAFER grant expires.