

CITY OF LAKEVILLE, MINNESOTA
GENERAL FUND

Summary Statement of Revenues, Expenditures and Changes in Fund Balances
For the Twelve-Month Period Ended December 31, 2025

	2025		12/31/25 Actual	Variance from Amended Pos (Neg)	Actual Percent	Comparative		Variance from 2024 Actual Positive (Neg)	
	2025 Adopted Budget	2025 Amended Budget				12/31/2024 Actual	2024 Actual		
Revenues									
General property taxes	\$ 33,300,000	\$ 33,300,000	\$ 33,111,897	\$ (188,103)	99.4%	\$ 29,513,138	\$ 3,598,759	112.2%	
Licenses and permits	3,259,689	3,387,799	3,662,213	274,414	108.1%	3,052,954	609,259	120.0%	
Intergovernmental	3,478,938	3,674,484	3,561,148	(113,336)	96.9%	2,172,655	1,388,493	163.9%	
Charges for services	3,061,144	3,904,238	4,179,318	275,080	107.0%	3,870,497	308,821	108.0%	
Court fines	240,000	240,000	195,508	(44,492)	81.5%	222,790	(27,282)	87.8%	
Investment income	500,000	500,000	1,035,000	535,000	207.0%	868,801	166,199	119.1%	
Miscellaneous	166,746	251,332	350,133	98,801	139.3%	166,452	183,681	210.4%	
Total revenues	44,006,517	45,257,853	46,095,217	837,364	101.9%	39,867,287	6,227,930	115.6%	
Expenditures									
<i>General Government</i>									
Mayor and Council	126,321	126,321	133,236	(6,915)	105.5%	101,359	(31,877)	131.4%	
Committees and Commiss	143,422	107,400	101,339	6,061	94.4%	149,616	48,277	67.7%	
City Administration	587,089	586,984	593,559	(6,575)	101.1%	572,732	(20,827)	103.6%	
City Clerk	225,579	225,544	210,683	14,861	93.4%	414,692	204,009	50.8%	
Legal Counsel	87,000	88,500	112,590	(24,090)	127.2%	99,827	(12,763)	112.8%	
Community/Econ Develop	1,089,649	1,091,281	1,063,036	28,245	97.4%	1,073,089	10,053	99.1%	
Inspections	1,918,122	1,917,714	1,733,104	184,610	90.4%	1,852,606	119,502	93.5%	
Gen Gov't Facilities	669,991	669,886	684,282	(14,396)	102.1%	598,961	(85,321)	114.2%	
Finance	1,235,639	1,235,359	1,154,357	81,002	93.4%	1,241,097	86,740	93.0%	
Information Systems	989,146	989,006	864,909	124,097	87.5%	782,954	(81,955)	110.5%	
Human Resources	688,489	693,302	603,841	89,461	87.1%	763,151	159,310	79.1%	
Insurance	250,000	250,000	250,000	-	100.0%	250,000	-	100.0%	
<i>Public Safety</i>									
Police	17,227,952	17,140,257	16,823,645	316,612	98.2%	15,913,744	(909,901)	105.7%	
Fire	5,588,299	5,702,793	5,664,789	38,004	99.3%	3,653,494	(2,011,295)	155.1%	
<i>Public Works</i>									
Engineering	946,722	950,682	835,876	114,806	87.9%	814,463	(21,413)	102.6%	
Forestry	680,154	810,680	785,903	24,777	96.9%	600,813	(185,090)	130.8%	
Construction Services	701,328	662,357	583,971	78,386	88.2%	409,088	(174,883)	142.7%	
Streets	4,409,718	4,408,855	3,953,204	455,651	89.7%	3,789,430	(163,774)	104.3%	
<i>Parks & Recreation</i>									
Parks	3,768,652	3,768,022	3,727,768	40,254	98.9%	3,726,352	(1,416)	100.0%	
Recreation	1,126,418	1,151,113	1,147,121	3,992	99.7%	1,102,698	(44,423)	104.0%	
Arts Center	1,033,734	1,064,734	1,099,454	(34,720)	103.3%	1,219,623	120,169	90.1%	
Total expenditures	43,493,424	43,640,790	42,126,667	1,514,123	96.5%	39,129,789	(2,996,878)	111.3%	
Excess (deficiency) of revenues over expenditures	513,093	1,617,063	3,968,550	(2,351,487)		737,498	(3,231,052)		
Other financing sources (uses)									
Transfer from other funds	170,000	54,500	54,500	-	100.0%	226,998	172,498	24.0%	
Transfer to other funds	-	(1,850,000)	(1,850,000)	-	100.0%	(215,000)	(1,635,000)	860.5%	
Total Other Sources/(Uses)	170,000	(1,795,500)	(1,795,500)	-	100.0%	11,998	(1,462,502)	111.3%	
Net change in fund balance	683,093	(178,437)	2,173,050	(2,351,487)		749,496	1,423,554		
Beginning fund balance	21,747,353	23,186,629	23,186,629	-		22,372,997	813,632		
Change in supplies	-	-	(143,752)	143,752		64,136	(207,888)		
Ending fund balance	\$ 22,430,446	\$ 23,008,192	\$ 25,215,927	\$ (2,207,735)		\$ 23,186,629	\$ 2,029,298		
Restrict fund balance	(775,000)	(775,000)	(775,000)						
<i>Fund Bal of CY Exp</i>	49.8%	50.9%	58.0%			59.3%			
<i>Fund Bal of NY Exp</i>			52.4%						
Expenditure Summary									
Personnel services	33,047,698	33,008,015	32,121,194	886,821	97.3%	29,675,521	(2,445,673)	108.2%	
Commodities	2,439,091	2,439,366	2,135,600	303,766	87.5%	2,127,173	(8,427)	100.4%	
Other charges and services	7,930,040	8,003,262	7,501,441	501,821	93.7%	7,235,040	(266,401)	103.7%	
Capital outlay	76,595	190,147	368,432	(178,285)	193.8%	92,055	(276,377)	400.2%	
Total expenditures	\$ 43,493,424	\$ 43,640,790	\$ 42,126,667	\$ 1,514,123	48.1%	\$ 39,129,789	\$ (2,996,878)	111.3%	



FINANCIAL HIGHLIGHTS:

The following financial report and analysis offers readers a narrative overview of the financial activities of the City for the twelve-month period ended December 31, 2025. This report covers the General Fund. The readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report, the adopted budget, and the five-year Capital Improvement Plan. Readers should take note that this information is preliminary as the City’s annual audit has not been completed and some amounts may be estimated as the final audit work is still being completed.

❖ **General Fund - Revenues**

Total revenues are \$840,000 higher than amended budget estimates and \$6.2 million higher than the prior year.

❖ *Property tax revenues.*

- General property taxes were lower than budget estimates by \$188,000 or 0.6%. All delinquent taxes are recorded in the General Fund and other funds receive 100% of their current levy. Tax payments from Dakota County were received in June, July, and December with the final settlement received in January 2026.

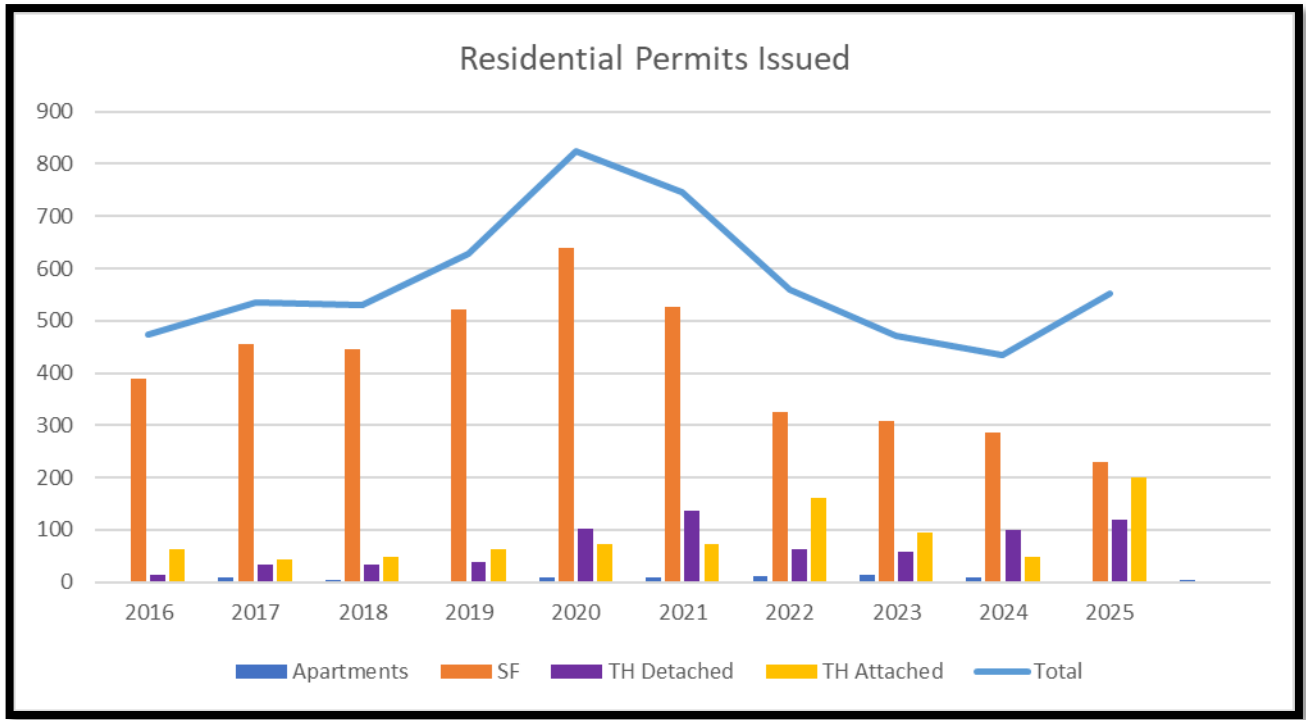
❖ *Licenses and Permits.*

- Licenses and permits were higher than the amended budget by \$274,000. Overall permit revenue increased \$609,000 over the prior year. The following chart illustrates the 2025 actual number of building permits as well as a comparison of the 2025 budget to actual.

Permit Type	YTD 4th Quarter 2024	2025 Adopted Budget	YTD 4th Quarter 2025
Single Family	285	300	229
Townhome	149	150	319
Apartments (Units)	1 (89 units)	1 (182 units)	3 (35 units)
Commercial	5	2	14
Industrial	1	2	0

❖ *Historical Building Permits*

- As shown in the chart below, building permits for single-family experienced record-breaking activity in 2019, 2020 and 2021. Permit activity has since stabilized, reflecting steady growth similar to pre-pandemic trends. The composition of permits continues to evolve, with an increasing share of townhome and apartment complex developments.



❖ *Intergovernmental.*

- Intergovernmental revenues are lower than amended budget estimates by \$113,000. Police state aid revenues (\$894,000) were \$97,000 higher than the original budget. Fire State Aid (\$785,000) exceeded the original budget by \$102,000. SAFER grant receipts of \$1.38 million were lower than original budget by \$129,000. Grant revenues are \$916,000 more than in this same period last year and are comprised of the Police’s ICPOET Cadet grant and the SAFER grant.

❖ *Charges for Services*

- *General government services* are in line with the budget and approximately \$68,000 below the previous year. The increase is primarily driven by \$215,000 in fiscal agent fees from Dakota 911 and Lakeville Arenas, accounting for most of the variance between the budget and prior-year comparison.
- *Public Safety* revenues are \$27,000 below budget estimates. School Resource Officer contributions change with the staffing of SRO officers from year to year. The renewed fire contract with Eureka Township, billed in June, yielded revenue of \$64,478 (\$12,600 more than 2024).

- *Public works* revenues are primarily driven by summer construction projects and year-to-date revenues exceeding the annual budget by \$261,000. Engineering developer contract administration fees are recognized as revenue when collected with the development contract. Contract administration revenue is \$138,000 higher from the same period a year ago due to more and larger developments in 2025. These revenues tend to fluctuate from year to year, as the timing of large projects can significantly influence annual results.
- *Parks and Recreation* revenues are over budget estimates by \$52,000 and down \$4,600 from the prior year. This growth is primarily driven by continued higher rental activity at the John Hennen Antlers Park Pavilion.

❖ *Court Fines.*

- Revenues from court fines total \$196,000, falling \$44,000 below budget estimates and are down \$27,000 from the same period in 2024. Court fine revenues and the membership fees paid to the Dakota 911 are both impacted by the number of CAD calls.

❖ *Investment Revenue and Miscellaneous.*

- Investment income totaled approximately \$1 million, reflecting improved market conditions throughout 2025. The City generally holds investments until maturity; therefore, any temporary market value adjustments are expected to be recovered in future periods.

❖ **General Fund - Expenditures**

Total expenditures are approximately \$1.5 million below budget, representing a 4% reduction from the 2025 budget, but remain \$3 million higher than the prior period.

- ❖ *Personnel.* Personnel services of \$32 million, coming in \$887,000 (3%) below amended budget. Compared to 2024, personnel costs increased by \$2.4 million due to the addition of new staff in 2025, including fifteen full-time firefighters, and four police officers. A portion of these costs is offset by grant awards. Several employee vacancies and transitions have resulted in lower costs than originally projected.
- ❖ *Motor Fuels.* Motor fuels are \$70,000 below budget and \$21,000 lower than in 2024, reflecting ongoing fuel price fluctuations. The City does have a contract for fuel prices in place to mitigate some of the price increases.
- ❖ *Street Chemicals.* Salt purchases in 2025 are \$207,000 lower than the same period in 2024 and \$43,000 below budget. Salt purchased at the end of the 2025 winter season is currently stored at the central maintenance facility and will be available for use in late fall if needed. Storage capacity is currently full, and staff does not anticipate the need to replenish reserves in 2026.
- ❖ *Utilities.* Electric costs are \$72,000 higher than the same period in 2024. Increased electricity rates are a major factor for this increase. Natural gas costs are \$16,000 lower than the same period in 2024.
- ❖ *Mayor and Council.* Expenditures are higher than the same period in 2024. This is mainly attributed to the timing of dues for the League of MN Cities.

- ❖ *City Administration.* Expenditures are higher than in the same period in 2024 due to changes in employee health care elections.
- ❖ *City Clerk.* Expenditures have decreased compared to the prior year due to the costs associated with conducting the elections in the prior year. This aligns with typical budgetary patterns, as election-related expenses often lead to higher expenditures in election years.
- ❖ *Legal.* Legal fees are over budget. Expenditures are \$13,000 higher than the same period in 2024.
- ❖ *Community and Economic Development.* Expenditures are below both the amended budget and the prior year primarily due to staffing changes that occurred in late 2024, with the full-year impact realized in 2025.
- ❖ *Inspections.* Salaries are lower than both the budget and prior year primarily due to a vacancy in the Assistant Building Official position following the retirement of the Building Official in 2024.
- ❖ *General Government Facilities.* Other charges and services are higher than budget due to a change in landscaping vendors and mulch replacement at several facilities. Remaining expenditures are within budget.
- ❖ *Finance Department.* Personnel costs are lower than both the prior year and budget due to reduced overtime and temporary staffing costs associated with the completion of the ERP implementation in 2024 and the system being fully operational in 2025.
- ❖ *Information Technology.* The timing of annual maintenance agreements can impact year-over-year expense comparisons. However, expenditures are currently below budget estimates due to projects delays or incomplete projects.
- ❖ *Human Resources.* Personnel costs are lower than both the prior year and budget due to reduced overtime and professional fees associated with the completion of the ERP implementation in 2024 and the system being fully operational in 2025.
- ❖ *Police.* Personnel services are under the amended budget in 2025 primarily due to staffing vacancies due to retirements. Overtime costs are higher than the prior year as existing staff worked additional hours to maintain operations while positions remained unfilled. Salaries have increased by \$500,000 compared to the previous year, reflecting staff additions approved in 2024 - hirings in late 2024 - realizing the full financial impact in 2025.
- ❖ *Fire.* Personnel services are under budget (at 97%) and higher than the previous year by \$1.7 million due to the addition of 6 full-time firefighters at the end of the second quarter of 2024 and 15 firefighters at the end of the first quarter of 2025. Firefighter pay is contingent on the number of fire calls during the year and is expected to fluctuate as the department continues to expand into a hybrid model of both paid on call and full-time staff. Commodities are \$150,000 higher than prior year due to outfitting of new personnel. Capital outlay of \$100,000 consists mainly of the purchase of 2 AEDs. The City was awarded the SAFER grant which provides

reimbursement on the 15 additional full-time firefighters that were hired in 2025. City staff work with consultants to submit grant reimbursements monthly.

- ❖ *Engineering/GIS.* Personnel services are currently at 93% of budget estimates, primarily due to employee vacancies and ongoing transitions as the department works to fill these positions.
- ❖ *Forestry.* Personnel services are within budget estimates but are higher than the previous year due to new staff progressing through steps. Other charges and services fluctuate based on the number of ash trees removed from City properties.
- ❖ *Construction Services.* Personnel services are below budget at 87% due to employee vacancies.
- ❖ *Streets.* Personnel services are below budget (at 90%) and higher than the prior year due to increased overtime costs related to snow events. Commodities are under the prior year due to chemicals purchased at the end of the 2024 winter season. All unused chemicals are stored for use in the fall. The salt storage is currently at capacity.
- ❖ *Parks.* Expenditures are higher than the prior year, with salary costs exceeding the budget due to increased overtime, partially offset by lower contract landscaping costs.
- ❖ *Recreation and Arts Center.* Recreation expenses are within budget and the prior year. Arts Center expenses are exceeding the budget by \$35,000 due to a new pay plan adopted in December of 2024 and the limitation of the preliminary budget adopted in September. However, expenditures are lower than the previous year, mainly due to the increased costs of acquiring the Fine Arts building in 2024.

❖ **Franchise Fees**

City collected \$3.8 million franchise fee revenues in 2025; the majority is from the residential customer base. The City paid \$46,000 in franchise fees on its city-owned facilities. This debt service fund transferred \$1M to the construction fund to offset land acquisition costs for the new Fire Station #2.

Fund 3125 - 2025A FIRST CENTER	<u>12/31/2025</u>
<u>REVENUES</u>	
FRANCHISE-GAS/ELEC-RESIDENTIAL	3,073,239
FRANCHISE-GAS/ELEC-COMMERCIAL	753,335
BOND PROCEEDS	<u>626,975</u>
TOTAL REVENUES	4,453,549
<u>EXPENDITURES</u>	
UTILITY FRANCHISE FEES - GENERAL GOV'T	1,695
UTILITY FRANCHISE FEES - PUBLIC SAFETY	7,078
UTILITY FRANCHISE FEES - PUBLIC WORKS	21,806
UTILITY FRANCHISE FEES - RECREATION	15,364
PAYING AGENT	385
T/O TO CAPITAL PROJECTS FUNDS	<u>1,053,598</u>
TOTAL EXPENDITURES	1,099,926
NET OF REVENUES & EXPENDITURES:	<u>3,353,623</u>
BEGINNING FUND BALANCE	-
END FUND BALANCE	3,353,623