



# 2020

## Comprehensive Annual Financial Report

Year ended December 31, 2020  
City of Lakeville, Minnesota





**CITY OF LAKEVILLE, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2020**

**PREPARED BY THE FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

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**City of Lakeville**  
*Positioned to Thrive*

May 17, 2021

The Honorable Mayor and Council Members  
20195 Holyoke Avenue  
Lakeville, Minnesota 55044

Honorable Mayor, Members of the City Council and Citizens of the City of Lakeville:

The Annual Comprehensive Financial Report is hereby presented for the purpose of providing you, the reader, with a thorough overview of the financial affairs of the City for the year ended December 31, 2020. The Report was prepared in accordance with Minnesota Statutes and Generally Accepted Accounting Principles (GAAP).

This report was prepared by the City's Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established internal controls designed to protect the City's assets from loss, theft or misuse and to provide sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this report is complete and reliable in all material respects.

The City of Lakeville's financial statements have been audited by CliftonLarsonAllen LLP, a professional firm of certified public accountants. The independent auditor's report is included in the Financial Section of this report. The auditors have given this report an unmodified ("clean") opinion, meaning that the financial statements fairly present the City's financial position at December 31, 2020 and the changes in financial position for the year then ended.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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[www.lakevillemn.gov](http://www.lakevillemn.gov)

## **Profile of Government**

The City of Lakeville is a suburban community located 20 miles south of downtown Minneapolis in the southeast corner of the Twin Cities metropolitan area within [Dakota County](#). Lakeville enjoys an excellent location, with convenient access to the Minneapolis-Saint Paul metropolitan area via interstate highway I-35. The City is also just 25 minutes from the Minneapolis-Saint Paul International Airport. Lakeville continues to be one of the fastest growing cities in Minnesota with a population that has grown from 43,128 in 2000 to 68,005 in 2020.

The City of Lakeville operates under the Mayor-Council form of organization. The governing City Council consists of the Mayor and four other Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing members to the various committees and commissions and hiring the City Administrator. The City Administrator is responsible for carrying out the policies, directions and ordinances of the City Council and for overseeing the day-to-day operations of the City. The City Council is elected on a non-partisan at-large basis. The Mayor is elected to serve a four-year term, while Council Members serve four-year staggered terms, with two Council Members elected every two years.

The City provides its residents and businesses with a full range of municipal services consisting of public safety (police and fire), public works, parks and recreation, and general government administration. The City also operates two enterprises: utilities (public water, sanitary sewer, streetlights and environmental resources) and off-sale liquor stores. Sewage treatment and disposal is operated on a regional basis by the Metropolitan Council Environmental Services (MCES) and refuse collection and disposal are handled on a private basis through contractual arrangements by City residents with private haulers. Further information regarding city services can be obtained from the City's website at [www.lakevillemn.gov](http://www.lakevillemn.gov).

The City is financially accountable for the Housing and Redevelopment Authority (HRA), which is included in the City's financial statement. Additional information on the HRA can be found in Note 1A. – *Summary of Significant Accounting Policies* of the Notes to Basic Financial Statements.

The annual budget serves as the foundation for the City of Lakeville's financial planning and control. The budgetary process is outlined in the notes within the required supplementary information section of this report. The City applies budgetary controls to ensure compliance with legal provisions of the laws of Minnesota. Budgets are adopted on a basis consistent with GAAP. Annual budgets are adopted for the general fund and special revenue funds. The general fund budgetary comparison schedules are presented within the required supplementary information section and the special revenue funds budgetary comparison schedules are presented in the nonmajor governmental funds subsection of this report.

## Factors Affecting Financial Condition

The City of Lakeville is committed to maintaining a strong financial condition, while continuing to provide quality public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when it is considered from the broader perspective of the environment within which the City operates.

### **Local Economy**

The City's tax base is primarily residential and consists of mostly single family homes. Commercial and industrial properties make up approximately eleven percent of the tax base. The City's valuation declined from its peak in 2009 to a low point in 2013. Since 2013, valuations have steadily grown due to a mix of new construction and appreciating values. The City's valuation is now at a new peak and continues to grow. The City has grown by an estimated 11,471 new residents or approximately 20.3% since 2011, while the number of City employees has increased by 21.0%.

The City has a land area of 38 square miles with approximately 30% of its land available for development. In 2020, final plats were approved for 291 single-family units, 105 detached townhomes, 47 attached townhomes, 405 apartment units, five commercial developments, one industrial and one institutional development.

The trend for building permit activity for single-family homes is steady with building permits for single family homes/detached townhomes increasing from 556 in 2019 to 742 in 2020. The 2021 budget is premised on conservative but assumed steady growth of new single-family homes in the coming year.



Commercial and industrial building permit activity was valued at \$106.1 million. Commercial projects constructed in 2020 included:

- Edison at Spirit
  - A new 160-unit apartment building
- Kingsley Place
  - A new 55-unit, four-story senior independent living facility
- Recycle Minnesota
  - 21,240 square-foot building addition to an existing 41,834 square-foot recycling facility
- Polytek Surface Coatings
  - A new two-story, 17,218 square-foot office and warehouse building
- U-Haul Moving & Storage of Lakeville
  - A new 131,307 square-foot, three-story climate-controlled self-storage building

Industrial development in 2020 included:

- McNeilus
  - Occupying 86,000 square feet in Launch Park First Addition building
  - New business and additional jobs in Lakeville
- FedEx Freight
  - 88,255 square-foot expansion
- Sweet Harvest Foods
  - New 150,000 square-foot, two-tenant warehouse building
  - New business to Lakeville
- JD Woodcraft
  - 18,288 square-foot addition
  - Growth and expansion of existing Lakeville business
- Superior Decks & Railings
  - New 62,000 square-foot building
  - New business and additional jobs to Lakeville
- Meridian Blue Construction
  - Conversion of an existing 28,000 square-foot building
  - New business and additional jobs to Lakeville
- Amazon XL Facility
  - 750,000 square-foot building
  - Will fulfill large item orders
  - \$45 million permit valuation
  - 100-200 new jobs in Lakeville

Commercial projects under construction:

- Springs at Lakeville
  - 260-unit apartment
- The Moments of Lakeville
  - Two-story, 78,000 square-foot building expansion
  - 60 new memory-care units
- Hotworx Fitness Studio
  - 24-hour fitness studio
- Red's Savoy Pizza
  - A new restaurant
- Northlake Loft Apartments
  - 208-unit, four-story market rate apartment

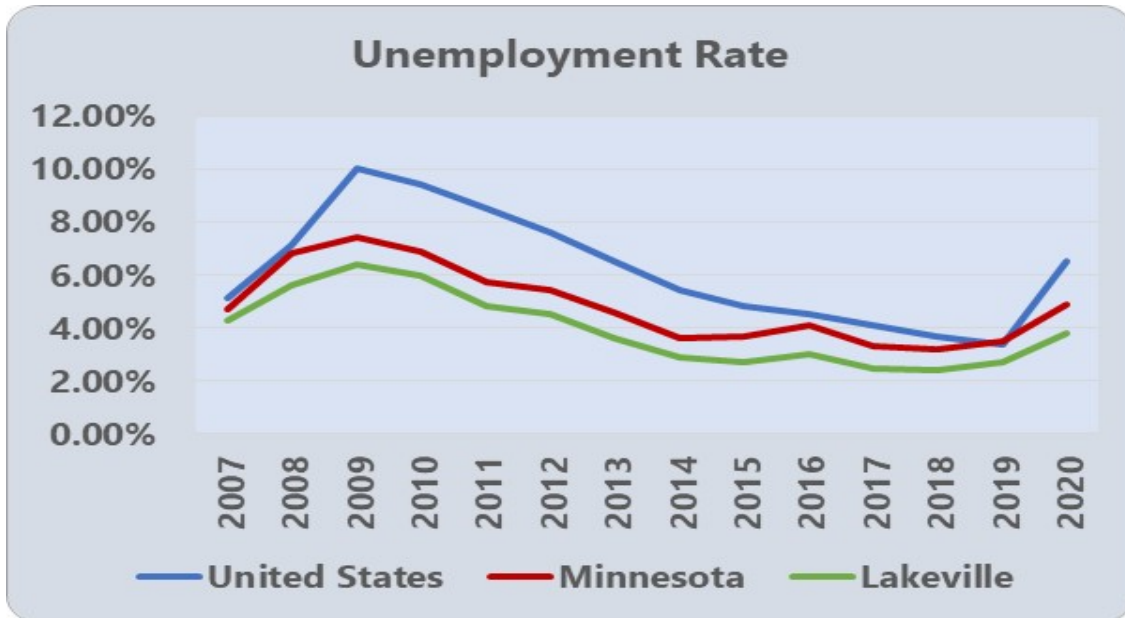
- The Pillars of Lakeville
  - 100-unit senior housing facility
- Arris Apartments
  - 197-unit apartment building
- Keokuk Liquor Store
  - City of Lakeville's fourth liquor store

New commercial businesses:

- Natural Balance Massage
  - A new spa
- Hampton Inn and Suites
  - A new four-story, 177-unit hotel
- Puppy Play & Stay
  - A new business offering dog daycare, boarding and grooming
- HealthPartners Park Nicollet Clinic
  - A new location for health care services
- The Beauty Box
  - A new beauty boutique and spa
- Camping World
  - Gander Outdoors remodeled its location and changed its name
- Caravel Autism Health
  - A new business providing autism diagnostic evaluations, applied behavior analysis treatment plans and social skills training for children aged 2 and older
- Actin FITT
  - A new gym and prevention center
- Airlake Marketing & Advertising Agency
  - A new location in downtown Lakeville
- South Metro Dance Arts Center
  - A new location in downtown Lakeville
- Any Lab Test Now
  - A new lab-testing business
- Lakeville Nutrition
  - Lakeville Nutrition remodeled its space

According to the Dakota County Assessor's office, the median value home increased by 3.16% as of March 2021 (for taxes payable 2021) to \$336,600. The improving housing market is also strengthened with the current low inflation and interest rate environment.

According to the Bureau of Labor Statistics, Lakeville's unemployment rate is favorable compared to the State and National rates.



Source: <https://mn.gov/deed/data>

## **Major Initiatives**

Pressures and issues confronting the City were taken into account with the 2020 adopted budget including community growth, aging infrastructure, inflationary pressures, emerging trends, innovation and efficiencies, entrepreneurial efforts and preparing for the future.

**Community Growth.** New residential housing construction continues to rise due in large part to improved economic conditions. The resumption of growth will result in increased demands for infrastructure enhancements as well as service delivery such as inspections, code enforcement, police, fire, streets and parks.

**Addressing Aging Infrastructure.** Our City has more than \$400 million of investment in infrastructure such as roads, water mains, parks, trails, facilities, equipment, and other assets. The assets have maintenance, and in certain situations, replacement requirements. The 2020 budget addressed the short-term plan while the Capital Improvement Plan addressed the anticipated intermediate and long-term needs. The most significant 2020 projects included:

- Accelerated pavement management program to improve city-wide pavement management index
  - 2020 Street Reconstruction
  - 179<sup>th</sup> Street Reconstruction (Cedar Avenue to Flagstaff Avenue)
  - 170<sup>th</sup> Street Reconstruction (Flagstaff Avenue to Pilot Knob Road)

**Inflationary Pressures.** As the economy improves there will be upward pressure on commodities, services and personnel costs. Although inflation is still relatively benign, the budget anticipated modest price increases in the near term.

**Emerging Trends.** There are trends emerging within our community which are influenced at least in part by external factors such as technology-related crimes. Currently, there is a defined need for our community to react to or be prepared to react to the issues; however, there is little or no financial assistance available from State or Federal agencies to react to the trends.

**Innovation and Efficiencies.** Lakeville has a long-standing history of being fiscally conservative and prudent. In spite of the fact that the City of Lakeville receives no state aid for property tax relief, per capita current expenditures for operations are still amongst the lowest in the twin cities according to the Minnesota State Auditor's Office. The adopted budget included several initiatives which continued the focus on a commitment to cost effectiveness and efficiencies. Effective application of technology is a major factor in optimizing organizational efficiencies.

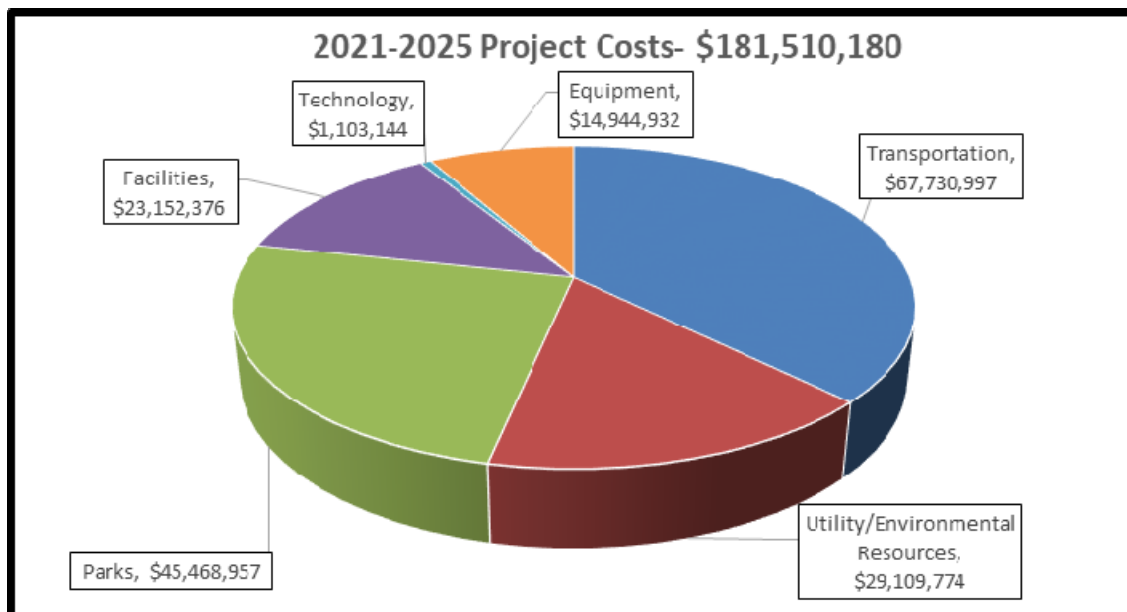
**Entrepreneurial Efforts.** Continued marketing initiatives are proposed to promote economic developments. Several years ago, property was acquired in southwestern Lakeville for a future new liquor store to improve revenues and sales opportunities.

**Preparing for the Future.** As a Community that embraces a high quality of life and a pro-business attitude, Lakeville is "Positioned to Thrive." It is an objective that embraces a vision for the future and a commitment to preparing for it.

### ***Long-Term Financial Planning***

There is an interrelationship between a community's physical development and its long-term financial plan. A comprehensive plan provides the guidance for current and future land use and public infrastructure decisions to provide managed growth throughout the community. The City of Lakeville completes an update of its Comprehensive Plan every ten years. The scheduled Plan update started in 2017 and was completed in 2019.

A Capital Improvement Plan (CIP) is a flexible, five-year plan that identifies the City's infrastructure, development objectives and allocation of financial resources. It provides policy makers and the community with a strategic (documented) approach to implementation and administration of improvement projects. The City will invest \$182 million in transportation, utility, equipment, facilities and parks over the next five years to achieve program objectives.



As of December 31, 2020, the City of Lakeville had approximately \$123.4 million of debt outstanding. The City will issue approximately \$89 million general obligation improvement bonds in the coming years to finance street reconstruction projects, facility expansion and development of community parks.

### ***Relevant Financial Policies***

The City has a number of policies which are utilized in the management of its fiscal affairs. The primary policies include, but are not limited to, operating budget policy, budget amendment process, revenue, debt, investment and fund balance. The City also adopted a Financial Sustainability and Resiliency policy in January 2020.

- ***Operating Budgets.*** The City's operating budget policy sets forth guidance with respect to balanced operating budgets, with an overriding goal of achieving structural balance over a longer-term period, while recognizing that in certain periods, revenues and expenditures may not be equal. A balanced budget for the General Fund is defined as revenues and other sources equal to or exceeding operating expenditures and other uses. Other sources can include that portion of General Fund balance that is allowed to be budgeted for use per the City's fund balance policy. The budget will provide for adequate maintenance of capital facilities and equipment and for their orderly replacement.

Balanced budgets for the proprietary enterprise funds are defined as providing sufficient revenues to support the operations of those funds, without subsidy from the General Fund or property taxes. Charges from the Proprietary Internal Service Funds shall be sufficient to support such activities, with no trend of operating deficits.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level for the General Fund and Special Revenue Funds. The City Administrator has authorization to expend funds in excess of the appropriation for each department and to approve budget amendments between departments within a budgeted fund pursuant to all adopted financial policies. Budgeted expenditure appropriations lapse at year-end. Supplementary appropriations can be carried forward to the following year if approved by the City Council.

- ***Revenue Policies.*** The City will project its annual revenues by a conservative objective and thorough analytical process. The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source. All existing and potential revenue sources will be reexamined annually. New sources of non-property-tax revenue should be actively explored at all times. Where appropriate and not contrary to accepted public policy or statutes, emphasis will be directed toward full cost recovery through user fees. User fees and cost allocation formulas will be updated periodically (annually, if needed). Ongoing, the City will review the full cost of activities supported by user fees to identify the impact of inflation and other factors. The fees along with the resulting net property tax costs will be reviewed with the City Council during the budget process. Sensitivity to market rates will also be considered in setting fees. Intergovernmental grant requests are subject to fiscal review before the application is submitted. This review is to ensure that the grants do not create an obligation for unfunded expenditures by the City relating to the grant's purpose and to provide an overall budgetary review of grant proposals.

- **Debt.** The City's debt policy provides guidance to ensure that long-term debt is utilized appropriately and in a fiscally prudent manner. Limiting long-term borrowing to capital improvements or other long-term projects which cannot, and appropriately should not, be financed from current revenues. Final maturity of bonds and notes should not exceed the expected useful life of the underlying project for which it is being issued. Where possible, the City will endeavor to pledge special assessments, State-aid or other non-tax revenues to debt service payments.
- **Investments.** The City's policy is to invest all available monies at competitive interest rates, coordinated with projections of the City's operating and program cash flow needs. Interest earnings will be distributed to the funds based on the average cash balances. Investments will take into consideration safety, liquidity and yield as well as complying with State regulations.
- **Fund Balance.** Fund balance or net position are terms used to define the difference between a fund's assets, deferred outflows of financial resources, liabilities and deferred inflows of financial resources. Fund balance is used in governmental fund types and net position is used in proprietary fund types and also the government-wide financial statements.
- **Financial Sustainability and Resiliency Policy.** The City Council adopted this new policy in January 2020. The purpose of this policy is to establish strategic financial sustainability and resiliency principles for the City of Lakeville, which may be used when developing the annual budget, long-term financial plans, and when making critical financial, economic development and community development decisions.

## **COVID-19 Pandemic**

Like all organizations, 2020 was a year of dealing and managing COVID pandemic related issues. The City modified work schedules, installed plexiglass and other safety measures, and conducted most meetings either virtually or in a hybrid in-person/virtual setting. Federal CARES dollars were spent on City pandemic needs, but also on business and non-profit relief in the form of three rounds of grants. The City maintained operations and innovated in how we deliver services, and many of these new practices will be continued in a post-pandemic setting.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeville, Minnesota, for its annual comprehensive financial report for the fiscal year ended December 31, 2019. This is the thirty-second consecutive year that the City of Lakeville has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence, a government must publish an easily readable and efficiently organized comprehensive annual financial report, and the contents must conform to the program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement for Excellence program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department, with special recognition to Acting Assistant Finance Director Laura Miller, Senior Financial Analysts David Lang and Tom Nesseth and Assistant Finance Director Julie Werner.

We would also like to express our sincere gratitude to the City Council for its sincere commitment and progressive leadership in the financial affairs of our community.

Respectfully submitted,



Justin Miller  
City Administrator



Jerilyn Erickson  
Finance Director/Treasurer

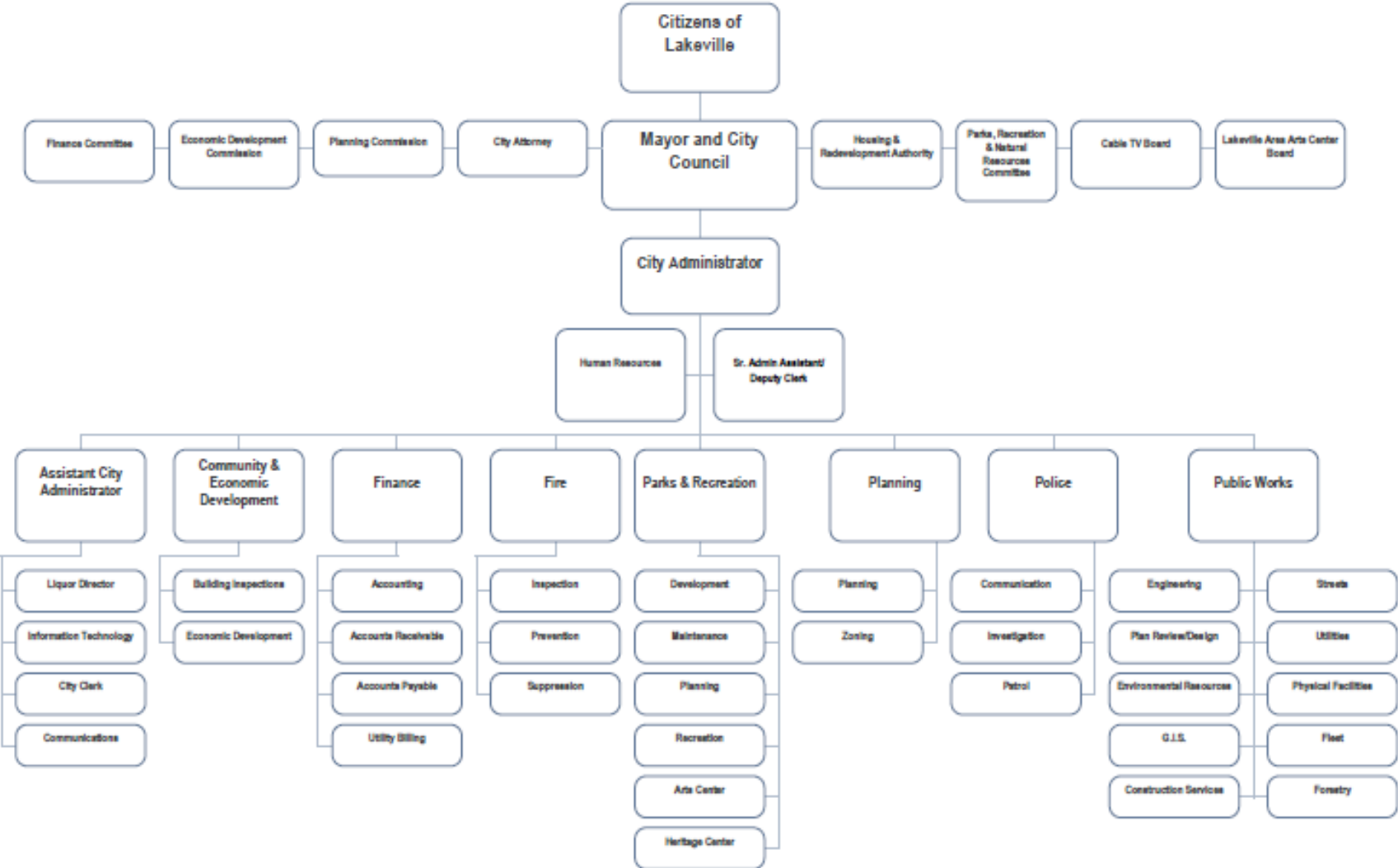
**CITY OF LAKEVILLE  
ELECTED AND APPOINTED OFFICIALS  
YEAR ENDED DECEMBER 31, 2020**

<b>Elected Officials</b>		<u>Term Expires December 31,</u>
Douglas P. Anderson	Mayor	2022
Joshua Lee	Council Member	2022
Luke Hellier	Council Member	2020
Michelle Volk	Council Member	2022
Brian Wheeler	Council Member	2020

**APPOINTED PERSONNEL**

Justin Miller	City Administrator
Jerilyn Erickson	Finance Director/Treasurer
Charlene Friedges	City Clerk

**CITY OF LAKEVILLE  
ORGANIZATIONAL CHART  
YEAR ENDED DECEMBER 31, 2020**



CITY OF LAKEVILLE  
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING  
DECEMBER 31, 2020



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lakeville  
Minnesota**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morrill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council  
City of Lakeville, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeville, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lakeville's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeville as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of net pension liability, schedule of the City's pension contributions, and the schedule of changes in net pension liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakeville's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and the City Council  
City of Lakeville, Minnesota

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021, on our consideration of the City of Lakeville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Lakeville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakeville's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 17, 2021

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

As management of the City of Lakeville, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. The discussion and analysis is intended to be considered in conjunction with the additional information that we have furnished in our letter of transmittal, located earlier in this report, and the City's financial statements contained within this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$438,718,367 (net position) at the close of the most recent fiscal year. Of this amount, \$50,508,151 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$45,071,140 in 2020.
- The City's governmental funds reported combined ending fund balances of \$105,591,408. Of this total amount, \$63,085,532 or 59.7% is not restricted or nonspendable and is available for use within the City's constraints and policies.
- As of the end of the current fiscal year, the City's total unassigned fund balance for the general fund was \$22,053,166 or 74.7% of total general fund expenditures of \$29,514,386.

**Overview of the Financial Statements**

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate housing and redevelopment authority (HRA) for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for this component unit is blended within the financial information presented for the primary government itself.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, 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 City is improving or deteriorating.

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The *Statement of Activities* presents information showing how the City'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 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and parks and recreation. The business-type activities of the City include the enterprise activities of the liquor operation and utility operation.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, G.O. improvement (debt service) fund, municipal state-aid (capital projects) fund, and the improvement construction (capital projects) fund, all of which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

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The City adopts annual appropriated budgets for its general fund and special revenue funds. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Special revenue funds budgetary comparison schedules can be found in the nonmajor governmental funds subsection of the report after the capital projects funds.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses enterprise funds to account for its off-sale liquor and utility (water, sanitary sewer, streetlight, and environmental resources) operations. The City uses an internal service fund to account for its risk management insurance liability program. These services benefit the governmental and business-type functions; therefore, they have been included within governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City. The internal service fund is presented in a single aggregated presentation in the proprietary fund financial statements.

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

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

This section includes a budgetary comparison schedule and related notes for the general fund, a schedule of funding progress for the other postemployment benefits plan of the City and schedules related to the City's participation in defined benefit pension plans administered by the Minnesota Public Employees Retirement Association (PERA) and the Lakeville Fire Relief Association. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

**CITY OF LAKEVILLE  
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**Government-wide Financial Analysis**

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth, and new regulations.

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As presented in the following condensed version of the Statement of Net Position, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$438,718,367 at December 31, 2020. By far the largest portion, or 72.7% of net position, is reflected in its net investment in capital assets (e.g. land, buildings and improvements, machinery and equipment, infrastructure, and construction in process) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in 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.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 152,468,592	\$ 125,919,160	\$ 25,152,326	\$ 20,420,753	\$ 177,620,918	\$ 146,339,913
Capital Assets	<u>292,671,692</u>	<u>267,332,551</u>	<u>162,690,787</u>	<u>154,058,485</u>	<u>455,362,479</u>	<u>421,391,036</u>
Total Assets	445,140,284	393,251,711	187,843,113	174,479,238	632,983,397	567,730,949
Deferred Outflows of Resources	5,736,608	7,959,018	324,634	256,813	6,061,242	8,215,831
Current and Other Liabilities	25,048,431	15,945,666	2,207,897	1,919,610	27,256,328	17,865,276
Other Liabilities	<u>147,965,715</u>	<u>138,361,225</u>	<u>16,452,717</u>	<u>13,758,197</u>	<u>164,418,432</u>	<u>152,119,422</u>
Total Liabilities	<u>173,014,146</u>	<u>154,306,891</u>	<u>18,660,614</u>	<u>15,677,807</u>	<u>191,674,760</u>	<u>169,984,698</u>
Deferred Inflows of Resources	8,534,916	11,900,528	116,596	414,327	8,651,512	12,314,855
Net Position:						
Net Investment in Capital Assets	167,619,658	154,468,792	151,132,001	143,501,608	318,751,659	297,970,400
Restricted	69,458,557	56,356,434	-	-	69,458,557	56,356,434
Unrestricted	<u>32,249,615</u>	<u>24,178,084</u>	<u>18,258,536</u>	<u>15,142,309</u>	<u>50,508,151</u>	<u>39,320,393</u>
Total Net Position	<u>\$ 269,327,830</u>	<u>\$ 235,003,310</u>	<u>\$ 169,390,537</u>	<u>\$ 158,643,917</u>	<u>\$ 438,718,367</u>	<u>\$ 393,647,227</u>

The City's total restricted net position of \$69,458,557 comprises 15.8% of total net position at the close of the fiscal year ended December 31, 2020. These assets are subject to external restrictions on how they may be used.

The 2020 remaining balance of \$50,508,151 (11.5% of total net position), in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position of the City increased a total of \$11,187,758 primarily due to higher than budgeted revenues and lower than budgeted expenses during the year. Certain balances within unrestricted net position have internally imposed commitments or limitations, which may further limit the purpose for which such net position may be used.

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**Change in net position.** The City's 2020 total net position during the current fiscal year increased by \$45,071,140 as shown in the following table. This increase is primarily attributed to economic conditions and community growth. Additional details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 21,584,688	\$ 20,610,432	\$ 35,570,878	\$ 30,504,938	\$ 57,155,566	\$ 51,115,370
Operating Grants and Contributions	9,795,564	4,613,988	162,309	650,372	9,957,873	5,264,360
Capital Grants and Contributions	24,041,402	21,464,103	10,045,894	7,240,758	34,087,296	28,704,861
General Revenues:						
Property Taxes	33,033,079	30,897,445	-	-	33,033,079	30,897,445
Unrestricted Investment Earnings	2,144,654	2,769,074	352,909	459,651	2,497,563	3,228,725
<b>Total Revenues</b>	<u>90,599,387</u>	<u>80,355,042</u>	<u>46,131,990</u>	<u>38,855,719</u>	<u>136,731,377</u>	<u>119,210,761</u>
<b>EXPENSES</b>						
General Government	8,994,404	7,902,490	-	-	8,994,404	7,902,490
Public Safety	16,063,433	14,927,426	-	-	16,063,433	14,927,426
Public Works	22,623,378	21,015,480	-	-	22,623,378	21,015,480
Parks and Recreation	6,578,004	7,178,164	-	-	6,578,004	7,178,164
Interest on Long-Term Debt	3,147,896	3,332,465	-	-	3,147,896	3,332,465
Municipal Liquor	-	-	16,735,031	15,267,133	16,735,031	15,267,133
Utility	-	-	17,518,091	16,386,516	17,518,091	16,386,516
<b>Total Expenses</b>	<u>57,407,115</u>	<u>54,356,025</u>	<u>34,253,122</u>	<u>31,653,649</u>	<u>91,660,237</u>	<u>86,009,674</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	33,192,272	25,999,017	11,878,868	7,202,070	45,071,140	33,201,087
Transfers and Contributions	1,132,248	1,162,124	(1,132,248)	(1,162,124)	-	-
<b>CHANGE IN NET POSITION</b>	34,324,520	27,161,141	10,746,620	6,039,946	45,071,140	33,201,087
Net Position - Beginning of Year	235,003,310	207,842,169	158,643,917	152,603,971	393,647,227	360,446,140
<b>NET POSITION - END OF YEAR</b>	<u>\$ 269,327,830</u>	<u>\$ 235,003,310</u>	<u>\$ 169,390,537</u>	<u>\$ 158,643,917</u>	<u>\$ 438,718,367</u>	<u>\$ 393,647,227</u>

**Governmental activities.** The governmental activities change in net position before transfers increased by \$33,192,272. The governmental revenue increase in charges for services is directly related to both an increase in economic, development and community growth. Operating grants increased in 2020 mostly due to the City receiving \$4,846,940 in federal coronavirus relief funds as well as in conjunction with the level of state-aid funded street maintenance and improvement projects compared to the prior year. Capital grants and contributions increased due a higher number of developer-installed assets reported during the 2020 than in 2019.

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*Revenues*

The City's 2020 total revenues for governmental activities increased by \$10,244,345. Charges for services increased a total of \$974,256 primarily due to an increase in economic development and community growth as evidenced by an increase in building permits and connection and area charges collected. A summary of the various increases is shown as follows:

	<u>2020</u>	<u>2019</u>	Increase / (Decrease)
<b><u>Charges for services</u></b>			
Licenses and building permit fees	\$ 5,600,853	\$ 4,492,109	\$ 1,108,744
Connection and area charges	8,656,769	7,087,279	1,569,490
Engineering fees - reconstruction projects	2,016,715	1,635,394	381,321
Park dedication fees	2,606,531	3,154,888	(548,357)
Other	2,703,820	4,240,762	(1,536,942)
Total charges for services	<u>\$ 21,584,688</u>	<u>\$ 20,610,432</u>	<u>\$ 974,256</u>

Operating grants and contributions experienced an overall increase of \$5,181,576. Operating grants increased in 2020 mostly due to the City receiving \$4,846,940 in federal coronavirus relief funds. Also, the level of state-aid funded street maintenance projects increased compared to the prior year. A summary of the various operating grants and contributions are shown as follows:

	<u>2020</u>	<u>2019</u>	Increase / (Decrease)
<b><u>Operating grants and contributions</u></b>			
State-aid for street maintenance	\$ 2,272,173	\$ 1,945,421	\$ 326,752
State-aid for street revenue bonds	728,770	734,358	(5,588)
County grant for joint road improvements	351,665	269,335	82,330
Other grants, contributions and donations	6,442,956	1,664,874	4,778,082
Total Operating grants and contributions	<u>\$ 9,795,564</u>	<u>\$ 4,613,988</u>	<u>\$ 5,181,576</u>

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Capital grants and contributions increase by \$2,441,252. Contributed infrastructure from private land developers increased \$2.4 million; the infrastructure consists of street, storm water, and park & trail capital assets. Special assessments decreased by \$567,845 primarily due to a major street project that was levied against the benefitting property owners in 2020. Other grants and contributions increased \$706,722 due to multiple road projects that occurred in 2020 and involved other government agencies including Dakota County. The summary of capital grants and contributions is shown as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
<b><u>Capital grants and contributions</u></b>			
Contributed infrastructure from developers	\$ 14,894,746	\$ 12,453,494	\$ 2,441,252
Special assessments	4,079,092	4,646,937	(567,845)
Other grants and contributions	5,009,105	4,302,383	706,722
PEG fees	58,459	61,289	(2,830)
Total capital grants and contributions	<u>\$ 24,041,402</u>	<u>\$ 21,464,103</u>	<u>\$ 2,577,299</u>

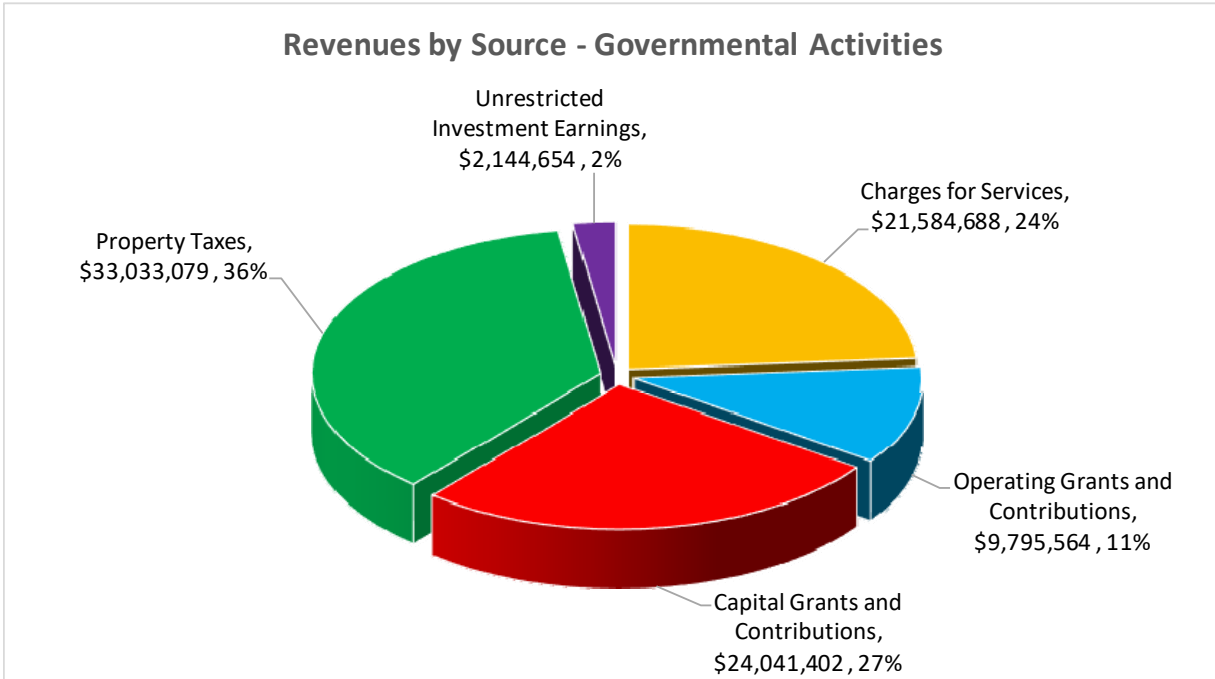
Property tax revenue increased \$2,135,634 or 6.9% primarily due to an increase in the overall tax levy.

Investment income earnings decreased by \$624,420. The decrease is the combination of decreased earnings and changes in investment asset values which are inversely related to the changes in market rates. The decrease is consistent with prevailing market conditions.

	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
<b><u>General revenues</u></b>			
Property taxes	\$ 33,033,079	\$ 30,897,445	\$ 2,135,634
Investment income	2,144,654	2,769,074	(624,420)
Total general revenues	<u>\$ 35,177,733</u>	<u>\$ 33,666,519</u>	<u>\$ 1,511,214</u>

**CITY OF LAKEVILLE  
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A summary of 2020 revenues by source for governmental activities is shown as follows:



**Expenses**

The City's 2020 total governmental activities expenses (before depreciation on capital assets and interest on long-term debt) increased by \$2,069,495 or 5.6%. Total governmental activities expenses increased by \$3,051,090 or 5.6%, shown as follows:

	2020	2019	Increase / (Decrease)
<b><u>Governmental activities expenses</u></b>			
General government	\$ 8,568,875	\$ 7,489,476	\$ 1,079,399
Public safety	14,866,188	13,775,555	1,090,633
Public works	11,398,758	10,789,986	608,772
Parks and recreation	4,133,884	4,843,193	(709,309)
Total before depreciation and interest	<u>38,967,705</u>	<u>36,898,210</u>	<u>2,069,495</u>
Depreciation on capital assets	15,291,514	14,125,350	1,166,164
Interest on long-term debt	3,147,896	3,332,465	(184,569)
Total governmental activities expenses	<u><u>\$ 57,407,115</u></u>	<u><u>\$ 54,356,025</u></u>	<u><u>\$ 3,051,090</u></u>

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Following are explanations of various increases and (decreases) in expenses by governmental function as shown above.

*General government* expenses increased by \$1,079,399 or 14.4%; which is primarily attributed to a new small business grant program and fund (\$869K) and an increase in General Fund fund level amounts (\$270k).

*Public safety* expenses increased by \$1,090,633 or 7.9%; primarily due to the overall increase in wages and benefits as well as miscellaneous operating costs.

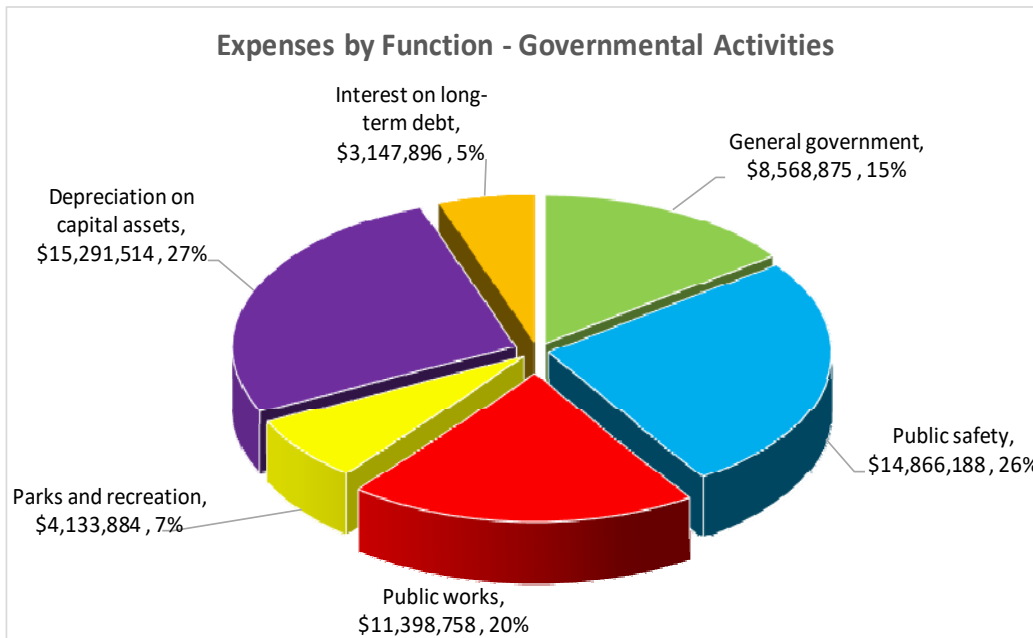
*Public works* expenses increased by \$608,772 or 5.6%; primarily due to the current year had a greater amount of expenses related to improvement and maintenance projects which were not considered City assets.

*Parks and recreation* expenses decreased \$709,309 or 14.6%; primarily due to additional park and trail maintenance on existing trails in the prior year compared to the current year.

*Depreciation on capital assets* increased by \$1,166,164 or 8.3%; primarily due to an increase in contributed infrastructure from development and depreciation starting on recently completed projects.

*Interest on long-term debt* decreased by \$184,569 or 5.5%; primarily due to scheduled debt payments.

A summary of 2020 expenses by function for governmental activities is shown as follows:



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**Business-type activities.** Business-type activities increased the City's 2020 total net position by \$10,746,620. Key elements of the increase in net position along with a comparison of revenues, expenses, and changes in net position during fiscal years 2020 and 2019 are shown as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
Revenues			
Charges for services			
Liquor	\$ 18,262,397	\$ 16,288,986	\$ 1,973,411
Utility	17,308,481	14,215,952	3,092,529
Operating grants and contributions			
Liquor	76,810	6,453	70,357
Utility	85,499	643,919	(558,420)
Capital contributions			
Utility	10,045,894	7,240,758	2,805,136
Investment earnings	352,909	459,651	(106,742)
Total revenues	<u>46,131,990</u>	<u>38,855,719</u>	<u>7,276,271</u>
Expenses			
Liquor	16,735,031	15,267,133	1,467,898
Utility	17,518,091	16,386,516	1,131,575
Total expenses	<u>34,253,122</u>	<u>31,653,649</u>	<u>2,599,473</u>
Change in net position before transfers	11,878,868	7,202,070	4,676,798
Transfers	<u>(1,132,248)</u>	<u>(1,162,124)</u>	<u>29,876</u>
Change in net position	10,746,620	6,039,946	4,706,674
Net position - beginning	<u>158,643,917</u>	<u>152,603,971</u>	<u>6,039,946</u>
Net position - ending	<u>\$ 169,390,537</u>	<u>\$ 158,643,917</u>	<u>\$ 10,746,620</u>

The City's 2020 business-type total revenues increased by \$7,276,271 or 18.7%; the various revenue components are discussed in detail in the following paragraphs.

- The liquor fund 2020 charges for services increased due to sales volume. The 2020 cost of goods sold as a percentage of sales were 73.9%, compared to 75.1% in 2019.
- The overall utility revenue charges for services increased by \$3,092,529. This overall increase is represented by a water revenue increase of \$2,062,986, sanitary sewer revenue increase of \$616,977, streetlight revenue increase of \$136,447, and environmental resources revenue increase of \$288,845. The rest of the change related to the internal service funds. The increase in water and increase in sanitary sewer are due to customer consumption as a result of changes in weather patterns, rate increases, and an increase in the number of customers. The streetlight and environmental resources increases are due to an increase in customers and rate increases.

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- The utility fund experienced a total increase of \$2,805,136 in capital contributions. The majority of the increase is derived from water and sanitary sewer contributed from developer improvement projects (greater number of contributions during 2020). City improvement project infrastructure assets of \$1,159,761 were contributed to the utility fund which is within the net transfer out amount of \$1,132,248 on the Statement of Activities. The total amount of contributed infrastructure assets received by the utility fund varies yearly.
- Investment earnings decreased \$106,742. The decrease is the combination of decreased earnings and changes in investment asset values which are inversely related to the changes in market rates. The decrease is consistent with prevailing market conditions.

The City's 2020 business-type total expenses increased by \$2,599,473 or 8.2% as follows:

	Increase (Decrease) from 2019		
	Liquor Fund	Utility Fund	Total
<b><u>Business-type activities expenses</u></b>			
Cost of Goods Sold	\$ 1,261,910	\$ -	\$ 1,261,910
Personnel services	141,714	(161,420)	(19,706)
Commodities	(23,521)	140,424	116,903
Other charges and services	87,944	729,934	817,878
Sanitary sewage treatment and disposal	-	131,336	131,336
Depreciation on capital assets	(149)	273,932	273,783
Interest, fiscal charges, bond premium (net)	-	16,534	16,534
Loss on Disposal of Capital Assets	-	835	835
Total Business-type Expenses	<u>\$ 1,467,898</u>	<u>\$ 1,131,575</u>	<u>\$ 2,599,473</u>

- The liquor fund cost of goods sold increased \$1,261,910 which is proportionate to the increase in liquor sales.
- Utility fund other charges and services expenses increased by \$817,878 mostly due to increases in environmental resources and water. Environmental resources expenses increased due to the timing and need for additional pond cleaning and environmental costs in 2020. Water expenses increased due to major maintenance projects including meter change outs, watermain repairs, and additional electrical costs related to increased water usage.
- The utility fund sanitary sewage treatment and disposal expenses increased by \$131,336 primarily due to the change in factors used by MCES in their pass-through cost allocation to the City. The City's rate per million gallons decreased 2.76% and the annual flow increased by 3.60%.

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required statutorily while others are established internally to assist management in accounting for certain activities.

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**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$105,591,408. Of this amount, \$63,085,532 or 59.7% of this combined ending fund balance constitutes fund balance that is available for spending at the government's discretion. Nonspendable fund balances of \$811,338 are amounts that are not in a spendable form, such as prepaid items, inventory, and advances to other funds (general fund). The remaining fund balance is restricted for (a) debt service of \$23,923,174, (b) capital acquisition of \$17,349,297, and (c) other restricted purposes of \$422,067.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance was \$24,739,629, an increase from the prior year resulting from \$7,313,168 of revenues over expenditures, net transfers in of \$178,371, and a change in supplies inventory of \$44,842.

The general obligation improvement (debt service) fund balance increased by \$1,809,327 due to higher property tax levies and prepaid assessment revenue. The City levies the required property taxes and special assessments levied against benefited property owners to meet the bonded debt service requirements in the following year. The change in fund balance is subject to principal and interest requirements of existing debt and that of new debt issuance.

The municipal state-aid construction fund accounts for the City's municipal state aid financing. The activity of this fund fluctuates from year to year based on state aid allotments and projects completed. The fund balance increased \$798,601 due to debt proceeds received in relation to joint capital projects with Dakota County totaling \$5,174,036, transfers in of \$2,636,074 from nonmajor capital project funds, and receiving additional intergovernmental revenues for construction projects.

The improvement construction (capital projects) fund accounts for major infrastructure reconstruction projects that require debt issuance for financing purposes. The activity in this fund may fluctuate from year to year depending on the scope of the project. Large projects such as the interstate highway interchange and bridge reconstruction projects may take several years to complete. The fund balance increased by \$1,828,134 due to unspent 2020A bond proceeds for the 2020 street improvement projects.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**General Fund Budgetary Highlights**

With the exception of the general government information technology and other expenditures, all other general fund departments expended their 2020 budget appropriations at or below the final adopted budget. A schedule of revenues, expenditures and changes in fund balances – budgetary comparison is disclosed in the required supplemental information section of this report. A summary of general fund revenues, expenditures, other financing sources (uses), variance with final budget, and net change in fund balance is as follows:

	Budget As Originally Adopted	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 22,509,080	\$ 22,509,080	\$ 22,651,282	\$ 142,202
Licenses and permits	2,657,099	2,672,099	4,938,353	2,266,254
Intergovernmental	1,053,453	1,197,952	5,208,846	4,010,894
Charges for services	2,949,931	2,992,931	3,235,086	242,155
Special assessments	-	-	4,647	4,647
Fines	360,000	360,000	213,070	(146,930)
Interest income	128,000	128,000	264,691	136,691
Change in value of investments	-	-	187,862	187,862
Donations	13,720	39,609	56,592	16,983
Miscellaneous	55,268	55,268	67,125	11,857
Total revenues	<u>29,726,551</u>	<u>29,954,939</u>	<u>36,827,554</u>	<u>6,872,615</u>
<b>Expenditures</b>				
Personnel services	23,041,533	23,050,701	22,104,184	(946,517)
Commodities	1,889,500	1,999,264	1,857,381	(141,883)
Other charges and services	5,855,698	6,098,511	5,487,222	(611,289)
Capital outlay	15,805	54,370	65,599	11,229
Other	(45,939)	(45,939)	-	45,939
Total expenditures	<u>30,756,597</u>	<u>31,156,907</u>	<u>29,514,386</u>	<u>(1,642,521)</u>
Other financing sources (uses)	<u>280,371</u>	<u>178,371</u>	<u>178,371</u>	<u>-</u>
Net change in fund balance	<u>\$ (749,675)</u>	<u>\$ (1,023,597)</u>	<u>\$ 7,491,539</u>	<u>\$ 8,515,136</u>

The 2020 actual general fund revenues exceeded the final budget by \$6,872,615 and expenditures were under final adopted budget by \$1,642,521. Other financing sources (uses) came in at the final budgeted amount. The general fund actual net change in fund balance surpassed final budget by \$8,515,136

The general fund budget was amended to reflect the increase in revenues from higher than forecasted building permits, state aid, and grants that were not originally anticipated. Expenditures were modified to reflect the change in election costs; public safety equipment funded by donations; and other projects that arose during the year. Transfers to other funds were modified to allocate forfeiture funds for equipment replacement.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

The following is a brief summary explanation of the various budgets to actual variances for revenues:

- Property taxes were more than anticipated by \$142,202 due in part to better than anticipated collection rates and delinquent tax collections. All delinquent taxes are recorded in the General Fund and the other funds receive 100 percent of their current levy.
- Licenses and permits exceeded estimates by \$2,266,254 due to greater than anticipated building permit fees. The number of residential building permits budgeted were 350 compared to 639 actual. Permits for townhomes were budgeted at 50 units compared to 176 actual units.
- Intergovernmental revenues exceeded estimates by \$4,010,894 due to the City's receipt of federal coronavirus relief funds in 2020.
- Charges for services experienced a variance of \$242,155 due to engineering-related services in connection with developer construction administration.
- Fines were below final budgeted amounts by \$146,930.
- Interest income and the change in value of investments were above estimates by \$324,553 due to prevailing market conditions. The City's Management employs prudent investment practices and cash management techniques to maximize investment income while protecting the City's treasury.
- Donations and miscellaneous revenues experienced variances of \$16,983 and \$11,857, respectively.

The following is a brief summary explanation of the various budgets to actual variances for expenditures:

- Personnel costs including benefits were \$946,517 below budget estimates due to vacant positions as a result of retirements, resignations, and delay in filling new positions.
- Commodities were \$141,883 below budget due to lower usage of chemicals for snow and ice removal.
- Other charges and services were \$611,289 below budget which is attributed to several factors mostly related to closing of facilities; cancelations of numerous recreational events; and delays in projects due to the COVID-19 pandemic.
- Capital outlay was \$11,229 over budget due to technology acquisitions to provide working remotely during the COVID-19 pandemic and the State of Minnesota Stay at Home executive order. These costs were funded by the federal coronavirus relief funds received in 2020.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for governmental and business-type activities as of December 31, 2020 are \$455 million (net of accumulated depreciation). This amount represents an increase (including additions, deletions, and depreciation) of approximately \$34.0 million from 2019.

The net investment in capital assets including land, historical treasures, buildings, machinery and equipment, other improvements, infrastructure, and construction in process is shown as follows:

Capital Assets at Year-End (Net of Accumulated Depreciation)			
	Governmental Activities	Business-Type Activities	Total
Land	\$ 31,539,096	\$ 3,627,767	\$ 35,166,863
Historical treasures	100,000	-	100,000
Construction in process	3,508,790	480,749	3,989,539
Buildings and improvements	55,281,098	28,341,160	83,622,258
Machinery and equipment	26,621,634	3,768,772	30,390,406
Other improvements	13,093,307	-	13,093,307
Infrastructure			
Streets	199,521,017	-	199,521,017
Storm sewer	102,786,884	-	102,786,884
Parks	32,195,082	-	32,195,082
Environmental resources	-	277,153	277,153
Water	-	122,783,174	122,783,174
Sanitary sewer	-	83,523,029	83,523,029
Total Capital Assets	464,646,908	242,801,804	707,448,712
Less: Accumulated Depreciation	(171,975,216)	(80,111,017)	(252,086,233)
Total Capital Assets, Net	<u>\$ 292,671,692</u>	<u>\$ 162,690,787</u>	<u>\$ 455,362,479</u>

The City's 2021 adopted budget provides funding for \$31.7 million in infrastructure capital assets, public building improvements and upgrades, equipment capital assets such as vehicle replacements for public safety and public works, and technology equipment. Refer to Note 3 - *Capital Assets*, of the Notes to Basic Financial Statements for additional information.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**Debt administration.** At the end of the current fiscal year, the City of Lakeville had total bonded debt outstanding of \$123.350 million, which is an increase of \$3.225 million compared to the prior year. The increase is due to the issuance of the 2020A Improvement, Tax Abatement and water revenue bonds totaling one new bond issuance totaling \$12.735 million and principal bond maturities.

The City manages its debt structure by utilizing approaches that take full advantage of its financial position, revenue trends, and conditions in municipal bond markets. Refer to Note 5 – *Long-Term Liabilities*, of the Notes to Basic Financial Statements for additional information about the City's governmental and business-type long-term debt activity.

The City's outstanding bonded obligation debt as of December 31, 2020 is shown as follows:

	Outstanding Debt			
	Bonds and Capital Leases Payable			Balance December 31
	Balance January 1	Issued	Redeemed	
<b>Governmental Activities</b>				
General obligation bonds				
Capital improvement	\$ 20,455,000	\$ -	\$ 1,275,000	\$ 19,180,000
Street reconstruction	11,655,000	-	1,300,000	10,355,000
G.O. improvement	59,155,000	9,370,000	4,585,000	63,940,000
State-aid street revenue	4,685,000	-	560,000	4,125,000
Water revenue	7,230,000	-	380,000	6,850,000
Tax increment	770,000	-	245,000	525,000
Tax abatement	-	620,000	-	620,000
HRA lease revenue	6,080,000	-	370,000	5,710,000
Total governmental activities	<u>110,030,000</u>	<u>9,990,000</u>	<u>8,715,000</u>	<u>111,305,000</u>
<b>Business-Type Activities</b>				
Water revenue	7,365,000	2,745,000	470,000	9,640,000
Sewer revenue	385,000	-	60,000	325,000
Street light revenue	305,000	-	35,000	270,000
Capital Lease Payable	2,040,000	-	230,000	1,810,000
Total business-type activities	<u>10,095,000</u>	<u>2,745,000</u>	<u>795,000</u>	<u>12,045,000</u>
Total bonds payable	<u>\$ 120,125,000</u>	<u>\$ 12,735,000</u>	<u>\$ 9,510,000</u>	<u>\$ 123,350,000</u>

**Credit Rating**

The City of Lakeville's general obligation bond rating as of December 31, 2020 is "Aa1" as rated by Moody's Investors Service. Moody's Investor Service credit report stated the rating was "*The Aa1 GOULT rating reflects the city's large and growing tax base located in the Twin Cities metropolitan area, above average resident income indices, and healthy financial profile. The rating balances these strengths against the City's above average leverage and fixed costs.*"

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total assessor's taxable market valuation. The City has \$25,799,708 of net bonded debt, which is subject to the \$243,200,164 current debt limitation, thereby resulting in a legal debt margin of \$217,400,456. Refer to the Statistical Section of this report for a detailed computation of the City's legal debt margin.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**Economic Conditions and Next Year's Budget**

The City of Lakeville remains one of the top growth cities in the Minnesota twin city metro area. The trend for building permit activity for single family homes is steady, the building permits for single family homes increased from 556 in 2019 compared to 639 permits in 2020. In our opinion, the resurgence is due to several factors including, but not limited to, near historical low interest rates, low regional unemployment rate of 4.3%, improved personal income levels, reduced number of home foreclosures and increasing home values. The budget and five-year capital improvement plan are premised on the assumption growth will continue at a subdued level for the foreseeable future.

The adopted 2021 budget reflects a continuation of the program and service levels established by the City Council over the past several years, although with a cautious approach due to uncertainties with the Covid-19 global pandemic. The 2021 budget also focuses on City efforts to achieve strategic priorities established in the Envision Lakeville Community Vision Plan to prepare for the future, investments in technology to maximize efficiencies, developing effective partnerships to capitalize on opportunities and multi-agency resources, infrastructure improvements to promote economic and community development and service continuity through staffing enhancements to meet the expectations of community residents and businesses.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Lakeville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City of Lakeville Finance Department at 20195 Holyoke Avenue, Lakeville, Minnesota 55044, (952) 985-4400, or email request to [jerickson@lakevillemn.gov](mailto:jerickson@lakevillemn.gov).

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF LAKEVILLE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 125,045,536	\$ 18,809,391	\$ 143,854,927
Receivables	21,748,969	3,938,652	25,687,621
Internal balances	(318,252)	318,252	-
Inventories	356,291	2,072,874	2,429,165
Prepaid items	12,986	13,157	26,143
Restricted assets (temporarily)			
Investments held by trustee	608,197	-	608,197
Net pension asset - fire relief	5,014,865	-	5,014,865
Capital assets			
Nondepreciable	35,147,887	4,108,516	39,256,403
Depreciable, net	257,523,805	158,582,271	416,106,076
Total capital assets	<u>292,671,692</u>	<u>162,690,787</u>	<u>455,362,479</u>
Total assets	445,140,284	187,843,113	632,983,397
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	95,255	-	95,255
OPEB related deferments	188,024	34,570	222,594
Pension plan deferments - PERA	5,076,300	290,064	5,366,364
Pension plan deferments - fire relief	377,029	-	377,029
Total deferred outflows of resources	<u>5,736,608</u>	<u>324,634</u>	<u>6,061,242</u>
<b>LIABILITIES</b>			
Salaries, accounts, contracts, and deposits payable	23,186,216	2,043,113	25,229,329
Accrued interest	1,743,416	164,784	1,908,200
Unearned revenue	118,799	-	118,799
Noncurrent liabilities:			
Net pension liability - PERA due in more than one year	15,205,740	2,463,562	17,669,302
Total OPEB Liability due within one year	55,946	10,286	66,232
Total OPEB Liability due in more than one year	1,061,421	195,152	1,256,573
Other long-term liabilities due within one year	10,700,574	1,468,139	12,168,713
Other long-term liabilities due in more than one year	120,942,034	12,315,578	133,257,612
Total liabilities	<u>173,014,146</u>	<u>18,660,614</u>	<u>191,674,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	84,630	-	84,630
OPEB related deferments	86,708	15,942	102,650
Pension plan deferments - PERA	5,733,395	100,654	5,834,049
Pension plan deferments - fire relief	2,630,183	-	2,630,183
Total deferred inflows of resources	<u>8,534,916</u>	<u>116,596</u>	<u>8,651,512</u>
<b>NET POSITION</b>			
Net investment in capital assets	167,619,658	151,132,001	318,751,659
Restricted for:			
Special purposes	297,602	-	297,602
Debt service	37,459,734	-	37,459,734
Capital acquisition	26,665,790	-	26,665,790
Public Safety	20,566	-	20,566
Fire relief pensions	5,014,865	-	5,014,865
Unrestricted	<u>32,249,615</u>	<u>18,258,536</u>	<u>50,508,151</u>
Total Net Position	<u>\$ 269,327,830</u>	<u>\$ 169,390,537</u>	<u>\$ 438,718,367</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 8,994,404	\$ 6,573,673	\$ 917,379	\$ 149,610	\$ (1,353,742)	\$ -	\$ (1,353,742)
Public safety	16,063,433	638,887	5,100,592	-	(10,323,954)	-	(10,323,954)
Public works	22,623,378	11,300,325	3,461,526	23,710,868	15,849,341	-	15,849,341
Parks and recreation	6,578,004	3,071,803	316,067	180,924	(3,009,210)	-	(3,009,210)
Interest on long-term debt	3,147,896	-	-	-	(3,147,896)	-	(3,147,896)
Total-governmental activities	57,407,115	21,584,688	9,795,564	24,041,402	(1,985,461)	-	(1,985,461)
Business-Type Activities:							
Liquor	16,735,031	18,262,397	76,810	-	-	1,604,176	1,604,176
Utility	17,518,091	17,308,481	85,499	10,045,894	-	9,921,783	9,921,783
Total Business-Type Activities	34,253,122	35,570,878	162,309	10,045,894	-	11,525,959	11,525,959
 Total Primary Government	 \$ 91,660,237	 \$ 57,155,566	 \$ 9,957,873	 \$ 34,087,296	 (1,985,461)	 11,525,959	 9,540,498
		General Revenues:					
		Property taxes			33,033,079	-	33,033,079
		Investment income			2,144,654	352,909	2,497,563
		Transfers			1,132,248	(1,132,248)	-
		Total general revenues and transfers			36,309,981	(779,339)	35,530,642
		Change in Net Position			34,324,520	10,746,620	45,071,140
		Net Position - Beginning of Year			235,003,310	158,643,917	393,647,227
		Net Position - End of Year			\$ 269,327,830	\$ 169,390,537	\$ 438,718,367

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

<b>ASSETS</b>	General Fund	Debt Service G.O. Improvement	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Municipal State-aid	Improvement Construction		
Cash and investments	\$ 33,544,262	\$ 14,264,136	\$ 11,021,816	\$ 9,890,140	\$ 55,616,999	\$ 124,337,353
Investments held by trustee	-	-	-	-	608,197	608,197
Interest receivable	79,926	55,916	26,531	1,178	257,937	421,488
Taxes receivable	2,363,928	-	-	-	-	2,363,928
Accounts receivable	656,825	-	542,168	421	603,689	1,803,103
Due from other funds	-	-	-	-	642,454	642,454
Advances to other funds	442,061	-	-	-	-	442,061
Special assessments receivable	116,585	15,969,158	-	466,917	604,863	17,157,523
Leases Receivable	-	-	-	-	1,810,000	1,810,000
Inventory	356,291	-	-	-	-	356,291
Prepaid items	12,986	-	-	-	-	12,986
<b>Total Assets</b>	<b>\$ 37,572,864</b>	<b>\$ 30,289,210</b>	<b>\$ 11,590,515</b>	<b>\$ 10,358,656</b>	<b>\$ 60,144,139</b>	<b>\$ 149,955,384</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Salaries payable	\$ 325,384	\$ -	\$ -	\$ -	\$ 6,714	\$ 332,098
Accounts payable	761,659	-	8,485,128	816,637	1,302,549	11,365,973
Due to other funds	-	-	-	-	642,454	642,454
Advances from other funds	-	-	-	-	442,061	442,061
Contracts payable	-	-	264,598	531,181	104,967	900,746
Deposits payable	10,351,668	-	-	-	229,507	10,581,175
Unearned revenue	118,326	-	-	-	473	118,799
<b>Total Liabilities</b>	<b>11,557,037</b>	<b>-</b>	<b>8,749,726</b>	<b>1,347,818</b>	<b>2,728,725</b>	<b>24,383,306</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - taxes	469,043	-	-	-	-	469,043
Unavailable revenue - special assessments	807,155	15,823,020	-	467,730	603,722	17,701,627
Unavailable revenue - other	-	-	-	-	1,810,000	1,810,000
<b>Total Deferred Inflows of Resources</b>	<b>1,276,198</b>	<b>15,823,020</b>	<b>-</b>	<b>467,730</b>	<b>2,413,722</b>	<b>19,980,670</b>
<b>FUND BALANCE</b>						
Nonspendable	811,338	-	-	-	-	811,338
Restricted	-	14,466,190	2,840,789	7,760,519	16,627,040	41,694,538
Committed	200,000	-	-	782,589	39,459,217	40,441,806
Assigned	1,675,125	-	-	-	-	1,675,125
Unassigned (Deficit)	22,053,166	-	-	-	(1,084,565)	20,968,601
<b>Total Fund Balance</b>	<b>24,739,629</b>	<b>14,466,190</b>	<b>2,840,789</b>	<b>8,543,108</b>	<b>55,001,692</b>	<b>105,591,408</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 37,572,864</b>	<b>\$ 30,289,210</b>	<b>\$ 11,590,515</b>	<b>\$ 10,358,656</b>	<b>\$ 60,144,139</b>	<b>\$ 149,955,384</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020**

Total Fund Balances for Governmental Funds		\$ 105,591,408
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Governmental capital assets	\$ 464,646,908	
Less: Accumulated Depreciation	<u>(171,975,216)</u>	292,671,692
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.		
		5,014,865
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
Bonds	(111,305,000)	
Accrued interest	(1,743,416)	
Loan	(1,897,014)	
Note Payable	(5,174,036)	
Unamortized bond premium	(9,894,968)	
Deferred charge on refunding	95,255	
Deferred gain on refunding	(84,630)	
Compensated absences	<u>(3,371,590)</u>	(133,375,399)
The City's net pension liability and related and deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year-end are:		
Net pension liability	(15,205,740)	
Deferred inflows of resources	(8,363,578)	
Deferred outflows of resources	<u>5,453,329</u>	(18,115,989)
Total OPEB liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
		(1,117,367)
OPEB related deferred outflows of resources are recorded only on the statement of net position.		
		188,024
OPEB related deferred inflows of resources are recorded only on the statement of net position.		
		(86,708)
Deferred inflows of resources related to unavailable revenue in governmental funds are susceptible to full accrual on the government-wide statements.		
		18,170,670
The City uses an internal service fund to charge the cost of insurance activities to individual funds. A portion of the assets and liabilities of the municipal reserves fund are included in governmental activities in the Statement of Net Position.		
		<u>386,634</u>
Total Net Position of Governmental Activities		<u>\$ 269,327,830</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General Fund	Debt Service	Capital Projects		Nonmajor Governmental Funds	Total Governmental Totals
		G.O. Improvement	Municipal State-aid	Improvement Construction		
<b>REVENUE</b>						
Property taxes	\$ 22,651,282	\$ 3,711,722	\$ -	\$ -	\$ 5,783,643	\$ 32,146,647
Tax increment	-	-	-	-	836,722	836,722
Licenses and permits	4,938,353	-	-	-	662,500	5,600,853
Intergovernmental	5,208,846	-	6,081,065	811,691	2,470,256	14,571,858
Charges for services	3,235,086	-	142,990	182,090	11,679,518	15,239,684
Special assessments	4,647	3,912,439	-	2,588	33,764	3,953,438
Fines	213,070	-	-	-	-	213,070
Interest Income	264,691	141,430	84,491	24,369	722,060	1,237,041
Change in Fair Value of Investments	187,862	105,612	63,096	13,253	537,790	907,613
Donations	56,592	-	-	-	176,097	232,689
Miscellaneous	67,125	30	-	-	519,842	586,997
Total Revenue	36,827,554	7,871,233	6,371,642	1,033,991	23,422,192	75,526,612
<b>EXPENDITURES</b>						
Current:						
General government	6,615,982	-	-	-	1,445,503	8,061,485
Public safety	14,251,367	-	-	-	-	14,251,367
Public works	4,692,478	-	-	-	-	4,692,478
Parks and recreation	3,888,960	-	-	-	-	3,888,960
Capital Outlay:						
General government	51,425	-	-	10	831,010	882,445
Public safety	-	-	-	-	698,617	698,617
Public works	4,591	-	12,383,151	10,614,693	5,447,960	28,450,395
Parks and recreation	9,583	-	-	-	4,747,628	4,757,211
Debt Service:						
Principal bond maturities	-	4,585,000	1,000,000	-	4,130,000	9,715,000
Interest on debt	-	2,149,932	-	-	1,721,178	3,871,110
Fiscal charges	-	28,193	-	-	9,905	38,098
Total Expenditures	29,514,386	6,763,125	13,383,151	10,614,703	19,031,801	79,307,166
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	7,313,168	1,108,108	(7,011,509)	(9,580,712)	4,390,391	(3,780,554)
<b>OTHER FINANCE SOURCES (USES)</b>						
Issuance of Bonds and Other Debt	-	207,480	5,174,036	9,162,520	620,000	15,164,036
Premium on Issued Debt	-	-	-	2,246,183	145,777	2,391,960
Proceeds from the Sale of Capital Assets	-	-	-	-	249,015	249,015
Transfers in from other funds	830,371	523,000	2,636,074	29,261	2,504,014	6,522,720
Transfers out to other funds	(652,000)	(29,261)	-	(29,118)	(3,470,332)	(4,180,711)
Total Other Finance Sources	178,371	701,219	7,810,110	11,408,846	48,474	20,147,020
<b>NET CHANGE IN FUND BALANCES</b>	7,491,539	1,809,327	798,601	1,828,134	4,438,865	16,366,466
<b>FUND BALANCES</b>						
Beginning of Year, as previously reported	17,203,248	12,656,863	2,042,188	6,714,974	50,562,827	89,180,100
Change in Supplies - Inventory	44,842	-	-	-	-	44,842
End of Year	\$ 24,739,629	\$ 14,466,190	\$ 2,840,789	\$ 8,543,108	\$ 55,001,692	\$ 105,591,408

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances-Total Governmental Funds		\$ 16,366,466
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. This is the amount by which depreciation expense exceeded capital outlay.</p>		
Capital outlay	\$ 26,649,506	
Capital contributed by developer	14,894,746	
Depreciation expense	<u>(15,291,514)</u>	26,252,738
<p>In the government-wide statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.</p>		
		(913,597)
<p>Governmental funds report inventory related to snow removing chemicals as an expenditure at the time of purchase rather than when it is consumed. The change in supplies is shown as a direct adjustment to fund balance. On the government-wide statement of activities, inventories are shown as an expenditure when consumed. As a result, the change in net position must be adjusted by the change in supplies.</p>		
		44,842
<p>Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Deferred inflows of resources - December 31, 2019	(17,995,306)	
Deferred inflows of resources - December 31, 2020	<u>18,170,670</u>	175,364
<p>Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. Bond and loan principal maturities are reported as expenditures in governmental funds thus reducing fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities while debt repayment reduces long-term liabilities thus affecting the statement of activities.</p>		
Bond proceeds	(15,164,036)	
Bond and loan principal maturities	<u>9,715,000</u>	(5,449,036)
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas material amounts are deferred and amortized in the statement of activities.</p>		
Change in accrued interest payable	(37,387)	
Premium on bonds issued in the current year	(2,391,960)	
Amortization of deferred charge on refunding	(8,594)	
Amortization of deferred gain on refunding	7,636	
Amortization of debt premiums/discounts	<u>799,657</u>	(1,630,648)
<p>In the statement of activities, certain operating expenses, severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (and amounts actually paid).</p>		
		(456,476)
<p>Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability(asset) and the related deferred inflows and outflows of resources.</p>		
		(60,439)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents a portion of the change in net position of the internal service fund, which are reported in with the governmental activities.</p>		
		<u>(4,694)</u>
Change in Net Position of Governmental Activities		<u>\$ 34,324,520</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Totals	
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 3,816,638	\$ 14,992,753	\$ 18,809,391	\$ 708,183
Interest receivable	8,246	72,044	80,290	1,044
Accounts receivable	1,576	3,856,786	3,858,362	1,883
Inventory	1,484,999	587,875	2,072,874	-
Prepaid expenses	1,575	11,582	13,157	-
Total current assets	5,313,034	19,521,040	24,834,074	711,110
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Land	3,087,882	539,885	3,627,767	-
Construction in progress	440,059	40,690	480,749	-
Buildings and improvements	2,106,318	26,234,842	28,341,160	-
Machinery and equipment	470,559	3,298,213	3,768,772	-
Infrastructure	-	206,583,356	206,583,356	-
Accumulated depreciation	(544,029)	(79,566,988)	(80,111,017)	-
Net Capital Assets	5,560,789	157,129,998	162,690,787	-
Total noncurrent assets	5,560,789	157,129,998	162,690,787	-
Total assets	10,873,823	176,651,038	187,524,861	711,110
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan deferments - PERA	121,687	168,377	290,064	-
OPEB related deferments	14,044	20,526	34,570	-
Total deferred outflows of resources	135,731	188,903	324,634	-
Total Assets and Deferred Outflows of Resources	\$ 11,009,554	\$ 176,839,941	\$ 187,849,495	\$ 711,110
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Salaries payable	\$ 20,918	\$ 32,092	\$ 53,010	\$ -
Accounts payable	1,156,455	772,758	1,929,213	6,224
Contracts payable	-	7,118	7,118	-
Accrued interest payable	-	164,784	164,784	-
Deposits payable	39,872	13,900	53,772	-
Accrued compensated absences	108,464	184,675	293,139	-
Total OPEB Liability due within one year	6,107	4,179	10,286	-
Long-term debt - current	240,000	935,000	1,175,000	-
Total current liabilities	1,571,816	2,114,506	3,686,322	6,224
<b>NONCURRENT LIABILITIES</b>				
Accrued compensated absences	32,888	80,947	113,835	-
Net pension liability - PERA due in more than one year	1,033,508	1,430,054	2,463,562	-
Total OPEB Liability	77,352	117,800	195,152	-
Long-term debt	1,570,000	10,631,743	12,201,743	-
Total noncurrent liabilities	2,713,748	12,260,544	14,974,292	-
Total liabilities	4,285,564	14,375,050	18,660,614	6,224
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan deferments - PERA	42,226	58,428	100,654	-
OPEB related deferments	6,476	9,466	15,942	-
Total deferred inflows of resources	48,702	67,894	116,596	-
<b>NET POSITION</b>				
Net investment in capital assets	3,750,789	147,381,212	151,132,001	-
Unrestricted	2,924,499	15,015,785	17,940,284	704,886
Total Net Position	6,675,288	162,396,997	169,072,285	704,886
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,009,554	\$ 176,839,941	187,849,495	\$ 711,110

Explanation of difference between Enterprise Funds  
Statement of Net Position and government-wide  
Statement of Net Position:

The City uses an internal service fund to charge the cost of its insurance activities to individual funds. This amount consists of the necessary adjustments to reflect the consolidation of internal service fund activities:  
Net position of business-type activities

318,252  
\$ 169,390,537

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE**  
**STATEMENT OF NET REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	Funds
<b>SALES AND COST OF SALES</b>				
Sales	\$ 18,262,397	\$ -	\$ 18,262,397	\$ -
Cost of sales	13,491,472	-	13,491,472	-
Gross profit	4,770,925	-	4,770,925	-
<b>OPERATING REVENUE</b>				
User Charges	-	17,080,601	17,080,601	521,347
Other	-	227,880	227,880	39,789
Total operating revenue	-	17,308,481	17,308,481	561,136
<b>OPERATING EXPENSES</b>				
Personnel services	1,792,201	2,325,833	4,118,034	-
Commodities	51,569	585,292	636,861	-
Other charges and services	1,332,060	5,059,323	6,391,383	458,833
Disposal charges	-	4,305,768	4,305,768	-
Depreciation	87,294	5,056,218	5,143,512	-
Total operating expenses	3,263,124	17,332,434	20,595,558	458,833
<b>OPERATING INCOME (LOSS)</b>	1,507,801	(23,953)	1,483,848	102,303
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Intergovernmental - grants	76,810	85,499	162,309	-
Interest Income	41,605	160,641	202,246	2,373
Change in Fair Value of Investments	31,071	119,592	150,663	1,772
Interest, fiscal charges, bond premium (net)	-	(226,243)	(226,243)	-
Disposal of capital assets	-	(991)	(991)	-
Total Nonoperating Revenue (Expenses)	149,486	138,498	287,984	4,145
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,657,287	114,545	1,771,832	106,448
Contributed capital from developers	-	10,045,894	10,045,894	-
Contributed capital from governmental activities	-	1,159,761	1,159,761	-
Transfers to other funds	(1,126,089)	(1,165,920)	(2,292,009)	(50,000)
Total Contributions and Transfers	(1,126,089)	10,039,735	8,913,646	(50,000)
<b>CHANGE IN NET POSITION</b>	531,198	10,154,280	10,685,478	56,448
<b>NET POSITION</b>				
Beginning of Year	6,144,090	152,242,717		648,438
End of Year	\$ 6,675,288	\$ 162,396,997		\$ 704,886

Explanation of difference between Proprietary Funds Statement of Revenue, Expenses, and Changes in Fund Net Position and the Statement of Activities:

The City uses an internal service fund to charge the cost of its insurance activities to individual funds. This amount represents the income that has been allocated back to the business-type activities in the government-wide Statement of Activities that is attributable to the City's business-type activities:

Change in net Position of business-type activities

61,142  
\$ 10,746,620

**CITY OF LAKEVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 18,284,966	\$ 17,608,056	\$ 35,893,022	\$ 562,902
Cash received from general service charges	-	-	-	(460,649)
Cash paid to suppliers	(14,174,709)	(10,097,032)	(24,271,741)	-
Cash paid to and for employees	(1,856,926)	(2,496,240)	(4,353,166)	-
Net Cash Provided by Operating Activities	<u>2,253,331</u>	<u>5,014,784</u>	<u>7,268,115</u>	<u>102,253</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental - grant	76,810	85,499	162,309	-
Transfers to other funds	(1,126,089)	(1,165,920)	(2,292,009)	(50,000)
Net Cash Used by Noncapital Financing Activities	<u>(1,049,279)</u>	<u>(1,080,421)</u>	<u>(2,129,700)</u>	<u>(50,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(448,059)	(2,122,100)	(2,570,159)	-
Proceeds from sale of capital assets	-	(991)	(991)	-
Proceeds from Issuance of Capital Debt	-	3,354,580	3,354,580	-
Interest and fiscal charges	-	(285,576)	(285,576)	-
Principal maturities	(230,000)	(565,000)	(795,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(678,059)</u>	<u>380,913</u>	<u>(297,146)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	74,296	286,469	360,765	4,237
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	600,289	4,601,745	5,202,034	56,490
Cash and Cash Equivalents - Beginning of the Year	<u>3,216,349</u>	<u>10,391,008</u>	<u>13,607,357</u>	<u>651,693</u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u>\$ 3,816,638</u>	<u>\$ 14,992,753</u>	<u>\$ 18,809,391</u>	<u>\$ 708,183</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1,507,801	\$ (23,953)	\$ 1,483,848	\$ 102,303
Adjustments:				
Depreciation expense	87,294	5,056,218	5,143,512	-
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	2,429	297,875	300,304	1,766
Inventory	258,527	(31,926)	226,601	-
Prepaid expenses	(1,575)	(1,582)	(3,157)	-
Pension-related deferred outflows	(32,842)	(35,520)	(68,362)	-
OPEB-related deferred outflows	220	321	541	-
Increase (decrease) in liabilities and deferred inflows:				
Salaries payable	(45,871)	(58,052)	(103,923)	-
Accounts payable	443,440	(113,141)	330,299	(1,816)
Deposits payable	20,140	1,700	21,840	-
Accrued compensated absences	(24,400)	(13,927)	(38,327)	-
Net pension liability	150,159	109,116	259,275	-
Pension-related deferred inflows	(116,744)	(179,291)	(296,035)	-
OPEB-related deferred inflows	(689)	(1,007)	(1,696)	-
Total OPEB liability	5,442	7,953	13,395	-
Total adjustments				
Net Cash Provided by Operating Activities	<u>\$ 2,253,331</u>	<u>\$ 5,014,784</u>	<u>\$ 7,268,115</u>	<u>\$ 102,253</u>
<b>Supplemental schedule of noncash financing activities:</b>				
The City assumes ownership of utility capital assets from governmental projects and land developers. Capital assets assumed were as follows:	<u>\$ -</u>	<u>\$ 11,205,655</u>	<u>\$ 11,205,655</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 40,638
<b>LIABILITIES</b>	
Accounts payable	<u>12,325</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 28,313</u></u>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF LAKEVILLE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUND  
YEAR ENDED DECEMBER 31, 2020**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 20,847
<b>DEDUCTIONS</b>	
Payments to vendors	<u>30,425</u>
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	(9,578)
Fiduciary net position - beginning of year	<u>37,891</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u><u>\$ 28,313</u></u>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The City of Lakeville, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. The Statutes prescribe a Mayor-Council form of organization. The City provides the following services: public safety, highways and streets, water and sanitary sewer, public improvements, planning and zoning, culture-recreation, and general administration.

The basic financial statements of the City of Lakeville have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s more significant accounting policies are described below.

**B. Reporting Entity**

The City of Lakeville is a municipal corporation governed by an elected mayor and a four-member council. In accordance with GASB standards, these financial statements represent the City of Lakeville and its sole component unit. The City includes all funds, organizations, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City based on the nature and the significance of their operational or financial relationships with the City.

The City 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 City are such that exclusion would cause the City’s financial statements 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. Based upon the application of these criteria, the City has the following component units:

**Blended Component Unit**

The Housing and Redevelopment Authority (HRA) of Lakeville, Minnesota was created by the City to provide housing and redevelopment assistance to its citizens. The HRA provides this assistance through the administration of various programs. The HRA is governed by a five-member Board of Commissioners comprised of the City of Lakeville Council in accordance with Minnesota Statutes 469.003, Subdivision 6. Although it is legally separate from the City, the HRA is reported as if it were a part of the City (blended) because the City Council is also the HRA governing board. The Commissioners’ terms of office coincide with those of the City Council member. The City Administrator serves as the HRA Executive Director. The operational responsibility for the HRA rests with management of the City.

**CITY OF LAKEVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

During fiscal year 2006, the HRA issued \$9,230,000 in Ice Arena Lease Revenue Bonds, Series 2006, to finance the construction of the single sheet Hasse ice arena facility. The Ice Arena Lease Revenue Bonds, Series 2006 were subsequently refunded in 2016. Debt service will be payable from equal lease payments to be made by the City pursuant to the lease agreement between the HRA and the City, and in conjunction with the joint powers agreement between the City and Independent School District No. 194. In 2017, the HRA issued \$2,255,000 in Lease Revenue Liquor Enterprise Refunding Bonds, Series 2017A, to refund the existing liquor revenue bonds through a purchase (and subsequent lease-back) of the liquor store land and building. Debt service will be payable from lease payments made by the City's liquor enterprise fund.

These HRA bond obligations are combined and presented separately in the debt service funds as debt supported by HRA lease revenue.

The HRA has not issued separate financial statements for the period ending December 31, 2020. Information of a nonfinancial matter regarding the HRA can be obtained at the City's Finance offices, located at 20195 Holyoke Avenue, Lakeville, Minnesota 55044.

**C. Government-Wide Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements focus on the City as a whole (consolidation of the City, excluding fiduciary funds) while the fund financial statements focus on the major individual funds (reported as separate columns within the fund financial statements). Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resources measurement focus, which incorporates long-term assets, receivables, deferred inflows and outflows of resources as well as long-term debt and other obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross cost and the net cost per function category (general government, public safety, public works, and parks and recreation) which are otherwise being supported by both program and general revenues (charges for services, grants and contributions, property taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues and operating/capital grants and contributions.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Government-Wide Financial Statements (Continued)**

The program revenues must be directly associated with the function (general government, public safety, public works, and parks and recreation) or a business-type activity. Program revenues are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole. The City does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary grants while the capital grants and contributions column includes capital specific grants and contributions.

**D. Fund Financial Statement Presentation**

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statement's governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

Both the City as a whole and the City's major funds, including both governmental and enterprise funds, as well as a custodial fund, are presented utilizing the focus of the GASB Statement No. 34 reporting model. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities, deferred inflows and outflows of resources and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Major governmental funds - The City reports the following major governmental funds:

*General fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund. This fund records revenues such as property taxes, licenses, and permits, intergovernmental revenues, charges for services, fines, and investment income. Most of the day-to-day operations of the City are financed from this fund.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Financial Statement Presentation (Continued)**

*Debt service G.O. improvement fund* – This fund accounts for those bond issues that financed street, storm sewer, water, and sanitary sewer improvements. The special assessments levied against benefited property owners are pledged toward the repayment of the principal and interest on these bonds.

*Municipal State-aid fund* – This fund accounts for an annual allotment from the State of Minnesota Municipal State-aid street construction account.

*Capital projects improvement construction fund* – This fund accounts for complex construction contracts that involve multiple financing resources from the City and other government entities. Construction projects usually extend over several years before completion.

Major enterprise funds – The City reports the following major proprietary funds:

*Enterprise liquor fund* – This fund is used to account for the retail operations of three off-sale liquor stores.

*Enterprise utility fund* – This fund is used to account for water, sanitary sewer, street lighting, and environmental resources services provided to City customers.

Other funds – The City reports the following other funds:

*Internal service fund* – The internal service fund accounts for the City's risk management program relating to general liability, excess liability, property, workers compensation, and casualty insurance costs which are charged to other departments of the City.

*Custodial fund* – The custodial fund is used to record the receipt and remittance of monies held by the City on behalf of other legally separate entities.

**E. Measurement Focus and Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. To provide an accurate cost measurement of individual activities in the fund financial statement consolidation process, the City's interfund activity relating to services provided by and used between functions has been removed from these statements; exceptions are for charges between the government's liquor and utility function and other functions of the government.

**CITY OF LAKEVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus and Basis of Accounting (Continued)**

Governmental Funds:

*Measurement focus:* Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Reported fund balance is considered a measure of “available spendable resources.” Governmental fund operating statements represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

*Basis of accounting:* Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the City generally considers revenues to be available if collected within 60 days of year-end or if intergovernmental revenues related to a joint project venture with the county are considered to be available if collected within 181 days of year-end.

*Revenues:* Major revenues that are susceptible to accrual include property taxes, excluding delinquent taxes received over 60 days after current fiscal year-end; special assessments, intergovernmental revenue, excluding intergovernmental revenues related to a joint project venture with the county are considered revenue if collected within 181 days after current fiscal year-end; charges for services, investment income, and donations. Major revenues that are not susceptible to accrual (i.e., license and permit revenues, and miscellaneous revenues) are recorded when received because they are not measurable until collected.

*Expenditures:* Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term debt, other postemployment benefits, pension benefits and compensated absences which are recognized when due.

Proprietary and Fiduciary Funds:

*Measurement focus:* Proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. This means that all assets, including capital assets, and all liabilities, including long-term liabilities, and deferred inflows and outflows of resources associated with fund activity are included on the Statement of Net Position. Proprietary fund types Statement of Revenues, Expenses, and Changes in Net Position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus and Basis of Accounting (Continued)**

Proprietary and Fiduciary Funds (Continued):

*Basis of accounting:* Proprietary funds and fiduciary funds (including custodial funds) are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time the liabilities are incurred. Unbilled utility service receivables are recorded at current fiscal year-end.

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

**F. Cash and Investments**

Cash balances from all funds are combined and invested to the extent available in certificates of deposit, commercial paper, U.S. Government securities, and other securities authorized by state statutes. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee represent in part the value of deposits that are required to be held in trust for various City obligations. These established escrow accounts will remain in effect until the terms and conditions of the obligations have been fulfilled. Earnings from such investments are allocated directly to the respective funds in which the assets are held.

**G. Taxes Receivable**

Property tax levies are set by the City Council in December each year and are certified to Dakota County for collection in the following year. Such taxes become a receivable of the City and become a lien on the respective property as of January 1. In Minnesota, most counties act as collection agents for all property taxes. Dakota County spreads the levies over all taxable property within the City of Lakeville. Real and personal property taxes are payable in equal installments by property owners to Dakota County on May 15 and October 15 of each year. Dakota County remits these and delinquent collections to the City twice a year, in July and December. Unpaid taxes on December 31 are classified in the fund financial statements as delinquent taxes receivable.

Taxes receivable include the following components:

**Unremitted** – amounts collected by Dakota County but not yet remitted to the City by December 31.

**Delinquent** – amounts billed to property owners but not paid.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Special Assessments Receivable**

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with State Statutes. The City usually adopts the assessment rolls when construction contracts will be awarded for the individual projects. The City is obligated for the payment of special assessment debt not covered through the collection of special assessments from property owners. Any obligation by the City would be paid by property taxes. Special assessments are collectable over a term of years generally consistent with the term of years of the related bond issue. Collection of annual special assessment installments (including interest) is administered by Dakota County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties. As of December 31, 2020, the special assessment delinquent receivable was \$152,780 in the governmental funds and \$21,780 in the proprietary enterprise utility fund. Special assessments receivable includes the following components:

**Unremitted** – amounts collected by Dakota County but not yet remitted to the City by December 31.

**Delinquent** – amounts billed to property owners but not paid.

**Deferred** – assessment installments that will be billed to property owners in future years.

**Other** - assessments for which payment has been delayed based on state statutes or City Council action.

**I. Inventory**

Inventories are valued on a first-in, first-out method. The cost of inventories is recorded as expenses/expenditures when consumed rather than purchased except for, general fund inventory related to snow removing chemicals. These materials are recorded as an expenditure at the time of purchase rather than when it is consumed.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items. Prepaid items are also accounted for using the consumption method.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Unamortized Bond Premium and Bond Discount**

In the governmental fund financial statements, bond premiums and discounts are recognized as other financing sources and uses, respectively in the current fiscal year. Bond discounts and bond premiums for the City's government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest rate method. Unamortized bond premiums and discounts are included within the noncurrent liabilities due in more than one year of the City's government-wide statement of net position.

The enterprise utility fund includes a noncurrent liability for unamortized bond premium associated with the issuance of the water, sewer and streetlight bonds of 2016-2020. The bond premium is amortized over the term of the bonds using the straight-line method, which approximates the effective interest rate method..

**L. Restricted Assets**

The government-wide Statement of Net Position "restricted assets (temporarily)" represents cash and investments, and investments held by trustee that have imposed restrictions placed on them by parties outside the government. These restricted amounts are pledged by bond covenants to the repayment of City indebtedness. The assets are temporarily restricted until the terms and conditions of the obligations have been fulfilled.

**M. Capital Assets**

Capital assets, which include land, historical treasures, construction in process, buildings and improvements, machinery and equipment, other improvements, and infrastructure, are reported in the applicable governmental or business-type activity columns of the government-wide statement of net position and proprietary funds statement of net position. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life of not less than three years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital outlays are recorded as expenditures in the City's governmental fund financial statements, which use the modified accrual basis of accounting. Capital outlays that meet the City's capitalization criteria are reported in the government-wide Statement of Net Position and proprietary funds statement of net position, both of which use the full accrual basis of accounting.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Capital Assets (Continued)**

Depreciation on the capital assets is recorded in the government-wide and proprietary fund financial statements. Land, historical treasures, and construction in process are not depreciated. Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	50-75 Years
Machinery and equipment	3-20 Years
Other improvements	10-50 Years
Infrastructure	20-50 Years

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has four items that qualifies for reporting in this category. The first two items are the deferred outflows of resources related to pensions reported in the government-wide and proprietary fund statements of net position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings on pension plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards. The third item is a deferred outflow related to the City's OPEB liability. This deferred outflows results from contributions made to the plan after the measurement date and for differences between expected and actual experience, and these deferred outflows will be amortized as required under OPEB standards. The fourth item is a deferred outflow related to a current refunding that resulted in a defeasance of debt reported by the governmental activities. This deferred outflow results from the difference between the reacquisition price and the net carrying amount of the old debt. This amount is deferred and amortized over the remaining life of the debt.

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The City has three items which qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and other, primarily long-term capital leases receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item, deferred inflows of resources related to pensions and OPEB, is reported in the government-wide and proprietary fund statements of net position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension and OPEB standards. The third item relates to deferred gains on bond refundings that are amortized over the life of the related bonds.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused leave benefits as either paid-time-off (PTO), or vacation and sick leave. Under the City's personnel policies and collective bargaining contracts, City employees are granted leave benefits in varying amounts based on length of service. PTO accruals vary from 18 to 30 days per year, vacation accruals vary from 10 to 20 days per year, and sick leave accrues at a rate of 12 days per year.

As benefits accrue to employees, the accumulated PTO, vacation and vested sick leave is reported as an expense and liability in the government-wide and proprietary fund financial statements. Accrued PTO, vacation and a percentage of sick leave is paid to employees upon termination (severance) only if they have vested and is reported as an expenditure in the governmental fund that will pay for it. No liability is recorded for nonvesting accumulating rights to receive sick leave benefits.

**P. Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Lakeville Fire Relief Association and the applicable pension additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the plan except that the PERA pension plan'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.

**Q. Other Postemployment Benefits (OPEB) Obligation**

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, an actuarial valuation is required to be computed and reported for the City's postemployment health insurance benefits provided to eligible employees through the City's Other Post-Employment Benefits Plan. OPEB is reported as an expense on a pay-as-you-go basis and is accrued as it is earned. The total OPEB obligation liability and corresponding expense for governmental activities is reported within the government-wide financial statements. The total OPEB liability and corresponding expense for enterprise funds are recorded within those funds.

**R. Long-Term Obligations**

Long-term obligations are recorded in the City's government-wide and proprietary fund statements of net position when they become a liability of the City. Long-term obligations are recognized as a liability of a governmental fund only when due or when payment is made to the paying agent.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Fund Balance**

In the fund financial statements, governmental funds report fund balance classification that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* – consists of amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Pursuant to City resolution, the City Administrator and the Finance Director are authorized to establish assignments of fund balances.

*Unassigned* – is the residual classification for the General fund and also reflects negative residual amounts in other funds.

The City will endeavor to maintain an unrestricted (committed, assigned, and unassigned) fund balance in the General fund of an amount not less than 40% and not greater than 50% of the next year's budgeted expenditures of the General fund. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs. At December 31, 2020, the unrestricted fund balance of the General Fund was 69.2% of the subsequent year's budgeted expenditures. The City has opted to reduce fund balance with the 2021 budget.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1.) committed, 2.) assigned, and 3.) unassigned.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Net Position**

In the government-wide and proprietary fund financial statements, 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:

*Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

*Restricted net position* – Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

*Unrestricted net position* – All other net position balances that does 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 City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The City has also established specific targets it will use to maintain an adequate level of net position for the Utility Enterprise Funds. When implementing any rate changes, the city intends to meet the following financial management targets:

- (i) Available cash on hand to cover the following objectives:
  - 1. Three months of operating cash
  - 2. Following year debt service payments
  - 3. Next year planned capital expenses not financed with bonds)
- (ii) Unassigned cash to account for unexpected costs at the following thresholds:
  - 1. \$500,000 for water and sewer operating funds
  - 2. \$100,000 for environmental resources and streetlight operating funds.
- (iii) Unrestricted Net Position not less than 50% of projected expenses.
- (iv) Net revenues not less than 125% of annual debt service on existing and planned debt.

**U. Revenues and Expenditures/Expenses**

In the governmental fund financial statements property tax revenue is recognized when it becomes measurable and available to finance expenditures of the current fiscal year. All delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund financial statements. Taxes due from Dakota County on December 31 are included in revenue since they are remitted to the City within 60 days after December 31. In the government-wide Statement of Activities property tax revenue is recognized when levied.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Revenues and Expenditures/Expenses (Continued)**

In the governmental fund financial statements special assessments principal and interest are recognized as revenue when they become measurable and available to finance expenditures of the current fiscal year. All delinquent and deferred assessments receivable are fully offset by deferred inflow of resources in the fund financial statements. Both the principal and interest on special assessments are payable in installments over a term of years that matches the scheduled payments for the bond issue which financed the project. In the government-wide Statement of Activities special assessments revenue is recognized when levied.

Investment income is recorded as revenue in the year earned. Elements of investment income include interest earned on investments and unrealized gains or losses on net increases or decreases in the fair value of investments.

Certain grants and aids received by the City require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded in the period of which eligible expenditures are made.

Enterprise utility fund service charges are recognized when earned with no allowance for uncollectibles because delinquent accounts deemed uncollectible during the normal billing process are certified to Dakota County as a property tax lien. Quarterly utility service charges provided to customers but unbilled are included as receivables as of December 31.

Interfund service transactions are accounted for as expenditures or expenses. Service transaction payments to a fund are recorded as an expenditure or expense in the paying fund and conversely recorded as a reduction of expenditure or expense in the fund that is receiving payment. Interfund service transactions within the respective categories of governmental activities and business-type activities in the government-wide Statement of Activities are eliminated. Interfund services provided and used are not eliminated in the process of consolidation into the government-wide statement of activities.

**V. Cash Flows**

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase of three months or less to be cash equivalents. The proprietary funds' equity in the government-wide cash and investments management pool is considered to be a cash equivalent.

**W. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

The City’s cash surpluses are pooled and invested in accordance with State Statute and City investment policy. Investment earnings and unrealized gains and losses are allocated to funds on the basis of average cash balances. Investments are stated at fair value, which is the amount that a financial instrument could be exchanged for in a current transaction between willing parties. The investments are not identified with specific funds with the exception for bond proceeds related to bond series 2018 A. Investments held by trustee include balances held in segregated accounts for specific purposes. Interest earned on these trustee accounts is allocated directly to the responsible fund. The amounts represent funds held as required by the debt obligation covenants and other agreements.

The City’s cash and investments as of December 31, 2020 consist of the following:

Cash on hand	\$	13,650
Deposits		1,530,576
Investments		142,959,536
Total cash and investments	\$	144,503,762

The City’s cash and investments as of December 31, 2020 are presented in the financial statements as follows:

<b><u>Statement of Net Position</u></b>		
Cash and investments	\$	143,854,927
Temporarily restricted investments held by trustee		608,197
<b><u>Statement of Fiduciary Net Position</u></b>		
Cash and investments		40,638
Total cash and investments	\$	144,503,762

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Deposits**

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit. The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost. Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the 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 City does not have a formal policy addressing this risk.

At year-end, the carrying amount of the City’s deposits was \$1,530,576 while the balance on the bank records was \$29,067. At December 31, 2020, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

**C. Investments**

The City’s investments as of December 31, 2020 are as follows:

<u>Investment Type</u>	<u>Credit Risk</u>		<u>Total Value</u>	<u>Interest Risk - Maturity Duration in Years</u>		
	<u>Rating</u>	<u>Agency</u>		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Money market funds						
Minnesota Municipal (4M)	N/R	N/A	\$ 14,984,878	\$ -	\$ -	\$ -
First American Treasury Obligation	AAA-m	S&P	608,196	-	-	-
Certificates of deposit	N/R	N/A	29,427,719	10,950,980	18,227,560	249,179
U.S. treasury securities	N/A	N/A	3,048,450	3,048,450	-	-
U.S. government agencies	AA+	S&P	66,521,966	7,117,420	56,156,581	3,247,965
Municipal Bonds	Aaa	Moody's	303,507	-	303,507	-
Municipal Bonds	AAA	S&P	6,784,949	-	4,870,939	1,914,010
Municipal Bonds	Aa1	Moody's	1,663,744	857,507	806,237	-
Municipal Bonds	AA+	S&P	1,887,742	571,739	1,316,003	-
Municipal Bonds	Aa2	Moody's	5,772,321	275,436	4,130,058	1,366,827
Municipal Bonds	AA	S&P	5,567,580	499,735	4,063,295	1,004,550
Municipal Bonds	Aa3	Moody's	1,406,807	-	530,910	875,897
Municipal Bonds	AA-	S&P	4,255,962	503,940	2,997,282	754,740
Municipal Bonds	A+	S&P	200,000	200,000	-	-
Municipal Bonds	A	S&P	525,715	-	525,715	-
<b>Total investments</b>			<b>\$ 142,959,536</b>	<b>\$ 24,025,207</b>	<b>\$ 93,928,087</b>	<b>\$ 9,413,168</b>

N/R - Not rated

N/A - Not applicable

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows guidance under GASB Statement No. 79. The City's investment in the 4M Fund is measured at an amortized cost method that approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. The City's investment policy does not place any further limitations beyond the state statute requirements for the risk categories described below. Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have any custodial credit risk for its investments since all of the City's investments held in safekeeping by the City's brokerage firm in the City's name are insured and registered.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize investments in money market funds, certificates of deposit, commercial paper, U.S. treasury securities, U.S. government agencies, and other securities provided they meet the two highest quality ratings of nationally recognized rating organizations.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5% or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

As of December 31, 2020, the City's investment portfolio includes the following securities of single issuers exceeding 5%:

Federal Farm Credit Bank	10.51%
Federal Home Loan Bank	6.15%
Federal Home Loan Mortgage Corporation	18.37%
Federal National Mortgage Association	8.88%

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk).

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Investments Policy**

The City's investment policy limits exposure to interest rate risk by investing in shorter term securities (maturing in one year or less) to meet current operating cash requirements. Longer-term investments are to be purchased with the intent to match maturity periods with future funding needs for capital replacement and debt obligations. The City will not purchase investments that, at the time of investment, cannot be held to maturity. This does not mean that an investment cannot be sold prior to maturity.

Investment activity will focus upon protection of taxpayer dollars and investment income, consistent with statutory authorization and financial prudence. The City will conduct its investment transactions with several legal competing, reputable investment security dealers, and qualifying banks. The City will invest only in the following instruments or those others that may subsequently be permitted by state statute.

- United States Treasury obligations
- Federal Agency Securities
- Certificates of Deposit
- Commercial Paper
- Banker's Acceptance
- Money Market Funds
- State and local securities

**E. Fair Value Measurements**

The City uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures.

The City follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**E. Fair Value Measurements (Continued)**

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
First American Treasury Obligation	\$ 608,196	\$ -	\$ -	\$ 608,196
U.S. treasury securities	3,048,450	-	-	3,048,450
U.S. government securities	-	66,521,966	-	66,521,966
Certificates of deposit	-	29,427,719	-	29,427,719
Municipal bonds	-	28,368,327	-	28,368,327
Total	<u>\$ 3,656,646</u>	<u>\$ 124,318,012</u>	<u>\$ -</u>	127,974,658
Investments measured at amortized cost				<u>14,984,878</u>
Total				<u>\$ 142,959,536</u>

**CITY OF LAKEVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CAPITAL ASSETS**

A summary of changes in governmental capital assets during the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 30,128,217	\$ 1,410,879	\$ -	\$ 31,539,096
Historical treasures	100,000	-	-	100,000
Construction in progress	1,912,755	3,410,296	(1,814,261)	3,508,790
Total Capital Assets, Not Being Depreciated	<u>32,140,972</u>	<u>4,821,175</u>	<u>(1,814,261)</u>	<u>35,147,886</u>
Capital Assets, Being Depreciated:				
Building and improvements	55,051,059	272,685	(42,646)	55,281,098
Machinery and equipment	25,767,614	1,924,239	(1,070,219)	26,621,634
Other improvements	10,144,883	2,975,578	(27,154)	13,093,307
Infrastructure				
Streets	185,733,608	19,589,113	(5,801,704)	199,521,017
Storm Sewer	91,213,117	11,750,859	(177,092)	102,786,884
Parks	30,330,869	2,024,864	(160,651)	32,195,082
Total Capital Assets, Being Depreciated	<u>398,241,150</u>	<u>38,537,338</u>	<u>(7,279,466)</u>	<u>429,499,022</u>
Accumulated Depreciation for:				
Buildings and improvements	(18,481,065)	(1,184,303)	39,474	(19,625,894)
Machinery and equipment	(15,923,208)	(2,160,154)	1,052,696	(17,030,666)
Other improvements	(4,238,055)	(514,123)	27,154	(4,725,024)
Infrastructure				
Streets	(85,276,446)	(7,914,307)	5,002,547	(88,188,206)
Storm Sewer	(23,438,465)	(2,342,455)	83,348	(25,697,572)
Parks	(15,692,332)	(1,176,172)	160,650	(16,707,854)
Total Accumulated Depreciation	<u>(163,049,571)</u>	<u>(15,291,514)</u>	<u>6,365,869</u>	<u>(171,975,216)</u>
Total Capital Assets, Being Depreciated, Net	<u>235,191,579</u>	<u>23,245,824</u>	<u>(913,597)</u>	<u>257,523,806</u>
Governmental Activities Capital Assets, Net	<u>\$ 267,332,551</u>	<u>\$ 28,066,999</u>	<u>\$ (2,727,858)</u>	<u>\$ 292,671,692</u>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 425,530
Public safety	1,197,245
Public works	11,224,620
Parks and recreation	2,444,119
Total depreciation expense	<u>\$ 15,291,514</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

A summary of changes in business-type capital assets during the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,627,767	\$ -	\$ -	\$ 3,627,767
Construction in Progress	30,203	480,749	(30,203)	480,749
Total Capital Assets, Not Being Depreciated	<u>3,657,970</u>	<u>480,749</u>	<u>(30,203)</u>	<u>4,108,516</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	28,341,160	-	-	28,341,160
Machinery and equipment	3,675,948	154,500	(61,676)	3,768,772
Infrastructure				
Environmental Resources	63,142	214,011	-	277,153
Water	115,458,217	7,359,226	(34,269)	122,783,174
Sanitary Sewer	77,899,055	5,623,974	-	83,523,029
Total Capital Assets, Being Depreciated	<u>225,437,522</u>	<u>13,351,711</u>	<u>(95,945)</u>	<u>238,693,288</u>
Accumulated Depreciation for:				
Buildings and improvements	(9,610,555)	(615,761)	-	(10,226,316)
Machinery and equipment	(2,441,372)	(355,948)	61,676	(2,735,644)
Infrastructure				
Environmental Resources	(1,233)	(1,958)	-	(3,191)
Water	(35,024,840)	(2,504,883)	7,826	(37,521,897)
Sanitary Sewer	(27,959,007)	(1,664,962)	-	(29,623,969)
Total Accumulated Depreciation	<u>(75,037,007)</u>	<u>(5,143,512)</u>	<u>69,502</u>	<u>(80,111,017)</u>
Total Capital Assets, Being Depreciated, Net	<u>150,400,515</u>	<u>8,208,199</u>	<u>(26,443)</u>	<u>158,582,271</u>
Business-Type Activities Capital Assets, Net	<u>\$ 154,058,485</u>	<u>\$ 8,688,948</u>	<u>\$ (56,646)</u>	<u>\$ 162,690,787</u>

Depreciation expense was charged to governmental functions as follows:

<b>Business-Type Activities:</b>	
Liquor fund	\$ 87,294
Utility fund	5,056,218
Total Depreciation Expense, Business-Type Activities	<u>\$ 5,143,512</u>

**NOTE 4 OPERATING LEASES**

Operating Lease (Ames Arena)

On December 1, 2006, the City (as lessor) entered into a joint powers agreement with the Lakeville Arenas (a Minnesota Joint Powers entity, as lessee), whereas the Lakeville Arenas is responsible for operations and maintenance of the Ames Arena. Lakeville Arenas shall pay all debt service requirements due on the Gross Revenue Recreation Facility Bonds of 1999 less payments received by Lakeville Hockey Association, Inc. (Boosters) towards debt service payments in accordance with the revised and restated gaming revenue agreement dated February 16, 1999. The cost of the leased space is included in the total Ames ice arena cost of \$4,143,826, of which \$1,968,279 has been depreciated to date. These amounts are recorded in the City's capital assets. The final payment related to this agreement was made during 2018 and no further payments were made during 2019 or 2020.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 OPERATING LEASES (CONTINUED)**

Operating Sublease (Hasse Arena)

On December 1, 2006, the City (as sublessor) entered into a joint powers agreement with the Lakeville Arenas (a Minnesota Joint Powers entity, as sublessee), whereas the Lakeville Arenas is responsible for operations and maintenance of the Hasse Arena. In addition, the joint powers agreement calls for Independent School District No. 194 to provide for one-half of all future ice arena lease payments to the City. Lease agreement payments coinciding with the bonded debt service schedule commencing February 1, 2007 will remain in effect until February 1, 2032. The 2020 lease revenue totaled \$294,050.

Operating Lease (Heritage Liquor Store)

The Heritage Liquor Store (located in Heritage Shopping Center) consists of 8,859 square feet of space at a monthly lease cost of \$12,550 per month, plus a proportionate share of real estate taxes, property insurance, special assessments, common area maintenance, and management fees. The lease had an original term of fifteen years and was subsequently renewed for an additional four years expiring June 30, 2019 and was subsequently renewed for three additional years expiring June 30, 2022. The fiscal year 2020 lease expense totaled \$150,603. The HRA owns the land and building of the Galaxie store. The following is a schedule of future minimum payments required un the lease as of December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 150,603
2022	75,302
Total	<u>\$ 225,905</u>

Operating Lease (Kenrick Liquor Store)

The Kenrick Liquor Store (located off Kenrick Avenue) consists of 9,705 square feet of space at a monthly lease cost of \$15,366 plus a proportionate share of real estate taxes, property insurance, special assessments, common area maintenance, and management fees. The lease has an original term of twenty years ending April 30, 2039. The fiscal year 2020 lease expense totaled \$184,395. The following is a schedule by years of future minimum payments required under the lease as of December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 184,395
2022	184,395
2023	184,395
2024	197,303
2025	197,303
2026-2030	1,014,075
2031-2035	1,084,922
2036-2040	1,160,815
Total	<u>\$ 4,207,603</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 OPERATING LEASES (CONTINUED)**

Operating Lease – Office Equipment

The City leased office equipment on March 18, 2019 at a monthly lease cost of \$3,558 for 60 months. The fiscal year 2020 lease expenditures totaled \$42,696. The following is a schedule of future minimum payments required under the lease as of December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 42,696
2022	42,696
2023	42,696
2024	14,232
Total	<u>\$ 142,320</u>

**NOTE 5 LONG-TERM DEBT**

**A. Components of Long-Term Debt**

General Obligation Bonds

The City's general obligation bonds are supported primarily from revenues derived from property tax levies, special assessment levies, tax increment levies, state-aid street revenue, water connection revenue charges, ice arena operations, and contributions by an organization conducting lawful gaming at approved locations. These bonds are backed by the full-faith and credit of the City.

Revenue Bonds

The following revenue bonds are not general obligations of the City and accordingly are not backed by the full-faith and credit of the City.

Governmental Activities

The HRA Ice Arena Lease Revenue Refunding Bonds, Series 2016, will be payable from equal lease payments to be made by the City pursuant to the lease agreement between the HRA of Lakeville, the City, and in conjunction with the joint powers agreement between the City and Independent School District No. 194. The City's portion of the lease payments are supported by property tax levies.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

Revenue Bonds (Continued)

Governmental Activities (Continued)

The lease, consisting of land, building and equipment of the Hasse Arena located at 8525 215th Street West, requires the City to provide lease payments sufficient to pay when due, the principal and interest on the HRA Ice Arena Lease Revenue Refunding Bonds, Series 2016 (\$7,115,000 original amount issued), of which the first principal and interest payment was due in 2017. Title to the arena will transfer to the City upon completing the prescribed lease payments coinciding with the bonded debt service schedule commencing February 1, 2017 and maturing February 1, 2032. The cost of the leased space is included in the total Hasse ice arena cost of \$7,505,840, of which \$1,886,124 has been depreciated to date. These amounts are recorded in the HRA's capital assets.

Business-type Activities

Future revenue pledged for the payment of long-term debt related to the Utility – Water, Utility – Sewer, Utility – Street Lights, and Water Connection revenue bonds is noted in the table below.

Summary of Governmental Activities and Business-type Activities

Bond Issue	Use of Proceeds	Revenue Pledged		Current Year		
		Type	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Ice Arena Lease Revenue	Additional ice arena	Lease Revenues	2020 - 2032	\$ 7,106,400	\$ 578,650	\$ 294,050
Utility - Water Revenue	Water infrastructure	Utility user fees	2020 - 2034	11,786,975	726,438	6,591,487
Utility - Sewer Revenue	Sewer infrastructure	Utility user fees	2020 - 2025	362,650	73,700	7,412,814
Utility - Street Lights Revenue	Street lights infrastructure	Utility user fees	2020 - 2026	312,500	49,375	1,113,408
Water Connection Revenue	Water infrastructure	Connection charges	2020 - 2034	8,323,900	610,700	4,712,775

Metropolitan Council Loan Agreements

On February 21, 2006, the City entered into a loan agreement with the Metropolitan Council for the purpose of acquiring property for a commuter vehicle park and pool lot located within a proposed state trunk highway right-of-way. The Metropolitan Council provided a loan to the City in the amount of \$1,466,300 to finance the acquisition of the property. In 2020, the City made no payments on this loan. As of December 31, 2020, the balance of the loan is \$1,159,843. On January 3, 2017, the City entered into another loan agreement with the Metropolitan Council for the purpose of acquiring property within a proposed state trunk highway right-of-way. The amount of the loan was \$737,171 and the City made no payments on the loan in 2020.

No specific assets are pledged as collateral for the debt, but there are restriction on the related properties acquired with the loan proceeds.

The loans (both free of interest charge) will be discharged by the Metropolitan Council upon the conveyance of the properties to the highway authority at an undetermined future date.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

Metropolitan Council Loan Agreements (Continued)

If the City determined it would not use the land for the highway project and wanted to sell it, it would owe the Met Council the fair market value of the property and, once paid, the loan would be forgiven. If the City breached the contract, essentially using the land for something other than was detailed in the agreements use of funds, the City would owe the Met Council the purchase price of the property (which is equal to the loan amount), and the loan would be forgiven.

Dakota County Loans Payable

During 2020, the City entered into two new agreements with Dakota County, where as Dakota County delayed repayment of project costs. One agreement related to construction on 179<sup>th</sup> Street between CSAH 23 and CASH 31, with the City's total share to date of \$2,854,377 being recorded as a new loan in 2020. This loan requires the City to pay the County for the City's share of the project's costs after May 1, 2023. The other agreement related to the County Road 70 expansion, with the City's total share to date of \$2,319,659 being recorded as a new loan in 2020. This loan requires the City to pay the County for the City's share of the project's costs over 3 years starting with engineering and right of ways acquisition after February 1, 2022, and the final payment for constructions costs is due after February 1, 2024. No assets were specifically pledged as collateral for these loans in the related agreements. There were no terms specified in the agreements with the County related to significant events of default, termination events, or subjective acceleration clauses.

Lease Revenue Liquor Enterprise Refunding Bonds, Series 2017A

On October 25, 2017, the City issued \$2,255,000 in HRA Lease Revenue Liquor Enterprise Refunding Bonds, Series 2017A. The proceeds of this issue were deposited with the Trustee in order to call and prepay the outstanding liquor revenue bonds of 2007. In exchange for the refunding of the existing liquor revenue bonds, the liquor fund conveyed related capital assets consisting of land and building to the HRA fund. The HRA then leased the building back to the liquor fund under a capital lease agreement, resulting in the capital assets being reported back in the liquor fund and the long-term debt being shown in the liquor fund as a capital lease. The lease terms include interest of between 2.0%-3.0% with payments totaling \$2,255,000 through 2027. The capital assets being leased had a total cost of \$2,522,470 and accumulated depreciation of \$663,247 at December 31 2020. Per governmental accounting standards the related long-term debt is not shown in both the governmental and business-type activities, therefore the long-term liability is included in business-type activities as a capital lease, as is noted in the table on page 69. This refunding resulted in an aggregate difference in debt service cash flows between the refunding debt and the refunded debt of \$305,074 as well as an economic net present value benefit of \$321,727 on the transaction.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

General Obligation Bonds, Series 2020 A

On August 13, 2020, the City issued \$12,735,000 in General Obligation Bonds, Series 2020 A. This included \$9,370,000 in General Obligation Improvement Bonds, \$620,000 in General Obligation Tax Abatement Bonds, and \$2,745,000 in General Obligation Water Revenue Bonds. The proceeds of this issue will be used for street reconstruction and improvement projects. The General Obligation Improvement Bonds and Tax Abatement Bonds both carry interest that will vary from 3.0% to 5.0% with a final maturity of February 1, 2031. The debt service of these bonds will be made from special assessments and property tax levies. The General Obligation Water Revenue Bonds carry an interest rate of 5.0% with a final maturity of February 1, 2030. The debt service of these bonds will be made from water utility revenues. The General Obligation Improvement Bonds and General Obligation Water Revenue Bonds carry a call provision on February 1, 2029.

The City had the following long-term liabilities outstanding at December 31, 2020:

Description	Maturities	Interest Rates	Amount
<b>PRIMARY GOVERNMENT</b>			
Governmental Activities:			
General Obligation Bonds Payable:			
Capital improvement bonds	2019 - 2032	1.75% - 5.00%	\$ 19,180,000
Street reconstruction bonds	2019 - 2030	1.75% - 5.00%	10,355,000
G.O. Improvement bonds	2019 - 2038	1.40% - 5.00%	63,940,000
Tax increment bonds	2022	4.00% - 4.20%	525,000
State-aid street revenue bonds	2019 - 2036	1.25% - 5.00%	4,125,000
G.O. water revenue bonds	2034	2.00% - 5.00%	6,850,000
Tax Abatement Bonds	2031	3.00% - 5.00%	620,000
Total General Obligation Bonds			105,595,000
HRA lease revenue bonds			5,710,000
Total Governmental Activities			111,305,000
Business-Type Activities:			
Revenue Bonds			
Water revenue bonds	2034	1.50% - 5.00%	9,640,000
Sewer revenue bonds	2025	1.50% - 5.00%	325,000
Street light revenue bonds	2026	5.00%	270,000
Total Revenue Bonds			10,235,000
Capital Lease	2027	2.00% - 3.00%	1,810,000
Total Business-Type Activities			12,045,000
Total long-term bonded debt outstanding			\$ 123,350,000

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

The City is in compliance with all significant bond covenants. Annual bond debt service requirements to maturity for long-term obligations, excluding the Lease Revenue Liquor Enterprise Refunding Bonds of 2017 (see page 71), are as follows:

Year Ending December 31,	Governmental		Business-Type		Total
	Principal	Interest	Principal	Interest	
2021	\$ 9,160,000	\$ 3,992,342	\$ 935,000	\$ 386,713	\$ 14,474,055
2022	9,615,000	3,654,939	895,000	359,988	14,524,927
2023	10,000,000	3,260,155	920,000	321,863	14,502,018
2024	9,910,000	2,850,755	960,000	275,363	13,996,118
2025	9,985,000	2,438,927	1,015,000	225,988	13,664,915
2026-2030	43,615,000	6,924,829	4,195,000	581,340	55,316,169
2031-2035	17,195,000	1,406,848	1,315,000	75,870	19,992,718
2036-2038	1,825,000	49,841	-	-	1,874,841
Total	<u>\$ 111,305,000</u>	<u>\$ 24,578,636</u>	<u>\$ 10,235,000</u>	<u>\$ 2,227,125</u>	<u>\$ 148,345,761</u>

Accrued Compensated Absences

Governmental Activities

The governmental funds accumulated liability for accrued PTO, vacation and vested sick pay (including applicable salary-related payments) as of December 31, 2020 is \$3,371,590. This amount is included in the noncurrent liabilities of the government-wide Statement of Net Position.

In the event of employee separation from the City, the general fund and the responsible special revenue fund will pay the accumulated severance portion.

Business-Type Activities

The accumulated liability for accrued PTO, vacation, and vested sick pay for proprietary enterprise funds (including applicable salary-related payments) as of December 31, 2020 is \$406,974. In the event of employee separation from the City, the responsible enterprise fund will pay the accumulated severance portion. These amounts are recorded as a liability and as an expense when earned in the responsible funds.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

Unamortized Bond Premium and Discount

Unamortized bond premium and bond discount included within noncurrent liabilities are as follows:

	Governmental	Business-Type
Unamortized bond premium	\$ 9,894,968	\$ 1,331,743

Liquor Capital Lease

The capital lease reported in business-type activities on page 69 has the following annual debt service requirements:

Year Ending December 31,	Liquor Capital Lease	
	Principal	Interest
2021	\$ 240,000	\$ 49,500
2022	245,000	43,425
2023	250,000	36,000
2024	260,000	28,350
2025	265,000	20,475
2026-2027	550,000	16,650
Total	\$ 1,810,000	\$ 194,400

**B. Changes in Long-Term Debt**

Long-term liability activity for the year ended December 31, 2020 was as follows:

<b>PRIMARY GOVERNMENT</b>	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
<b>Governmental Activities</b>					
G.O. Improvement bonds	\$ 32,110,000	\$ 9,370,000	\$ (2,575,000)	\$ 38,905,000	\$ 2,740,000
Other bonds	77,920,000	620,000	(6,140,000)	72,400,000	6,420,000
Total bonds	110,030,000	9,990,000	(8,715,000)	111,305,000	9,160,000
Direct Borrowing - County note payable	1,000,000	5,174,036	(1,000,000)	5,174,036	-
<b>Direct Borrowing - Metropolitan</b>					
Council loans	1,897,014	-	-	1,897,014	-
Total long-term debt	112,927,014	15,164,036	(9,715,000)	118,376,050	9,160,000
Accrued compensated absences	2,981,687	2,006,946	(1,617,043)	3,371,590	1,540,574
Unamortized bond premium/discount	8,302,665	2,391,960	(799,657)	9,894,968	-
Total Governmental Activities	124,211,366	19,562,942	(12,131,700)	131,642,608	10,700,574
<b>Business-Type Activities:</b>					
Utility - water revenue bonds	7,365,000	2,745,000	(470,000)	9,640,000	835,000
Utility - sewer revenue bonds	385,000	-	(60,000)	325,000	60,000
Utility - street light revenue bonds	305,000	-	(35,000)	270,000	40,000
Liquor - capital leases	2,040,000	-	(230,000)	1,810,000	240,000
Accrued compensated absences	445,301	284,888	(323,215)	406,974	293,139
Unamortized Bond Premiums	821,566	609,580	(99,403)	1,331,743	-
Total Business-Type Activities	11,361,867	3,639,468	(1,217,618)	13,783,717	1,468,139
Total Primary Government	\$ 135,573,233	\$ 23,202,410	\$ (13,349,318)	\$ 145,426,325	\$ 12,168,713

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets as of December 31, 2020 is calculated as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Capital assets, net of depreciation	\$ 292,671,692	\$ 162,690,787	\$ 455,362,479
Less applicable:			
Bonds payable	(102,170,000)	(9,965,000)	(112,135,000)
Capital lease payable	-	(1,810,000)	(1,810,000)
Loan payable	(1,897,014)	-	(1,897,014)
Note payable	(5,174,036)	-	(5,174,036)
Unamortized bond premium / discount (net)	(9,259,684)	(1,295,772)	(10,555,456)
Unamortized deferred charge on refunding	95,255	-	95,255
Unamortized deferred gain on refunding	(84,630)	-	(84,630)
Unspent bond proceeds	2,754,568	1,511,986	4,266,554
Contracts Payable	(9,316,493)	-	(9,316,493)
Net Investment in capital assets	<u>\$ 167,619,658</u>	<u>\$ 151,132,001</u>	<u>\$ 318,751,659</u>

The City has \$9,405,000 in bonds and \$671,255 in unamortized bond premiums that are not included in the calculation above as they are not capital in nature.

**NOTE 7 RESTRICTED NET POSITION**

The government-wide Statement of Net Position reports restricted amounts in the net position section. These amounts represent net position that has imposed restrictions placed on it by parties outside the City government. Net position restricted for debt service represents assets pledged by bond covenant to the repayment of City bond obligations. The government-wide restricted net position is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Restricted Net Position</u></b>			
Special purposes	\$ 297,602	\$ -	\$ 297,602
Debt service	37,459,734	-	37,459,734
Capital acquisition	26,665,790	-	26,665,790
Public Safety	20,566	-	20,566
Fire relief pensions	5,014,865	-	5,014,865
Total restricted net position	<u>\$ 69,458,557</u>	<u>\$ -</u>	<u>\$ 69,458,557</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 CONSTRUCTION COMMITMENTS**

The City has outstanding construction and build projects as of December 31, 2020. These projects include street reconstruction projects, equipment purchases, land purchases and other water and sanitary sewer projects. The City's commitments with contractors and other governmental entities are shown as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
<u>Governmental Activities</u>		
City of Lakeville/City of Apple Valley sanitary sewer interceptor	\$ 53,591	\$ 55,613
2020 Street reconstruction projects	10,223,616	498,500
Misc. street and trail repairs	962,531	28,509
Police body worn/vehicle cameras	290,320	402,816
CR70 project	-	6,239,330
New trail construction	340,822	2,244
Arenas Energy Improvement Project	637,634	7,295,651
Total governmental	\$ 12,508,514	\$ 14,522,663
 <u>Projects</u>		
<u>Business-Type Activities</u>		
Construction of new liquor store	\$ 93,291	\$ 4,992,210
Stormwater restoration projects	142,368	295,080
Tree inventory, injections and pruning	64,286	129,977
Total business-type	\$ 299,945	\$ 5,417,267

**CITY OF LAKEVILLE  
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**NOTE 9 FUND BALANCES**

A summary of the City's governmental fund balance classifications at December 31, 2020 is as follows:

	General Fund	Debt Service		Capital Projects		Nonmajor	Total
		G.O. Improvement	Municipal State-aid	Improvement Construction			
<b>Nonspendable</b>							
Inventory	\$ 356,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,291
Prepaid Items	12,986	-	-	-	-	-	12,986
Advances to Other Funds	442,061	-	-	-	-	-	442,061
Total nonspendable	811,338	-	-	-	-	-	811,338
<b>Restricted for:</b>							
Debt Service	-	14,466,190	-	-	-	9,456,984	23,923,174
Public improvements	-	-	2,840,789	7,760,519	-	-	10,601,308
Public safety equipment	-	-	-	-	-	20,566	20,566
Park development	-	-	-	-	-	6,747,989	6,747,989
Tax increment	-	-	-	-	-	103,899	103,899
Public communications	-	-	-	-	-	155,105	155,105
Arenas Reserve	-	-	-	-	-	113,351	113,351
Special Service District	-	-	-	-	-	29,146	29,146
Total Restricted	-	14,466,190	2,840,789	7,760,519	-	16,627,040	41,694,538
<b>Committed for:</b>							
Compensated leave	200,000	-	-	-	-	-	200,000
Public improvements	-	-	-	782,589	-	-	782,589
Public buildings	-	-	-	-	-	1,192,026	1,192,026
Pavement management	-	-	-	-	-	1,564,874	1,564,874
Storm water infrastructure	-	-	-	-	-	8,744,877	8,744,877
Water trunk system	-	-	-	-	-	13,381,468	13,381,468
Sanitary sewer trunk system	-	-	-	-	-	10,816,688	10,816,688
Trail improvement	-	-	-	-	-	429,568	429,568
Park improvement	-	-	-	-	-	390,573	390,573
Capital acquisitions	-	-	-	-	-	1,769,460	1,769,460
Technology equipment	-	-	-	-	-	151,610	151,610
Public communications	-	-	-	-	-	1,012,815	1,012,815
Economic development	-	-	-	-	-	5,258	5,258
Total Committed	200,000	-	-	782,589	-	39,459,217	40,441,806
<b>Assigned for:</b>							
Subsequent year budget	1,675,125	-	-	-	-	-	1,675,125
Unassigned (Deficit)	22,053,166	-	-	-	-	(1,084,565)	20,968,601
<b>Total</b>	<b>\$ 24,739,629</b>	<b>\$ 14,466,190</b>	<b>\$ 2,840,789</b>	<b>\$ 8,543,108</b>	<b>\$ 55,001,692</b>	<b>\$ 105,591,408</b>	

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 CONTRIBUTED CAPITAL**

The ownership of local streets, storm water, parks, water and sanitary sewer infrastructure capital assets that are constructed and completed during the year by private land developers becomes contributed property of the City. Storm sewer, water, and sanitary sewer infrastructure assets constructed within Dakota County and State of Minnesota right-of-way boundaries also become City capital assets since they are serviced and maintained by the City. Roads and highways constructed within Dakota County and State of Minnesota right-of-way boundaries are excluded from City capital assets. The City assumed ownership of the following governmental and business-type capital assets contributed from private land developers during the current fiscal year as follows:

<u>From Private Land Developers</u>	<u>Governmental</u>	<u>Enterprise Utility Fund</u>
Infrastructure		
Streets	\$ 5,457,452	\$ -
Storm sewer	7,897,283	-
Parks	1,540,011	-
Water	-	4,541,085
Sanitary sewer	-	5,504,809
Total	<u>\$ 14,894,746</u>	<u>\$ 10,045,894</u>

The ownership of water and sanitary sewer infrastructure assets that are constructed and completed during the year by City governmental activities (through various funding sources at cost) becomes contributed property of the City's enterprise utility fund. The City's enterprise utility fund assumed ownership of the following capital assets contributed during the current fiscal year as follows:

<u>From Governmental Activities</u>	<u>Enterprise Utility Fund</u>
Infrastructure	
Water	\$ 1,054,461
Sanitary sewer	105,300
Total	<u>\$ 1,159,761</u>

**NOTE 11 DEFICIT FUND BALANCES**

The capital projects tax abatement fund had a deficit fund balance of \$441,827 as of December 31, 2020 as a result of providing tax abatement assistance to retain the headquarters of a manufacturing facility within the City. It is anticipated that the deficit will be financed by future tax abatements collected after an existing Tax Increment Financing District in which the property is currently located will be decertified.

The arenas capital reserve fund had a deficit unassigned fund balance of \$642,738 as of December 31, 2020 as a result of paying for significant capital expenditures in 2020 related to Ames Arena parking lot improvements and arenas energy improvements. It is anticipated that the deficit will be financed by future intergovernmental revenues, donations, and transfers from other funds.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 12 INTERFUND RECEIVABLES AND PAYABLES**

Activity between funds representative of lending or borrowing arrangements is reported in the fund financial statements as “due from/to other funds” (current portion) or “advances to/from other funds.” Such amounts are eliminated in the government-wide financial statements, with any residual balances outstanding between the governmental and business-type activities reported as “internal balances.” At December 31, 2020, the capital projects fund tax abatement fund had a payable of \$442,061 to the general fund to finance a long-term cash deficit. Also, the water trunk nonmajor capital project fund has \$642,454 due from the arenas capital reserve nonmajor capital project fund for energy improvements being completed in 2021. This will be paid back in 2021 by bonds issued for this project.

**NOTE 13 INTERFUND TRANSFERS**

The City provides financing for a variety of operations and capital projects utilizing resources from certain funds; interfund transfers used for these various activities during the current fiscal year are as follows:

Transfers From	General Fund	Debt Service		Capital Projects		Nonmajor Govntl. Funds	Total
		G.O. Improvement	Muni State-aid	Improv. Constr.			
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 652,000	\$ 652,000	
G.O. Improvement Bonds	-	-	-	29,261	-	29,261	
Improv. Const. (CP)	-	-	-	-	29,118	29,118	
Nonmajor Govntl. Funds	83,739	-	2,636,074	-	750,519	3,470,332	
Total	83,739	-	2,636,074	29,261	1,431,637	4,180,711	
Enterprise - Liquor	156,412	-	-	-	969,677	1,126,089	
Enterprise - Utility	540,220	523,000	-	-	102,700	1,165,920	
Internal Service Fund	50,000	-	-	-	-	50,000	
Total	<u>\$ 830,371</u>	<u>\$ 523,000</u>	<u>\$ 2,636,074</u>	<u>\$ 29,261</u>	<u>\$ 2,504,014</u>	<u>\$ 6,522,720</u>	
	(1)	(2)	(3)	(4)	(5)(6)		

The following are explanations to interfund transfers sub-notes 1 through 9.

Abbreviation key:

(SR) special revenue fund, (DS) debt service fund, (CP) capital projects fund, (E) enterprise fund, (IS) internal service fund.

- (1) The transfers to the general fund were provided mainly as overhead and maintenance costs from the following funds:

Fund	Amount	Description
Communications (SR)	\$ 83,739	Public communications and budgeted transfers
Liquor (Ent)	156,412	City hall overhead costs
Utility (Ent)	540,220	City hall overhead costs
Municipal Reserve (IS)	50,000	City hall overhead costs
Total	<u>\$ 830,371</u>	

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 13 INTERFUND TRANSFERS (CONTINUED)**

(2) The total transfer to the debt service G.O. improvement fund was provided by the enterprise utility fund (\$523,000) related to the City improvements projects whereby user fees are pledged towards the improvement bonds debt service requirements.

(3) The total transfers to the capital projects municipal state-aid fund were provided to finance various road construction projects and were provided by the nonmajor capital project funds as follows:

<b>From:</b>	<b>Amount</b>
Storm water (CP)	\$ 804,915
Water (CP)	1,275,749
Sanitary Sewer (CP)	109,783
Park Dedication (CP)	432,737
Debt Service (DS)	12,890
Total Muni State-aid	\$ 2,636,074

(4) The total transfer to the capital projects fund improvement construction of (\$29,261) was provided by the following governmental funds to finance various road construction projects:

<b>From:</b>	<b>Amount</b>
G.O. Improvement Bonds (DS)	\$ 29,261

(5) The total transfer to nonmajor governmental funds (\$1,431,637) was provided by the following governmental funds:

<b>From:</b>	<b>Amount</b>	<b>Description</b>
General fund	\$ 452,000	Equipment Fund (CP) for future equipment purchases
General Fund	200,000	Building (CP) for future building improvements
Improvement Construction fund	29,118	Communications Fund (SR) for partial repayment of previous transfer
Arena Revenue (DS)	10,515	Tax Abatement (DS) for closure of DSF (bonds paid off)
Communications Fund (SR)	4,400	Technology Fund (CP) for future technology-equipment purchases
Stormwater Infrastructure (CP)	124,440	Arenas Capital Reserve Fund (CP) for 2020 parking lot project
Water (CP)	611,164	Water revenue (DS) for debt service requirements
Total other govt.	\$ 1,431,637	

(6) The total transfer to the nonmajor governmental funds was provided by the enterprise liquor fund (\$969,677) and the enterprise utility fund (\$102,700) to finance various equipment purchases.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 14 JOINT POWERS DEBT COMMITMENT**

On August 25, 2005, the City of Lakeville entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Mendota Heights, Rosemount, South St. Paul, West St. Paul, Minnesota, and Dakota County Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a countywide public safety answering point and communications center for law enforcement, fire, emergency medical services, and other public safety services for the mutual benefit of residents residing in the above mentioned cities and county (members). Pursuant to the joint powers agreement, members are required to provide the DCC their pro rata share of cost of operations and maintenance, and capital projects. Information regarding the Dakota Communications Center can be obtained at the website [www.mn-dcc.org/stats.asp](http://www.mn-dcc.org/stats.asp) or by contacting Jerilyn Erickson at the City of Lakeville, 20195 Holyoke Avenue, Lakeville, Minnesota 55044. Telephone 952-985-4481 or email address [jerickson@lakevillemn.gov](mailto:jerickson@lakevillemn.gov).

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

The City provides postemployment insurance benefits to certain eligible employees through the City's Other Post-Employment Benefits Plan, a single-employer defined benefit plan administered by the City. All postemployment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

Postemployment Insurance Benefits – All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**A. Plan Description (Continued)**

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	7
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	-
Active Plan Members	184
Total	191

**B. Contributions and Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City. The City contributes a portion of the cost of current year premiums for eligible retired plan members and their spouses as well as the implicit rate subsidy described above. For fiscal year 2020, the City contributed \$9,713 in subsidized payments and implicit payments of \$56,519 to the plan. As of December 31, 2020, there were 7 retirees receiving health benefits from the City's health plans.

**C. Total OPEB Liability**

The City's Total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2019.

*Actuarial Assumptions*

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation date:</u>	January 1, 2019
<u>Measurement date:</u>	January 1, 2020
<u>Methods and assumptions used to determine the contribution rates:</u>	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.
Inflation	3.00%
Healthcare cost trend rate	6.00% for 2019, decreasing to 5.00% over 5 years
Salary increases	3.00%
Discount rate	3.60% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with MP-2019 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**C. Total OPEB Liability (Continued)**

*Discount Rate*

The City's OPEB plan is not funded by a trust, and therefore, the City's uses the 20-year municipal bond index rate to develop its long-term rate of return and discount rate. This rate was 3.60% in the current actuarial valuation, which was updated from the 3.30% used in the prior actuarial valuation.

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

The details of the changes in the City's total OPEB Liability were as follows for 2020:

	Increase (Decrease) Total OPEB Liability (a)
<b>Balances at 12/31/19</b>	<b>\$ 1,236,552</b>
<b>Changes for the Year:</b>	
Service Cost	90,590
Interest	46,760
Differences Between Expected and Actual Experience	-
Contributions - Employer	-
Net Investment Income	-
Benefit Payments	(51,097)
Changes in Assumptions	-
<b>Net Changes</b>	<b>86,253</b>
<b>Balances at 12/31/20</b>	<b>\$ 1,322,805</b>

The following changes in assumptions occurred between the current and prior actuarial valuations:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 3.30% to 3.60%.
- The inflation rate used was increased from 2.50% to 3.00%

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**E. Sensitivity of Total OPEB Liability**

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.60%) or 1-percentage-point higher (4.60%) than the current discount rate:

	1% Decrease (2.60)%	Discount Rate (3.60)%	1% Increase (4.60)%
Total OPEB Liability (Asset)	\$ 1,411,808	\$ 1,322,805	\$ 1,237,625

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 4.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (5.00% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.00% Decreasing to 5.00%)	1% Increase (7.00% Decreasing to 6.00%)
Total OPEB liability (asset)	\$ 1,173,219	\$ 1,322,805	\$ 1,499,245

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$78,814. At December 31, 2020, the City 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
Differences Between Expected and Actual Experience Contributions After Measurement Date and Before the Reporting Date	\$ 156,362	\$ 102,650
Total	\$ 222,594	\$ 102,650

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

A total of \$66,232 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 7,694
2022	7,694
2023	7,694
2024	7,694
2025	7,694
Thereafter	15,242

**NOTE 16 RISK FINANCING AND RELATED INSURANCE ISSUES**

The City 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. The City purchased the following insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities: general liability, excess liability, workers compensation, property, automobile, marine, crime, employee dishonesty, boiler, petro fund, and open meeting law.

The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The LMCIT allows for the pool to make additional assessments to make the pool self-sustaining. Current state statutes (Minnesota Statutes Subd. 466.04) provide limits of liability for the City. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**A. Plan Description**

The City of Lakeville participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined-benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined-benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

The General Employees Retirement Plan covers certain full time and part-time employees of the City. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan (PEPFF)

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**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.

1. General Employees Retirement Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**B. Benefits Provided (Continued)**

1. General Employees Retirement Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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 reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**C. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the GERF for the year ended December 31, 2020 were \$990,259, which was equal to the required contribution as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$1,173,052. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

1. GERF Pension Costs

At December 31, 2020, the City reported a liability of \$10,198,272 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$314,577. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1701% at the end of the measurement period and 0.1633% for the beginning of the period.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**D. Pension Costs (Continued)**

1. GERF Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$	10,198,272
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		314,577
Total	\$	10,512,849

For the year ended December 31, 2020, the City recognized pension expense of \$643,632 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$27,378 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 92,983	\$ 38,585
Changes in Actuarial Assumptions	-	378,089
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	176,182	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	399,955	-
City Contributions Subsequent to the Measurement Date	531,642	-
Total	\$ 1,200,762	\$ 416,674

A total of \$531,642 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (396,463)
2022	100,323
2023	302,193
2024	246,393
2025	-
Thereafter	-

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**D. Pension Costs (Continued)**

2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$7,471,030 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5668% at the end of the measurement period and 0.5900% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$928,007 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$54,144 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$51,012 for the year ended December 31, 2020 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.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**D. Pension Costs (Continued)**

2. PEPFF Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$	7,471,030
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		175,988
Total	\$	<u>7,647,018</u>

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 330,112	\$ 354,793
Changes in Actuarial Assumptions	2,503,697	4,659,417
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	226,930	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	481,710	403,165
City Contributions Subsequent to the Measurement Date	623,153	-
Total	<u>\$ 4,165,602</u>	<u>\$ 5,417,375</u>

A total of \$623,153 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (456,374)
2022	(2,054,344)
2023	379,059
2024	317,787
2025	(61,054)
Thereafter	-

3. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2020 was \$2,251,482, including a total of \$1,653,161 for the state-wide pension plan in which the City participates and \$598,321 for the single employer pension plan detailed in Note 19.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

	<b>General Employees Fund</b>	<b>Police and Fire Fund</b>
Inflation	2.25% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

- 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.

Changes in Plan Provisions:

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

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

There have been no changes since the prior valuation

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:

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	5.10%
International Equity	17.5	5.30%
Bonds	20.0	0.75%
Alternative Assets	25.0	5.90%
Cash	2.0	0.00%
Totals	100.0 %	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50%. 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 positions of the General Employees Fund and the Police and Fire Fund 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.

**G. Pension Liability Sensitivity**

The following presents the City'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 City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the GERF Net Pension Liability	\$ 16,344,293	\$ 10,198,272	\$ 5,128,299
PEPFF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 14,890,839	\$ 7,471,030	\$ 1,332,439

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**H. Pension Plan Fiduciary Net Position**

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

**NOTE 18 DEFINED CONTRIBUTION PLAN**

Council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member’s account annually.

Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% of the assets in each member’s account annually.

Total contributions made by the City for the current fiscal year was:

Year Ended, December 31,	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
2020	\$ 2,843	\$ 2,843	5%	5%	5%

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION**

**A. Plan Description**

Volunteer firefighters of the City of Lakeville Fire Department (the Department) are members of the Lakeville Fire Relief Association (the Association), which administers a single-employer defined benefit plan established to provide benefits for its members. The plan is established and administered in accordance with Minnesota Statute, Chapters 69 and 424, as amended. The Association is governed by a board of six members elected by the members of the Association for three-year terms. One City Council member, Finance Director and Fire Chief are ex officio, nonvoting members of the Board of Trustees. As of December 31, 2020, the plan covered 85 active firefighters and 16 vested terminated firefighters whose pension benefits are deferred.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980). Funds are also derived from investment income.

**B. Benefits Provided**

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 7 years of service, shall be equal to 48% of the pension as described by the bylaws. This percentage increases 4% per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 7 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension.

**C. Contributions**

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). The firefighters have no obligation to contribute to the plan. Nonemployer pension contributions include state aid from the state of Minnesota and municipal contributions from the City. On-behalf of the state payments from the state of Minnesota are received initially by the City and subsequently remitted to the Association. These on-behalf of the state aid payments in addition to the City's municipal contribution payments to the Association plan are recognized as revenues and expenditures in the City's General Fund during the period received.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)**

**C. Contributions (Continued)**

The City contributed state of Minnesota fire aid of \$409,568 to the plan on behalf of the Department for the year ended December 31, 2020, which was recorded as revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily required contributions to the plan for the year ended December 31, 2020 were \$-0-. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan.

**D. Pension Costs**

At December 31, 2020, the City reported a net pension liability (asset) of (\$5,014,865) for the plan. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB Statement No. 68 was determined by Van Iwaarden Associates, applying an actuarial formula to specific census data certified by the Department as of December 31, 2020.

The following table presents the changes in the net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance - January 1, 2020	\$ 6,454,010	\$ 10,566,797	\$ (4,112,787)
Changes for the year:			
Service cost	356,038	-	356,038
Interest on pension liability (asset)	434,535	-	434,535
Difference between expected and actual economic experience	(1,177,043)	-	(1,177,043)
Changes of assumptions	163,176	-	163,176
Changes of benefit terms	1,435,979	-	1,435,979
Contributions (employer)	-	-	-
Contributions (state)	-	409,568	(409,568)
Net investment income	-	1,715,829	(1,715,829)
Benefit payments	(249,778)	(249,778)	-
Administrative costs	-	(10,634)	10,634
Total net changes	<u>962,907</u>	<u>1,864,985</u>	<u>(902,078)</u>
Ending balance - December 31, 2020	<u>\$ 7,416,917</u>	<u>\$ 12,431,782</u>	<u>\$ (5,014,865)</u>

For the year ended December 31, 2020, the City recognized pension expense of \$598,321.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)**

**D. Pension Costs (Continued)**

At December 31, 2020, the City reported deferred outflows of resources, including its contributions subsequent to the measurement date, related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 377,029	\$ 74,188
Difference between expected and actual experience	-	1,175,747
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,380,248
Total	<u>\$ 377,029</u>	<u>\$ 2,630,183</u>

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (522,228)
2022	(399,811)
2023	(586,460)
2024	(317,021)
2025	(110,252)
Thereafter	(317,382)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100% service pension at age 50 with 20 years of service, early vested retirement at age 50 with 7 years of service vested at 48% and increased by 4% for each additional year of service up to 20 and eligibility for deferred service pension payable at age 50 and based on the lump sum pension formula and service at date of termination reduced for less than 20 years of service.

Inflation	2.25% per year
Active Member Payroll Growth	2.25% per year
Investment Rate of Return	5.75%
20-Year Municipal Bond Yield	2.00%

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	58.97 %	4.90%	7.15%
International Equity	4.35	5.32%	7.57%
Fixed Income	13.08	1.40%	3.65%
Real Estate and Alternatives	-	4.43%	6.68%
Cash and Equivalents	23.60	0.09%	2.34%
Totals	<u>100.00 %</u>		<u>6.50%</u>
Reduced for Assumed Investment Expense			<u>-0.05%</u>
Net Assumed Investment Return (Rounded to 1/4%)			5.75%

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.75%. This was a decrease from the previous discount rate of 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

**G. Pension Liability Sensitivity**

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Description	1% Decrease in Discount Rate (4.75%)	Current Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Defined Benefit Plan	\$ (4,786,056)	\$ (5,014,865)	\$ (5,236,991)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report. This report may be obtained by writing to the Lakeville Firefighters' Relief Association, 20195 Holyoke Avenue, Lakeville, Minnesota, 55044 or by calling (952) 985-4480.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 20 DEFERRED COMPENSATION PLAN**

The City offers its employees an optional deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to all City employees, which permits them to tax defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under provisions of Section 72(p) of the Internal Revenue Code, a plan may permit participant loans once 457 plan assets are held in a trust. As of the current fiscal year, the City's plan does not have a loan provision for its participants. All amounts of compensation deferred under the plan must be held in trust for the exclusive benefit of plan participants and/or beneficiaries. Investments are managed by the plan's trustee under various investment options or a combination thereof. The choice of investment options is made by the participant. The plan is offered through the City in connection with ICMA-RC and does not meet the requires of GASB Statement Nos. 84 and 97 for inclusion as a fiduciary activity of the City.

**NOTE 21 LITIGATION**

There are several lawsuits pending in which the City is involved. The City Attorney has indicated that existing and pending lawsuit claims and other actions in which the City is a defendant are either covered by insurance, fully reserved for by the City, or the cases are in the early stages of discovery, and accordingly, the ultimate outcome cannot presently be determined. It is the opinion of City management that in each case the possibility of material loss, net of amounts reserved is remote.

**NOTE 22 TAX ABATEMENT**

The City has three pay-as-you go tax increment financing districts with local businesses to promote economic development within the City. The City agrees pursuant to the authority granted in the TIF Act to abate real estate taxes based on the increased property value from improvements on the owned property. The agreements call for 95% of the property tax increments collected to be returned to the developers. The City will retain 5% for administrative fees for the periods of time specified in each agreement. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$310,961. No other commitments were made by the City as part of these agreements.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 23 SUBSEQUENT EVENTS**

Subsequent to year-end, the City Council approved the following bonds issuances.

The General Obligation Tax Abatement Bonds, Series 2021A were issued in the amount of \$7,770,000, dated February 16, 2021, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 and Chapter 475, as amended. Proceeds of the Bonds will be used to finance various energy savings improvements to the Ames Arena and Haas Arena and to pay costs associated with issuance of the Bonds. The bonds are general obligations of the City and are payable from tax abatement levies.

The General Obligation Tax Abatement Bonds, Series 2021B were issued in the amount of \$5,620,000, dated May 18, 2021, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 and Chapter 475, as amended. Proceeds of the Bonds will be used to finance the construction of a municipal liquor store and to pay costs associated with issuance of the Bonds. The bonds are general obligations of the City and are payable from tax abatement levies and net revenues of the City's Liquor Fund.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
<b>Property Taxes</b>				
General property taxes:				
Current	\$ 19,087,739	\$ 19,087,739	\$ 19,153,302	\$ 65,563
Delinquent	146,156	146,156	247,202	101,046
Fiscal Disparities	3,222,360	3,222,360	3,190,859	(31,501)
Mobile Home Tax	47,825	47,825	50,215	2,390
Gravel Tax	5,000	5,000	9,704	4,704
Total property taxes	22,509,080	22,509,080	22,651,282	142,202
<b>Licenses and permits</b>	2,657,099	2,672,099	4,938,353	2,266,254
<b>Intergovernmental</b>				
Market value homestead credit	-	-	3,839	3,839
State-aid police	500,000	500,000	539,497	39,497
State-aid fire	375,000	408,668	409,568	900
State-aid PERA	10,651	10,651	122,666	112,015
State police and fire grants	96,865	207,696	157,011	(50,685)
State other grants	19,200	19,200	15,751	(3,449)
Federal other grants	51,737	51,737	3,960,514	3,908,777
Total intergovernmental	1,053,453	1,197,952	5,208,846	4,010,894
<b>Charges for services</b>				
General government	315,619	315,619	338,934	23,315
Public safety	513,771	556,771	425,817	(130,954)
Public works	1,179,407	1,179,407	2,016,715	837,308
Parks and recreation	941,134	941,134	453,620	(487,514)
Total charges for services	2,949,931	2,992,931	3,235,086	242,155
<b>Special assessments</b>	-	-	4,647	4,647
<b>Fines</b>	360,000	360,000	213,070	(146,930)
<b>Investment income</b>				
Interest Income	128,000	128,000	264,691	136,691
Increase (Decrease in Fair Market Value)	-	-	187,862	187,862
	128,000	128,000	452,553	324,553
<b>Donations</b>	13,720	39,609	56,592	16,983
<b>Miscellaneous</b>	55,268	55,268	67,125	11,857
Total revenues	29,726,551	29,954,939	36,827,554	6,872,615

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>General government</b>				
<b>Mayor and council</b>				
Personnel services	\$ 62,561	\$ 62,561	\$ 60,729	\$ (1,832)
Commodities	50	50	25	(25)
Other charges and services	58,395	58,395	54,431	(3,964)
Total mayor and council	<u>121,006</u>	<u>121,006</u>	<u>115,185</u>	<u>(5,821)</u>
<b>Committees/commissions</b>				
Personnel services	58,261	58,261	2,099	(56,162)
Commodities	2,530	2,530	-	(2,530)
Other charges and services	30,825	30,825	29,767	(1,058)
Total committees/commissions	<u>91,616</u>	<u>91,616</u>	<u>31,866</u>	<u>(59,750)</u>
<b>City administration</b>				
Personnel services	471,198	471,198	463,024	(8,174)
Commodities	1,600	1,600	59	(1,541)
Other charges and services	25,264	25,264	14,825	(10,439)
Capital Outlay	-	-	1,802	1,802
Total city administration	<u>498,062</u>	<u>498,062</u>	<u>479,710</u>	<u>(18,352)</u>
<b>City clerk</b>				
Personnel services	219,099	222,599	221,465	(1,134)
Commodities	1,300	6,959	6,708	(251)
Other charges and services	45,047	68,760	65,519	(3,241)
Total city clerk	<u>265,446</u>	<u>298,318</u>	<u>293,692</u>	<u>(4,626)</u>
<b>Legal counsel</b>				
Other charges and services	83,500	83,500	80,469	(3,031)
<b>Planning</b>				
Personnel services	561,507	561,507	557,308	(4,199)
Commodities	1,718	1,718	1,079	(639)
Other charges and services	34,090	34,090	20,979	(13,111)
Capital Outlay	-	3,464	5,110	1,646
Total planning	<u>597,315</u>	<u>600,779</u>	<u>584,476</u>	<u>(16,303)</u>
<b>Community and economic development</b>				
Personnel services	325,688	325,688	319,280	(6,408)
Commodities	275	275	126	(149)
Other charges and services	56,353	56,353	37,120	(19,233)
Capital Outlay	-	-	1,732	1,732
Total community and economic development	<u>382,316</u>	<u>382,316</u>	<u>358,258</u>	<u>(24,058)</u>
<b>Inspections</b>				
Personnel services	1,110,274	1,110,274	1,099,927	(10,347)
Commodities	15,931	15,931	13,801	(2,130)
Other charges and services	305,810	320,810	318,953	(1,857)
Capital Outlay	7,680	31,002	31,002	-
Total inspections	<u>1,439,695</u>	<u>1,478,017</u>	<u>1,463,683</u>	<u>(14,334)</u>

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>General government (continued)</b>				
<b>General government facilities</b>				
Personnel services	\$ 424,529	\$ 424,529	\$ 407,228	\$ (17,301)
Commodities	27,822	38,538	22,312	(16,226)
Other charges and services	184,740	213,640	207,351	(6,289)
Total general government facilities	<u>637,091</u>	<u>676,707</u>	<u>636,891</u>	<u>(39,816)</u>
<b>Finance</b>				
Personnel services	757,706	757,706	702,256	(55,450)
Commodities	1,575	1,575	2,875	1,300
Other charges and services	100,212	120,412	113,479	(6,933)
Capital Outlay	-	8,772	8,772	-
Total finance	<u>859,493</u>	<u>888,465</u>	<u>827,382</u>	<u>(61,083)</u>
<b>Information technology</b>				
Personnel services	469,695	469,695	470,668	973
Commodities	3,800	3,800	3,412	(388)
Other charges and services	344,752	376,752	379,604	2,852
Total information systems	<u>818,247</u>	<u>850,247</u>	<u>853,684</u>	<u>3,437</u>
<b>Human resources</b>				
Personnel services	425,855	425,855	426,634	779
Commodities	3,100	3,100	1,955	(1,145)
Other charges and services	128,750	128,750	102,515	(26,235)
Capital Outlay	-	3,007	3,007	-
Total human resources	<u>557,705</u>	<u>560,712</u>	<u>534,111</u>	<u>(26,601)</u>
<b>Insurance coverage</b>				
Other charges and services	<u>285,000</u>	<u>408,000</u>	<u>408,000</u>	<u>-</u>
Total general government	6,636,492	6,937,745	6,667,407	(270,338)
<b>Public safety</b>				
<b>Police</b>				
Personnel services	9,760,854	9,745,854	9,443,940	(301,914)
Commodities	383,996	461,385	514,628	53,243
Other charges and services	2,283,882	2,283,882	2,136,669	(147,213)
Total police	<u>12,428,732</u>	<u>12,491,121</u>	<u>12,095,237</u>	<u>(395,884)</u>
<b>Fire Protection</b>				
Personnel services	1,684,742	1,737,560	1,749,071	11,511
Commodities	146,449	162,449	173,928	11,479
Other charges and services	272,221	272,221	233,131	(39,090)
Total fire protection	<u>2,103,412</u>	<u>2,172,230</u>	<u>2,156,130</u>	<u>(16,100)</u>
Total public safety	14,532,144	14,663,351	14,251,367	(411,984)

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>Public Works</b>				
<b>Engineering</b>				
Personnel services	\$ 892,142	\$ 892,142	\$ 803,375	\$ (88,767)
Commodities	15,526	15,526	14,043	(1,483)
Other charges and services	116,532	116,532	103,636	(12,896)
Capital Outlay	-	-	4,591	4,591
Total engineering	<u>1,024,200</u>	<u>1,024,200</u>	<u>925,645</u>	<u>(98,555)</u>
<b>Construction services</b>				
Personnel services	598,042	598,042	484,603	(113,439)
Commodities	9,207	9,207	10,952	1,745
Other charges and services	13,728	13,728	5,879	(7,849)
Total construction services	<u>620,977</u>	<u>620,977</u>	<u>501,434</u>	<u>(119,543)</u>
<b>Street maintenance</b>				
Personnel services	2,310,345	2,290,745	2,166,401	(124,344)
Commodities	897,913	897,913	778,586	(119,327)
Other charges and services	339,229	339,229	325,003	(14,226)
Capital Outlay	-	-	-	-
Total street maintenance	<u>3,547,487</u>	<u>3,527,887</u>	<u>3,269,900</u>	<u>(257,897)</u>
Total public works	5,192,664	5,173,064	4,697,069	(475,995)
<b>Parks and recreation</b>				
<b>Park maintenance</b>				
Personnel services	2,031,547	2,018,997	1,917,920	(101,077)
Commodities	295,519	295,519	256,756	(38,763)
Other charges and services	542,552	542,552	467,706	(74,846)
Total park maintenance	<u>2,869,618</u>	<u>2,857,068</u>	<u>2,642,382</u>	<u>(214,686)</u>
<b>Recreation</b>				
Personnel services	440,186	440,186	427,663	(12,523)
Commodities	33,296	33,296	15,550	(17,746)
Other charges and services	313,443	313,443	208,408	(105,035)
Total recreation	<u>786,925</u>	<u>786,925</u>	<u>651,621</u>	<u>(135,304)</u>
<b>Heritage center</b>				
Personnel services	70,331	70,331	54,637	(15,694)
Commodities	9,743	9,743	7,663	(2,080)
Other charges and services	71,147	71,147	47,712	(23,435)
Total heritage center	<u>151,221</u>	<u>151,221</u>	<u>110,012</u>	<u>(41,209)</u>
<b>Arts center</b>				
Personnel services	366,971	366,971	325,956	(41,015)
Commodities	38,150	38,150	32,923	(5,227)
Other charges and services	220,226	220,226	126,066	(94,160)
Capital Outlay	8,125	8,125	9,583	1,458
Total arts center	<u>633,472</u>	<u>633,472</u>	<u>494,528</u>	<u>(138,944)</u>
Total parks and recreation	4,441,236	4,428,686	3,898,543	(530,143)
<b>Other</b>	<u>(45,939)</u>	<u>(45,939)</u>	<u>-</u>	<u>45,939</u>
Total expenditures	<u>30,756,597</u>	<u>31,156,907</u>	<u>29,514,386</u>	<u>(1,642,521)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(1,030,046)	(1,201,968)	7,313,168	8,515,136

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In From:				
Special Revenue - Communications Fund	\$ 83,739	\$ 83,739	\$ 83,739	\$ -
Enterprise - Liquor Fund	156,412	156,412	156,412	-
Enterprise - Utility Fund	540,220	540,220	540,220	-
Internal Service - Municipal Reserves Fund	50,000	50,000	50,000	-
Transfers Out To:				
Capital Projects - Building Fund	(200,000)	(200,000)	(200,000)	-
Capital Projects - Equipment Fund	(350,000)	(452,000)	(452,000)	-
Total Other Finance Sources (Uses)	<u>280,371</u>	<u>178,371</u>	<u>178,371</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (749,675)</u>	<u>\$ (1,023,597)</u>	7,491,539	<u>\$ 8,515,136</u>
<b>FUND BALANCES</b>				
Beginning of Year			17,203,248	
Change in Supplies - Inventory			<u>44,842</u>	
End of Year			<u>\$ 24,739,629</u>	

**CITY OF LAKEVILLE  
GENERAL FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and Special Revenue Funds. Budgeted amounts are as originally adopted or as amended by the City Council. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits a proposed operating budget to the City Council.
2. Public hearings are conducted to obtain taxpayer comments.
3. Upon Council approval the budget is legally adopted and employs formal budgetary integration during the year.
4. Expenditures may legally exceed budgeted appropriations at the fund level through City Council action.
5. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level for the General Fund and total expenditures for the Special Revenue Funds. The City Administrator has authorization to expend funds in excess of the appropriation for individual line items.
6. Budget appropriations of all funds lapse at year-end to the extent they were not encumbered. Encumbrances are re-appropriated in the following year's budget.

**CITY OF LAKEVILLE  
PERA – GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2020**

**GERF Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Six Fiscal Years\***

	Measurement Date					
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
City's Proportion of the Net Pension Liability	0.1701%	0.1633%	0.1632%	0.1585%	0.1544%	0.1540%
City's Proportionate Share of the Net Pension Liability	\$ 10,198,272	\$ 9,028,491	\$ 9,053,667	\$ 10,118,535	\$ 12,536,514	\$ 7,981,079
State's Proportionate Share of the Net Pension Liability Associated with the City	314,577	280,654	297,059	127,203	-	-
Total	<u>\$ 10,512,849</u>	<u>\$ 9,309,145</u>	<u>\$ 9,350,726</u>	<u>\$ 10,245,738</u>	<u>\$ 12,536,514</u>	<u>\$ 7,981,079</u>
City's Covered Payroll	\$ 12,134,069	\$ 11,645,116	\$ 10,971,998	\$ 10,213,446	\$ 9,572,229	\$ 9,046,858
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.05%	77.53%	82.52%	99.07%	130.97%	88.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.53%	75.90%	68.90%	78.20%

\* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**GERF Schedule of City Contributions  
Last Six Fiscal Years\***

	Fiscal Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 990,259	\$ 896,894	\$ 847,485	\$ 791,612	\$ 741,919	\$ 705,189
Contributions in Relation to the Statutorily Required Contribution	(990,259)	(896,894)	(847,485)	(791,612)	(741,919)	(705,189)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 13,203,453	\$ 11,958,587	\$ 11,299,800	\$ 10,554,827	\$ 9,892,253	\$ 9,402,520
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

\* The Amounts Presented for Each Fiscal Year were Determined as of 12/31.

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten-year trend. Additional years will be reported as they become available.

**CITY OF LAKEVILLE  
PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2020**

**PEPFF Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Six Fiscal Years\***

	Measurement Date					
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
City's Proportion of the Net Pension Liability	0.5668%	0.5900%	0.5693%	0.5490%	0.5620%	0.5320%
City's Proportionate Share of the Net Pension Liability	\$ 7,471,030	\$ 6,281,146	\$ 6,068,152	\$ 7,412,153	\$ 22,554,038	\$ 6,044,765
State's Proportionate Share of the Net Pension Liability Associated with the City	175,988	-	-	-	-	-
Total	<u>\$ 7,647,018</u>	<u>\$ 6,281,146</u>	<u>\$ 6,068,152</u>	<u>\$ 7,412,153</u>	<u>\$ 22,554,038</u>	<u>\$ 6,044,765</u>
City's Covered Payroll	\$ 6,400,325	\$ 6,241,714	\$ 6,004,172	\$ 5,635,205	\$ 5,423,663	\$ 4,870,941
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.73%	100.63%	101.07%	131.53%	415.85%	124.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.19%	89.30%	88.84%	85.40%	63.90%	86.60%

\* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**PEPFF Schedule of City Contributions  
Last Six Fiscal Years\***

	Fiscal Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,173,052	\$ 1,066,319	\$ 999,032	\$ 942,349	\$ 904,571	\$ 845,144
Contributions in Relation to the Statutorily Required Contribution	(1,173,052)	(1,066,319)	(999,032)	(942,349)	(904,571)	(845,144)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,627,412	\$ 6,290,968	\$ 6,166,864	\$ 5,816,969	\$ 5,583,772	\$ 5,216,938
Contributions as a Percentage of Covered Payroll	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%

\* The Amounts Presented for Each Fiscal Year were Determined as of 12/31.

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten-year trend. Additional years will be reported as they become available.

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2020**

**General Employees Fund**

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2020**

**General Employees Fund (Continued)**

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2020**

**General Employees Fund (Continued)**

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Police and Fire Fund**

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

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

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2020**

**Police and Fire Fund (Continued)**

2018 Changes (Continued)

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00% to 60.00%.
- 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 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2020**

**Police and Fire Fund (Continued)**

2017 Changes

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

**CITY OF LAKEVILLE  
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
LAKEVILLE FIRE RELIEF ASSOCIATION  
DECEMBER 31, 2020**

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>						
Service Cost	\$ 356,038	\$ 319,546	\$ 255,975	\$ 231,712	\$ 270,846	\$ 223,785
Interest	434,535	376,417	358,835	345,935	301,640	269,493
Differences Between Expected and Actual Experience	(1,177,043)	-	(57,139)	-	(201,242)	-
Changes of Assumptions	163,176	-	94,736	38,230	(161,264)	353,037
Changes of Benefit Terms	1,435,979	388,025	352,464	154,012	186,369	-
Benefit Payments, including Member Contribution Refunds	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Net Change in Total Pension Liability	962,907	880,053	402,575	493,267	(150,892)	635,499
Total Pension Liability - Beginning	6,454,010	5,573,957	5,171,382	4,678,115	4,829,007	4,193,508
Total Pension Liability - Ending (a)	7,416,917	6,454,010	5,573,957	5,171,382	4,678,115	4,829,007
<b>Plan Fiduciary Net Position</b>						
Municipal Contributions	-	-	-	-	-	-
State Contributions	409,568	379,598	367,701	351,635	348,276	338,889
Net Investment Income	1,715,829	1,904,143	(314,875)	1,175,892	551,474	39,474
Benefit Payments, including refunds of member contributions	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Administrative Expenses	(10,634)	(12,474)	(12,042)	(11,579)	(9,817)	(11,292)
Other	-	-	-	-	-	(40)
Net Change in Fiduciary Net Position	1,864,985	2,067,332	(561,512)	1,239,326	342,692	156,215
Fiduciary Net Position - Beginning	10,566,797	8,499,465	9,060,977	7,821,651	7,478,959	7,322,744
Fiduciary Net Position - Ending (b)	12,431,782	10,566,797	8,499,465	9,060,977	7,821,651	7,478,959
Ending Net Pension Liability (Asset) (a-b)	<u>\$ (5,014,865)</u>	<u>\$ (4,112,787)</u>	<u>\$ (2,925,508)</u>	<u>\$ (3,889,595)</u>	<u>\$ (3,143,536)</u>	<u>\$ (2,649,952)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	167.61%	163.72%	152.49%	175.21%	167.20%	154.88%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

\*Ten Years of Data Will Eventually Be Presented When Available

**Schedule of Employer Contributions**

	2020	2019	2019	2017	2016	2015
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Ten Years of Data Will Eventually Be Presented When Available

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten-year trend. Additional years will be reported as they become available.

**CITY OF LAKEVILLE**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 90,590	\$ 89,732	\$ 48,551
Interest	46,760	48,182	34,601
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	87,715	-
Changes of Assumptions	-	-	-
Benefit Payments	<u>(51,097)</u>	<u>(50,869)</u>	<u>(42,312)</u>
Net Change in Total OPEB Liability	86,253	174,760	40,840
Total OPEB Liability - Beginning	1,236,552	1,061,792	1,020,952
Total OPEB Liability - Ending	<u>\$ 1,322,805</u>	<u>\$ 1,236,552</u>	<u>\$ 1,061,792</u>
Total OPEB Liability	\$ 1,322,805	\$ 1,236,552	\$ 1,061,792
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 14,711,089	\$ 14,711,089	\$ 15,084,789
City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	8.99%	8.41%	7.04%

Note: The City implemented GASB Statement No. 75 in fiscal 2018. The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten-year trend. Additional years will be reported as they become available.

Valuation date: 1/1/2019  
Measurement date: 1/1/2020

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.
Inflation	3.00%
Healthcare cost trend rate	6.00% for 2019, decreasing to 5.00% over 5 years
Salary increases	3.00%
Discount rate	3.60% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with MP-2019 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** - These funds are used to account for revenues and expenditures that have a legally restricted or committed use for a specific purpose.

### **Communications Fund**

This fund accounts for franchise fees from cable TV provider operations. Expenditures and other financing uses are used to finance the City's cable TV channels and public communications, including long-term replacement of equipment.

### **Economic Development Fund**

This fund accounts for a \$125,000 Economic Recovery Grant received from the State of Minnesota Department of Trade and Economic Development in 1995. The grant purpose is to provide loans to businesses expanding in or locating to Lakeville. The fund also accounts for administrative fees received from the issuance of conduit debt.

### **Downtown Special Service District Fund**

The Downtown Special Service District was created in 1998 pursuant to Minnesota Statute 428A. A service charge, payable with property taxes, is levied against the commercial properties in the Downtown Business District for the purpose of financing budgeted programs and activities within the District.

### **Small Business Grant Fund**

This fund accounts for Small Business Grant funding received from the State of Minnesota and Federal Department of Treasury in response to the COVID-19 pandemic and the related expenditure of those grants.

**Debt Service Funds** – These funds account for the accumulation of resources that are restricted to the payment of long-term debt principal and interest, but excluding debt issued for and serviced by an enterprise fund.

### **Tax Increment Fund**

Debt issued to finance construction of public improvements in accordance with approved tax increment plans. Property tax increments received from designated tax increment financing districts are pledged to the payment of the bonds.

### **State-aid Revenue Fund**

Debt issued to finance construction of State-aid street projects within the City. The primary revenue source is municipal state aid allotments from the State of Minnesota Department of Transportation.

### **Water Revenue Fund**

Debt issued to finance the construction of wells, pump houses, towers, water main systems, and the City's water treatment facility. Water connection fees are pledged toward the repayment of the principal and interest on these bonds.

### **Arena Revenue Fund**

Debt issued for the construction of the Lakeville Ames Ice Arena first and second sheet of ice, spectator seating and locker rooms. Revenue sources include donations from net operating ice arena revenues and other sources pledged to the payment of the bonds. The Ice Center Refunding Bonds, Series 2008 A and the 2005 Capital Dehumidification Lease-Purchase agreement are general obligations that are backed by the full-faith and credit of the City. The Gross Revenue Recreation Facility Bonds of 1999 are not general obligations and, accordingly, are not backed by the full-faith and credit of the City.

(continued)

## NONMAJOR GOVERNMENTAL FUNDS

### Debt Service Funds (continued)

#### **HRA Revenue Fund**

The HRA also issued the HRA Ice Arena Lease Revenue Bonds, Series 2006 for the Hasse single sheet ice arena facility. Debt service will be payable from property taxes and lease payments to be made to the City pursuant to the lease agreement between the Authority and Independent School District 194. These HRA bonds are not general obligations and accordingly are not backed by the full-faith and credit of the City.

#### **Tax Abatement Debt Service Fund**

This fund accounts for those bond issues that financed abatement projects to be paid back from a tax abatement levy imposed by the City on certain parcels in the City, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815. Revenues are provided primarily from property taxes related to the tax abatement levy.

#### **General Obligation Debt Service Fund**

This fund accounts for those bond issues that financed debt approved by voter referendum, equipment certificates of indebtedness, and capital improvement bonds. Revenues are provided primarily from property taxes.

**Capital Projects Funds** – These funds account for financial resources used in the acquisition of capital facilities, equipment, and infrastructure (except those financed by enterprise funds).

#### **Pavement Management Fund**

This fund accounts for pavement management activities relating to crack sealing, patching, seal coating and overlays. These major maintenance projects are financed with property taxes.

#### **Storm Water Infrastructure Fund**

This fund accounts for fees and area charges to land developers for construction of storm water infrastructure.

#### **Water Fund**

This fund accounts for revenues derived primarily from connection charges collected at the time building permits are issued and antenna site leases with wireless communications companies. Funds are appropriated towards construction costs of water supply lines, wells and water storage facilities, and provide the debt service to bonds issued to finance the construction of the City's water treatment facility and other trunk infrastructure improvements.

#### **Sanitary Sewer Fund**

This fund accounts for sewer connection and area fees charged to land developers for connecting to the City's sanitary sewer system, appropriations are applied to the construction of sanitary sewer trunk systems.

#### **Park Dedication Fund**

This fund accounts for park dedication fees received from land developers. The expenditures consist of acquiring and developing City parks and trails.

#### **Trail Improvement Fund**

This fund accounts for the long-term maintenance, repairs, and replacement of City trails.

#### **Park Improvement Fund**

This fund accounts for the long-term maintenance, repairs, and replacement of City parks.

(continued)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Capital Projects Funds (Continued)**

#### **Tax Increment Fund**

This fund accounts for revenue received from tax increment property districts that does not require debt financing. The expenditures are for current and future development of tax increment property.

#### **Tax Abatement Fund**

This fund accounts for economic development assistance provided to local businesses. The expenditures are for current and future economic development incentives.

#### **Equipment Fund**

This fund accounts for the purchase of equipment for general government, public safety, public works, and park maintenance.

#### **Technology Fund**

This fund accounts for the purchase of equipment related to information technology.

#### **Arenas Capital Reserve Fund**

This fund accounts for the accumulation and disbursement of funds for Lakeville Arenas improvement projects.

#### **Capital Projects Building Fund**

This fund accounts for the accumulation and disbursement of funds for the construction or improvement of public buildings.

**CITY OF LAKEVILLE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>				
Cash and investments	\$ 1,092,671	\$ 8,750,822	\$ 45,773,506	\$ 55,616,999
Investments held by trustee	-	608,197	-	608,197
Receivables:				
Interest receivable	2,812	44,213	210,912	257,937
Special assessments				
Delinquent	-	-	1,731	1,731
Deferred	-	298,764	123,084	421,848
Other	-	-	181,284	181,284
Accounts receivable	176,513	55,364	371,812	603,689
Leases receivable	-	1,810,000	-	1,810,000
Due from Other Funds	-	-	642,454	642,454
	-	-	642,454	642,454
Total Assets	\$ 1,271,996	\$ 11,567,360	\$ 47,304,783	\$ 60,144,139
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Salaries payable	\$ 6,714	\$ -	\$ -	\$ 6,714
Accounts payable	62,957	2,751	1,236,841	1,302,549
Due from other funds	-	-	642,454	642,454
Advances from other funds	-	-	442,061	442,061
Contracts payable	-	-	104,967	104,967
Deposits payable	-	-	229,507	229,507
Unearned revenue	-	-	473	473
Total Liabilities	69,671	2,751	2,656,303	2,728,725
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	-	297,625	306,097	603,722
Unavailable revenue - other	-	1,810,000	-	1,810,000
Total Deferred Inflows of Resources	-	2,107,625	306,097	2,413,722
<b>FUND BALANCE</b>				
Restricted	184,251	9,456,984	6,985,805	16,627,040
Committed	1,018,074	-	38,441,143	39,459,217
Unassigned (Deficit)	-	-	(1,084,565)	(1,084,565)
Total Fund Balance	1,202,325	9,456,984	44,342,383	55,001,692
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,271,996	\$ 11,567,360	\$ 47,304,783	\$ 60,144,139

**CITY OF LAKEVILLE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUE</b>				
Property taxes:				
Current and delinquent	\$ -	\$ 3,628,643	\$ 2,155,000	\$ 5,783,643
Licenses and permits	662,500	-	-	662,500
Special assessments	-	10,367	23,397	33,764
Tax increment	-	450,761	385,961	836,722
Intergovernmental revenue:				
Municipal state-aid	-	728,770	120,000	848,770
Federal grants	881,490	-	-	881,490
County and local grants	-	-	739,996	739,996
Charges for services	58,459	294,050	11,327,009	11,679,518
Interest income	14,089	91,035	616,936	722,060
Change in fair value of investments	10,522	66,590	460,678	537,790
Donations	-	-	176,097	176,097
Miscellaneous	-	55,364	464,478	519,842
Total Revenue	<u>1,627,060</u>	<u>5,325,580</u>	<u>16,469,552</u>	<u>23,422,192</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,445,503	-	-	1,445,503
Capital Outlay:				
General government	19,798	-	811,212	831,010
Public safety	-	-	698,617	698,617
Public works	-	-	5,447,960	5,447,960
Culture and recreation	-	-	4,747,628	4,747,628
Debt Service:				
Principal retirement	-	4,130,000	-	4,130,000
Interest on debt	-	1,721,178	-	1,721,178
Fiscal charges	-	9,905	-	9,905
Total Expenditures	<u>1,465,301</u>	<u>5,861,083</u>	<u>11,705,417</u>	<u>19,031,801</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	161,759	(535,503)	4,764,135	4,390,391
<b>OTHER FINANCE SOURCES (USES)</b>				
Issuance of bonds and other debt	-	-	620,000	620,000
Premium on debt Issued	-	-	145,777	145,777
Proceeds from the sale of capital assets	-	-	249,015	249,015
Transfers in from other funds	29,118	1,021,679	1,453,217	2,504,014
Transfers out to other funds	(88,139)	(23,405)	(3,358,788)	(3,470,332)
Total Other Finance Sources (Uses)	<u>(59,021)</u>	<u>998,274</u>	<u>(890,779)</u>	<u>48,474</u>
<b>NET CHANGE IN FUND BALANCES</b>	102,738	462,771	3,873,356	4,438,865
<b>FUND BALANCES</b>				
Beginning of Year	<u>1,099,587</u>	<u>8,994,213</u>	<u>40,469,027</u>	<u>50,562,827</u>
End of Year	<u>\$ 1,202,325</u>	<u>\$ 9,456,984</u>	<u>\$ 44,342,383</u>	<u>\$ 55,001,692</u>

**CITY OF LAKEVILLE  
SPECIAL REVENUE FUNDS (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2020**

	<u>Communications</u>	<u>Economic Development</u>	<u>Downtown Special Service District</u>	<u>Small Business Grant</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,058,564	\$ 4,961	\$ 29,146	\$ -	\$ 1,092,671
Interest receivable	2,515	297	-	-	2,812
Accounts receivable	<u>176,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,513</u>
Total Assets	<u>\$ 1,237,592</u>	<u>\$ 5,258</u>	<u>\$ 29,146</u>	<u>\$ -</u>	<u>\$ 1,271,996</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Salaries payable	\$ 6,714	\$ -	\$ -	\$ -	\$ 6,714
Accounts payable	<u>62,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,957</u>
Total Liabilities	69,671	-	-	-	69,671
<b>FUND BALANCE</b>					
Restricted	155,105	-	29,146	-	184,251
Committed	<u>1,012,816</u>	<u>5,258</u>	<u>-</u>	<u>-</u>	<u>1,018,074</u>
Total Fund Balance	<u>1,167,921</u>	<u>5,258</u>	<u>29,146</u>	<u>-</u>	<u>1,202,325</u>
Total Liabilities and Fund Balance	<u>\$ 1,237,592</u>	<u>\$ 5,258</u>	<u>\$ 29,146</u>	<u>\$ -</u>	<u>\$ 1,271,996</u>

**CITY OF LAKEVILLE  
SPECIAL REVENUE FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2020**

	Communications	Economic Development	Downtown Special Service District	Small Business Grant	Totals
<b>REVENUE</b>					
Licenses and permits	\$ 662,500	\$ -	\$ -	\$ -	\$ 662,500
Intergovernmental					
Federal grants	12,550	-	-	868,940	881,490
Charges for services	58,459	-	-	-	58,459
Interest income	13,996	93	-	-	14,089
Change in fair value of investments	10,452	70	-	-	10,522
Total revenue	<u>757,957</u>	<u>163</u>	<u>-</u>	<u>868,940</u>	<u>1,627,060</u>
<b>EXPENDITURES</b>					
Current:					
General government	564,880	8,300	3,383	868,940	1,445,503
Capital outlay					
General government	<u>19,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,798</u>
Total expenditures	<u>584,678</u>	<u>8,300</u>	<u>3,383</u>	<u>868,940</u>	<u>1,465,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	173,279	(8,137)	(3,383)	-	161,759
<b>OTHER FINANCE SOURCES (USES)</b>					
Transfers In	29,118	-	-	-	29,118
Transfers Out	<u>(88,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,139)</u>
Total other finance sources (uses)	<u>(59,021)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,021)</u>
<b>NET CHANGE IN FUND BALANCES</b>	114,258	(8,137)	(3,383)	-	102,738
<b>FUND BALANCES</b>					
Beginning of Year	<u>1,053,663</u>	<u>13,395</u>	<u>32,529</u>	<u>-</u>	<u>1,099,587</u>
End of Year	<u>\$ 1,167,921</u>	<u>\$ 5,258</u>	<u>\$ 29,146</u>	<u>\$ -</u>	<u>\$ 1,202,325</u>

**CITY OF LAKEVILLE  
DEBT SERVICE FUNDS (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2020**

	Bonds							Total
	Tax Increment	State-aid Revenue	Water Revenue	Arena Revenue	HRA Revenue	Tax Abatement	General Obligation	
<b>ASSETS</b>								
Cash and investments	\$ 3,733,000	\$ 888,709	\$ -	\$ -	\$ 514,886	\$ 9,653	\$ 3,604,574	\$ 8,750,822
Investments held by trustee	-	-	-	-	608,197	-	-	608,197
Interest receivable	22,938	5,942	-	-	670	1,040	13,623	44,213
Accounts receivable	-	-	-	-	-	55,364	-	55,364
Special assessments receivable	-	-	-	-	-	-	298,764	298,764
Leases receivable	-	-	-	-	1,810,000	-	-	1,810,000
<b>Total Assets</b>	<b>\$ 3,755,938</b>	<b>\$ 894,651</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,933,753</b>	<b>\$ 66,057</b>	<b>\$ 3,916,961</b>	<b>\$ 11,567,360</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,751	\$ 2,751
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - special assessments	-	-	-	-	-	-	297,625	297,625
Unavailable revenue - leases	-	-	-	-	1,810,000	-	-	1,810,000
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,810,000</b>	<b>-</b>	<b>297,625</b>	<b>2,107,625</b>
<b>FUND BALANCE</b>								
Restricted for debt service	3,755,938	894,651	-	-	1,123,753	66,057	3,616,585	9,456,984
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 3,755,938</b>	<b>\$ 894,651</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,933,753</b>	<b>\$ 66,057</b>	<b>\$ 3,916,961</b>	<b>\$ 11,567,360</b>

**CITY OF LAKEVILLE  
DEBT SERVICE FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2020**

	Bonds							Total
	Tax Increment	State-aid Revenue	Water Revenue	Arena Revenue	HRA Revenue	Tax Abatement	General Obligation	
<b>REVENUE</b>								
Property taxes								
Current and delinquent	\$ -	\$ -	\$ -	\$ -	\$ 294,050	\$ -	\$ 3,334,593	\$ 3,628,643
Tax increment	450,761	-	-	-	-	-	-	450,761
Intergovernmental - State-aid	-	728,770	-	-	-	-	-	728,770
Charges for services	-	-	-	-	294,050	-	-	294,050
Special Assessments	-	-	-	-	-	-	10,367	10,367
Interest Income	47,838	9,093	-	-	4,447	129	29,528	91,035
Change in Fair Value of Investments	35,725	6,789	-	-	1,929	95	22,052	66,590
Miscellaneous	-	-	-	-	-	55,364	-	55,364
<b>Total revenues</b>	<b>534,324</b>	<b>744,652</b>	<b>-</b>	<b>-</b>	<b>594,476</b>	<b>55,588</b>	<b>3,396,540</b>	<b>5,325,580</b>
<b>EXPENDITURES</b>								
Debt Service:								
Principal bond maturities	245,000	560,000	380,000	-	370,000	-	2,575,000	4,130,000
Interest on debt	26,908	165,345	230,700	-	208,650	-	1,089,575	1,721,178
Fiscal charges	3,055	951	464	-	3,774	46	1,615	9,905
<b>Total expenditures</b>	<b>274,963</b>	<b>726,296</b>	<b>611,164</b>	<b>-</b>	<b>582,424</b>	<b>46</b>	<b>3,666,190</b>	<b>5,861,083</b>
<b>DEFICIENCY OF REVENUE UNDER EXPENDITURES</b>	<b>259,361</b>	<b>18,356</b>	<b>(611,164)</b>	<b>-</b>	<b>12,052</b>	<b>55,542</b>	<b>(269,650)</b>	<b>(535,503)</b>
<b>OTHER FINANCE SOURCES</b>								
Transfers from (to):								
Debt Service - Arena Revenue Bonds	-	-	-	-	-	10,515	-	10,515
Debt Service - Tax Abatement Bonds	-	-	-	(10,515)	-	-	-	(10,515)
Capital Projects - Municipal State-Aid	-	(12,890)	-	-	-	-	-	(12,890)
Capital Projects - Water Trunk Fund	-	-	611,164	-	-	-	-	611,164
Enterprise - Liquor Fund	-	-	-	-	-	-	400,000	400,000
Total other finance sources (uses)	<b>-</b>	<b>(12,890)</b>	<b>611,164</b>	<b>(10,515)</b>	<b>-</b>	<b>10,515</b>	<b>400,000</b>	<b>998,274</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>259,361</b>	<b>5,466</b>	<b>-</b>	<b>(10,515)</b>	<b>12,052</b>	<b>66,057</b>	<b>130,350</b>	<b>462,771</b>
<b>FUND BALANCES</b>								
Beginning of Year	3,496,577	889,185	-	10,515	1,111,701	-	3,486,235	8,994,213
End of Year	<u>\$ 3,755,938</u>	<u>\$ 894,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,123,753</u>	<u>\$ 66,057</u>	<u>\$ 3,616,585</u>	<u>\$ 9,456,984</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUND (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2020**

	Pavement Management	Storm Water Infrastructure	Water	Sanitary Sewer	Park Dedication	Trail Improvement
<b>ASSETS</b>						
Cash and investments	\$ 1,733,098	\$ 8,695,260	\$ 12,863,731	\$ 10,952,764	\$ 6,938,416	\$ 426,275
Interest receivable	8,739	50,022	43,931	46,496	31,642	5,091
Accounts receivable	351,665	-	-	-	20,147	-
Due from other funds	-	-	642,454	-	-	-
Special assessments:						
Delinquent	353	665	713	-	-	-
Deferred	-	4,591	71,359	47,134	-	-
Other	-	64,013	78,400	38,871	-	-
<b>Total Assets</b>	<b>\$ 2,093,855</b>	<b>\$ 8,814,551</b>	<b>\$ 13,700,588</b>	<b>\$ 11,085,265</b>	<b>\$ 6,990,205</b>	<b>\$ 431,366</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 394,330	\$ 405	\$ 168,648	\$ 68,112	\$ 224,702	\$ 225
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Contracts payable	19,251	-	-	-	17,041	1,573
Deposits payable	115,047	-	-	114,460	-	-
Unearned revenue	-	-	-	-	473	-
<b>Total liabilities</b>	<b>528,628</b>	<b>405</b>	<b>168,648</b>	<b>182,572</b>	<b>242,216</b>	<b>1,798</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - special assessments	353	69,268	150,472	86,004	-	-
<b>FUND BALANCE</b>						
Restricted	-	-	-	-	6,747,989	-
Committed	1,564,874	8,744,878	13,381,468	10,816,689	-	429,568
Unassigned (Deficit)	-	-	-	-	-	-
<b>Total fund balance</b>	<b>1,564,874</b>	<b>8,744,878</b>	<b>13,381,468</b>	<b>10,816,689</b>	<b>6,747,989</b>	<b>429,568</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 2,093,855</b>	<b>\$ 8,814,551</b>	<b>\$ 13,700,588</b>	<b>\$ 11,085,265</b>	<b>\$ 6,990,205</b>	<b>\$ 431,366</b>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUND (NONMAJOR)  
COMBINING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2020**

Park Improvement	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 477,082	\$ 172,456	\$ -	\$ 1,863,121	\$ 151,652	\$ 234,939	\$ 1,264,712	\$ 45,773,506
697	309	234	16,581	-	11	7,159	210,912
-	-	-	-	-	-	-	371,812
-	-	-	-	-	-	-	642,454
-	-	-	-	-	-	-	1,731
-	-	-	-	-	-	-	123,084
-	-	-	-	-	-	-	181,284
<u>\$ 477,779</u>	<u>\$ 172,765</u>	<u>\$ 234</u>	<u>\$ 1,879,702</u>	<u>\$ 151,652</u>	<u>\$ 234,950</u>	<u>\$ 1,271,871</u>	<u>\$ 47,304,783</u>
\$ 87,210	\$ 68,866	\$ -	\$ 89,675	\$ 42	\$ 54,781	\$ 79,845	\$ 1,236,841
-	-	-	-	-	642,454	-	642,454
-	-	442,061	-	-	-	-	442,061
-	-	-	-	-	67,102	-	104,967
-	-	-	-	-	-	-	229,507
-	-	-	-	-	-	-	473
87,210	68,866	442,061	89,675	42	764,337	79,845	2,656,303
-	-	-	-	-	-	-	306,097
-	103,899	-	20,566	-	113,351	-	6,985,805
390,569	-	-	1,769,461	151,610	-	1,192,026	38,441,143
-	-	(441,827)	-	-	(642,738)	-	(1,084,565)
<u>390,569</u>	<u>103,899</u>	<u>(441,827)</u>	<u>1,790,027</u>	<u>151,610</u>	<u>(529,387)</u>	<u>1,192,026</u>	<u>44,342,383</u>
<u>\$ 477,779</u>	<u>\$ 172,765</u>	<u>\$ 234</u>	<u>\$ 1,879,702</u>	<u>\$ 151,652</u>	<u>\$ 234,950</u>	<u>\$ 1,271,871</u>	<u>\$ 47,304,783</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2020**

	Pavement Management	Storm Water Infrastructure	Water	Sanitary Sewer	Park Dedication	Trail Improvement
<b>REVENUE</b>						
Property taxes						
Current	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Tax increment	-	-	-	-	-	-
Intergovernmental:						
Municipal state-aid	120,000	-	-	-	-	-
County and local grants	351,665	501	30,840	-	297,016	-
Charges for services	1,500	2,460,194	4,712,775	1,483,800	2,668,740	-
Special assessments	-	189	14,395	8,813	-	-
Interest income	24,614	128,493	168,834	139,779	89,336	8,885
Change in fair value of investments	18,381	95,955	126,080	104,384	66,714	6,633
Donations	-	-	-	-	60,318	-
Miscellaneous	-	-	-	-	4,400	-
Total revenues	<u>1,616,160</u>	<u>2,685,332</u>	<u>5,052,924</u>	<u>1,736,776</u>	<u>3,186,524</u>	<u>45,518</u>
<b>EXPENDITURES</b>						
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,837,356	1,993,674	381,968	130,645	-	-
Parks and recreation	-	-	-	-	2,100,230	320,571
Total expenditures	<u>1,837,356</u>	<u>1,993,674</u>	<u>381,968</u>	<u>130,645</u>	<u>2,100,230</u>	<u>320,571</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(221,196)	691,658	4,670,956	1,606,131	1,086,294	(275,053)
<b>OTHER FINANCE SOURCES (USES)</b>						
Issuance of Bonds and Other Debt	-	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-
Transfers from (to):						
General Fund	-	-	-	-	-	-
Debt Service - Water Revenue Bonds	-	-	(611,164)	-	-	-
Capital Projects - State Aid Construction	-	(804,915)	(1,275,749)	(109,783)	(432,737)	-
Capital Projects - Arenas Capital Reserve	-	(124,440)	-	-	-	-
Capital Projects - Storm Water Infrastructure	-	-	-	-	-	-
Enterprise - Liquor Fund	-	-	-	-	-	-
Enterprise - Utility Fund	-	-	-	-	-	-
Total other finance sources (uses)	<u>-</u>	<u>(929,355)</u>	<u>(1,886,913)</u>	<u>(109,783)</u>	<u>(432,737)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(221,196)	(237,697)	2,784,043	1,496,348	653,557	(275,053)
<b>FUND BALANCES</b>						
Beginning of Year	<u>1,786,070</u>	<u>8,982,575</u>	<u>10,597,425</u>	<u>9,320,341</u>	<u>6,094,432</u>	<u>704,621</u>
End of Year	<u>\$ 1,564,874</u>	<u>\$ 8,744,878</u>	<u>\$ 13,381,468</u>	<u>\$ 10,816,689</u>	<u>\$ 6,747,989</u>	<u>\$ 429,568</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

Park Improvement	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 350,000	\$ -	\$ -	\$ 675,000	\$ -	\$ -	\$ -	\$ 2,155,000
-	385,961	-	-	-	-	-	385,961
-	-	-	-	-	-	-	120,000
-	-	-	-	-	52,500	7,474	739,996
-	-	-	-	-	-	-	11,327,009
-	-	-	-	-	-	-	23,397
6,611	1,425	-	27,163	2,340	(173)	19,629	616,936
4,937	1,065	-	20,285	1,747	(161)	14,658	460,678
-	-	-	29,779	-	80,000	6,000	176,097
26,434	-	-	-	-	-	433,644	464,478
387,982	388,451	-	752,227	4,087	132,166	481,405	16,469,552
-	341,935	13,125	-	93,594	-	362,558	811,212
-	-	-	541,258	4,521	-	152,838	698,617
-	-	-	1,052,643	4,439	-	47,235	5,447,960
325,589	-	-	226,111	64	1,614,360	160,703	4,747,628
325,589	341,935	13,125	1,820,012	102,618	1,614,360	723,334	11,705,417
62,393	46,516	(13,125)	(1,067,785)	(98,531)	(1,482,194)	(241,929)	4,764,135
-	-	-	-	-	620,000	-	620,000
-	-	-	-	-	145,777	-	145,777
-	-	-	248,870	-	-	145	249,015
-	-	-	452,000	4,400	-	200,000	656,400
-	-	-	-	-	-	-	(611,164)
-	-	-	-	-	-	-	(2,623,184)
-	-	-	-	-	-	-	(124,440)
-	-	-	-	-	124,440	-	124,440
-	-	-	500,000	69,677	-	-	569,677
-	-	-	31,000	19,200	52,500	-	102,700
-	-	-	1,231,870	93,277	942,717	200,145	(890,779)
62,393	46,516	(13,125)	164,085	(5,254)	(539,477)	(41,784)	3,873,356
328,176	57,383	(428,702)	1,625,942	156,864	10,090	1,233,810	40,469,027
<u>\$ 390,569</u>	<u>\$ 103,899</u>	<u>\$ (441,827)</u>	<u>\$ 1,790,027</u>	<u>\$ 151,610</u>	<u>\$ (529,387)</u>	<u>\$ 1,192,026</u>	<u>\$ 44,342,383</u>

**CITY OF LAKEVILLE  
COMMUNICATIONS – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 698,256	\$ 698,256	\$ 662,500	\$ (35,756)
Intergovernmental:				
State-aid PERA	516	516	-	(516)
Federal grants	-	-	12,550	12,550
Charges for services	58,266	58,266	58,459	193
Interest income	3,601	3,601	13,996	10,395
Change in fair value of investments	(1,543)	(1,543)	10,452	11,995
	<u>759,096</u>	<u>759,096</u>	<u>757,957</u>	<u>(1,139)</u>
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Personnel	417,437	417,437	417,034	(403)
Commodities	20,300	20,300	10,547	(9,753)
Other charges and services	114,292	114,292	137,299	23,007
Capital outlay	185,000	185,000	19,798	(165,202)
	<u>737,029</u>	<u>737,029</u>	<u>584,678</u>	<u>(152,351)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	22,067	22,067	173,279	151,212
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from:				
Capital Projects Funds	-	-	29,118	29,118
Transfers out to:				
General Fund	(83,739)	(83,739)	(83,739)	-
Capital Projects Funds	(4,400)	(4,400)	(4,400)	-
	<u>(88,139)</u>	<u>(88,139)</u>	<u>(59,021)</u>	<u>29,118</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (66,072)</u>	<u>\$ (66,072)</u>	114,258	<u>\$ 180,330</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>1,053,663</u>	
End of year			<u>\$ 1,167,921</u>	

**CITY OF LAKEVILLE  
ECONOMIC DEVELOPMENT – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ 50	\$ 50	\$ 93	\$ 43
Change in fair value of investments	-	-	70	70
Total revenues	50	50	163	113
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Other charges and services	8,335	8,335	8,300	(35)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (8,285)</u>	<u>\$ (8,285)</u>	(8,137)	<u>\$ 148</u>
<b>FUND BALANCE</b>				
Beginning of year			13,395	
End of year			<u>\$ 5,258</u>	

**CITY OF LAKEVILLE  
DOWNTOWN SPECIAL SERVICE DISTRICT – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Other charges and services	14,660	14,660	3,383	(11,277)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (14,660)</u>	<u>\$ (14,660)</u>	(3,383)	<u>\$ 11,277</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>32,529</u>	
End of year			<u>\$ 29,146</u>	

**CITY OF LAKEVILLE  
 CARES ACT GRANTS – SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal grants	\$ -	\$ 868,947	\$ 868,940	\$ (7)
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Other charges and services	-	868,947	868,940	(7)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCES</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

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## **SUPPLEMENTARY INFORMATION**

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**CITY OF LAKEVILLE**  
**SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS**  
**YEAR ENDED DECEMBER 31, 2020**

	Outstanding January 1	Issued	Redeemed	Outstanding December 31
<b>Governmental Activities:</b>				
General obligation bonds	\$ 32,110,000	\$ -	\$ 2,575,000	\$ 29,535,000
G.O. improvement bonds	59,155,000	9,370,000	4,585,000	63,940,000
Tax increment bonds	770,000	-	245,000	525,000
State-aid street revenue bonds	4,685,000	-	560,000	4,125,000
G.O. water revenue bonds	7,230,000	-	380,000	6,850,000
Tax abatement bonds	-	620,000	-	620,000
HRA lease revenue bonds	6,080,000	-	370,000	5,710,000
	<u>110,030,000</u>	<u>9,990,000</u>	<u>8,715,000</u>	<u>111,305,000</u>
<b>Business-type Activities:</b>				
Liquor revenue capital lease	2,040,000	-	230,000	1,810,000
Water revenue bonds	7,365,000	2,745,000	470,000	9,640,000
Sewer revenue bonds	385,000	-	60,000	325,000
Street light revenue bonds	305,000	-	35,000	270,000
	<u>10,095,000</u>	<u>2,745,000</u>	<u>795,000</u>	<u>12,045,000</u>
Total bonded indebtedness	<u>\$ 120,125,000</u>	<u>\$ 12,735,000</u>	<u>\$ 9,510,000</u>	<u>\$ 123,350,000</u>

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>General Obligation Bonds:</b>					
<b>Capital Improvement Refunding Bonds of 2012 B</b>					
(Central Maintenance Facility)					
Principal and interest	8/15/12	4.00	2/1/21	\$ 750,000	\$ 288,150
Principal and interest (call provision date)		3.00	2/1/22	770,000	261,600
Principal and interest		3.00	2/1/23	810,000	237,900
Principal and interest		3.00	2/1/24	865,000	212,775
Principal and interest		3.00	2/1/25	930,000	185,850
Principal and interest		3.00	2/1/26	1,040,000	156,300
Principal and interest		3.00	2/1/27	1,070,000	124,650
Principal and interest		3.00	2/1/28	1,125,000	91,725
Principal and interest		3.00	2/1/29	1,200,000	56,850
Principal and interest		3.00	2/1/30	1,295,000	19,425
Total				9,855,000	1,635,225
<b>Capital Improvement Refunding Bonds of 2014 B</b>					
Principal and interest	8/20/14	1.75	2/1/21	635,000	351,306
Principal and interest		5.00	2/1/22	640,000	329,750
Principal and interest		5.00	2/1/23	670,000	297,000
Principal and interest (call provision date)		5.00	2/1/24	700,000	262,750
Principal and interest		4.00	2/1/25	735,000	230,550
Principal and interest		4.00	2/1/26	765,000	200,550
Principal and interest		4.00	2/1/27	790,000	169,450
Principal and interest		4.00	2/1/28	815,000	139,388
Principal and interest		3.50	2/1/29	845,000	110,338
Principal and interest		3.50	2/1/30	875,000	80,238
Principal and interest		3.50	2/1/31	910,000	49,000
Principal and interest		3.50	2/1/32	945,000	16,536
Total				9,325,000	2,236,856
<b>Street Reconstruction Refunding Bonds of 2012 B</b>					
Principal and interest	8/15/12	4.00	2/1/21	835,000	151,850
Principal and interest (call provision date)		3.00	2/1/22	850,000	122,400
Principal and interest		3.00	2/1/23	880,000	96,450
Principal and interest		3.00	2/1/24	905,000	69,675
Principal and interest		3.00	2/1/25	935,000	42,075
Principal and interest		3.00	2/1/26	935,000	14,025
Total				5,340,000	496,475

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>General Obligation Bonds (continued):</b>					
<b>Street Reconstruction Refunding Bonds of 2014 B</b>					
	8/20/14				
Principal and interest		1.75	2/1/21	\$ 155,000	\$ 42,006
Principal and interest		5.00	2/1/22	160,000	36,650
Principal and interest		5.00	2/1/23	170,000	28,400
Principal and interest (call provision date)		5.00	2/1/24	175,000	19,775
Principal and interest		4.00	2/1/25	190,000	11,600
Principal and interest		4.00	2/1/26	195,000	3,900
Total				<u>1,045,000</u>	<u>142,331</u>
<b>Street Reconstruction Bonds of 2017 A</b>					
	9/8/17				
Principal and interest		5.00	2/1/21	135,000	54,125
Principal and interest		5.00	2/1/22	140,000	47,250
Principal and interest		5.00	2/1/23	150,000	40,000
Principal and interest		5.00	2/1/24	155,000	32,375
Principal and interest		5.00	2/1/25	170,000	24,250
Principal and interest (call provision date)		5.00	2/1/26	175,000	15,625
Principal and interest		3.00	2/1/27	185,000	8,475
Principal and interest		3.00	2/1/28	190,000	2,850
Total				<u>1,300,000</u>	<u>224,950</u>
<b>Street Reconstruction Refunding Bonds of 2018 B</b>					
	8/16/18				
Principal and interest		3.00	2/1/21	230,000	101,900
Principal and interest		3.00	2/1/22	230,000	95,000
Principal and interest		3.00	2/1/23	240,000	87,950
Principal and interest		3.00	2/1/24	250,000	80,600
Principal and interest		5.00	2/1/25	255,000	70,475
Principal and interest		5.00	2/1/26	270,000	57,350
Principal and Interest (call provision date)		5.00	2/1/27	280,000	43,600
Principal and interest		4.00	2/1/28	295,000	30,700
Principal and interest		4.00	2/1/29	305,000	18,700
Principal and interest		4.00	2/1/30	315,000	6,300
Total				<u>2,670,000</u>	<u>592,575</u>
<b>Total General Obligation Bonds</b>				<b><u>\$ 29,535,000</u></b>	<b><u>\$ 5,328,412</u></b>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds:</b>					
<b>Improvement Bonds of 2011 A</b>					
	12/1/11				
Principal and interest (call provision date)		2.25	2/1/21	\$ 195,000	\$ 17,974
Principal and interest		2.60	2/1/22	50,000	15,130
Principal and interest		2.60	2/1/23	50,000	13,830
Principal and interest		3.10	2/1/24	50,000	12,530
Principal and interest		3.10	2/1/25	45,000	11,183
Principal and interest		3.10	2/1/26	45,000	9,788
Principal and interest		3.10	2/1/27	45,000	8,393
Principal and interest		3.50	2/1/28	45,000	6,998
Principal and interest		3.50	2/1/29	45,000	5,513
Principal and interest		3.50	2/1/30	45,000	3,938
Principal and interest		3.50	2/1/31	45,000	2,363
Principal and interest		3.50	2/1/32	45,000	788
Total				705,000	108,428
<b>Improvement Bonds of 2012 A</b>					
	8/15/12				
Principal and interest		3.00	2/1/21	565,000	88,450
Principal and interest (call provision date)		3.00	2/1/22	565,000	71,500
Principal and interest		4.00	2/1/23	575,000	51,525
Principal and interest		4.00	2/1/24	135,000	37,325
Principal and interest		3.00	2/1/25	130,000	32,675
Principal and interest		3.00	2/1/26	130,000	28,775
Principal and interest		3.00	2/1/27	130,000	24,875
Principal and interest		3.00	2/1/28	130,000	20,975
Principal and interest		3.00	2/1/29	130,000	17,075
Principal and interest		3.00	2/1/30	125,000	13,250
Principal and interest		3.00	2/1/31	125,000	9,500
Principal and interest		3.00	2/1/32	125,000	5,750
Principal and interest		3.10	2/1/33	125,000	1,938
Total				2,990,000	403,613

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2013 A</b>					
	8/15/13				
Principal and interest		2.25	2/1/21	\$ 380,000	\$ 73,775
Principal and interest		2.50	2/1/22	380,000	64,750
Principal and interest (call provision date)		2.75	2/1/23	385,000	54,706
Principal and interest		2.75	2/1/24	395,000	43,981
Principal and interest		3.50	2/1/25	100,000	36,800
Principal and interest		3.50	2/1/26	100,000	33,300
Principal and interest		3.50	2/1/27	100,000	29,800
Principal and interest		3.75	2/1/28	100,000	26,175
Principal and interest		3.75	2/1/29	100,000	22,425
Principal and interest		3.75	2/1/30	100,000	18,675
Principal and interest		4.00	2/1/31	105,000	14,700
Principal and interest		4.00	2/1/32	105,000	10,500
Principal and interest		4.00	2/1/33	105,000	6,300
Principal and interest		4.00	2/1/34	105,000	2,100
Total				2,560,000	437,987
<b>Improvement Bonds of 2014 A</b>					
	8/20/14				
Principal and interest		3.00	2/1/21	730,000	176,675
Principal and interest		4.00	2/1/22	745,000	150,825
Principal and interest		4.00	2/1/23	775,000	120,425
Principal and interest (call provision date)		4.00	2/1/24	800,000	88,925
Principal and interest		4.00	2/1/25	825,000	56,425
Principal and interest		3.00	2/1/26	120,000	38,125
Principal and interest		3.00	2/1/27	120,000	34,525
Principal and interest		3.50	2/1/28	120,000	30,625
Principal and interest		3.50	2/1/29	120,000	26,425
Principal and interest		3.50	2/1/30	120,000	22,225
Principal and interest		3.50	2/1/31	115,000	18,113
Principal and interest		3.50	2/1/32	115,000	14,088
Principal and interest		3.50	2/1/33	115,000	10,063
Principal and interest		3.50	2/1/34	115,000	6,038
Principal and interest		3.50	2/1/35	115,000	2,013
Total				5,050,000	795,515

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2015 A</b>					
	8/20/15				
Principal and interest		5.00	2/1/21	\$ 510,000	\$ 368,300
Principal and interest		5.00	2/1/22	530,000	342,300
Principal and interest		5.00	2/1/23	545,000	315,425
Principal and interest		2.50	2/1/24	570,000	294,675
Principal and interest (call provision date)		5.00	2/1/25	580,000	273,050
Principal and interest		5.00	2/1/26	605,000	243,425
Principal and interest		4.00	2/1/27	580,000	216,700
Principal and interest		4.00	2/1/28	590,000	193,300
Principal and interest		3.00	2/1/29	610,000	172,350
Principal and interest		3.13	2/1/30	630,000	153,356
Principal and interest		3.25	2/1/31	640,000	133,113
Principal and interest		3.38	2/1/32	655,000	111,659
Principal and interest		3.38	2/1/33	675,000	89,216
Principal and interest		3.50	2/1/34	690,000	65,750
Principal and interest		3.50	2/1/35	705,000	41,338
Principal and interest		4.00	2/1/36	725,000	14,500
Total				9,840,000	3,028,457
<b>Improvement Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		1.50	2/1/21	855,000	418,931
Principal and interest		2.00	2/1/22	855,000	403,969
Principal and interest		5.00	2/1/23	860,000	373,919
Principal and interest		5.00	2/1/24	890,000	330,169
Principal and interest (call provision date)		5.00	2/1/25	920,000	284,919
Principal and interest		3.00	2/1/26	950,000	247,669
Principal and interest		2.00	2/1/27	970,000	223,719
Principal and interest		2.00	2/1/28	970,000	204,319
Principal and interest		3.00	2/1/29	980,000	179,919
Principal and interest		3.00	2/1/30	995,000	150,294
Principal and interest		3.00	2/1/31	1,010,000	120,219
Principal and interest		3.00	2/1/32	1,035,000	89,544
Principal and interest		3.00	2/1/33	1,045,000	58,344
Principal and interest		3.13	2/1/34	570,000	33,762
Principal and interest		3.13	2/1/35	265,000	20,715
Principal and interest		3.25	2/1/36	255,000	12,431
Principal and interest		3.25	2/1/37	255,000	4,144
Total				13,680,000	3,156,986

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2017 A</b>					
	9/7/17				
Principal and interest		5.00	2/1/21	\$ 600,000	\$ 257,931
Principal and interest		5.00	2/1/22	625,000	227,306
Principal and interest		5.00	2/1/23	645,000	195,556
Principal and interest		5.00	2/1/24	670,000	162,681
Principal and interest		5.00	2/1/25	695,000	128,556
Principal and interest (call provision date)		5.00	2/1/26	720,000	93,181
Principal and interest		3.00	2/1/27	745,000	64,006
Principal and interest		3.00	2/1/28	765,000	41,356
Principal and interest		3.00	2/1/29	110,000	28,231
Principal and interest		3.00	2/1/30	110,000	24,931
Principal and interest		3.00	2/1/31	105,000	21,706
Principal and interest		3.00	2/1/32	105,000	18,556
Principal and interest		3.00	2/1/33	100,000	15,481
Principal and interest		3.00	2/1/34	95,000	12,556
Principal and interest		3.00	2/1/35	95,000	9,706
Principal and interest		3.125	2/1/36	90,000	6,875
Principal and interest		3.125	2/1/37	90,000	4,063
Principal and interest		3.125	2/1/38	85,000	1,328
Total				6,450,000	1,314,006
<b>Improvement Bonds of 2018 A</b>					
	7/25/18				
Principal and interest		5.00	2/1/21	700,000	279,800
Principal and interest		5.00	2/1/22	715,000	244,425
Principal and interest		5.00	2/1/23	740,000	217,300
Principal and interest		5.00	2/1/24	745,000	189,425
Principal and interest		5.00	2/1/25	770,000	151,550
Principal and interest		5.00	2/1/26	795,000	112,425
Principal and interest (call provision date)		3.00	2/1/27	825,000	71,925
Principal and interest		3.00	2/1/28	855,000	38,475
Principal and interest		3.00	2/1/29	855,000	12,825
Total				7,000,000	1,318,150
<b>Improvement Bonds of 2019 A</b>					
	7/24/19				
Principal and interest		5.00	2/1/21	575,000	286,475
Principal and interest		5.00	2/1/22	575,000	257,725
Principal and interest		5.00	2/1/23	585,000	228,725
Principal and interest		5.00	2/1/24	600,000	199,100
Principal and interest		5.00	2/1/25	615,000	168,725
Principal and interest		5.00	2/1/26	635,000	137,475
Principal and interest		5.00	2/1/27	655,000	105,225
Principal and interest (call provision date)		5.00	2/1/28	665,000	72,225
Principal and interest		4.00	2/1/29	690,000	41,800
Principal and interest		4.00	2/1/30	700,000	14,000
Total				6,295,000	1,511,475
<b>Improvement Bonds of 2020 A</b>					
	8/14/20				
Principal and interest		5.00	2/1/21	-	429,780
Principal and interest		5.00	2/1/22	455,000	433,225
Principal and interest		5.00	2/1/23	810,000	401,600
Principal and interest		5.00	2/1/24	850,000	360,100
Principal and interest		5.00	2/1/25	890,000	316,600
Principal and interest		5.00	2/1/26	935,000	270,975
Principal and interest		5.00	2/1/27	985,000	222,975
Principal and interest (call provision date)		5.00	2/1/28	1,030,000	172,600
Principal and interest		5.00	2/1/29	1,085,000	119,725
Principal and interest		5.00	2/1/30	1,135,000	64,225
Principal and interest		3.00	2/1/31	1,195,000	17,925
Total				9,370,000	2,809,730
<b>Total G.O. Improvement Bonds</b>				<b>\$ 63,940,000</b>	<b>\$ 14,884,347</b>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>State-aid Street Revenue Bonds:</b>					
<b>State-aid Street Refunding Bonds of 2011 B</b>					
Principal and interest	12/1/11				
		2.15	4/1/21	\$ 80,000	\$ 860
Total				<u>80,000</u>	<u>860</u>
<b>State-aid Street Bonds of 2015 A</b>					
Principal and interest	8/20/15				
		5.00	4/1/21	185,000	150,519
		5.00	4/1/22	190,000	141,144
		5.00	4/1/23	200,000	131,394
		2.50	4/1/24	210,000	123,769
		5.00	4/1/25	215,000	115,769
		5.00	4/1/26	230,000	104,648
		4.00	4/1/27	240,000	94,094
		4.00	4/1/28	250,000	84,294
		3.00	4/1/29	260,000	75,394
		3.13	4/1/30	265,000	67,353
		3.25	4/1/31	275,000	58,744
		3.38	4/1/32	285,000	49,466
		3.38	4/1/33	295,000	39,678
		3.50	4/1/34	305,000	29,363
		3.50	4/1/35	315,000	18,513
		4.00	4/1/36	325,000	6,500
Total				<u>4,045,000</u>	<u>1,290,642</u>
<b>Total State-aid Street Revenue Bonds</b>				<b><u>\$ 4,125,000</u></b>	<b><u>\$ 1,291,502</u></b>
<b>HRA Lease Revenue Bonds:</b>					
<b>HRA Ice Arena Lease Revenue Refunding Bonds of 2016</b>					
Principal and interest	9/22/16				
		3.00	2/1/21	\$ 385,000	\$ 197,325
		3.00	2/1/22	405,000	185,475
		3.00	2/1/23	420,000	173,100
		3.00	2/1/24	425,000	160,425
		3.00	2/1/25	440,000	147,450
		3.00	2/1/26	455,000	134,025
		4.00	2/1/27	475,000	117,700
		4.00	2/1/28	490,000	98,400
		4.00	2/1/29	515,000	78,300
		4.00	2/1/30	540,000	57,200
		4.00	2/1/31	565,000	35,100
		4.00	2/1/32	595,000	11,900
Total				<u>5,710,000</u>	<u>1,396,400</u>
<b>Total HRA Lease Revenue Bonds</b>				<b><u>\$ 5,710,000</u></b>	<b><u>\$ 1,396,400</u></b>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Water Revenue Bonds:</b>					
<b>G.O. Water Revenue Bonds of 2016 A</b>					
	2/25/16				
Principal and interest		5.00	2/1/21	\$ 400,000	\$ 211,200
Principal and interest		5.00	2/1/22	420,000	190,700
Principal and interest		5.00	2/1/23	440,000	169,200
Principal and interest (call provision date)		5.00	2/1/24	465,000	146,575
Principal and interest		5.00	2/1/25	490,000	130,050
Principal and interest		2.00	2/1/26	495,000	120,200
Principal and interest		2.00	2/1/27	475,000	110,500
Principal and interest		2.125	2/1/28	480,000	100,650
Principal and interest		3.00	2/1/29	495,000	88,125
Principal and interest		3.00	2/1/30	505,000	73,125
Principal and interest		3.00	2/1/31	520,000	57,750
Principal and interest		3.00	2/1/32	540,000	41,850
Principal and interest		3.00	2/1/33	555,000	25,425
Principal and interest		3.00	2/1/34	570,000	8,550
Total				<u>6,850,000</u>	<u>1,473,900</u>
<b>Total Water Revenue Bonds</b>				<b>\$ 6,850,000</b>	<b>\$ 1,473,900</b>
<b>Tax Abatement Bonds:</b>					
<b>Tax Abatement Bonds of 2020 A</b>					
	8/13/20				
Principal and interest		5.00	2/1/21	\$ -	\$ 28,517
Principal and interest		5.00	2/1/22	50,000	28,250
Principal and interest		5.00	2/1/23	50,000	25,750
Principal and interest (call provision date)		5.00	2/1/24	55,000	23,125
Principal and interest		5.00	2/1/25	55,000	20,375
Principal and interest		5.00	2/1/26	60,000	17,500
Principal and interest		5.00	2/1/27	65,000	14,375
Principal and interest		5.00	2/1/28	65,000	11,125
Principal and interest		5.00	2/1/29	70,000	7,750
Principal and interest		5.00	2/1/30	75,000	4,125
Principal and interest		3.00	2/1/31	75,000	1,125
Total				<u>620,000</u>	<u>182,017</u>
<b>Total Tax Abatement Bonds</b>				<b>\$ 620,000</b>	<b>\$ 182,017</b>
<b>Tax Increment Bonds:</b>					
<b>Tax Increment Refunding Bonds of 2007 A</b>					
	2/1/07				
Principal and interest		4.125	2/1/21	\$ 260,000	\$ 16,493
Principal and interest		4.20	2/1/22	265,000	5,565
Total Tax Increment Bonds				<u>525,000</u>	<u>22,058</u>
<b>Total Governmental Activity Bonds</b>				<b>\$ 111,305,000</b>	<b>\$ 24,578,636</b>
<b>Business-Type Activity Bonds:</b>					
<b>Water Revenue Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		5.00	2/1/21	\$ 380,000	\$ 157,613
Principal and interest		5.00	2/1/22	385,000	150,913
Principal and interest		5.00	2/1/23	390,000	137,313
Principal and interest		5.00	2/1/24	410,000	117,313
Principal and interest (call provision date)		5.00	2/1/25	430,000	96,313
Principal and interest		5.00	2/1/26	450,000	78,813
Principal and interest		5.00	2/1/27	310,000	68,963
Principal and interest		5.00	2/1/28	315,000	62,713
Principal and interest		5.00	2/1/29	325,000	54,688
Principal and interest		5.00	2/1/30	335,000	44,788
Principal and interest		5.00	2/1/31	345,000	34,588
Principal and interest		5.00	2/1/32	355,000	24,088
Principal and interest		5.00	2/1/33	365,000	13,288
Principal and interest		5.00	2/1/34	250,000	3,906
Total				<u>5,045,000</u>	<u>1,045,300</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Business-Type Activity Bonds (continued):</b>					
<b>Sewer Revenue Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		5.00	2/1/21	\$ 60,000	\$ 11,750
Principal and interest		5.00	2/1/22	65,000	10,650
Principal and interest		5.00	2/1/23	65,000	8,375
Principal and interest		5.00	2/1/24	65,000	5,125
Principal and interest (call provision date)		5.00	2/1/25	70,000	1,750
Total				<u>325,000</u>	<u>37,650</u>
<b>Lease Revenue Liquor Enterprise Refunding Bonds of 2017 (Galaxie Store)</b>					
	11/8/17				
Principal and interest		2.00	2/1/21	240,000	49,500
Principal and interest		3.00	2/1/22	245,000	43,425
Principal and interest		3.00	2/1/23	250,000	36,000
Principal and interest		3.00	2/1/24	260,000	28,350
Principal and Interest (call provision date)		3.00	2/1/25	265,000	20,475
Principal and interest		3.00	2/1/26	270,000	12,450
Principal and interest		3.00	2/1/27	280,000	4,200
Total				<u>1,810,000</u>	<u>194,400</u>
<b>Water Improvement Bonds of 2017 A</b>					
	9/7/17				
Principal and interest		5.00	2/1/21	75,000	29,525
Principal and interest		5.00	2/1/22	80,000	25,650
Principal and interest		5.00	2/1/23	80,000	21,650
Principal and interest		5.00	2/1/24	85,000	17,525
Principal and interest		5.00	2/1/25	90,000	13,150
Principal and interest (call provision date)		5.00	2/1/26	95,000	8,525
Principal and interest		3.00	2/1/27	100,000	4,650
Principal and interest		3.00	2/1/28	105,000	1,575
Total				<u>710,000</u>	<u>122,250</u>
<b>Street Lights Improvement Bonds of 2017 A</b>					
	9/7/17				
Principal and interest		5.00	2/1/21	40,000	12,500
Principal and interest		5.00	2/1/22	40,000	10,500
Principal and interest		5.00	2/1/23	45,000	8,375
Principal and interest		5.00	2/1/24	45,000	6,125
Principal and interest		5.00	2/1/25	50,000	3,750
Principal and interest		5.00	2/1/26	50,000	1,250
Total				<u>270,000</u>	<u>42,500</u>
<b>Water Improvement Bonds of 2018 A</b>					
	7/25/18				
Principal and interest		5.00	2/1/21	40,000	16,400
Principal and interest		5.00	2/1/22	40,000	14,400
Principal and interest		5.00	2/1/23	40,000	12,900
Principal and interest		5.00	2/1/24	45,000	11,275
Principal and interest		5.00	2/1/25	45,000	9,025
Principal and interest		5.00	2/1/26	45,000	6,775
Principal and interest (call provision date)		5.00	2/1/27	50,000	4,400
Principal and interest		3.00	2/1/28	50,000	2,400
Principal and interest		3.00	2/1/29	55,000	825
Total				<u>410,000</u>	<u>78,400</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2020**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Business-Type Activity Bonds (continued)</b>					
<b>Water Improvement Bonds of 2019 A</b>					
	7/24/19				
Principal and interest		5.00	2/1/21	\$ 60,000	\$ 33,250
Principal and interest		5.00	2/1/22	60,000	30,250
Principal and interest		5.00	2/1/23	65,000	27,125
Principal and interest		5.00	2/1/24	65,000	23,875
Principal and interest		5.00	2/1/25	70,000	20,500
Principal and interest		5.00	2/1/26	75,000	16,875
Principal and interest		5.00	2/1/27	80,000	13,000
Principal and interest (call provision date)		5.00	2/1/28	80,000	9,000
Principal and interest		4.00	2/1/29	85,000	5,300
Principal and interest		4.00	2/1/30	90,000	1,800
Total				<u>730,000</u>	<u>180,975</u>
<b>Water Improvement Bonds of 2020 A</b>					
	8/13/20				
Principal and interest		5.00	2/1/21	280,000	125,675
Principal and interest		5.00	2/1/22	225,000	117,625
Principal and interest		5.00	2/1/23	235,000	106,125
Principal and interest		5.00	2/1/24	245,000	94,125
Principal and interest		5.00	2/1/25	260,000	81,500
Principal and interest		5.00	2/1/26	270,000	68,250
Principal and interest		5.00	2/1/27	285,000	54,375
Principal and interest (call provision date)		5.00	2/1/28	300,000	39,750
Principal and interest		5.00	2/1/29	315,000	24,375
Principal and interest		5.00	2/1/30	330,000	8,250
Total				<u>2,745,000</u>	<u>720,050</u>
<b>Total Business-Type Bonds</b>				<b><u>\$ 12,045,000</u></b>	<b><u>\$ 2,421,525</u></b>
<b>Total Bonded Indebtedness and Annual Interest Payable</b>				<b><u>\$ 123,350,000</u></b>	<b><u>\$ 27,000,161</u></b>

**CITY OF LAKEVILLE  
COMBINED SCHEDULE OF BONDED INDEBTEDNESS  
DECEMBER 31, 2020**

	Interest Rates %	Issue Date	Call Date	Maturity Date
<b>Governmental Activities:</b>				
General Obligation Bonds:				
Capital Improvement Refunding Bonds of 2012 B	2.00 - 4.00	8/15/12	2/1/22	2/1/30
Capital Improvement Refunding Bonds of 2014 B	1.75 - 5.00	8/20/14	2/1/24	2/1/32
Street Reconstruction Refunding Bonds of 2012 B	2.00 - 4.00	8/15/12	2/1/22	2/1/26
Street Reconstruction Refunding Bonds of 2014 B	1.75 - 5.00	8/20/14	2/1/24	2/1/26
Street Reconstruction Refunding Bonds of 2017 A	3.00 - 5.00	9/7/17	2/1/26	2/1/28
Street Reconstruction Refunding Bonds of 2018 B	3.00 - 5.00	8/16/18	2/1/27	2/1/30
<b>Total General Obligation Bonds</b>				
G.O. Improvement Bonds:				
Improvement Refunding Bonds of 2009 B	2.00 - 3.00	12/30/09	N/A	2/1/20
Improvement Bonds of 2011 A	0.50 - 3.50	12/1/11	2/1/21	2/1/32
Improvement Bonds of 2012 A	2.00 - 4.00	8/15/12	2/1/22	2/1/33
Improvement Bonds of 2013 A	2.00 - 4.00	8/15/13	2/1/23	2/1/34
Improvement Bonds of 2014 A	2.00 - 3.50	8/20/14	2/1/24	2/1/35
Improvement Bonds of 2015 A	1.75 - 5.00	8/20/15	2/1/25	2/1/36
Improvement Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/37
Improvement Bonds of 2017 A	3.00 - 5.00	7/17/07	2/1/26	2/1/38
Improvement Bonds of 2018 A	3.00 - 5.00	7/25/18	2/1/27	2/1/29
Improvement Bonds of 2019 A	4.00 - 5.00	7/24/19	2/1/28	2/1/30
Improvement Bonds of 2020 A	3.00 - 5.00	8/13/20	2/1/29	2/1/31
<b>Total G.O. Improvement Bonds</b>				
Tax Increment Bonds:				
Tax-Increment Refunding Bonds of 2007 A	4.00 - 4.20	2/1/07	2/1/16	2/1/22
<b>Total Tax-Increment Bonds</b>				
State-aid Street Revenue Bonds:				
State-aid Street Refunding Bonds of 2010 A	2.00 - 4.00	1/1/10	N/A	4/1/20
State-aid Street Refunding Bonds of 2011 B	0.50 - 2.15	12/1/11	N/A	4/1/21
State-aid Street Bonds of 2015 A	1.75 - 5.00	8/20/15	2/1/25	2/1/36
<b>Total State-aid Street Revenue Bonds</b>				
Water Revenue Bonds:				
G.O. Water Revenue Bonds of 2016 A	2.00 - 5.00	2/25/16	2/1/24	2/1/34
<b>Total Water Revenue Bonds</b>				
Tax Abatement Bonds:				
Tax Abatement Bonds of 2020 A	3.00 - 5.00	8/13/20	2/1/29	8/1/31
<b>Total Tax Abatement Bonds</b>				
HRA Lease Revenue Bonds:				
HRA Ice Arena Lease Revenue Bonds of 2016	2.00 - 4.00	9/22/16	2/1/26	2/1/32
<b>Total HRA Lease Revenue Bonds</b>				
<b>Total Governmental Activity Bonds</b>				
<b>Business-type Activity:</b>				
Lease Revenue Liquor Bonds of 2017	2.00 - 3.00	11/8/17	2/1/25	2/1/27
Water Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/34
Sewer Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/25
Water Revenue Bonds of 2017 A	3.00 - 5.00	9/7/17	2/1/26	2/1/28
Street Lights Revenue Bonds of 2017 A	5.00	9/7/17	n/a	2/1/26
Water Revenue Bonds of 2018 A	2.50 - 5.00	7/25/18	2/1/27	2/1/29
Water Revenue Bonds of 2019 A	4.00 - 5.00	7/24/19	2/1/28	2/1/30
Water Revenue Bonds of 2020 A	5.00	8/13/20	2/1/29	8/1/30
<b>Total Business-type Activity Bonds</b>				
<b>Total Bonded Indebtedness</b>				

**CITY OF LAKEVILLE  
COMBINED SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)  
DECEMBER 31, 2020**

Bonds				Due in 2021	
Authorized	Issued	Retired	Outstanding	Principal	Interest
\$ 12,765,000	\$ 12,765,000	\$ 2,910,000	\$ 9,855,000	\$ 750,000	\$ 288,150
11,065,000	11,065,000	1,740,000	9,325,000	635,000	351,306
9,685,000	9,685,000	4,345,000	5,340,000	835,000	151,850
1,595,000	1,595,000	550,000	1,045,000	155,000	42,006
1,530,000	1,530,000	230,000	1,300,000	135,000	54,125
3,115,000	3,115,000	445,000	2,670,000	230,000	101,900
<u>39,755,000</u>	<u>39,755,000</u>	<u>10,220,000</u>	<u>29,535,000</u>	<u>2,740,000</u>	<u>989,337</u>
4,250,000	4,250,000	4,250,000	-	-	-
2,385,000	2,385,000	1,680,000	705,000	195,000	17,974
6,805,000	6,805,000	3,815,000	2,990,000	565,000	88,450
4,685,000	4,685,000	2,125,000	2,560,000	380,000	73,775
8,520,000	8,520,000	3,470,000	5,050,000	730,000	176,675
11,815,000	11,815,000	1,975,000	9,840,000	510,000	368,300
15,680,000	15,680,000	2,000,000	13,680,000	855,000	418,931
7,465,000	7,465,000	1,015,000	6,450,000	600,000	257,931
7,690,000	7,690,000	690,000	7,000,000	700,000	279,800
6,295,000	6,295,000	-	6,295,000	575,000	286,475
9,370,000	9,370,000	-	9,370,000	-	207,480
<u>84,960,000</u>	<u>84,960,000</u>	<u>21,020,000</u>	<u>63,940,000</u>	<u>5,110,000</u>	<u>2,175,791</u>
2,265,000	2,265,000	1,740,000	525,000	260,000	16,493
<u>2,265,000</u>	<u>2,265,000</u>	<u>1,740,000</u>	<u>525,000</u>	<u>260,000</u>	<u>16,493</u>
2,680,000	2,680,000	2,680,000	-	-	-
665,000	665,000	585,000	80,000	80,000	860
4,730,000	4,730,000	685,000	4,045,000	185,000	150,519
<u>8,075,000</u>	<u>8,075,000</u>	<u>3,950,000</u>	<u>4,125,000</u>	<u>265,000</u>	<u>151,379</u>
8,280,000	8,280,000	1,430,000	6,850,000	400,000	211,200
<u>8,280,000</u>	<u>8,280,000</u>	<u>1,430,000</u>	<u>6,850,000</u>	<u>400,000</u>	<u>211,200</u>
620,000	620,000	-	620,000	-	13,767
<u>620,000</u>	<u>620,000</u>	<u>-</u>	<u>620,000</u>	<u>-</u>	<u>13,767</u>
7,115,000	7,115,000	1,405,000	5,710,000	385,000	197,325
<u>7,115,000</u>	<u>7,115,000</u>	<u>1,405,000</u>	<u>5,710,000</u>	<u>385,000</u>	<u>197,325</u>
<b>151,070,000</b>	<b>151,070,000</b>	<b>39,765,000</b>	<b>111,305,000</b>	<b>9,160,000</b>	<b>3,755,292</b>
2,255,000	2,255,000	445,000	1,810,000	240,000	49,500
6,075,000	6,075,000	1,030,000	5,045,000	380,000	157,613
495,000	495,000	170,000	325,000	60,000	11,750
835,000	835,000	125,000	710,000	75,000	29,525
335,000	335,000	65,000	270,000	40,000	12,500
445,000	445,000	35,000	410,000	40,000	16,400
730,000	730,000	-	730,000	60,000	33,250
2,745,000	2,745,000	-	2,745,000	280,000	64,050
<u>13,915,000</u>	<u>13,915,000</u>	<u>1,870,000</u>	<u>12,045,000</u>	<u>1,175,000</u>	<u>374,588</u>
<b><u>\$ 164,985,000</u></b>	<b><u>\$ 164,985,000</u></b>	<b><u>\$ 41,635,000</u></b>	<b><u>\$ 123,350,000</u></b>	<b><u>\$ 10,335,000</u></b>	<b><u>\$ 4,129,880</u></b>

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## Statistical Section

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

Financial Trends	144
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<i>Net Position by Component – Government-wide</i>	
<i>Changes in Net Position by Component – Governmental Activities</i>	
<i>Changes in Net Position by Component – Business-type Activities</i>	
<i>Changes in Net Position by Component – Total Governmental and Business-type Activities</i>	
<i>Fund Balances – Governmental Funds</i>	
Revenue Capacity	156
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources; electric sales and property taxes.</i>	
<i>Tax Capacity Valuation and Assessor's Taxable Market Value of Taxable Property</i>	
<i>Property Tax Rates – Direct and Overlapping Governments</i>	
<i>Principal Property Taxpayers</i>	
<i>Property Tax Levy and Collections</i>	
Debt Capacity	162
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<i>Ratio of Total Debt by Type</i>	
<i>Ratio of Net Bonded Debt Outstanding</i>	
<i>Direct and Overlapping Governmental Debt</i>	
<i>Legal Debt Margin</i>	
<i>Pledged Revenue Coverage</i>	
Demographic and Economic Information	166
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<i>Demographic and Economic Statistics</i>	
<i>Principal Employers</i>	
<i>Commercial and Industrial Building Permits Issued</i>	
Operating Information	169
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	
<i>Employees by Function/Program (Full-Time Equivalent)</i>	
<i>Operating Indicators by Function</i>	
<i>Capital Assets Statistics by Function</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF LAKEVILLE**  
**NET POSITION BY COMPONENT – GOVERNMENT-WIDE**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 120,485,858	\$ 125,051,058	\$ 129,599,494	\$ 135,673,737
Restricted	16,474,815	17,403,167	17,645,944	19,913,014
Unrestricted	<u>(5,970,712)</u>	<u>(1,923,495)</u>	<u>2,511,935</u>	<u>5,874,237</u>
Total Governmental Activities Net Position	<u>\$ 130,989,961</u>	<u>\$ 140,530,730</u>	<u>\$ 149,757,373</u>	<u>\$ 161,460,988</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 100,390,175	\$ 102,009,893	\$ 105,055,746	\$ 109,535,106
Restricted	325,750	325,750	324,125	324,125
Unrestricted	<u>16,666,856</u>	<u>15,658,140</u>	<u>13,704,281</u>	<u>11,318,290</u>
Total Business-Type Activities Net Position	<u>\$ 117,382,781</u>	<u>\$ 117,993,783</u>	<u>\$ 119,084,152</u>	<u>\$ 121,177,521</u>
Primary Government:				
Net Investment in Capital Assets	\$ 220,876,033	\$ 227,060,951	\$ 234,655,240	\$ 245,208,843
Restricted	16,800,565	17,728,917	17,970,069	20,237,139
Unrestricted	<u>10,696,144</u>	<u>13,734,645</u>	<u>16,216,216</u>	<u>17,192,527</u>
Total Primary Government Net Position	<u>\$ 248,372,742</u>	<u>\$ 258,524,513</u>	<u>\$ 268,841,525</u>	<u>\$ 282,638,509</u>

(1)

Notes:

- (1) The City implemented GASB Statement No. 65 in 2012. Net position for 2011 was restated for the effects of implementing this standard.
- (2) The City implemented GASB Statement No. 68 in 2015, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.
- (3) The City implemented GASB Statement No. 75 in 2018, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.
- (4) The City implemented GASB Statement No. 84 in 2019, recording a change in accounting principle that increased restricted net position. Prior year balances were not restated.

**CITY OF LAKEVILLE  
NET POSITION BY COMPONENT – GOVERNMENT-WIDE (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

2015	2016	2017	2018	2019	2020
\$ 141,868,136	\$ 149,196,480	\$ 144,581,700	\$ 142,300,205	\$ 154,468,792	\$ 167,619,658
33,860,946	35,860,604	46,683,603	45,267,313	56,356,434	69,458,557
(4,929,168)	4,277,626	6,036,382	15,427,439	24,178,084	32,249,615
<u>\$ 170,799,914</u>	<u>\$ 189,334,710</u>	<u>\$ 197,301,685</u>	<u>\$ 202,994,957</u>	<u>\$ 235,003,310</u>	<u>\$ 269,327,830</u>
\$ 116,288,771	\$ 129,086,090	\$ 135,324,120	\$ 138,725,763	\$ 143,501,608	\$ 151,132,001
323,875	323,875	323,875	-	-	-
8,420,410	9,757,400	10,791,344	13,878,208	15,142,309	18,258,536
<u>\$ 125,033,056</u>	<u>\$ 139,167,365</u>	<u>\$ 146,439,339</u>	<u>\$ 152,603,971</u>	<u>\$ 158,643,917</u>	<u>\$ 169,390,537</u>
\$ 258,156,907	\$ 278,282,570	\$ 279,905,820	\$ 281,025,968	\$ 297,970,400	\$ 318,751,659
34,184,821	36,184,479	47,007,478	45,267,313	56,356,434	69,458,557
3,491,242	14,035,026	16,827,726	29,305,647	39,320,393	50,508,151
<u>\$ 295,832,970</u>	<u>\$ 328,502,075</u>	<u>\$ 343,741,024</u>	<u>\$ 355,598,928</u>	<u>\$ 393,647,227</u>	<u>\$ 438,718,367</u>
(2)			(3)	(4)	

**CITY OF LAKEVILLE**  
**CHANGES IN NET POSITION BY COMPONENT – GOVERNMENTAL ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2011	2012	2013	2014
<b>Expenses:</b>				
General government	\$ 5,134,169	\$ 5,258,319	\$ 5,363,354	\$ 6,051,985
Public safety	11,068,287	11,202,018	11,784,109	11,807,183
Public works	13,778,800	10,849,213	11,241,434	14,776,390
Parks and recreation	4,796,035	4,780,666	5,154,919	5,202,168
Interest on long-term debt	4,383,684	3,496,878	3,864,333	3,665,421
Total expenses	<u>39,160,975</u>	<u>35,587,094</u>	<u>37,408,149</u>	<u>41,503,147</u>
<b>Program Revenues:</b>				
<b>Charges for Services:</b>				
General government	2,108,396	2,736,653	3,061,568	3,219,644
Public safety	746,207	714,587	686,130	660,910
Public works	2,313,334	3,588,062	4,481,445	5,280,338
Parks and recreation	1,299,364	2,087,640	2,231,757	2,808,885
<b>Operating Grants and Contributions</b>				
General government	37,970	40,359	60,076	5,399
Public safety	649,253	698,949	902,783	825,434
Public works	1,451,359	1,396,560	1,295,018	3,665,373
Parks and recreation	160,852	100,315	59,653	66,575
<b>Capital Grants and Contributions</b>				
General government	-	91,735	195,693	2,762,609
Public safety	26,325	19,530	-	-
Public works	2,906,106	5,569,732	6,350,827	6,892,230
Parks and recreation	297,245	370,237	1,296,764	436,107
Total program revenues	<u>11,996,411</u>	<u>17,414,359</u>	<u>20,621,714</u>	<u>26,623,504</u>
<b>Net Revenue (Expense):</b>				
General government	(2,987,803)	(2,389,572)	(2,046,017)	(64,333)
Public safety	(9,646,502)	(9,768,952)	(10,195,196)	(10,320,839)
Public works	(7,108,001)	(294,859)	885,856	1,061,551
Parks and recreation	(3,038,574)	(2,222,474)	(1,566,745)	(1,890,601)
Interest on long-term debt	(4,383,684)	(3,496,878)	(3,864,333)	(3,665,421)
Total net (expense) revenue	<u>(27,164,564)</u>	<u>(18,172,735)</u>	<u>(16,786,435)</u>	<u>(14,879,643)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Property taxes	24,207,406	24,221,741	23,947,968	24,465,333
Investment earnings (charges)	280,364	176,409	(28,949)	552,444
Gain on sale of capital assets	-	214,004	-	-
Transfers in (out)	2,692,671	3,101,350	2,094,059	1,565,481
Total general revenues and other (net)	<u>27,180,441</u>	<u>27,713,504</u>	<u>26,013,078</u>	<u>26,583,258</u>
<b>Change in Net Position:</b>				
Governmental Activities	<u>\$ 15,877</u>	<u>\$ 9,540,769</u>	<u>\$ 9,226,643</u>	<u>\$ 11,703,615</u>
	(1)			

**Notes:**

- (1) The City implemented GASB Statement No. 65 in 2012. Change in net position for 2011 was restated for the effect of implementing this standard.
- (2) The City implemented GASB Statement No. 68 in 2015, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.
- (3) The City implemented GASB Statement No. 75 in 2018, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.
- (4) The City implemented GASB Statement No. 84 in 2019, recording a change in accounting principle that increased restricted net position. Prior year balances were not restated.

**CITY OF LAKEVILLE**  
**CHANGES IN NET POSITION BY COMPONENT – GOVERNMENTAL ACTIVITIES (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2015	2016	2017	2018	2019	2020
\$	5,893,261	\$ 8,028,316	\$ 4,579,478	\$ 7,203,308	\$ 7,902,490	\$ 8,994,404
	12,236,411	16,369,670	14,250,572	14,141,045	14,927,426	16,063,433
	15,365,976	17,711,240	18,944,454	22,336,416	21,015,480	22,623,378
	5,762,890	5,626,149	6,645,057	6,661,852	7,178,164	6,578,004
	3,296,665	3,930,168	3,268,426	3,468,814	3,332,465	3,147,896
	<u>42,555,203</u>	<u>51,665,543</u>	<u>47,687,987</u>	<u>53,811,435</u>	<u>54,356,025</u>	<u>57,407,115</u>
	3,730,342	4,094,298	4,348,910	5,584,036	6,506,302	6,573,673
	926,168	954,395	934,444	1,059,236	838,664	638,887
	8,311,017	8,401,512	7,081,317	6,792,249	9,166,886	11,300,325
	3,699,025	3,685,202	2,369,615	2,455,851	4,098,580	3,071,803
	7,132	772,998	68,095	23,772	97,964	917,379
	980,310	989,342	1,061,252	1,149,691	1,168,857	5,100,592
	4,145,806	4,942,834	1,382,380	4,313,934	3,142,430	3,461,526
	186,118	91,869	55,300	11,422	204,737	316,067
	77,006	138,593	62,101	61,193	116,750	149,610
	-	8,500	-	-	-	-
	12,702,266	23,604,519	13,018,689	9,183,039	21,234,628	23,710,868
	1,004,480	2,932,612	182,387	194,327	112,725	180,924
	<u>35,769,670</u>	<u>50,616,674</u>	<u>30,564,490</u>	<u>30,828,750</u>	<u>46,688,523</u>	<u>55,421,654</u>
	(2,078,781)	(3,022,427)	(100,372)	(1,534,307)	(1,181,474)	(1,353,742)
	(10,329,933)	(14,417,433)	(12,254,876)	(11,932,118)	(12,919,905)	(10,323,954)
	9,793,113	19,237,625	2,537,932	(2,047,194)	12,528,464	15,849,341
	(873,267)	1,083,534	(4,037,755)	(4,000,252)	(2,762,122)	(3,009,210)
	(3,296,665)	(3,930,168)	(3,268,426)	(3,468,814)	(3,332,465)	(3,147,896)
	<u>(6,785,533)</u>	<u>(1,048,869)</u>	<u>(17,123,497)</u>	<u>(22,982,685)</u>	<u>(7,667,502)</u>	<u>(1,985,461)</u>
	25,338,778	26,173,822	27,317,169	28,641,302	30,897,445	33,033,079
	368,232	388,672	597,513	907,138	2,769,074	2,144,654
	-	-	-	-	-	-
	(1,549,881)	(6,978,829)	(2,824,210)	(492,418)	1,162,124	1,132,248
	<u>24,157,129</u>	<u>19,583,665</u>	<u>25,090,472</u>	<u>29,056,022</u>	<u>34,828,643</u>	<u>36,309,981</u>
\$	<u>17,371,596</u>	<u>\$ 18,534,796</u>	<u>\$ 7,966,975</u>	<u>\$ 6,073,337</u>	<u>\$ 27,161,141</u>	<u>\$ 34,324,520</u>
	(2)			(3)	(4)	

**CITY OF LAKEVILLE**  
**CHANGES IN NET POSITION BY COMPONENT – BUSINESS-TYPE ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses:				
Liquor	\$ 13,265,645	\$ 13,773,286	\$ 13,906,263	\$ 13,577,019
Utility	10,401,650	10,365,651	10,863,625	11,462,552
Total expenses	<u>23,667,295</u>	<u>24,138,937</u>	<u>24,769,888</u>	<u>25,039,571</u>
Program Revenues:				
Charges for Services:				
Liquor	14,373,261	15,220,064	15,381,124	14,883,858
Utility	8,866,345	9,542,284	9,126,838	9,296,118
Operating Grants and Contributions				
Liquor	3,762	3,762	3,762	3,762
Utility	59,707	103,525	69,968	112,181
Capital Grants and Contributions				
Utility	1,129,764	2,903,043	3,414,738	4,252,192
Total program revenues	<u>24,432,839</u>	<u>27,772,678</u>	<u>27,996,430</u>	<u>28,548,111</u>
Net Revenue (Expense):				
Liquor	1,111,378	1,450,540	1,478,623	1,310,601
Utility	(345,834)	2,183,201	1,747,919	2,197,939
Total net (expense) revenue	<u>765,544</u>	<u>3,633,741</u>	<u>3,226,542</u>	<u>3,508,540</u>
General Revenues and Other Changes in Net Position:				
Investment income (charges)	130,403	78,611	(42,114)	150,310
Disposal of capital assets	-	-	-	-
Transfers in (out)	(2,692,671)	(3,101,350)	(2,094,059)	(1,565,481)
Total general revenues and other (net)	<u>(2,562,268)</u>	<u>(3,022,739)</u>	<u>(2,136,173)</u>	<u>(1,415,171)</u>
Change in Net Position:				
Business-type Activities	<u>\$ (1,796,724)</u>	<u>\$ 611,002</u>	<u>\$ 1,090,369</u>	<u>\$ 2,093,369</u>
	(1)			

Notes:

- (1) The City implemented GASB Statement No. 65 in 2012. Net position for 2011 was restated for the effects of implementing this standard.
- (2) The City implemented GASB Statement No. 68 in 2015, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.
- (3) The City implemented GASB Statement No. 75 in 2018, recording a change in accounting principle that decreased unrestricted net position. Prior year balances were not restated.

**CITY OF LAKEVILLE**  
**CHANGES IN NET POSITION BY COMPONENT – BUSINESS-TYPE ACTIVITIES (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2015	2016	2017	2018	2019	2020
	\$ 12,852,980	\$ 13,268,419	\$ 13,638,043	\$ 14,234,337	\$ 15,267,133	\$ 16,735,031
	<u>11,946,778</u>	<u>13,558,839</u>	<u>14,138,885</u>	<u>14,815,914</u>	<u>16,386,516</u>	<u>17,518,091</u>
	<u>24,799,758</u>	<u>26,827,258</u>	<u>27,776,928</u>	<u>29,050,251</u>	<u>31,653,649</u>	<u>34,253,122</u>
	13,611,294	14,130,830	14,583,514	15,276,433	16,288,986	18,262,397
	9,216,463	10,692,185	12,585,450	13,613,145	14,215,952	17,308,481
	3,762	3,762	6,716	13,421	6,453	76,810
	85,754	111,572	166,227	51,035	643,919	85,499
	6,009,075	8,973,280	4,791,313	4,075,854	7,240,758	10,045,894
	<u>28,926,348</u>	<u>33,911,629</u>	<u>32,133,220</u>	<u>33,029,888</u>	<u>38,396,068</u>	<u>45,779,081</u>
	762,076	866,173	952,187	1,055,517	1,028,306	1,604,176
	<u>3,364,514</u>	<u>6,218,198</u>	<u>3,404,105</u>	<u>2,924,120</u>	<u>5,714,113</u>	<u>9,921,783</u>
	<u>4,126,590</u>	<u>7,084,371</u>	<u>4,356,292</u>	<u>3,979,637</u>	<u>6,742,419</u>	<u>11,525,959</u>
	52,461	71,109	91,472	160,165	459,651	352,909
	-	-	-	1,601,334	-	-
	<u>1,549,881</u>	<u>6,978,829</u>	<u>2,824,210</u>	<u>492,418</u>	<u>(1,162,124)</u>	<u>(1,132,248)</u>
	<u>1,602,342</u>	<u>7,049,938</u>	<u>2,915,682</u>	<u>2,253,917</u>	<u>(702,473)</u>	<u>(779,339)</u>
	<u>\$ 5,728,932</u>	<u>\$ 14,134,309</u>	<u>\$ 7,271,974</u>	<u>\$ 6,233,554</u>	<u>\$ 6,039,946</u>	<u>\$ 10,746,620</u>
	(2)			(3)	(4)	

**CITY OF LAKEVILLE  
 CHANGES IN NET POSITION BY COMPONENT – TOTAL GOVERNMENTAL  
 AND BUSINESS-TYPE ACTIVITIES  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses:				
Governmental activities	\$ 39,160,975	\$ 35,587,094	\$ 37,408,149	\$ 41,503,147
Business-type activities	23,667,295	24,138,937	24,769,888	25,039,571
Total expenses	<u>62,828,270</u>	<u>59,726,031</u>	<u>62,178,037</u>	<u>66,542,718</u>
Program Revenues:				
Governmental activities	11,996,411	17,414,359	20,621,714	26,623,504
Business-type activities	24,432,839	27,772,678	27,996,430	28,548,111
Total program revenues	<u>36,429,250</u>	<u>45,187,037</u>	<u>48,618,144</u>	<u>55,171,615</u>
Net Revenue (Expense):				
Governmental activities	(27,164,564)	(18,172,735)	(16,786,435)	(14,879,643)
Business-type activities	765,544	3,633,741	3,226,542	3,508,540
Total net (expense) revenue	<u>(26,399,020)</u>	<u>(14,538,994)</u>	<u>(13,559,893)</u>	<u>(11,371,103)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities	27,180,441	27,713,504	26,013,078	26,583,258
Business-type activities	(2,562,268)	(3,022,739)	(2,136,173)	(1,415,171)
Total general revenues and other (net)	<u>24,618,173</u>	<u>24,690,765</u>	<u>23,876,905</u>	<u>25,168,087</u>
Change in Net Position:				
Governmental activities	15,877	9,540,769	9,226,643	11,703,615
Business-type activities	(1,796,724)	611,002	1,090,369	2,093,369
Total change in net position	<u>\$ (1,780,847)</u>	<u>\$ 10,151,771</u>	<u>\$ 10,317,012</u>	<u>\$ 13,796,984</u>
	(1)			

Note:

- (1) The City implemented GASB Statement No. 65 in 2012. Net position for 2011 was restated for the effects of implementing this standard.
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- (4) The City implemented GASB Statement No. 84 in 2019, recording a change in accounting principle that increased restricted net position. Prior year balances were not restated.

**CITY OF LAKEVILLE  
 CHANGES IN NET POSITION BY COMPONENT – TOTAL GOVERNMENTAL  
 AND BUSINESS-TYPE ACTIVITIES (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)**

2015	2016	2017	2018	2019	2020
\$ 42,555,203	\$ 51,665,543	\$ 47,687,987	\$ 53,811,435	\$ 54,356,025	\$ 57,407,115
<u>24,799,758</u>	<u>26,827,258</u>	<u>27,776,928</u>	<u>29,050,251</u>	<u>31,653,649</u>	<u>34,253,122</u>
67,354,961	78,492,801	75,464,915	82,861,686	86,009,674	91,660,237
35,769,670	50,616,674	30,564,490	30,828,750	46,688,523	55,421,654
<u>28,926,348</u>	<u>33,911,629</u>	<u>32,133,220</u>	<u>33,029,888</u>	<u>38,396,068</u>	<u>45,779,081</u>
<u>64,696,018</u>	<u>84,528,303</u>	<u>62,697,710</u>	<u>63,858,638</u>	<u>85,084,591</u>	<u>101,200,735</u>
(6,785,533)	(1,048,869)	(17,123,497)	(22,982,685)	(7,667,502)	(1,985,461)
<u>4,126,590</u>	<u>7,084,371</u>	<u>4,356,292</u>	<u>3,979,637</u>	<u>6,742,419</u>	<u>11,525,959</u>
<u>(2,658,943)</u>	<u>6,035,502</u>	<u>(12,767,205)</u>	<u>(19,003,048)</u>	<u>(925,083)</u>	<u>9,540,498</u>
24,157,129	19,583,665	25,090,472	29,056,022	34,828,643	36,309,981
<u>1,602,342</u>	<u>7,049,938</u>	<u>2,915,682</u>	<u>2,253,917</u>	<u>(702,473)</u>	<u>(779,339)</u>
<u>25,759,471</u>	<u>26,633,603</u>	<u>28,006,154</u>	<u>31,309,939</u>	<u>34,126,170</u>	<u>35,530,642</u>
17,371,596	18,534,796	7,966,975	6,073,337	27,161,141	34,324,520
<u>5,728,932</u>	<u>14,134,309</u>	<u>7,271,974</u>	<u>6,233,554</u>	<u>6,039,946</u>	<u>10,746,620</u>
<u>\$ 23,100,528</u>	<u>\$ 32,669,105</u>	<u>\$ 15,238,949</u>	<u>\$ 12,306,891</u>	<u>\$ 33,201,087</u>	<u>\$ 45,071,140</u>
(2)			(3)	(4)	

**CITY OF LAKEVILLE  
FUND BALANCES – GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 384,329	\$ 256,476	\$ 126,014	\$ 221,704
Restricted	-	-	-	-
Committed	-	-	45,000	45,000
Assigned	519,146	620,725	-	-
Unassigned	9,644,863	10,614,574	9,495,546	10,805,065
Total general fund	10,548,338	11,491,775	9,666,560	11,071,769
All Other Governmental Funds:				
Nonspendable	75	-	-	169
Restricted	14,744,057	38,587,037	38,716,666	44,319,872
Committed	9,989,221	11,861,800	16,620,820	17,154,096
Unassigned	(112,102)	(233,910)	(221,630)	(632,035)
Total all other governmental funds	24,621,251	50,214,927	55,115,856	60,842,102
Total Governmental Funds:				
Nonspendable	384,404	256,476	126,014	221,873
Restricted	14,744,057	38,587,037	38,716,666	44,319,872
Committed	9,989,221	11,861,800	16,665,820	17,199,096
Assigned	519,146	620,725	-	-
Unassigned	9,532,761	10,380,664	9,273,916	10,173,030
Total governmental funds	<u>\$ 35,169,589</u>	<u>\$ 61,706,702</u>	<u>\$ 64,782,416</u>	<u>\$ 71,913,871</u>
All governmental funds percentage change	-5.7%	75.5%	5.0%	11.0%

**CITY OF LAKEVILLE  
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

2015	2016	2017	2018	2019	2020
\$ 447,284	\$ 695,830	\$ 914,375	\$ 876,394	\$ 748,231	\$ 811,338
-	-	-	-	175,590	-
45,000	-	-	-	100,000	200,000
-	1,478,522	741,864	705,500	749,675	1,675,125
11,882,644	12,902,148	13,613,203	14,011,567	15,429,752	22,053,166
12,374,928	15,076,500	15,269,442	15,593,461	17,203,248	24,739,629
-	-	-	11,630	-	-
35,659,756	37,947,697	29,887,820	25,773,762	36,333,665	41,694,538
17,937,431	21,651,118	26,519,559	30,327,238	36,071,889	40,241,806
(3,492,389)	(726,681)	(876,594)	(415,577)	(428,702)	(1,084,565)
50,104,798	58,872,134	55,530,785	55,697,053	71,976,852	80,851,779
447,284	695,830	914,375	888,024	748,231	811,338
35,659,756	37,947,697	29,887,820	25,773,762	36,509,255	41,694,538
17,982,431	21,651,118	26,519,559	30,327,238	36,171,889	40,441,806
-	1,478,522	741,864	705,500	749,675	1,675,125
8,390,255	12,175,467	12,736,609	13,595,990	15,001,050	20,968,601
<u>\$ 62,479,726</u>	<u>\$ 73,948,634</u>	<u>\$ 70,800,227</u>	<u>\$ 71,290,514</u>	<u>\$ 89,180,100</u>	<u>\$ 105,591,408</u>
-13.1%	18.4%	-4.3%	0.7%	25.1%	18.4%

**CITY OF LAKEVILLE**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2011	2012	2013	2014
<b>Revenues:</b>				
Property taxes and tax increment	\$ 24,057,622	\$ 24,453,849	\$ 23,981,375	\$ 24,524,709
Licenses and permits	1,820,408	2,429,951	2,727,494	2,836,555
Intergovernmental	2,622,487	2,291,376	3,534,512	4,979,156
Charges for services	3,938,204	5,833,776	6,925,867	8,405,492
Special assessments	622,799	1,132,126	1,143,349	1,636,267
Investment income (charges)	270,378	174,358	(28,008)	548,842
Donations	269,762	207,391	265,953	242,627
Miscellaneous	731,763	871,798	885,323	3,411,579
Total Revenues	<u>34,333,423</u>	<u>37,394,625</u>	<u>39,435,865</u>	<u>46,585,227</u>
<b>Expenditures:</b>				
General government	4,493,368	4,572,777	4,774,775	5,690,230
Public safety	9,755,251	9,844,232	10,113,958	10,305,450
Public works	3,019,293	3,245,103	3,766,665	3,805,470
Parks and recreation	3,047,906	3,050,782	3,206,004	3,330,488
Capital outlay	10,345,908	12,413,360	12,523,103	21,420,875
<b>Debt Service:</b>				
Principal retirement	7,689,182	7,642,027	5,825,000	5,995,000
Interest on debt	3,633,285	3,358,324	3,948,740	3,700,590
Fiscal charges	78,143	173,072	26,351	176,789
Total Expenditures	<u>42,062,336</u>	<u>44,299,677</u>	<u>44,184,596</u>	<u>54,424,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,728,913)	(6,905,052)	(4,748,731)	(7,839,665)
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,324,043	6,699,447	7,094,079	3,489,225
Transfers out	(2,524,276)	(2,839,332)	(4,857,921)	(1,644,624)
Bond, note, loan and lease proceeds	4,265,000	29,255,000	4,685,000	21,180,000
Payment on refunded bonds called	-	(1,830,000)	-	(10,035,000)
Premium on bonds issued	-	1,957,050	78,287	1,981,519
Sale of capital assets	-	200,000	825,000	-
Total Other Financing Sources (Uses)	<u>7,064,767</u>	<u>33,442,165</u>	<u>7,824,445</u>	<u>14,971,120</u>
Net Change in Fund Balances	<u>\$ (664,146)</u>	<u>\$ 26,537,113</u>	<u>\$ 3,075,714</u>	<u>\$ 7,131,455</u>
<b>Debt Service as a Percentage of</b>				
Noncapital Expenditures	<u>31.6%</u>	<u>32.2%</u>	<u>28.6%</u>	<u>25.3%</u>

Note: The City has no taxes other than property taxes and tax increment.

**CITY OF LAKEVILLE  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2015	2016	2017	2018	2019	2020
\$	25,215,734	\$ 26,131,569	\$ 27,401,195	\$ 28,612,384	\$ 30,855,832	\$ 32,983,369
	3,325,293	3,706,567	3,988,189	3,899,604	4,492,109	5,600,853
	5,232,193	9,043,356	3,771,886	5,090,762	8,901,495	14,571,858
	12,443,152	13,289,708	10,016,017	11,828,549	15,046,177	15,239,684
	1,736,905	2,308,223	2,812,587	3,139,103	3,683,354	3,953,438
	366,555	387,604	597,513	907,138	2,769,074	2,144,654
	356,446	550,255	238,383	309,970	211,969	232,689
	1,155,073	2,828,177	846,035	835,986	861,800	800,067
	<u>49,831,351</u>	<u>58,245,459</u>	<u>49,671,805</u>	<u>54,623,496</u>	<u>66,821,810</u>	<u>75,526,612</u>
	5,226,864	5,783,013	6,424,260	6,656,824	7,028,626	8,061,485
	10,892,071	11,513,170	12,775,807	13,061,572	13,496,719	14,251,367
	3,856,984	4,245,072	9,786,321	4,741,200	4,802,149	4,692,478
	3,532,376	3,497,041	5,222,503	3,998,735	4,178,410	3,888,960
	31,649,447	37,938,823	11,995,449	25,065,276	20,906,745	34,788,668
	7,385,000	5,935,000	6,885,000	10,420,000	8,920,000	9,715,000
	3,735,120	3,970,010	3,881,179	3,948,999	3,877,764	3,871,110
	33,071	327,052	129,158	96,729	44,429	38,098
	<u>66,310,933</u>	<u>73,209,181</u>	<u>57,099,677</u>	<u>67,989,335</u>	<u>63,254,842</u>	<u>79,307,166</u>
	(16,479,582)	(14,963,722)	(7,427,872)	(13,365,839)	3,566,968	(3,780,554)
	6,883,879	5,179,668	8,355,474	6,038,479	5,120,699	6,522,720
	(4,928,951)	(3,222,237)	(6,661,840)	(4,167,132)	(2,980,605)	(4,180,711)
	16,545,000	31,075,000	11,987,171	13,805,000	6,295,000	15,164,036
	(12,460,000)	(9,535,000)	(11,368,146)	(3,320,000)	-	-
	1,005,509	2,626,731	1,309,907	1,005,336	1,065,624	2,391,960
	-	-	516,380	530,734	107,645	249,015
	<u>7,045,437</u>	<u>26,124,162</u>	<u>4,138,946</u>	<u>13,892,417</u>	<u>9,608,363</u>	<u>20,147,020</u>
\$	<u>(9,434,145)</u>	<u>\$ 11,160,440</u>	<u>\$ (3,288,926)</u>	<u>\$ 526,578</u>	<u>\$ 13,175,331</u>	<u>\$ 16,366,466</u>
	<u>25.6%</u>	<u>19.6%</u>	<u>22.6%</u>	<u>26.9%</u>	<u>25.7%</u>	<u>25.8%</u>

**CITY OF LAKEVILLE  
TAX CAPACITY VALUATION AND ASSESSOR'S TAXABLE  
MARKET VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>Taxable Net Tax Capacity Valuation of Taxable Property</u></b>			
Tax capacity value	\$ 61,005,594	\$ 57,583,990	\$ 54,853,225
Less:			
Captured tax increment tax capacity	(904,389)	(862,243)	(863,946)
Contributions to fiscal disparities pool	(5,845,456)	(5,591,597)	(5,494,207)
Plus:			
Distribution from fiscal disparities pool	<u>7,807,412</u>	<u>7,194,884</u>	<u>6,825,229</u>
Total taxable net tax capacity	<u>\$ 62,063,161</u>	<u>\$ 58,325,034</u>	<u>\$ 55,320,301</u>
<b><u>Taxable Net Tax Capacity Valuation by Class of Property</u></b>			
Homestead residential	\$ 44,951,025	\$ 41,780,807	\$ 38,983,401
Commercial/industrial, public utility, and personal property	15,226,802	14,711,893	14,351,101
Non-homestead residential/apartments	1,271,776	1,265,526	1,311,388
Agriculture and seasonal/recreational	<u>613,558</u>	<u>566,808</u>	<u>674,411</u>
Total taxable net tax capacity	<u>\$ 62,063,161</u>	<u>\$ 58,325,034</u>	<u>\$ 55,320,301</u>
Assessor's taxable market valuation	<u>\$ 5,356,855,900</u>	<u>\$ 5,030,003,164</u>	<u>\$ 4,767,475,321</u>
Taxable net tax capacity as a percentage of assessor's taxable market value	<u>1.159%</u>	<u>1.160%</u>	<u>1.160%</u>
Direct tax capacity rate	<u>38.250%</u>	<u>39.051%</u>	<u>41.234%</u>

**Notes:**

Taxes are determined by multiplying the taxable net tax capacity by the direct tax capacity rate as expressed as a percentage.

The foregoing direct tax capacity rates do not reflect reductions for state property tax credits.

Source: Dakota County Auditor and Treasurer's Office.

**CITY OF LAKEVILLE  
TAX CAPACITY VALUATION AND ASSESSOR'S TAXABLE  
MARKET VALUE OF TAXABLE PROPERTY (CONTINUED)  
LAST TEN FISCAL YEARS**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 57,174,306	\$ 62,811,855	\$ 65,634,896	\$ 69,887,094	\$ 75,422,344	\$ 82,737,259	\$ 90,729,405
(861,019)	(446,760)	(497,171)	(596,348)	(609,048)	(774,382)	(856,909)
(5,439,491)	(5,481,001)	(5,411,614)	(5,524,685)	(5,828,030)	(6,190,357)	(6,645,636)
<u>6,316,073</u>	<u>6,323,361</u>	<u>6,635,572</u>	<u>7,139,972</u>	<u>7,672,379</u>	<u>8,151,580</u>	<u>9,049,794</u>
<u>\$ 57,189,869</u>	<u>\$ 63,207,455</u>	<u>\$ 66,361,683</u>	<u>\$ 70,906,033</u>	<u>\$ 76,657,645</u>	<u>\$ 83,924,100</u>	<u>\$ 92,276,654</u>
\$ 41,029,548	\$ 46,374,248	\$ 49,048,168	\$ 52,427,026	\$ 57,017,144	\$ 63,032,149	\$ 69,577,579
13,833,973	14,223,709	14,754,095	15,842,447	16,870,980	17,893,911	19,164,426
1,468,225	1,629,527	1,656,581	1,736,856	1,938,329	2,206,240	2,738,491
<u>858,123</u>	<u>979,971</u>	<u>902,839</u>	<u>899,704</u>	<u>831,192</u>	<u>791,800</u>	<u>796,158</u>
<u>\$ 57,189,869</u>	<u>\$ 63,207,455</u>	<u>\$ 66,361,683</u>	<u>\$ 70,906,033</u>	<u>\$ 76,657,645</u>	<u>\$ 83,924,100</u>	<u>\$ 92,276,654</u>
<u>\$ 4,995,818,217</u>	<u>\$ 5,553,395,148</u>	<u>\$ 5,825,279,418</u>	<u>\$ 6,201,221,856</u>	<u>\$ 6,702,242,762</u>	<u>\$ 7,374,033,988</u>	<u>\$ 8,106,672,140</u>
<u>1.145%</u>	<u>1.138%</u>	<u>1.139%</u>	<u>1.143%</u>	<u>1.144%</u>	<u>1.138%</u>	<u>1.138%</u>
<u>40.696%</u>	<u>38.948%</u>	<u>38.669%</u>	<u>37.510%</u>	<u>36.419%</u>	<u>35.607%</u>	<u>34.615%</u>

**CITY OF LAKEVILLE  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Lakeville Direct Rates				Overlapping Rates						Total Direct and Overlapping Rates	
	General Levy (Tax Capacity-based)			Referendum Levy (Market Value-based) Debt Service	Dakota County		Ind. School District	School District		Special Districts Levy (Tax Capacity-based)	Tax Capacity - based	Market Value-based
	Operating	Debt Service	Total		General Levy (Tax Capacity-based)	Referendum Levy (Market Value-based)		General Levy (Tax Capacity-based)	Referendum Levy (Market Value-based)			
2011	30.904%	7.346%	38.250%	0.00803%	29.149%	0.00537%	192 194 196	52.157% 32.138% 26.959%	0.14558% 0.19241% 0.22601%	5.199%	124.755% 104.736% 99.557%	0.15898% 0.20581% 0.23941%
2012	31.122%	7.929%	39.051%	0.00784%	31.426%	0.00551%	192 194 196	55.308% 32.061% 28.440%	0.14005% 0.18932% 0.22131%	5.562%	131.347% 108.100% 104.479%	0.15340% 0.20267% 0.23466%
2013	32.206%	9.028%	41.234%	0.00843%	33.421%	-	192 194 196	57.226% 33.535% 27.956%	0.15065% 0.19955% 0.23542%	5.884%	137.765% 114.074% 108.495%	0.15908% 0.20798% 0.24385%
2014	32.045%	8.651%	40.696%	0.00678%	31.827%	-	192 194 196	56.326% 33.048% 27.606%	0.11117% 0.25954% 0.25809%	5.538%	134.387% 111.109% 105.667%	0.11795% 0.26632% 0.26487%
2015	30.605%	8.343%	38.948%	-	29.633%	-	192 194 196	53.474% 31.459% 23.271%	0.11550% 0.24871% 0.25484%	5.033%	127.088% 105.073% 96.885%	0.11550% 0.24871% 0.25484%
2016	30.455%	8.214%	38.669%	-	28.570%	-	192 194 196	57.584% 35.319% 24.317%	0.19065% 0.27898% 0.26999%	5.063%	129.886% 107.621% 96.619%	0.19065% 0.27898% 0.26999%
2017	29.342%	8.168%	37.510%	-	28.004%	-	192 194 196	54.269% 32.914% 23.336%	0.18481% 0.25441% 0.27380%	4.907%	124.690% 103.335% 93.757%	0.18481% 0.25441% 0.27380%
2018	29.305%	7.114%	36.419%	-	26.580%	-	192 194 196	52.825% 32.992% 21.352%	0.18495% 0.26835% 0.26715%	4.307%	120.131% 100.298% 88.658%	0.18495% 0.26835% 0.26715%
2019	27.192%	8.415%	35.607%	-	25.386%	-	192 194 196	51.401% 32.535% 20.613%	0.18968% 0.26992% 0.26162%	4.227%	116.621% 97.755% 85.833%	0.18968% 0.26992% 0.26162%
2020	26.682%	7.933%	34.615%	-	24.133%	-	192 194 196	53.105% 34.851% 19.860%	0.18904% 0.31225% 0.34367%	4.030%	115.883% 97.629% 82.638%	0.18904% 0.31225% 0.34367%

**Notes:**

Taxes are determined by multiplying the taxable net tax capacity by the tax capacity rate and market valued based rate expressed as a percentage. The foregoing tax capacity rates do not reflect reductions for state property tax credits.

Special Districts include: Metropolitan Mosquito Control, Metropolitan Council, Metropolitan Transit District, Dakota County Community Development Agency, Light Rail Authority, and Vermillion River Watershed District.

Source: Dakota County Auditor and Treasurer's Office.

Per Dakota County - Final Tax Rates Pay 2020 table

**CITY OF LAKEVILLE  
PRINCIPAL PROPERTY TAXPAYERS  
FISCAL YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2011**

<u>Principal Property Taxpayer</u>	<u>Type of Business</u>	<u>2020</u>			<u>2011</u>		
		<u>Taxable Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Taxable Tax Capacity Value</u>	<u>Taxable Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Taxable Tax Capacity Value</u>
IRET Southfork Apartments LLC	Apartments	\$ 489,237	1	0.5%	\$ 191,100	10	0.3%
Minnegasco/Centerpoint	Utility	438,804	2	0.5%	199,264	9	0.3%
Dakota Electric Association	Utility	392,034	3	0.4%	314,834	3	0.5%
Lakeville 2004, LLC	Commercial	332,334	4	0.4%	333,532	1	0.5%
Fulford Group, LLC	Agriculture	307,915	5	0.3%			
Inland Argonne Village, LLC	Retail	302,030	6	0.3%	255,123	5	0.4%
Hy-Vee Inc.	Commercial	292,006	7	0.3%			
KJPL Avonlea LLC	Apartments	280,766	8	0.3%			
EREP Heritage Commons, LLC	Retail	280,026	9	0.3%	320,908	2	0.5%
Walker Highview Hills, LLC	Apartments	271,875	10	0.3%	220,599	8	0.4%
Xcel Energy	Utility				242,352	7	0.4%
Target Corporation	Retail				256,414	4	0.4%
LFT Real Estate Company Inc.	Real Estate				242,738	6	0.4%
Total principal taxpayers		3,387,027		3.7%	2,576,864		4.2%
All other taxpayers		88,889,627		96.3%	59,486,297		95.8%
Total City of Lakeville taxpayers		<u>\$ 92,276,654</u>		<u>100.0%</u>	<u>\$ 62,063,161</u>		<u>100.0%</u>

Source: Dakota County Auditor and Treasurer's Office.

**CITY OF LAKEVILLE  
PROPERTY TAX LEVY AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year (2)</b>	<b>Collection of Current Year's Levy</b>		<b>Collection of Prior Year Levy (4)</b>	<b>Total Collections</b>	<b>Percentage of Total Collections To Tax Levy Certified</b>
		<b>Amount (3)</b>	<b>Percent</b>			
2011 (1)	\$ 24,036,652	\$ 22,837,484	95.01%	\$ 346,739	\$ 23,184,223	96.45%
2012	23,126,960	23,050,840	99.67%	(5,927)	23,044,913	99.65%
2013	23,079,185	22,848,820	99.00%	230,365	23,079,185	100.00%
2014	23,657,996	23,541,510	99.51%	122,284	23,663,794	100.02%
2015	24,728,549	24,568,028	99.35%	162,176	24,730,204	100.01%
2016	25,679,619	25,566,236	99.56%	121,258	25,687,494	100.03%
2017	26,679,614	26,534,636	99.46%	148,436	26,683,072	100.01%
2018	28,001,550	27,857,045	99.48%	144,505	28,001,550	100.00%
2019	29,948,890	29,815,159	99.55%	79,758	29,894,917	99.82%
2020	32,031,000	31,840,067	99.40%	-	31,840,067	99.40%

**Notes (1)** The State of Minnesota unallotted state aid for property tax relief - Market Value Homestead Credit (MVHC) in the fiscal years as follows:

<b>Fiscal Year</b>	<b>As a</b>	
	<b>MVHC Loss Amount</b>	<b>Percentage of Tax Levy Certified</b>
2011	\$ 835,005	3.61%
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-

(2) Total levy is net of current year cancellations and abatements.

(3) Total tax levy and current tax collections include state paid credits.

(4) Includes county adjustments for prior year over collections, cancellations, and abatements.

**CITY OF LAKEVILLE  
RATIO OF TOTAL DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-type Activity		Total Outstanding Debt	Population (1)	% of Personal Income (2)	Total Outstanding Debt Per Capita
	General Obligation Bonds	Other Bonds	Capital Leases	Metropolitan Council and County Loans	Revenue Bond	Capital Leases				
2011	\$ 76,815,712	\$ 10,539,074	\$ 97,027	\$ 1,159,843	\$ 3,568,128	\$ -	\$ 92,179,784	56,534	3.5	\$ 1,631
2012	100,480,497	8,572,129	-	1,159,843	3,416,595	-	113,629,064	57,048	4.0	1,992
2013	99,408,395	8,360,184	-	1,159,843	3,255,062	-	112,183,484	57,789	3.8	1,941
2014	106,516,778	8,133,239	-	1,159,843	3,088,529	-	118,898,389	59,361	3.8	2,003
2015	104,062,522	7,886,294	-	1,159,843	2,911,996	-	116,020,655	59,991	3.6	1,934
2016	121,958,354	7,781,645	-	1,159,843	9,952,577	-	140,852,419	60,965	4.2	2,310
2017	113,666,228	7,417,448	-	1,897,014	8,258,468	2,255,000	133,494,158	61,993	3.7	2,153
2018	112,553,287	7,018,251	-	3,897,014	8,571,877	2,255,000	134,295,429	64,334	3.4	2,087
2019	111,718,611	6,614,054	-	2,897,014	8,876,565	2,040,000	132,146,244	65,831	3.2	2,007
2020	115,000,111	6,199,857	-	7,071,050	11,566,742	1,810,000	141,647,760	68,005	N/A	2,083

**Source:**

- (1) Metropolitan Council as of April 1 (except for 2010 Federal Census). 2020 estimated using 2019 Metropolitan Council figure plus permit activity times per household population estimate.  
(2) See Demographic and Economic Statistics page.

N/A - Not available.

**CITY OF LAKEVILLE  
RATIO OF NET BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Other Sources (1)</u>	<u>Debt Service Monies Available (2)</u>	<u>Net Bonded Debt</u>	<u>Taxable Net Tax Capacity</u>	<u>Percentage of Net Bonded Debt to Taxable Net Tax Capacity</u>	<u>(3) Population</u>	<u>Net Bonded Debt Per Capita</u>
2011	\$ 76,815,712	\$ 28,305,000	\$ 5,663,237	\$ 42,847,475	\$ 62,063,161	69.04%	56,534	\$ 758
2012	100,480,497	29,550,000	29,084,558	41,845,939	58,325,034	71.75%	57,048	734
2013	99,408,395	30,710,000	28,416,302	40,282,093	55,320,301	72.82%	57,789	697
2014	106,516,778	35,640,000	31,852,035	39,024,743	57,189,869	68.24%	59,361	657
2015	104,062,522	44,340,000	18,541,682	41,180,840	63,207,455	65.15%	59,991	686
2016	121,958,354	64,845,000	15,928,687	41,184,667	66,361,683	62.06%	60,965	676
2017	125,235,690	67,940,000	6,261,464	51,034,226	70,906,033	71.97%	61,993	823
2018	123,723,552	70,660,000	4,128,788	48,934,764	76,657,645	63.84%	64,334	761
2019	122,269,679	71,840,000	4,239,541	46,190,138	83,924,100	55.04%	65,831	702
2020	124,906,982	75,440,000	4,355,292	45,111,690	92,276,654	48.89%	68,005	663

**Source:**

- (1) G.O. Improvement bonds, tax increment bonds, State-aid street revenue bonds, water connection revenue bonds, and arena revenue bonds.
- (2) Debt service monies available include amounts restricted in the debt service funds repaying the related debt. We believe this is the most accurate and consistent representation of the resources restricted for debt service when crossover refunding bonds are being held in escrow, as those resources are not included in the governmental activities net position restricted for debt service due to conversion for full accrual accounting.
- (3) Metropolitan Council as of April 1 (except for 2010 Federal Census). 2020 estimated using 2019 Metropolitan Council figure plus permit activity times per household population estimate.

**CITY OF LAKEVILLE  
DIRECT AND OVERLAPPING GOVERNMENTAL DEBT  
AS OF DECEMBER 31, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u> (2)	<u>Debt Applicable to Taxable Net Tax Capacity in the City</u>	
		<u>Percentage</u> (2)	<u>Amount</u>
<b>Overlapping Debt</b> (1)			
Independent School District #194	\$ 159,785,000	73.09%	\$ 116,786,856
Independent School District #192	14,245,000	19.99%	2,847,576
Independent School District #196	122,785,000	7.32%	8,987,862
<u>Special District</u>			
Metropolitan Council	263,285,000	2.42%	<u>6,365,737</u>
Total overlapping debt			134,988,031
<b>Direct Debt</b>			
City of Lakeville bonded debt	124,906,982	100.00%	<u>124,906,982</u>
Total direct and overlapping debt			<u>\$ 259,895,013</u>

Source: Debt figures and applicable percentages for other than the City of Lakeville are provided by the City's fiscal consultant Northland Securities.

**Notes:**

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

(2) The percentage of overlapping debt applicable is estimated using taxable property market values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value.

**CITY OF LAKEVILLE  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Assessor's Taxable Market Valuation</b>	<b>Legal Debt Limit</b>	<b>Net Bonded Debt Applicable to Debt Limit</b>	<b>Legal Debt Margin</b>	<b>Net Bonded Debt Applicable to Debt Limit as a Percentage of Legal Debt Limit</b>
2011	\$ 5,356,855,900	\$ 160,705,677	\$ 45,546,763	\$ 115,158,914	28.34%
2012	5,030,003,164	150,900,095	42,575,442	108,324,653	28.21%
2013	4,767,475,321	143,024,260	40,993,698	102,030,562	28.66%
2014	4,995,818,217	149,874,547	37,837,965	112,036,582	25.25%
2015	5,553,395,148	166,601,854	36,323,318	130,278,536	21.80%
2016	5,825,279,418	174,758,383	34,776,313	139,982,070	19.90%
2017	6,201,221,856	186,036,656	32,593,536	153,443,120	17.52%
2018	6,702,242,762	201,067,283	32,676,212	168,391,071	16.25%
2019	7,374,033,988	221,221,020	30,120,459	191,100,561	13.62%
2020	8,106,672,140	243,200,164	25,799,708	217,400,456	10.61%

**Legal Debt Margin Calculation:**

**Fiscal Year 2020**

Assessor's taxable market valuation		<u>\$8,106,672,140</u>
Legal debt limit:		
3% of Assessor's taxable market valuation		\$ 243,200,164
Amount of debt applicable to legal debt limit:		
Gross bonded debt	\$ 123,350,000	
Less debt payable from sources other than taxes:		
G.O. Improvement bonds	\$ 63,940,000	
Tax increment bonds	525,000	
State-aid street revenue bonds	4,125,000	
Water connection revenue bonds	6,850,000	
HRA lease revenue	7,520,000	
Water revenue bonds	9,640,000	
Street Light revenue bonds	270,000	
Sewer revenue bonds	<u>325,000</u>	<u>(93,195,000)</u>
Debt payable from taxes		30,155,000
Less debt service monies available to pay principal and interest		<u>(4,355,292)</u>
Net bonded debt applicable to debt limit	<u>25,799,708</u>	<u>25,799,708</u>
Legal debt margin		<u>\$ 217,400,456</u>

**Note:** Minnesota Statutes § 475.53, Subdivision 1, No municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the taxable market value of taxable property in the municipality for years 2008 and beyond.

Source: Dakota County Auditor and Treasurer's Office.

**CITY OF LAKEVILLE  
PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Gross (1) Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Requirements (2)</b>		<b>Total</b>	<b>Times Coverage</b>
				<b>Principal</b>	<b>Interest</b>		
2011	\$ 8,146,497	\$ 4,307,467	\$ 3,839,030	\$ 1,635,000	\$ 937,952	\$ 2,572,952	1.49
2012	9,608,620	4,296,022	5,312,598	3,115,000	832,499	3,947,499	1.35
2013	9,425,862	4,549,736	4,876,126	1,395,000	731,755	2,126,755	2.29
2014	9,181,527	4,942,276	4,239,251	1,415,000	674,644	2,089,644	2.03
2015	9,283,053	4,948,633	4,334,420	2,670,000	594,489	3,264,489	1.33
2016	10,530,436	5,389,869	5,140,567	595,000	652,577	1,247,577	4.12
2017	12,234,365	5,193,095	7,041,270	1,005,000	690,010	1,695,010	4.15
2018	8,361,880	3,099,485	5,262,395	865,000	513,715	1,378,715	3.82
2019	8,610,576	3,156,154	5,454,422	895,000	478,105	1,373,105	3.97
2020	11,989,250	6,222,639	5,766,611	750,000	439,350	1,189,350	4.85

**Notes:**

- (1) The primary revenue source for debt service includes water system connection charges, water system user fees, ice arena net operating revenue and contributions from one organization conducting lawful gambling at approved locations, and liquor fund gross profits.
- (2) Revenue bonds include water connection revenue, arena revenue, and liquor revenue.

**CITY OF LAKEVILLE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Year	(1) Population	Percentage Increase from Previous Year	Personal Income (2) <i>(in thousands)</i>	Per Capita Personal Income	Building Permits Issued			Housing units Valuation
					Family Dwellings (3) Single	Multiple	Total	
2011	56,534	1.04%	\$ 2,617,468	\$ 46,299	122	8	130	39,251,000
2012	57,048	0.91%	2,843,672	49,847	280	12	292	87,495,000
2013	57,789	1.30%	2,929,151	50,687	374	24	398	126,096,000
2014	59,361	2.72%	3,097,279	52,177	319	29	348	115,496,000
2015	59,991	1.06%	3,222,117	53,710	366	54	420	125,929,000
2016	60,965	1.62%	3,351,551	54,975	403	62	465	139,008,000
2017	61,993	1.69%	3,573,153	57,638	487	44	531	160,520,000
2018	64,334	3.78%	3,901,921	60,651	478	49	527	159,251,000
2019	65,831	2.33%	4,075,861	61,914	556	64	620	180,622,000
2020	68,005	3.30%	N/A	N/A	742	73	815	223,050,000

Annual percentage  
increase average last  
ten fiscal years

1.97%

121.54%

12,051

**Labor Force and Unemployment Rate (seasonally adjusted) (2)**

Year	City of Lakeville		Dakota County		Rates	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	State of Minnesota	United States
2011	31,237	4.8%	232,257	5.2%	5.7%	8.5%
*2012	31,221	4.5%	231,902	4.9%	5.4%	7.6%
*2013	32,879	3.6%	230,160	4.0%	4.6%	6.5%
*2014	33,493	2.9%	231,538	3.2%	3.6%	5.4%
*2015	33,876	2.7%	234,299	3.1%	3.7%	4.8%
*2016	33,793	3.0%	232,091	3.4%	4.1%	4.5%
*2017	34,911	2.5%	239,356	2.7%	3.3%	4.1%
*2018	35,758	2.4%	240,195	2.7%	3.2%	3.7%
*2019	36,610	2.7%	242,855	2.9%	3.5%	3.4%
*2020	36,025	3.8%	233,902	4.3%	4.9%	6.5%

**Source:**

(1) Metropolitan Council as of April 1 (except for 2010 Federal Census). 2020 estimated using 2019 Metropolitan Council figure plus permit activity times per household population estimate.

(2) U.S. Department of Commerce Bureau of Economic Analysis as of December 31, 2020.

\* Not seasonally adjusted, information is not available.

(3) City of Lakeville Inspections Department.

N/A - Not available.

**CITY OF LAKEVILLE  
PRINCIPAL EMPLOYERS  
FISCAL YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2011**

<u>Principal Employer</u> (1)	<u>Product/Service</u>	<u>2020</u>			<u>2011</u>		
		<u>Employees</u>	<u>Rank</u>	<u>%</u>	<u>Employees</u>	<u>Rank</u>	<u>%</u>
Independent School District #194	Elementary & secondary schools	1,211	1	3.4%	1,475	1	4.7%
Hearthside Food Solutions	Food service contractors	556	2	1.5%	682	2	2.2%
Treehouse Brands	Breakfast cereal products	550	3	1.5%	450	3	1.4%
Schmitty & Sons	School and charter bus service	454	4	1.3%			
Post Consumer Brands	Cereal production	450	5	1.2%			
BTD Manufacturing	Metal manufacturing	375	6	1.0%			
Menasha Corporation	Corrugated & solid fiber box mfg.	306	7	0.8%	185	9	0.6%
City of Lakeville (2)	City government	240	8	0.7%	199	8	0.6%
FedEx Freight	Ground distribution	228	9	0.6%			
Imperial Plastics, Inc	Plastics material & resin mfg.	215	10	0.6%	247	6	0.8%
Despatch Industries, Inc.	Industrial furnace & oven mfg.				348	4	1.1%
Target	Retail				275	5	0.9%
Fleet Farm	Retail				225	7	0.7%
Jeff Belzer's Chevy-Dodge-Kia	New & used car dealership				119	10	0.4%
Total principal employers		4,585		12.7%	4,205		13.5%
All other employers		31,440		87.3%	27,032		86.5%
Total City of Lakeville civilian labor force (3)		36,025		100.0%	31,237		100.0%

**Source:**

- (1) Telephone survey of individual employers, 2020. The numbers above do not reflect ongoing changes in employment related to the COVID-19 pandemic.
- (2) As of December 31, 2020 (full-time equivalent).
- (3) MN Department of Employment and Economic Development (DEED) as of December 31, 2020.

**CITY OF LAKEVILLE  
COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED  
YEARS 2020 AND 2019**

**NEW BUILDING PERMITS 2020 AND 2019** (in excess of \$500,000)

<b><u>BUSINESS</u></b>	<b><u>PRODUCT/SERVICE</u></b>	<b><u>VALUATION (1)</u></b>
Amazon	Warehouse	\$ 45,000,000
HealthPartners Park Nicollet Clinic	Medical clinic	8,158,000
U-Haul	Storage facility	7,500,000
Launch Park II	Food Manufacturing	7,430,000
QA1	Automotive parts manufacturing	6,886,000
Superior Decks	Manufacturing	4,200,000
Hy-Vee Fast & Fresh	Gas & convenience store	1,500,000
Glori	Multi-tenant industrial building	1,400,000
Polytek Surface Coatings	Floor coatings installation	1,358,000
Springs at Lakeville	Rental townhomes	918,000
Southfork Townhomes	Rental townhomes	600,000
Reliable Mini Storage	Self-storage facility	525,000

**EXPANSION OR REMODEL BUILDING PERMITS 2020 AND 2019** (in excess of \$500,000)

<b><u>BUSINESS</u></b>	<b><u>PRODUCT/SERVICE</u></b>	<b><u>VALUATION (1)</u></b>
FedEx Freight	Distribution	\$ 5,288,000
Recycle Minnesota (LSI)	Recycling facility	2,487,000
MotoPrimo	Motorsports retail	2,290,000
JD Woodcraft	Cabinet manufacturing	1,329,000
Coldwell Banker Burnet	Real estate sales	700,000
Children's Medical Clinic	Medical clinic	625,000
Gander Outdoors	Outdoor retail	526,000
Menasha	Packaging manufacturing	500,000
R&B Ventures	Industrial spec building	500,000

**Notes:**

(1) Valuation excludes land and personal property.

Source: City of Lakeville Inspections Department.

**CITY OF LAKEVILLE  
EMPLOYEES BY FUNCTION/PROGRAM (FULL-TIME EQUIVALENT)  
LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>General government</b>										
City administration	2.5	2.5	2.4	2.8	3.0	3.0	3.0	3.0	3.0	3.0
Communications	4.0	4.0	4.0	4.0	4.0	3.9	4.5	5.2	5.2	5.0
City clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	6.0	7.0	7.0	7.0	6.6	6.7	7.0	7.0	6.7	6.7
Information Technology	3.0	3.0	2.9	3.0	3.0	3.1	3.8	4.0	4.0	4.0
Human resources	2.8	2.8	2.8	2.8	3.2	4.0	4.0	4.0	4.0	4.0
Planning	3.0	3.0	2.8	3.5	3.5	3.5	4.2	4.5	4.5	4.5
Community and economic development	2.5	2.5	2.5	2.4	2.5	2.5	2.4	2.5	2.5	2.5
Protective inspection	8.0	7.0	7.0	7.0	7.6	8.0	8.4	9.0	9.1	9.8
General government buildings	3.0	3.0	3.0	3.0	3.0	4.6	5.5	6.0	6.2	6.5
Total general government	<u>35.8</u>	<u>35.8</u>	<u>35.4</u>	<u>36.5</u>	<u>37.4</u>	<u>40.2</u>	<u>43.8</u>	<u>46.2</u>	<u>46.2</u>	<u>47.0</u>
<b>Public safety</b>										
Police officers (sworn)	51.9	53.0	50.2	54.0	52.8	54.7	54.6	57.0	61.0	61.7
Police administration	11.3	12.2	11.5	11.8	12.5	13.4	14.8	13.1	13.6	14.5
Fire (excluding volunteer firefighters)	4.6	4.6	4.6	4.6	5.3	5.5	5.4	5.6	5.6	5.6
Total public safety	<u>67.8</u>	<u>69.8</u>	<u>66.3</u>	<u>70.4</u>	<u>70.6</u>	<u>73.6</u>	<u>74.8</u>	<u>75.7</u>	<u>80.2</u>	<u>81.8</u>
<b>Public works</b>										
Engineering	6.8	7.0	6.0	6.0	6.4	6.6	7.6	7.3	7.5	7.3
Construction Services	-	-	-	2.0	3.9	3.7	3.3	4.0	4.7	4.9
Street maintenance	19.0	19.3	19.3	21.0	20.4	21.6	21.7	21.9	22.7	23.0
Total public works	<u>25.8</u>	<u>26.3</u>	<u>25.3</u>	<u>29.0</u>	<u>30.7</u>	<u>31.9</u>	<u>32.6</u>	<u>33.2</u>	<u>34.9</u>	<u>35.2</u>
<b>Parks and recreation</b>										
Park maintenance	15.0	15.0	15.0	15.0	14.8	14.0	15.1	16.4	16.6	16.3
Recreation	4.7	4.7	5.6	5.6	5.5	5.8	6.5	6.4	6.5	6.3
Arts center	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.8	3.7	3.2
Total parks and recreation	<u>23.4</u>	<u>23.4</u>	<u>24.3</u>	<u>24.3</u>	<u>24.0</u>	<u>23.5</u>	<u>25.2</u>	<u>26.6</u>	<u>26.8</u>	<u>25.8</u>
Total governmental activities	<u>152.8</u>	<u>155.3</u>	<u>151.3</u>	<u>160.2</u>	<u>162.7</u>	<u>169.2</u>	<u>176.4</u>	<u>181.7</u>	<u>188.1</u>	<u>189.8</u>
Liquor	25.8	25.7	24.9	26.3	24.4	25.3	26.1	26.0	26.3	26.5
Utility	20.0	20.0	20.0	21.0	21.6	21.3	23.1	24.3	24.6	24.0
Total business-type activities	<u>45.8</u>	<u>45.7</u>	<u>44.9</u>	<u>47.3</u>	<u>46.0</u>	<u>46.6</u>	<u>49.2</u>	<u>50.3</u>	<u>50.9</u>	<u>50.5</u>
Total employees	<u>198.6</u>	<u>201.0</u>	<u>196.2</u>	<u>207.5</u>	<u>208.7</u>	<u>215.8</u>	<u>225.6</u>	<u>232.0</u>	<u>239.0</u>	<u>240.3</u>

Source: City of Lakeville Human Resources Department.

Note: Includes full-time equivalent for both full and part time employees and accounts for overtime. Seasonal employees are not included for purposes of this report.

**CITY OF LAKEVILLE  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b> (1)	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Public safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
<b>Public works</b>										
City streets (miles)	260.0	261.4	264.0	266.8	271.3	288.3	291.4	295.0	302.5	309.5
<b>Parks and recreation</b>										
Acres of parks, conservation areas, and greenways	1,586	1,590	1,590	1,590	1,590	1,600	1,600	1,600	1,677	1,677
Parks	59	59	59	59	59	60	60	61	61	61
Conservation areas	18	20	20	20	20	20	20	20	20	20
Trails and sidewalks - paved (miles)	98	99	103	107	109	110	111	117	118	120
Ice rinks - outdoor (fully boarded)	11	11	11	11	11	11	11	11	11	11
Ice rinks - indoor	3	3	3	3	3	3	3	3	3	3
Fields (softball, soccer, baseball, football, Lacrosse)	97	97	97	97	96	96	96	97	97	97
Courts (basketball, volleyball, tennis, pickleball)	38	38	38	38	38	38	43	43	43	43
Playgrounds	42	42	42	43	43	44	44	46	46	46
Swimming beaches	3	3	3	3	3	3	3	3	2	2
<b>Liquor</b>										
Number of on-sale stores owned	2	2	2	2	2	2	2	1	1	1
Number of on-sale stores leased	1	1	1	1	1	1	1	2	2	2
<b>Utility</b>										
Water										
Water mains (miles)	313	313	321	321	321	321	346	350	358	367
Fire hydrants	3,434	3,434	3,572	3,572	3,572	3,572	3,818	3,885	3,969	4,080
Wells	17	17	17	17	17	18	18	19	19	19
Water Towers	5	5	5	5	5	5	6	6	6	6
Sanitary sewer										
Sanitary sewer mains (miles)	261	261	261	261	261	261	261	264	270	278
Sanitary sewer lift stations	19	19	20	20	20	20	20	20	20	20

**Notes:**

(1) Indicators for general government functions are not available.

Source: Various City of Lakeville Departments.

**CITY OF LAKEVILLE  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b> (1)	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Public safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
<b>Public works</b>										
City streets (miles)	260.0	261.4	264.0	266.8	271.3	288.3	291.4	295.0	302.5	309.5
<b>Parks and recreation</b>										
Acres of parks, conservation areas, and greenways	1,586	1,590	1,590	1,590	1,590	1,600	1,600	1,600	1,677	1,677
Parks	59	59	59	59	59	60	60	61	61	61
Conservation areas	18	20	20	20	20	20	20	20	20	20
Trails and sidewalks - paved (miles)	98	99	103	107	109	110	111	117	118	120
Ice rinks - outdoor (fully boarded)	11	11	11	11	11	11	11	11	11	11
Ice rinks - indoor	3	3	3	3	3	3	3	3	3	3
Fields (softball, soccer, baseball, football, Lacrosse)	97	97	97	97	96	96	96	97	97	97
Courts (basketball, volleyball, tennis, pickleball)	38	38	38	38	38	38	43	43	43	43
Playgrounds	42	42	42	43	43	44	44	46	46	46
Swimming beaches	3	3	3	3	3	3	3	3	2	2
<b>Liquor</b>										
Number of on-sale stores owned	2	2	2	2	2	2	2	1	1	1
Number of on-sale stores leased	1	1	1	1	1	1	1	2	2	2
<b>Utility</b>										
Water										
Water mains (miles)	313	313	321	321	321	321	346	350	358	367
Fire hydrants	3,434	3,434	3,572	3,572	3,572	3,572	3,818	3,885	3,969	4,080
Wells	17	17	17	17	17	18	18	19	19	19
Water Towers	5	5	5	5	5	5	6	6	6	6
Sanitary sewer										
Sanitary sewer mains (miles)	261	261	261	261	261	261	261	264	270	278
Sanitary sewer lift stations	19	19	20	20	20	20	20	20	20	20

**Notes:**

(1) Indicators for general government functions are not available.

Source: Various City of Lakeville Departments.

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