

2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT



Year ended December 31, 2021
City of Lakeville, Minnesota

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CITY OF LAKEVILLE, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021

PREPARED BY THE FINANCE DEPARTMENT

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INTRODUCTORY SECTION

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City of Lakeville
Positioned to Thrive

May 31, 2022

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, 2021. 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, 2021 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

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 71,472 in 2021.

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, street lights 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

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

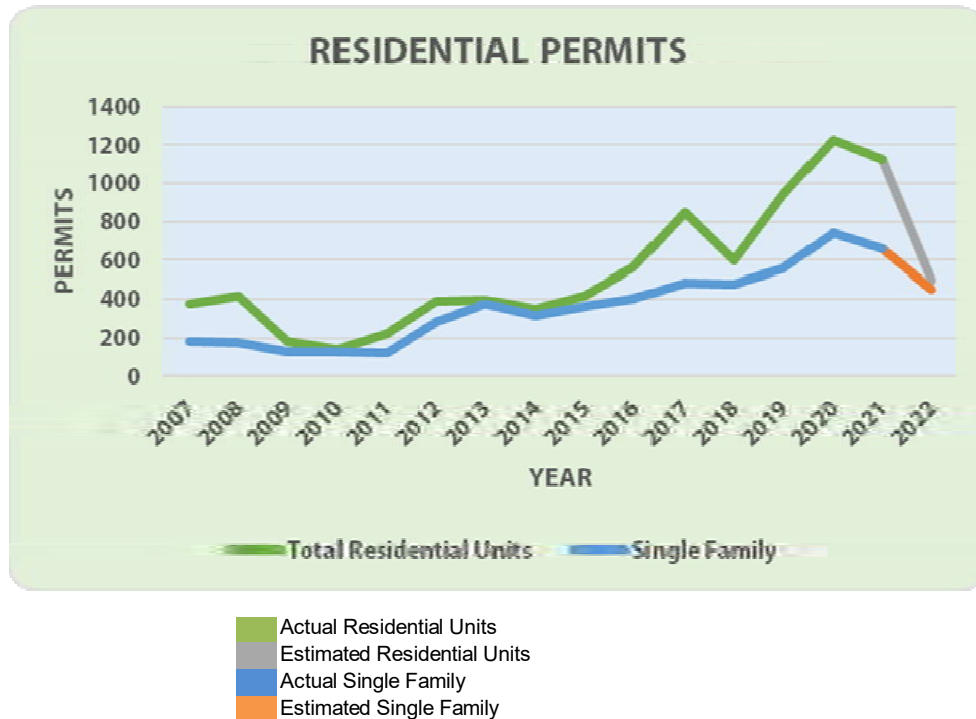
The City of Lakeville is committed to maintaining a strong financial condition, while continuing to provide quality public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when it is 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 14,424 new residents or approximately 25.3% since 2012, while the number of City employees has increased by 19.8%.

The City has a land area of 38 square miles with approximately 30% of its land available for development. In 2021, final plats were approved for 471 single-family units, 147 detached townhomes, 197 attached townhomes, 204 apartment units, one commercial development, 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 decreasing slightly from 742 in 2020 to 663 in 2021. The 2022 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 \$94.6 million.

Commercial projects constructed in 2021 included:

- Springs at Lakeville
 - A new 260-unit rental townhomes
- The Moments of Lakeville
 - Two-story, 78,000 square-foot building expansion
 - 60 new memory-care units
- Summit Orthopedics
 - Two-story, 25,600 square-foot medical office
 - Advanced subspecialty orthopedic, sports and spine care

- Keokuk Liquor Store
 - City of Lakeville's fourth liquor store
 - Retail space and an event room – 20,000 square-foot
- Tires Plus
 - A new auto repair shop in Heritage Commons
- TCO Dome at Lakeville North High School
 - A new sports dome, a 98,500 square-foot seasonal facility to host a variety of sporting events including baseball, football, lacrosse, soccer, softball and more
- Porterhouse Steak & Seafood
 - The restaurant expanded its existing outdoor dining patio
- Northern Taphouse
 - The restaurant constructed a new 2,061 square-foot outdoor dining patio
- El Parian Mexican Restaurant
 - The restaurant expanded its existing outdoor dining patio
- Lakeville Brewing Company
 - The restaurant added cooler space and expanded its existing outdoor dining patio

Industrial development in 2021 included:

- Old Dominion Freight Line
 - 43,300 square-foot building
 - 70 new jobs in Lakeville
- Delmar Company
 - 29,647 square-foot expansion
 - Connected two existing buildings for added space and efficiencies
- Hearth & Home Technologies
 - New manufacturing division and additional jobs in Lakeville
- Uponor
 - 57,000 square-foot expansion of existing warehouse and distribution building
- The Outdoor GreatRoom Company
 - Occupying 94,500 square-feet in a new 158,000 square-foot building
 - Manufactures outdoor living products
 - 50-100 new jobs in Lakeville
- Buddy's Kitchen
 - 28,455 square-foot expansion
 - Adding new freezer space to existing building
- Magnum Trucking
 - New 31,360 square-foot trans-load trucking facility
 - 9,408 square-foot office building
 - 13,824 square-foot truck maintenance building
- Boise Building Solutions
 - Approved interim use permit to expand its outdoor storage area onto approximately 13 acres of adjacent MAC property

Commercial projects under construction:

- Raising Cane's Chicken Fingers
 - A new restaurant
- Northlake Loft Apartments
 - 208-unit, four-story market rate apartment

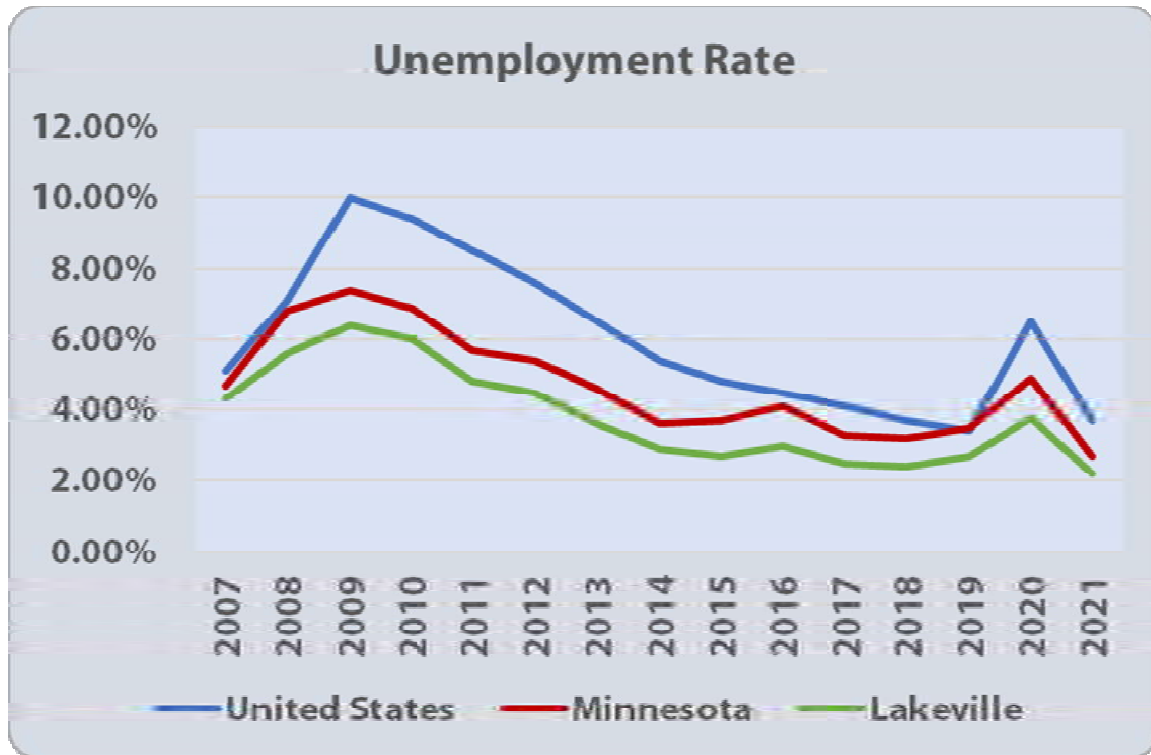
- The Pillars of Lakeville
 - 100-unit senior housing facility
- Arris Apartments
 - 197-unit apartment building
- The Better Half
 - A new restaurant located in downtown next to Angry Inch Brewing

New commercial businesses:

- Children's Minnesota Specialty Center
 - A new location for health care services
- ETS Performance South Metro
 - A new sports performance training facility
- Red's Savoy Pizza
 - A new restaurant
- Hotworx
 - A new 24-hour fitness studio
- Mainstreet Coffee & Wine Bar
 - A restaurant and wine bar under new ownership
- Pizza Ranch
 - Remodeled its location and under new ownership
- Space4Work
 - A new co-working space includes private offices, conference rooms, independent sit/stand workstations and amenities
- Masterpiece Chocolates
 - A new gourmet chocolate shop
- Compcare Urgent Care
 - A new urgent care medical clinic
- Wildflower Quilt Company
 - A new quilt shop with a wide variety of quilting products
- Labyrinth Puzzle Rooms
 - A new puzzle room located in the former Escape MSP space and offers three puzzle rooms

According to the Dakota County Assessor's office, the estimated market value for the median value home increased by 6.45% as of February 2022 (for taxes payable 2022) to \$358,300. 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 2021 adopted budget including community growth, aging infrastructure, inflationary pressures, 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 2021 budget addressed the short-term plan while the Capital Improvement Plan addressed the anticipated intermediate and long-term needs. The most significant 2021 projects included:

- Accelerated pavement management program to improve city-wide pavement management index
- 2021 Street Reconstruction
- Highview Ave improvements
- County Road 70 Expansion

Inflationary Pressures. As the economy improves there will be upward pressure on commodities, services and personnel costs. Inflation has increased significantly recently due to supply chain disruptions, etc. The budget anticipated modest price increases in the near term.

Innovation and Efficiencies. Lakeville has a long-standing history of being fiscally conservative and prudent. Although 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. The City is currently in the process of converting the water meter system to a fixed-base system utilizing existing water towers as collectors. This will ensure accurate water monitoring and provide residents with timely information regarding their water usage.

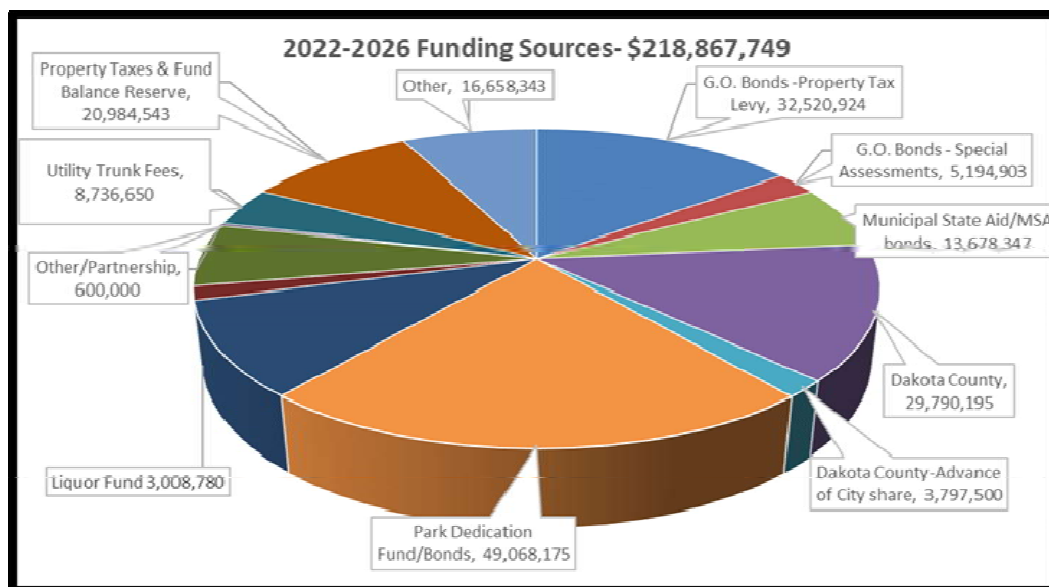
Entrepreneurial Efforts. Continued marketing initiatives are proposed to promote economic developments. Several years ago, property was acquired in southwestern Lakeville for what is now known as the Keokuk liquor store, the City’s fourth liquor store. The excess land adjacent to the Keokuk liquor store is currently being marketed for sale for a complementary business to further 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.

The City prepares an annually updated Capital Improvement Plan (CIP) which is a flexible, five-year plan that identifies the City’s infrastructure, development objectives and allocation of financial resources. The CIP identifies funding for the projects and provides policy makers and the community with a strategic (documented) approach to implementation and administration of improvement projects. The City will invest \$218 million in transportation, utility, equipment, technology, facilities and parks over the next five years to achieve program objectives.



The City has also implemented long-term financial planning models for its governmental funds, utility funds and debt funds. This effort of forecasting operating and capital budgets has positioned the City to better handle the growing demand for City services, increased infrastructure, and the economic impact of unforeseen events such as COVID-19. Moody's Investors Service upgraded the City's bond rating from Aa1 to Aaa in June, 2021, citing the City's robust economic and financial performance that were exceptionally resilient throughout the coronavirus pandemic coupled with continued solid management practices that are expected to support strong credit fundamentals over the long-term. This top rating from Moody's is shared by only thirteen other Minnesota cities.

As of December 31, 2021, the City of Lakeville had approximately \$133.3 million of debt outstanding. The City will issue approximately \$51 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 always be actively explored. 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 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. In June 2021, the City reopened all of its facilities to the public and continued to hold City Council meetings and workshops in person and virtually. City recreational programs resumed with safety precautions in place. In 2021, the City was awarded \$5.4 million in American Rescue Plan (ARP) Act funds. The City Council and staff have evaluated the eligible uses of the funds and have incorporated those uses into its multi-year planning documents.

Awards

Certificate of Achievement

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, 2020. This is the thirty-third 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 annual comprehensive 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.

Financial Policy Challenge

The City also earned recognition as a winner of the Financial Policy Challenge from the Government Finance Officers Association (GFOA) for its Financial Sustainability and Resiliency Policy. The GFOA launched this Challenge as an opportunity for GFOA members to adopt and share financial policies that are essential to a strong financial foundation.

Acknowledgements

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 Senior Financial Analysts Julie Werner, David Lang, Tom Nesseth and Laura Miller.

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, 2021**

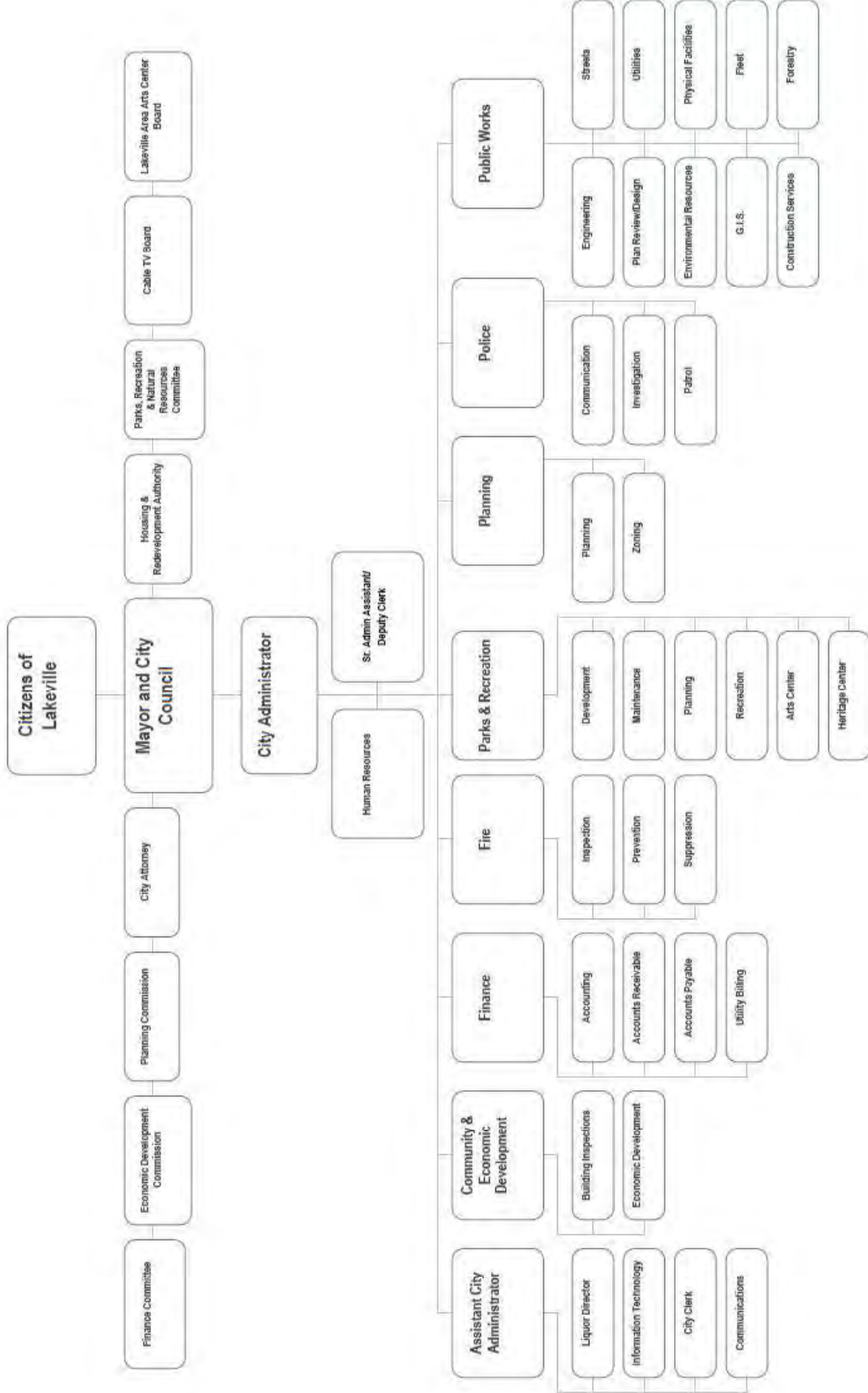
Elected Officials		<u>Term Expires December 31,</u>
Douglas P. Anderson	Mayor	2022
John Bermel	Council Member	2024
Luke Hellier	Council Member	2024
Joshua Lee	Council Member	2022
Michelle Volk	Council Member	2022

APPOINTED PERSONNEL

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

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**CITY OF LAKEVILLE
 ORGANIZATIONAL CHART
 YEAR ENDED DECEMBER 31, 2021**



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CITY OF LAKEVILLE
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lakeville
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

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 Audit of the Financial Statements

Opinions

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, 2021, 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.

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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lakeville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lakeville's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Lakeville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Lakeville's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 be presented to supplement the basic financial statements.

Required Supplementary Information (Continued)

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakeville's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Honorable Mayor and the City Council
City of Lakeville, Minnesota

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, 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 results 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 City of Lakeville’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 31, 2022

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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 \$488,909,009 (net position) at the close of the most recent fiscal year. Of this amount, \$65,188,498 (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 \$50,190,642 in 2021.
- The City's governmental funds reported combined ending fund balances of \$113,563,812. Of this total amount, \$66,554,577 or 58.6% 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 \$20,821,071 or 65.2% of total general fund expenditures of \$31,945,317.

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.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 29 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.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 two internal service funds to account for its risk management insurance liability program and the compensated leave balances of governmental activities. 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 funds are 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$488,909,009 at December 31, 2021. By far the largest portion, or 72.5% 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	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 158,325,959	\$ 152,468,592	\$ 31,500,115	\$ 25,152,326	\$ 189,826,074	\$ 177,620,918
Capital Assets	<u>318,357,691</u>	<u>292,671,692</u>	<u>183,310,980</u>	<u>162,690,787</u>	<u>501,668,671</u>	<u>455,362,479</u>
Total Assets	476,683,650	445,140,284	214,811,095	187,843,113	691,494,745	632,983,397
Deferred Outflows of Resources	13,628,599	5,736,608	1,417,305	324,634	15,045,904	6,061,242
Current and Other Liabilities	19,561,172	25,048,431	2,716,396	2,207,897	22,277,568	27,256,328
Other Liabilities	<u>157,133,486</u>	<u>147,965,715</u>	<u>15,766,434</u>	<u>16,452,717</u>	<u>172,899,920</u>	<u>164,418,432</u>
Total Liabilities	<u>176,694,658</u>	<u>173,014,146</u>	<u>18,482,830</u>	<u>18,660,614</u>	<u>195,177,488</u>	<u>191,674,760</u>
Deferred Inflows of Resources	20,702,622	8,534,916	1,751,530	116,596	22,454,152	8,651,512
Net Position:						
Net Investment in Capital Assets	183,876,386	167,619,658	170,514,908	151,132,001	354,391,294	318,751,659
Restricted	69,329,217	69,458,557	-	-	69,329,217	69,458,557
Unrestricted	<u>39,709,366</u>	<u>32,249,615</u>	<u>25,479,132</u>	<u>18,258,536</u>	<u>65,188,498</u>	<u>50,508,151</u>
Total Net Position	<u>\$ 292,914,969</u>	<u>\$ 269,327,830</u>	<u>\$ 195,994,040</u>	<u>\$ 169,390,537</u>	<u>\$ 488,909,009</u>	<u>\$ 438,718,367</u>

The City's total restricted net position of \$69,329,217 comprises 14.2% of total net position at the close of the fiscal year ended December 31, 2021. These assets are subject to external restrictions on how they may be used.

The 2021 remaining balance of \$65,118,498 (13.3% 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 \$14,680,347 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.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Change in net position. The City's 2021 total net position during the current fiscal year increased by \$50,190,642 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	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for Services	\$ 23,192,442	\$ 21,584,688	\$ 40,918,963	\$ 35,570,878	\$ 64,111,405	\$ 57,155,566
Operating Grants and Contributions	2,064,673	9,795,564	495,092	162,309	2,559,765	9,957,873
Capital Grants and Contributions	24,803,219	24,041,402	14,094,676	10,045,894	38,897,895	34,087,296
General Revenues:						
Property Taxes	35,051,089	33,033,079	-	-	35,051,089	33,033,079
Unrestricted Investment Earnings	(1,003,311)	2,144,654	(197,930)	352,909	(1,201,241)	2,497,563
Total Revenues	84,108,112	90,599,387	55,310,801	46,131,990	139,418,913	136,731,377
EXPENSES						
General Government	8,966,246	8,994,404	-	-	8,966,246	8,994,404
Public Safety	14,226,059	16,063,433	-	-	14,226,059	16,063,433
Public Works	21,462,578	22,623,378	-	-	21,462,578	22,623,378
Parks and Recreation	7,791,954	6,578,004	-	-	7,791,954	6,578,004
Interest on Long-Term Debt	1,199,275	3,147,896	-	-	1,199,275	3,147,896
Municipal Liquor	-	-	18,069,171	16,735,031	18,069,171	16,735,031
Utility	-	-	17,512,988	17,518,091	17,512,988	17,518,091
Total Expenses	53,646,112	57,407,115	35,582,159	34,253,122	89,228,271	91,660,237
CHANGE IN NET POSITION BEFORE TRANSFERS	30,462,000	33,192,272	19,728,642	11,878,868	50,190,642	45,071,140
Transfers and Contributions	(6,874,861)	1,132,248	6,874,861	(1,132,248)	-	-
CHANGE IN NET POSITION	23,587,139	34,324,520	26,603,503	10,746,620	50,190,642	45,071,140
Net Position - Beginning of Year	269,327,830	235,003,310	169,390,537	158,643,917	438,718,367	393,647,227
NET POSITION - END OF YEAR	\$ 292,914,969	\$ 269,327,830	\$ 195,994,040	\$ 169,390,537	\$ 488,909,009	\$ 438,718,367

Governmental activities. The governmental activities change in net position before transfers increased by \$30,462,000. The governmental revenue increase in charges for services is directly related to both an increase in economic, development and community growth. Operating grants decreased in 2021 mostly due to the City receiving \$4,846,940 in federal coronavirus relief funds in 2020 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 to a higher number of developer-installed assets reported during 2021 than in 2020.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Revenues

The City's 2021 total revenues for governmental activities decreased by \$6,491,275. Charges for services increased a total of \$1,607,754 primarily due to an increase in economic development and community growth as evidenced by an increase in in park dedication fees collected and continued significant revenues from building permits and connection and area charges collected. A summary of the various increases is shown as follows:

	2021	2020	Increase / (Decrease)
<u>Charges for services</u>			
Licenses and building permit fees	\$ 5,081,480	\$ 5,600,853	\$ (519,373)
Connection and area charges	8,158,749	8,656,769	(498,020)
Engineering fees - reconstruction projects	1,829,199	2,016,715	(187,516)
Park dedication fees	4,594,939	2,606,531	1,988,408
Other	3,528,075	2,703,820	824,255
Total charges for services	<u>\$ 23,192,442</u>	<u>\$ 21,584,688</u>	<u>\$ 1,607,754</u>

Operating grants and contributions experienced an overall decrease of \$7,725,828. Operating grants decreased in 2021 mostly due to the City receiving \$4,846,940 in federal coronavirus relief funds in 2020 and not recognizing any related federal revenues in 2021. Also, the level of state-aid funded street maintenance projects decreased compared to the prior year. A summary of the various operating grants and contributions are shown as follows:

	2021	2020	Increase / (Decrease)
<u>Operating grants and contributions</u>			
State-aid for street maintenance	\$ 536,754	\$ 2,272,173	\$ (1,735,419)
State-aid for street revenue bonds	416,754	728,770	(312,016)
County grant for joint road improvements	-	351,665	(351,665)
COVID-19 grants	-	4,846,940	(4,846,940)
Other grants, contributions and donations	1,111,165	1,596,016	(484,851)
Total Operating grants and contributions	<u>\$ 2,064,673</u>	<u>\$ 9,795,564</u>	<u>\$ (7,730,891)</u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Capital grants and contributions increased by \$761,817. Contributed infrastructure from private land developers increased \$3.6 million; the infrastructure consists of street, storm water, and park and trail capital assets. Special assessments decreased by \$2.6 million primarily due to a major street project that was levied against the benefitting property owners in 2020. The 2021 project did not have any significant costs assessed to individual property owners since it was primarily a mill and overlay. Other grants and contributions decreased \$309,393 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:

	2021	2020	Increase / (Decrease)
<u>Capital grants and contributions</u>			
Contributed infrastructure from developers	\$ 18,539,662	\$ 14,894,746	\$ 3,644,916
Special assessments	1,507,697	4,079,092	(2,571,395)
Other grants and contributions	4,699,712	5,009,105	(309,393)
PEG fees	56,148	58,459	(2,311)
Total capital grants and contributions	<u>\$ 24,803,219</u>	<u>\$ 24,041,402</u>	<u>\$ 761,817</u>

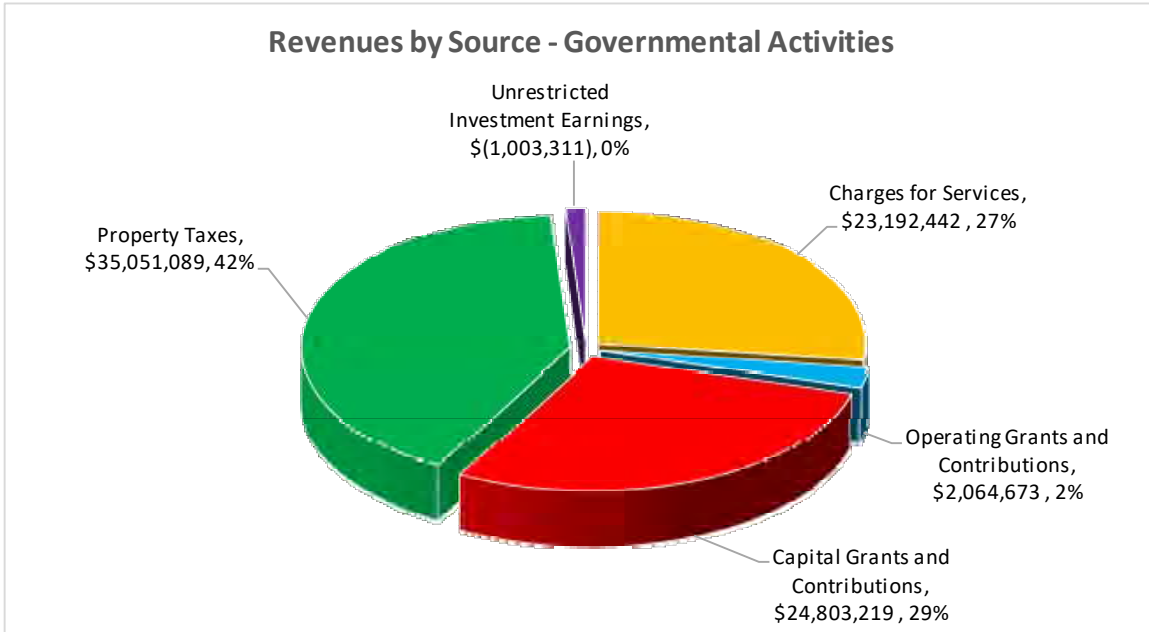
Property tax revenue increased \$2,018,010 or 6.1% primarily due to an increase in the overall tax levy.

Investment income earnings decreased by \$3,147,965. 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.

	2021	2020	Increase / (Decrease)
<u>General revenues</u>			
Property taxes	\$ 35,051,089	\$ 33,033,079	\$ 2,018,010
Investment income	(1,003,311)	2,144,654	(3,147,965)
Total general revenues	<u>\$ 34,047,778</u>	<u>\$ 35,177,733</u>	<u>\$ (1,129,955)</u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

A summary of 2021 revenues by source for governmental activities is shown as follows:



Expenses

The City's 2021 total governmental activities expenses (before depreciation on capital assets and interest on long-term debt) decreased by \$3,406,578 or 8.7%. Total governmental activities expenses decreased by \$3,761,003 or 6.6%, shown as follows:

	2021	2020	Increase / (Decrease)
<u>Governmental activities expenses</u>			
General government	\$ 8,566,433	\$ 8,568,875	\$ (2,442)
Public safety	12,909,821	14,866,188	(1,956,367)
Public works	8,929,893	11,398,758	(2,468,865)
Parks and recreation	5,154,980	4,133,884	1,021,096
Total before depreciation and interest	<u>35,561,127</u>	<u>38,967,705</u>	<u>(3,406,578)</u>
Depreciation on capital assets	16,885,710	15,291,514	1,594,196
Interest on long-term debt	1,199,275	3,147,896	(1,948,621)
Total governmental activities expenses	<u><u>\$ 53,646,112</u></u>	<u><u>\$ 57,407,115</u></u>	<u><u>\$ (3,761,003)</u></u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

General government expenses were consistent, as they decreased by only \$2,422 or 0.0%.

Public safety expenses decreased by \$1,956,367 or 13.2%; primarily due to the decrease in the police and fire fund PERA net pension liability and increase in the fire relief association net pension asset, which were partially offset by the overall increase in wages and benefits.

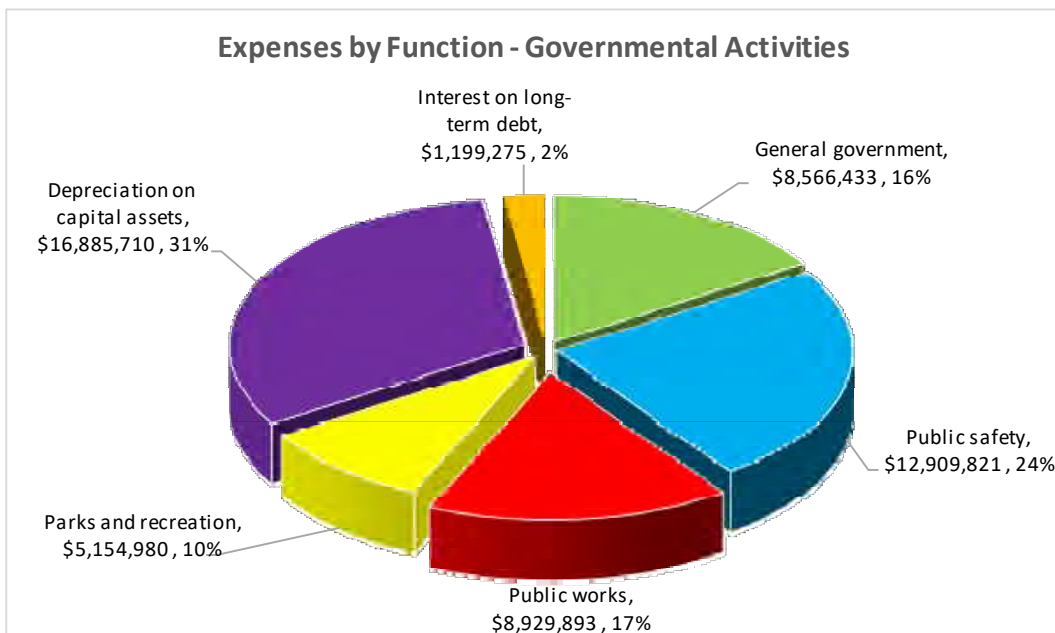
Public works expenses decreased by \$2,468,865 or 21.7%; primarily due to 2020 having a greater amount of expenses related to improvement and maintenance projects which were not considered City assets.

Parks and recreation expenses increased \$1,021,096 or 24.7%; primarily due to additional park and trail maintenance on existing trails in the current year compared to the prior year. The Casperson shelter was struck by lightning that caused significant damage. As a result, this caused shorter useful life and a loss on the disposal which contributed to the increase in the expense.

Depreciation on capital assets increased by \$1,594,196 or 10.4%; primarily due to an increase in contributed infrastructure from development and depreciation starting on recently completed projects.

Interest on long-term debt decreased by \$1,948,620 or 61.9%; primarily due to the amortization of bond premiums offsetting scheduled debt payments.

A summary of 2021 expenses by function for governmental activities is shown as follows:



**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Business-type activities. Business-type activities increased the City's 2021 total net position by \$26,603,503. Key elements of the increase in net position along with a comparison of revenues, expenses, and changes in net position during fiscal years 2021 and 2020 are shown as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase / (Decrease)</u>
Revenues			
Charges for services			
Liquor	\$ 19,683,002	\$ 18,262,397	\$ 1,420,605
Utility	21,235,961	17,308,481	3,927,480
Operating grants and contributions			
Liquor	5,445	76,810	(71,365)
Utility	489,647	85,499	404,148
Capital contributions			
Utility	14,094,676	10,045,894	4,048,782
Investment earnings	(197,930)	352,909	(550,839)
Total revenues	<u>55,310,801</u>	<u>46,131,990</u>	<u>9,178,811</u>
Expenses			
Liquor	18,069,171	16,735,031	1,334,140
Utility	17,512,988	17,518,091	(5,103)
Total expenses	<u>35,582,159</u>	<u>34,253,122</u>	<u>1,329,037</u>
Change in net position before transfers	19,728,642	11,878,868	7,849,774
Transfers	6,874,861	(1,132,248)	8,007,109
Change in net position	<u>26,603,503</u>	<u>10,746,620</u>	<u>15,856,883</u>
Net position - beginning	<u>169,390,537</u>	<u>158,643,917</u>	<u>10,746,620</u>
Net position - ending	<u>\$ 195,994,040</u>	<u>\$ 169,390,537</u>	<u>\$ 26,603,503</u>

The City's 2021 business-type total revenues increased by \$9,178,811 or 19.9%; the various revenue components are discussed in detail in the following paragraphs.

- The liquor fund 2021 charges for services increased due to opening a fourth store in October of 2021. The 2021 cost of goods sold as a percentage of sales were 73.4%, compared to 73.9% in 2020.
- The overall utility revenue charges for services increased by \$3,927,480. This overall increase is represented by a water revenue increase of \$2,919,618, sanitary sewer revenue increase of \$800,787, streetlight revenue increase of \$51,048, and environmental resources revenue increase of \$156,027. 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 increase is due to an increase in customers. The environmental resources increase is due to an increase in customers and rate increases.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

- The utility fund experienced a total increase of \$4,048,782 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 2021). City improvement project infrastructure assets of \$2,904,183 were contributed to the utility fund which is within the net transfer out amount of \$6,874,861 on the Statement of Activities. The total amount of contributed infrastructure assets received by the utility fund varies yearly.
- Investment earnings decreased \$550,839. 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. Investments are typically held until maturity. The loss in 2021 will likely be gained back in future periods.

The City's 2021 business-type total expenses increased by \$1,329,037 or 3.9% as follows:

	Increase (Decrease) from 2020		
	Liquor Fund	Utility Fund	Total
<u>Business-type activities expenses</u>			
Cost of Goods Sold	\$ 954,227	\$ -	\$ 954,227
Personnel services	178,622	263,966	442,588
Commodities	100,441	3,282	103,723
Other charges and services	77,665	(484,474)	(406,809)
Sanitary sewage treatment and disposal	-	121,225	121,225
Depreciation on capital assets	23,185	234,593	257,778
Interest, fiscal charges, bond premium (net)	-	(172,119)	(172,119)
Loss on Disposal of Capital Assets	-	28,424	28,424
Total Business-type Expenses	<u>\$ 1,334,140</u>	<u>\$ (5,103)</u>	<u>\$ 1,329,037</u>

- The liquor fund cost of goods sold increased \$954,227 which is proportionate to the increase in liquor sales.
- Liquor fund personnel services expenses increased \$178,622, while utility fund personnel services expenses increased \$263,966. The increases were primarily due to the opening of the fourth liquor store in the last quarter of 2021 that resulted in significant increase over the prior year. The staffing to set up and operate the new store was \$126,000. Personnel costs incurred for new staff training prior to the opening was an additional \$66,500. Utility personnel increased due to the completion of a market study and cost of living increase. Additional time was spent in meter repair and maintenance, sewer line and manhole maintenance.
- Utility fund other charges and services expenses decreased by \$484,474 mostly due to decreases in water and sewer. Water expenses decreased primarily due to major maintenance projects including, watermain repairs (costs to fix watermain breaks in 2020 were not capitalizable).. Sewer expenses decreased due to lower sanitary sewer costs incurred on the annual street projects in 2021 as compared to 2020.
- The utility fund sanitary sewage treatment and disposal expenses increased by \$121,225 primarily due to the change in factors used by MCES in their pass-through cost allocation to the City. The City's annual cost increased 2.82% to \$4,426,993 and the City's wastewater accounts for 1.842% of the total flow through the system.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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.

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 \$113,563,812. Of this amount, \$66,554,577 or 58.6% of this combined ending fund balance constitutes fund balance that is available for spending at the government's discretion. Nonspendable fund balances of \$666,451 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 \$25,596,753, (b) capital acquisition of \$20,410,372, and (c) other restricted purposes of \$335,659.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance was \$23,985,822, a decrease from the prior year resulting from \$2,232,536 of revenues over expenditures, net transfers in of \$2,838,640, and a change in supplies inventory of \$147,703.

The general obligation improvement (debt service) fund balance increased by \$1,229,776 due to net effect of higher property tax levies, less prepaid assessment revenue, and an increase in transfers in from remaining bond proceeds. 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 \$2,031,193 due to debt proceeds received in relation to joint capital projects with Dakota County totaling \$4,924,225, transfers in of \$1,754,060 from nonmajor capital project funds, and 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 decreased by \$2,528,370 due to capital expenditures and transfers out of excess bond proceeds exceeding the issuance of the 2021C Street Reconstruction Bonds and revenues.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

General Fund Budgetary Highlights

With the exception of the public safety police, all other general fund departments expended their 2021 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
Revenues				
Property taxes	\$ 24,232,728	\$ 24,537,278	\$ 24,461,495	\$ (75,783)
Licenses and permits	2,611,289	2,743,179	4,446,972	1,703,793
Intergovernmental	1,085,911	1,127,101	1,418,228	291,127
Charges for services	2,572,350	2,673,213	3,700,360	1,027,147
Special assessments	-	-	940	940
Fines	156,000	156,000	200,942	44,942
Interest income	174,000	174,000	208,895	34,895
Change in value of investments	-	-	(396,891)	(396,891)
Donations	27,062	62,812	81,242	18,430
Miscellaneous	54,128	54,128	55,670	1,542
Total revenues	<u>30,913,468</u>	<u>31,527,711</u>	<u>34,177,853</u>	<u>2,650,142</u>
Expenditures				
Personnel services	24,092,655	24,325,735	24,077,890	(247,845)
Commodities	1,874,341	1,961,726	1,911,490	(50,236)
Other charges and services	5,896,337	6,253,117	5,914,624	(338,493)
Capital outlay	26,690	67,440	41,313	(26,127)
Other	-	98,500	-	(98,500)
Total expenditures	<u>31,890,023</u>	<u>32,706,518</u>	<u>31,945,317</u>	<u>(761,201)</u>
Other financing sources (uses)	<u>(448,570)</u>	<u>(2,838,640)</u>	<u>(2,838,640)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,425,125)</u>	<u>\$ (4,017,447)</u>	<u>\$ (606,104)</u>	<u>\$ 3,411,343</u>

The 2021 actual general fund revenues exceeded the final budget by \$2,650,142 and expenditures were under final adopted budget by \$761,201. Other financing sources (uses) came in at the final budgeted amount. The general fund actual net change in fund balance surpassed final budget by \$3,411,343.

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 fund capital purchases and projects associated with the 2022-2026 capital improvement plan to mitigate the pressures on the property tax levy and user fees and establishing the compensated leave fund.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

- Property taxes were less than anticipated by \$75,783 due in part to slightly lower than anticipated current tax collection rates, which was partially offset by slightly higher than expected 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 \$1,703,793 due to greater than anticipated building permit fees. The number of residential building permits budgeted were 350 compared to 521 actual. Permits for townhomes were budgeted at 50 units compared to 209 actual units.
- Intergovernmental revenues exceeded estimates by \$291,127 due to the City's receipt of \$125,000 for the shuttered venue operating grant for the Arts Center in 2021.
- Charges for services experienced a variance of \$1,027,147 due to engineering-related services in connection with developer construction administration.
- Fines were greater than final budgeted amounts by \$44,942.
- Interest income and the change in value of investments were below estimates by \$361,996 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. Investments are typically held to maturity.
- Donations and miscellaneous revenues experienced variances of \$18,430 and \$1,542, respectively.

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

- Personnel costs including benefits were \$247,845 below budget estimates due to vacant positions as a result of retirements, resignations, and delay in filling new positions.
- Commodities were \$50,236 below budget due to lower usage of chemicals for snow and ice removal. Purchases at the end of the 2021-2022 winter season will be stored at the central maintenance facility and will be utilized in the next season.
- Other charges and services were \$338,493 below budget which is attributed to several factors mostly as a result of COVID-19. Several performances were budgeted to return to normal but the based on attendance and delay some were cancelled or rescheduled. Also impacted projects the civil defense siren was planned to be replaced in 2021 but has been delayed now until 2022
- Capital outlay was \$26,127 under budget while other expenditures ended the year \$98,500 under budget due to supply chain disruptions this caused a significant delay in purchasing various vehicles and equipment

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Capital Asset and Debt Administration

Capital assets. The City's capital assets for governmental and business-type activities as of December 31, 2021 are \$502 million (net of accumulated depreciation). This amount represents an increase (including additions, deletions, and depreciation) of approximately \$46.3 million from 2020.

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:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 33,980,237	\$ 3,627,767	\$ 37,608,004
Historical treasures	114,000	-	114,000
Construction in process	2,242,128	8,518	2,250,646
Buildings and improvements	62,399,832	34,104,565	96,504,397
Machinery and equipment	26,859,664	4,153,930	31,013,594
Other improvements	14,396,974	-	14,396,974
Infrastructure			
Streets	211,468,310	-	211,468,310
Storm sewer	117,113,384	-	117,113,384
Parks	35,398,765	-	35,398,765
Environmental resources	-	399,007	399,007
Water	-	133,766,765	133,766,765
Sanitary sewer	-	91,435,685	91,435,685
Total Capital Assets	503,973,294	267,496,237	771,469,531
Less: Accumulated Depreciation	(185,615,603)	(84,185,257)	(269,800,860)
Total Capital Assets, Net	<u>\$ 318,357,691</u>	<u>\$ 183,310,980</u>	<u>\$ 501,668,671</u>

The City's 2022 adopted budget provides funding for \$40.1 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, 2021**

Debt administration. At the end of the current fiscal year, the City of Lakeville had total bonded debt outstanding of \$133.320 million, which is an increase of \$9.970 million compared to the prior year. The increase is due to the issuance of the \$7.770 million 2021A Tax Abatement bonds, \$5.620 million 2021B Tax Abatement bonds, \$5.650 million on street reconstruction bonds, and \$1.265 million water revenue bonds.

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, 2021 is shown as follows:

	Outstanding Debt			
	Bonds and Capital Leases Payable			Balance December 31
	Balance January 1	Issued	Redeemed	
Governmental Activities				
General obligation bonds				
Capital improvement	\$ 19,180,000	\$ -	\$ 1,385,000	\$ 17,795,000
Street reconstruction	10,355,000	5,650,000	1,355,000	14,650,000
G.O. improvement	63,940,000	-	5,110,000	58,830,000
State-aid street revenue	4,125,000	-	265,000	3,860,000
Water revenue	6,850,000	-	400,000	6,450,000
Tax increment	525,000	-	260,000	265,000
Tax abatement	620,000	13,390,000	-	14,010,000
HRA lease revenue	5,710,000	-	385,000	5,325,000
Total governmental activities	<u>111,305,000</u>	<u>19,040,000</u>	<u>9,160,000</u>	<u>121,185,000</u>
Business-Type Activities				
Water revenue	9,640,000	1,265,000	835,000	10,070,000
Sewer revenue	325,000	-	60,000	265,000
Street light revenue	270,000	-	40,000	230,000
Capital Lease Payable	1,810,000	-	240,000	1,570,000
Total business-type activities	<u>12,045,000</u>	<u>1,265,000</u>	<u>1,175,000</u>	<u>12,135,000</u>
Total bonds payable	<u>\$ 123,350,000</u>	<u>\$ 20,305,000</u>	<u>\$ 10,335,000</u>	<u>\$ 133,320,000</u>

Credit Rating

The City of Lakeville's general obligation bond rating as of December 31, 2021 is "Aaa" as rated by Moody's Investors Service. Moody's Investor Service credit report stated the rating was "*The City of Lakeville (Aaa stable) has an affluent tax base in the Twin Cities (Minneapolis; Aa1 stable; St. Paul, Aa1 stable) metropolitan area and its credit profile benefits from the robust economic and financial performance that were exceptionally resilient throughout the coronavirus pandemic along with continued solid management practices that are expected to support strong credit fundamentals over the long-term. The city's primary challenge remains above average leverage with high fixed costs. On June 23, 2021 we upgraded the city's general obligation unlimited tax rating to Aaa from Aa1 and assigned a stable outlook.*"

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$42,081,331 of net bonded debt, which is subject to the \$259,100,739 current debt limitation, thereby resulting in a legal debt margin of \$217,019,408. Refer to the Statistical Section of this report for a detailed computation of the City's legal debt margin.

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 decreased from 639 in 2020 compared to 527 permits in 2021 but was consistent with the 521 permits issued 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 2.4%, 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 2022 budget reflects a continuation of the program and service levels established by the City Council over the past several years and included six new positions as well as position changes and reclassifications. The City Council approved the use of \$2.493 million of the General Fund balance as a funding source for the 2022 budget. The 2022 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.

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BASIC FINANCIAL STATEMENTS

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**CITY OF LAKEVILLE
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 128,416,446	\$ 23,970,016	\$ 152,386,462
Receivables	22,789,043	4,350,916	27,139,959
Internal balances	(444,906)	444,906	-
Inventories	206,790	2,724,277	2,931,067
Prepaid items	4,475	10,000	14,475
Restricted assets (temporarily)			
Investments held by trustee	907,336	-	907,336
Net pension asset - fire relief	6,446,775	-	6,446,775
Capital assets			
Nondepreciable	36,336,365	3,636,285	39,972,650
Depreciable, net	282,021,326	179,674,695	461,696,021
Total capital assets	<u>318,357,691</u>	<u>183,310,980</u>	<u>501,668,671</u>
Total assets	476,683,650	214,811,095	691,494,745
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	86,661	-	86,661
OPEB related deferments	267,218	52,767	319,985
Pension plan deferments - PERA	12,964,826	1,364,538	14,329,364
Pension plan deferments - fire relief	309,894	-	309,894
Total deferred outflows of resources	<u>13,628,599</u>	<u>1,417,305</u>	<u>15,045,904</u>
LIABILITIES			
Salaries, accounts, contracts, and deposits payable	14,391,021	2,543,700	16,934,721
Accrued interest	1,851,136	172,696	2,023,832
Unearned revenue	3,319,015	-	3,319,015
Noncurrent liabilities:			
Net pension liability - PERA due in more than one year	10,184,778	1,813,549	11,998,327
Total OPEB Liability due within one year	34,684	6,849	41,533
Total OPEB Liability due in more than one year	862,549	170,326	1,032,875
Other long-term liabilities due within one year	11,916,068	1,397,559	13,313,627
Other long-term liabilities due in more than one year	134,135,407	12,378,151	146,513,558
Total liabilities	<u>176,694,658</u>	<u>18,482,830</u>	<u>195,177,488</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	76,994	-	76,994
Timing differences	630,000	-	630,000
OPEB related deferments	431,991	85,304	517,295
Pension plan deferments - PERA	16,580,800	1,666,226	18,247,026
Pension plan deferments - fire relief	2,982,837	-	2,982,837
Total deferred inflows of resources	<u>20,702,622</u>	<u>1,751,530</u>	<u>22,454,152</u>
NET POSITION			
Net investment in capital assets	183,876,386	170,514,908	354,391,294
Restricted for:			
Special purposes	437,912	-	437,912
Debt service	39,398,613	-	39,398,613
Capital acquisition	23,020,351	-	23,020,351
Public Safety	25,566	-	25,566
Fire relief pensions	6,446,775	-	6,446,775
Unrestricted	39,709,366	25,479,132	65,188,498
Total Net Position	<u>\$ 292,914,969</u>	<u>\$ 195,994,040</u>	<u>\$ 488,909,009</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 8,966,246	\$ 6,303,733	\$ 156,783	\$ 79,173	\$ (2,426,557)	\$ -	\$ (2,426,557)
Public safety	14,226,059	817,539	1,270,607	-	(12,137,913)	-	(12,137,913)
Public works	21,462,578	10,569,326	547,841	24,529,021	14,183,610	-	14,183,610
Parks and recreation	7,791,954	5,501,844	89,442	195,025	(2,005,643)	-	(2,005,643)
Interest on long-term debt	1,199,275	-	-	-	(1,199,275)	-	(1,199,275)
Total-governmental activities	53,646,112	23,192,442	2,064,673	24,803,219	(3,585,778)	-	(3,585,778)
Business-Type Activities:							
Liquor	18,069,171	19,683,002	5,445	-	-	1,619,276	1,619,276
Utility	17,512,988	21,235,961	489,647	14,094,676	-	18,307,296	18,307,296
Total Business-Type Activities	35,582,159	40,918,963	495,092	14,094,676	-	19,926,572	19,926,572
Total Primary Government	\$ 89,228,271	\$ 64,111,405	\$ 2,559,765	\$ 38,897,895	(3,585,778)	19,926,572	16,340,794
General Revenues:							
Property taxes					35,051,089	-	35,051,089
Investment income					(1,003,311)	(197,930)	(1,201,241)
Transfers					(6,874,861)	6,874,861	-
Total general revenues and transfers					27,172,917	6,676,931	33,849,848
Change in Net Position					23,587,139	26,603,503	50,190,642
Net Position - Beginning of Year					269,327,830	169,390,537	438,718,367
Net Position - End of Year					\$ 292,914,969	\$ 195,994,040	\$ 488,909,009

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

ASSETS	Debt Service		Capital Projects		Nonmajor		Total	
	General Fund	G.O. Improvement	Municipal State-aid	Improvement Construction	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds
Cash and investments	\$ 33,284,487	\$ 15,597,738	\$ 4,962,515	\$ 7,989,707	\$ 65,394,622	\$ 127,229,069		
Investments held by trustee	-	-	-	-	907,336	907,336		
Interest receivable	83,274	58,148	27,767	897	266,788	436,874		
Taxes receivable	2,075,023	-	-	-	-	2,075,023		
Accounts receivable	298,162	-	3,576,210	58	804,814	4,679,244		
Advances to other funds	455,186	-	-	-	562,003	1,017,189		
Special assessments receivable	118,656	13,716,781	-	1,222,773	538,588	15,596,798		
Leases Receivable	-	-	-	-	1,570,000	1,570,000		
Inventory	206,790	-	-	-	-	206,790		
Prepaid items	4,475	-	-	-	-	4,475		
	\$ 36,526,053	\$ 29,372,667	\$ 8,566,492	\$ 9,213,435	\$ 70,044,151	\$ 153,722,798		
Total Assets								
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Salaries payable	\$ 431,516	\$ -	\$ -	\$ -	\$ 8,875	\$ 440,391		
Accounts payable	948,489	1,450	936,725	977,160	415,007	3,278,831		
Advances from other funds	-	-	-	562,003	455,186	1,017,189		
Contracts payable	-	-	53,275	321,037	276,940	651,252		
Deposits payable	9,758,329	-	-	115,047	114,460	9,987,836		
Unearned revenue	277,851	-	-	-	3,041,164	3,319,015		
Total Liabilities	11,416,185	1,450	990,000	1,975,247	4,311,632	18,694,514		
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - taxes	373,768	-	-	-	-	373,768		
Unavailable revenue - special assessments	750,278	13,675,251	-	1,223,450	537,215	16,186,194		
Unavailable revenue - other	-	-	2,704,510	-	2,200,000	4,904,510		
Total Deferred Inflows of Resources	1,124,046	13,675,251	2,704,510	1,223,450	2,737,215	21,464,472		
FUND BALANCE								
Nonspendable	666,451	-	-	-	-	666,451		
Restricted	5,000	15,695,966	4,871,982	6,477,347	19,292,489	46,342,784		
Committed	-	-	-	-	44,233,989	44,233,989		
Assigned	2,493,300	-	-	-	-	2,493,300		
Unassigned (Deficit)	20,821,071	-	-	(462,609)	(531,174)	19,827,288		
Total Fund Balance	23,985,822	15,695,966	4,871,982	6,014,738	62,995,304	113,563,812		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 36,526,053	\$ 29,372,667	\$ 8,566,492	\$ 9,213,435	\$ 70,044,151	\$ 153,722,798		

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, 2021**

Total Fund Balances for Governmental Funds		\$ 113,563,812
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	\$ 503,973,294	
Less: Accumulated Depreciation	<u>(185,615,603)</u>	318,357,691
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.		
		6,446,775
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
Bonds	(121,185,000)	
Accrued interest	(1,851,136)	
Loan	(2,847,014)	
Note Payable	(10,098,261)	
Unamortized bond premium	(8,328,647)	
Deferred charge on refunding	86,661	
Deferred gain on refunding	<u>(76,994)</u>	(144,300,391)
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	(10,184,778)	
Deferred inflows of resources	(19,563,637)	
Deferred outflows of resources	<u>13,274,720</u>	(16,473,695)
Total OPEB liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
		(897,233)
OPEB related deferred outflows of resources are recorded only on the statement of net position.		
		267,218
OPEB related deferred inflows of resources are recorded only on the statement of net position.		
		(431,991)
Deferred inflows of resources related to unavailable revenue in governmental funds are susceptible to full accrual on the government-wide statements.		
		19,264,472
The City uses an internal service fund to charge the cost of insurance activities and compensated absences to individual funds. A portion of the assets and liabilities of the municipal reserves fund and compensated absences fund are included in governmental activities in the Statement of Net Position.		
		<u>(2,881,689)</u>
Total Net Position of Governmental Activities		<u>\$ 292,914,969</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, 2021**

	General Fund	Debt Service G.O. Improvement	Municipal State-aid	Capital Projects Improvement Construction	Nonmajor Governmental Funds	Total Governmental Totals
REVENUE						
Property taxes	24,461,495	\$ 4,060,155	-	\$ -	5,586,883	\$ 34,108,533
Tax increment	-	-	-	-	1,037,831	1,037,831
Licenses and permits	4,446,972	-	-	-	634,508	5,081,480
Intergovernmental	1,418,228	-	1,242,544	409,608	743,489	3,813,869
Charges for services	3,700,360	-	334,492	135,839	13,173,101	17,343,792
Special assessments	940	2,772,986	-	140,541	108,663	3,023,130
Fines	200,942	-	-	-	200,942	200,942
Interest Income	208,895	115,726	79,303	9,931	590,245	1,004,100
Change in Fair Value of Investments	(396,891)	(233,261)	(160,770)	(20,553)	(1,195,936)	(2,007,411)
Donations	81,242	-	-	-	187,656	268,898
Miscellaneous	55,670	-	-	-	518,528	574,198
Total Revenue	34,177,853	6,715,606	1,485,569	675,366	21,384,968	64,449,362
EXPENDITURES						
Current:						
General government	7,146,640	-	-	-	804,248	7,950,888
Public safety	15,283,047	-	-	-	-	15,283,047
Public works	4,987,928	-	-	-	-	4,987,928
Parks and recreation	4,486,389	-	-	-	-	4,486,389
Capital Outlay:						
General government	-	-	-	64,115	851,268	915,383
Public safety	35,668	-	-	-	1,105,016	1,140,684
Public works	-	-	6,142,661	9,169,985	3,982,657	19,295,303
Parks and recreation	5,645	-	-	-	11,499,497	11,505,142
Debt Service:						
Principal bond maturities	-	5,110,000	-	-	4,050,000	9,160,000
Interest on debt	-	2,398,091	-	-	1,666,852	4,064,943
Fiscal charges	-	25,312	-	-	57,261	82,573
Total Expenditures	31,945,317	7,533,403	6,142,661	9,234,100	24,016,799	78,872,280
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,232,536	(817,797)	(4,647,092)	(8,558,734)	(2,631,831)	(14,422,918)
OTHER FINANCE SOURCES (USES)						
Issuance of Bonds and Other Debt	-	-	4,924,225	6,600,000	7,770,000	19,294,225
Premium on Issued Debt	-	-	-	776,907	313,284	1,090,191
Proceeds from the Sale of Capital Assets	-	-	-	-	258,880	258,880
Transfers in from other funds	876,430	2,047,573	1,754,060	174,461	4,783,986	9,636,510
Transfers out to other funds	(3,715,070)	-	-	(1,521,004)	(2,500,707)	(7,736,781)
Total Other Finance Sources	(2,838,640)	2,047,573	6,678,285	6,030,364	10,625,443	22,543,025
NET CHANGE IN FUND BALANCES	(606,104)	1,229,776	2,031,193	(2,528,370)	7,983,612	8,120,107
FUND BALANCES						
Beginning of Year, as previously reported	24,739,629	14,466,190	2,840,789	8,543,108	55,001,692	105,591,408
Change in Supplies - Inventory	(147,703)	-	-	-	-	(147,703)
End of Year	23,985,822	15,695,966	4,871,982	6,014,738	62,985,304	113,563,812

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, 2021

Net Change in Fund Balances-Total Governmental Funds \$ 8,120,107

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

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.

Capital outlay	\$ 24,872,031	
Capital contributed by developer	18,539,662	
Depreciation expense	<u>(16,885,710)</u>	26,525,983

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. (839,984)

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. (147,703)

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Deferred inflows of resources - December 31, 2020	(18,170,670)	
Deferred inflows of resources - December 31, 2021	<u>19,264,472</u>	1,093,802

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.

Bond and loan proceeds	(24,914,225)	
Bond and loan principal maturities	<u>9,160,000</u>	(15,754,225)

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.

Change in accrued interest payable	(107,720)	
Premium on bonds issued in the current year	(1,490,598)	
Amortization of deferred charge on refunding	(8,594)	
Amortization of deferred gain on refunding	7,636	
Amortization of debt premiums/discounts	<u>3,056,919</u>	1,457,643

In the statement of activities, certain operating expenses and other postemployment benefit expenses - 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). (45,955)

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. 3,074,204

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. 103,267

Change in Net Position of Governmental Activities \$ 23,587,139

**CITY OF LAKEVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Totals	
CURRENT ASSETS				
Cash and investments	\$ 3,868,487	\$ 20,101,529	\$ 23,970,016	\$ 1,187,377
Interest receivable	8,975	74,322	83,297	1,104
Accounts receivable	-	4,267,619	4,267,619	-
Inventory	2,460,970	263,307	2,724,277	-
Prepaid expenses	-	10,000	10,000	-
Total current assets	<u>6,338,432</u>	<u>24,716,777</u>	<u>31,055,209</u>	<u>1,188,481</u>
NONCURRENT ASSETS				
Capital assets:				
Land	3,087,882	539,885	3,627,767	-
Construction in progress	-	8,518	8,518	-
Buildings and improvements	8,021,703	26,082,862	34,104,565	-
Machinery and equipment	686,653	3,467,277	4,153,930	-
Infrastructure	-	225,601,457	225,601,457	-
Accumulated depreciation	(516,672)	(83,668,585)	(84,185,257)	-
Net Capital Assets	<u>11,279,566</u>	<u>172,031,414</u>	<u>183,310,980</u>	<u>-</u>
Total noncurrent assets	<u>11,279,566</u>	<u>172,031,414</u>	<u>183,310,980</u>	<u>-</u>
Total assets	<u>17,617,998</u>	<u>196,748,191</u>	<u>214,366,189</u>	<u>1,188,481</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan deferments - PERA	572,448	792,090	1,364,538	-
OPEB related deferments	22,665	30,102	52,767	-
Total deferred outflows of resources	<u>595,113</u>	<u>822,192</u>	<u>1,417,305</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,213,111</u>	<u>\$ 197,570,383</u>	<u>\$ 215,783,494</u>	<u>\$ 1,188,481</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Salaries payable	\$ 30,967	\$ 40,650	\$ 71,617	\$ -
Accounts payable	1,473,815	694,563	2,168,378	32,711
Contracts payable	240,916	13,340	254,256	-
Accrued interest payable	-	172,696	172,696	-
Deposits payable	34,149	15,300	49,449	-
Accrued compensated absences	80,241	177,318	257,559	1,986,068
Total OPEB Liability due within one year	3,908	2,941	6,849	-
Long-term debt - current	245,000	895,000	1,140,000	-
Total current liabilities	<u>2,108,996</u>	<u>2,011,808</u>	<u>4,120,804</u>	<u>2,018,779</u>
NONCURRENT LIABILITIES				
Accrued compensated absences	80,654	137,781	218,435	1,606,485
Net pension liability - PERA due in more than one year	760,816	1,052,733	1,813,549	-
Total OPEB Liability	72,195	98,131	170,326	-
Long-term debt	1,325,000	10,834,716	12,159,716	-
Total noncurrent liabilities	<u>2,238,665</u>	<u>12,123,361</u>	<u>14,362,026</u>	<u>1,606,485</u>
Total liabilities	<u>4,347,661</u>	<u>14,135,169</u>	<u>18,482,830</u>	<u>3,625,264</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan deferments - PERA	699,011	967,215	1,666,226	-
OPEB related deferments	36,641	48,663	85,304	-
Total deferred inflows of resources	<u>735,652</u>	<u>1,015,878</u>	<u>1,751,530</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,709,566	160,805,342	170,514,908	-
Unrestricted	3,420,232	21,613,994	25,034,226	(2,436,783)
Total Net Position	<u>13,129,798</u>	<u>182,419,336</u>	<u>195,549,134</u>	<u>(2,436,783)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 18,213,111</u>	<u>\$ 197,570,383</u>	<u>215,783,494</u>	<u>\$ 1,188,481</u>

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

444,906
\$ 195,994,040

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, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
OPERATING REVENUE				
Sales	\$ 19,683,002	\$ -	\$ 19,683,002	\$ -
Cost of sales	(14,445,699)	-	(14,445,699)	-
User Charges	-	20,957,083	20,957,083	556,783
Other	-	278,878	278,878	307,891
Total operating revenue	<u>5,237,303</u>	<u>21,235,961</u>	<u>26,473,264</u>	<u>864,674</u>
OPERATING EXPENSES				
Personnel services	1,970,823	2,589,799	4,560,622	220,963
Commodities	152,010	588,574	740,584	-
Other charges and services	1,430,689	4,619,397	6,050,086	559,822
Disposal charges	-	4,426,993	4,426,993	-
Depreciation	110,479	5,290,811	5,401,290	-
Total operating expenses	<u>3,664,001</u>	<u>17,515,574</u>	<u>21,179,575</u>	<u>780,785</u>
OPERATING INCOME	1,573,302	3,720,387	5,293,689	83,889
NONOPERATING REVENUE (EXPENSES)				
Intergovernmental - grants	5,445	489,647	495,092	-
Interest Income	47,003	146,498	193,501	3,864
Change in Fair Value of Investments	(94,822)	(296,609)	(391,431)	(7,832)
Interest, fiscal charges, bond premium (net)	-	(54,124)	(54,124)	-
Disposal of capital assets	-	(29,415)	(29,415)	-
Total Nonoperating Revenue (Expenses)	<u>(42,374)</u>	<u>255,997</u>	<u>213,623</u>	<u>(3,968)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,530,928	3,976,384	5,507,312	79,921
Contributed capital from developers	-	14,094,676	14,094,676	-
Contributed capital from governmental activities	6,020,407	2,904,183	8,924,590	-
Transfers from other funds	-	200,000	200,000	200,000
Transfers to other funds	(1,096,825)	(1,152,904)	(2,249,729)	(50,000)
Total Contributions and Transfers	<u>4,923,582</u>	<u>16,045,955</u>	<u>20,969,537</u>	<u>150,000</u>
CHANGE IN NET POSITION	6,454,510	20,022,339	26,476,849	229,921
NET POSITION				
Beginning of Year	6,675,288	162,396,997		704,886
Prior Period Restatement for Implementation of New Internal Service Fund	-	-		(3,371,590)
Beginning of Year, as Restated	<u>6,675,288</u>	<u>162,396,997</u>		<u>(2,666,704)</u>
End of Year	<u>\$ 13,129,798</u>	<u>\$ 182,419,336</u>		<u>\$ (2,436,783)</u>

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

126,654
\$ 26,603,503

**CITY OF LAKEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 19,678,855	\$ 20,826,528	\$ 40,505,383	\$ -
Cash received from general service charges	-	-	-	866,557
Cash paid to suppliers	(16,444,518)	(9,380,787)	(25,825,305)	(533,335)
Cash paid to and for employees	(1,993,711)	(2,615,297)	(4,609,008)	-
Net Cash Provided by Operating Activities	<u>1,240,626</u>	<u>8,830,444</u>	<u>10,071,070</u>	<u>333,222</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental - grant	5,445	489,647	495,092	-
Transfers from other funds	419,925	200,000	619,925	200,000
Transfers to other funds	(1,096,825)	(1,152,904)	(2,249,729)	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(671,455)</u>	<u>(463,257)</u>	<u>(1,134,712)</u>	<u>150,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(228,774)	(3,397,783)	(3,626,557)	-
Proceeds from sale of capital assets	-	175,000	175,000	-
Proceeds from Issuance of Capital Debt	-	1,438,473	1,438,473	-
Interest and fiscal charges	-	(386,712)	(386,712)	-
Principal maturities	(240,000)	(935,000)	(1,175,000)	-
Net Cash Used by Capital and Related Financing Activities	<u>(468,774)</u>	<u>(3,106,022)</u>	<u>(3,574,796)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>(48,548)</u>	<u>(152,389)</u>	<u>(200,937)</u>	<u>(4,028)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,849	5,108,776	5,160,625	479,194
Cash and Cash Equivalents - Beginning of the Year	<u>3,816,638</u>	<u>14,992,753</u>	<u>18,809,391</u>	<u>708,183</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 3,868,487</u>	<u>\$ 20,101,529</u>	<u>\$ 23,970,016</u>	<u>\$ 1,187,377</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,573,302	\$ 3,720,387	\$ 5,293,689	\$ 83,889
Adjustments:				
Depreciation expense	110,479	5,290,811	5,401,290	-
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	1,576	(410,833)	(409,257)	1,883
Inventory	(975,971)	324,568	(651,403)	-
Prepaid expenses	1,575	1,582	3,157	-
Pension-related deferred outflows	(450,761)	(623,713)	(1,074,474)	-
OPEB-related deferred outflows	(8,621)	(9,576)	(18,197)	-
Increase (decrease) in liabilities and deferred inflows:				
Salaries payable	10,049	8,558	18,607	-
Accounts payable	558,276	(71,973)	486,303	26,487
Deposits payable	(5,723)	1,400	(4,323)	-
Accrued compensated absences	19,543	49,477	69,020	220,963
Net pension liability	(272,692)	(377,321)	(650,013)	-
Pension-related deferred inflows	656,785	908,787	1,565,572	-
OPEB-related deferred inflows	30,165	39,197	69,362	-
Total OPEB liability	(7,356)	(20,907)	(28,263)	-
Net Cash Provided by Operating Activities	<u>\$ 1,240,626</u>	<u>\$ 8,830,444</u>	<u>\$ 10,071,070</u>	<u>\$ 333,222</u>
Supplemental schedule of noncash financing activities:				
The City assumes ownership of utility capital assets from governmental projects and land developers. Capital assets assumed were as follows:	\$ 6,020,407	\$ 16,998,859	\$ 23,019,266	\$ -
Amortization of Bond Premiums	-	340,500	340,500	-
	<u>\$ 6,020,407</u>	<u>\$ 17,339,359</u>	<u>\$ 23,359,766</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>
ASSETS	
Cash and investments	\$ 29,837
LIABILITIES	
Accounts payable	<u>1,364</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 28,473</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, 2021**

	Custodial Fund
ADDITIONS	
Contributions	\$ 6,873
DEDUCTIONS	
Payments to vendors	6,713
NET DECREASE IN FIDUCIARY NET POSITION	160
Fiduciary net position - beginning of year	28,313
FIDUCIARY NET POSITION - END OF YEAR	\$ 28,473

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 accounting principles generally accepted in the United States of America (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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Blended Component Unit (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, 2021. 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, 2021**

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, 2021**

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 four 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 funds – The City has a Municipal Reserves internal service fund as well as a Compensated Leave internal service fund. The Municipal Reserves 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. The Compensated Leave fund accounts for the accrued liability of employee benefits attributed to compensated leave. Funding was initially provided by transfers from the General Fund. Future revenue sources are charges to benefited programs and departments. Benefits paid to Enterprise Fund employees are accounted for in their respective funds. The Compensated Leave fund currently has a deficit net position, but the City supports reestablishing a Compensated Leave Fund for the purpose of funding the current liability for accrued leave hours due to those employees eligible to retire within the next five years as well as an estimated amount for a normal level of staff turnover, recognizing that even though this liability will be paid in the future, the liability was incurred to provide current services and should be funded with current revenues. Funding this liability can be phased in but the City will strive to meet this goal within three to five years.

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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Taxes Receivable (Continued)

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.

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, 2021, the special assessment delinquent receivable was \$143,559 in the governmental funds and \$23,074 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, 2021**

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 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 2016-2021. The bond premium is amortized over the term of the bonds using 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 one year. 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, 2021**

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 to 75 Years
Machinery and equipment	3 to 20 Years
Other improvements	10 to 50 Years
Infrastructure	20 to 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 assets 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The City has four 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

The third item relates to deferred gains on bond refundings that are amortized over the life of the related bonds. The fourth item, timing difference, related to long-term receivables not recognized to revenue until the underlying timing requirements have been met.

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 Postemployment 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 Postemployment 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, the unrestricted fund balance of the General Fund was 67.4% of the subsequent year's budgeted expenditures. The City has opted to reduce fund balance with the 2022 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, 2021**

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, 2021**

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, 2021**

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, 2021 consist of the following:

Cash on hand	\$	17,450
Deposits	*	(4,302,100)
Investments		157,608,285
Total cash and investments	\$	153,323,635

* The City's negative deposits balance is the result of checks issued on December 28, 2021 were outstanding as of December 31, 2021, while the City's deposit account is swept daily into the 4M account, which is classified as investments.

The City's cash and investments as of December 31, 2021 are presented in the financial statements as follows:

<u>Statement of Net Position</u>		
Cash and investments	\$	152,386,462
Temporarily restricted investments held by trustee		907,336
<u>Statement of Fiduciary Net Position</u>		
Cash and investments		29,837
Total cash and investments	\$	153,323,635

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 \$(4,302,100) while the balance on the bank records was \$25,355. At December 31, 2021, 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, 2021 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	\$ 15,985,227	\$ 15,985,227	\$ -	\$ -
First American Treasury Obligation	AAAm	S&P	907,336	907,336	-	-
Certificates of deposit	N/R	N/A	17,655,998	7,259,696	10,396,302	-
U.S. treasury securities	N/A	N/A	2,001,600	2,001,600	-	-
U.S. government agencies	AA+	S&P	79,616,623	7,803,340	63,504,023	8,309,260
Municipal Bonds	Aaa	Moody's	5,497,053	-	4,423,163	1,073,890
Municipal Bonds	AAA	S&P	3,492,174	586,451	2,762,288	143,435
Municipal Bonds	Aa1	Moody's	4,355,878	801,410	1,587,108	1,967,360
Municipal Bonds	AA+	S&P	4,779,287	-	1,964,520	2,814,767
Municipal Bonds	Aa2	Moody's	8,670,878	667,500	5,605,693	2,397,685
Municipal Bonds	AA	S&P	6,933,388	1,789,592	3,918,593	1,225,203
Municipal Bonds	Aa3	Moody's	1,503,042	-	635,318	867,724
Municipal Bonds	AA-	S&P	5,197,703	1,055,385	3,149,886	992,432
Municipal Bonds	A	S&P	1,012,098	500,383	511,715	-
Total investments			\$ 157,608,285	\$ 39,357,920	\$ 98,458,609	\$ 19,791,756

N/R - Not rated

N/A - Not applicable

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the City's investment portfolio includes the following securities of single issuers exceeding 5%:

Federal Farm Credit Bank	12.7%
Federal Home Loan Bank	17.9%
Federal Home Loan Mortgage Corporation	10.6%
Federal National Mortgage Association	8.9%

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, 2021**

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, 2021**

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>
U.S. treasury securities	\$ 2,001,600	\$ -	\$ -	\$ 2,001,600
U.S. government securities	-	79,616,623	-	79,616,623
Certificates of deposit	-	17,655,998	-	17,655,998
Municipal bonds	-	41,441,501	-	41,441,501
	<u>\$ 2,001,600</u>	<u>\$ 138,714,122</u>	<u>\$ -</u>	140,715,722
Investments measured at amortized cost				<u>16,892,563</u>
Total				<u>\$ 157,608,285</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CAPITAL ASSETS

A summary of changes in governmental capital assets during the year ended December 31, 2021 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,539,096	\$ 2,465,286	\$ (24,145)	\$ 33,980,237
Historical treasures	100,000	14,000	-	114,000
Construction in progress	3,508,790	2,018,681	(3,285,343)	2,242,128
Total Capital Assets, Not Being Depreciated	<u>35,147,886</u>	<u>4,497,967</u>	<u>(3,309,488)</u>	<u>36,336,365</u>
Capital Assets, Being Depreciated:				
Building and improvements	55,281,098	8,365,809	(1,247,075)	62,399,832
Machinery and equipment	26,621,634	1,393,767	(1,155,737)	26,859,664
Other improvements	13,093,307	1,458,287	(154,620)	14,396,974
Infrastructure				
Streets	199,521,017	13,205,535	(1,258,242)	211,468,310
Storm Sewer	102,786,884	14,368,158	(41,658)	117,113,384
Parks	32,195,082	3,407,513	(203,830)	35,398,765
Total Capital Assets, Being Depreciated	<u>429,499,022</u>	<u>42,199,069</u>	<u>(4,061,162)</u>	<u>467,636,929</u>
Accumulated Depreciation for:				
Buildings and improvements	(19,625,894)	(1,221,151)	608,832	(20,238,213)
Machinery and equipment	(17,030,666)	(2,312,065)	1,115,352	(18,227,379)
Other improvements	(4,725,024)	(655,267)	151,720	(5,228,571)
Infrastructure				
Streets	(88,188,206)	(8,757,750)	1,143,910	(95,802,046)
Storm Sewer	(25,697,572)	(2,719,339)	25,791	(28,391,120)
Parks	(16,707,854)	(1,220,138)	199,718	(17,728,274)
Total Accumulated Depreciation	<u>(171,975,216)</u>	<u>(16,885,710)</u>	<u>3,245,323</u>	<u>(185,615,603)</u>
Total Capital Assets, Being Depreciated, Net	<u>257,523,806</u>	<u>25,313,359</u>	<u>(815,839)</u>	<u>282,021,326</u>
Governmental Activities Capital Assets, Net	<u>\$ 292,671,692</u>	<u>\$ 29,811,326</u>	<u>\$ (4,125,327)</u>	<u>\$ 318,357,691</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 399,813
Public safety	1,316,238
Public works	12,532,685
Parks and recreation	2,636,974
Total depreciation expense	<u>\$ 16,885,710</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CAPITAL ASSETS (CONTINUED)

A summary of changes in business-type capital assets during the year ended December 31, 2021 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,627,767	\$ -	\$ -	\$ 3,627,767
Construction in Progress	480,749	-	(472,231)	8,518
Total Capital Assets, Not Being Depreciated	<u>4,108,516</u>	<u>-</u>	<u>(472,231)</u>	<u>3,636,285</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	28,341,160	5,915,385	(151,980)	34,104,565
Machinery and equipment Infrastructure	3,768,772	1,365,199	(980,041)	4,153,930
Environmental Resources	277,153	121,854	-	399,007
Water	122,783,174	11,266,488	(282,897)	133,766,765
Sanitary Sewer	83,523,029	8,029,203	(116,547)	91,435,685
Total Capital Assets, Being Depreciated	<u>238,693,288</u>	<u>26,698,129</u>	<u>(1,531,465)</u>	<u>263,859,952</u>
Accumulated Depreciation for:				
Buildings and improvements	(10,226,316)	(640,188)	72,108	(10,794,396)
Machinery and equipment Infrastructure	(2,735,644)	(303,086)	980,041	(2,058,689)
Environmental Resources	(3,191)	(8,711)	-	(11,902)
Water	(37,521,897)	(2,668,935)	230,019	(39,960,813)
Sanitary Sewer	(29,623,969)	(1,780,370)	44,882	(31,359,457)
Total Accumulated Depreciation	<u>(80,111,017)</u>	<u>(5,401,290)</u>	<u>1,327,050</u>	<u>(84,185,257)</u>
Total Capital Assets, Being Depreciated, Net	<u>158,582,271</u>	<u>21,296,839</u>	<u>(204,415)</u>	<u>179,674,695</u>
Business-Type Activities Capital Assets, Net	<u>\$ 162,690,787</u>	<u>\$ 21,296,839</u>	<u>\$ (676,646)</u>	<u>\$ 183,310,980</u>

Depreciation expense was charged to governmental functions as follows:

Business-Type Activities:	
Liquor fund	\$ 110,479
Utility fund	5,290,811
Total Depreciation Expense, Business-Type Activities	<u>\$ 5,401,290</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. There were significant improvements and additions to Ames Arena in 2021. Including the 2021 capital asset additions, the cost of the leased space is included in the total Ames ice arena cost of \$11,805,572, of which \$2,189,305 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, 2020, or 2021.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021 lease revenue totaled \$330,994.

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 15 years, and it was subsequently renewed for an additional four years expiring June 30, 2019 which was subsequently renewed for three additional years expiring June 30, 2022. The fiscal year 2021 lease expense totaled \$150,603. The following is a schedule of future minimum payments required under the lease as of December 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 75,302

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 20 years ending April 30, 2039. The fiscal year 2021 lease expense totaled \$184,395. The following is a schedule by years of future minimum payments required under the lease as of December 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 184,395
2023	184,395
2024	197,303
2025	197,303
2026	197,303
2027-2031	1,027,857
2032-2036	1,099,673
2037-2039	526,949
Total	<u>\$ 3,615,177</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021 lease expenditures totaled \$42,696. The following is a schedule of future minimum payments required under the lease as of December 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 42,696
2023	42,696
2024	14,232
Total	<u>\$ 99,624</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, 2021**

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. There were significant improvements and additions to Hasse Arena in 2021. Including the 2021 capital asset additions, the cost of the leased space is included in the total Hasse ice arena cost of \$8,228,892, of which \$2,323,810 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		Remaining Principal and Interest	Current Year	
		Type	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Ice Arena Lease Revenue	Additional ice arena	Lease Revenues	2021 - 2032	\$ 6,524,075	\$ 582,325	\$ 298,275
Utility - Water Revenue	Water infrastructure	Utility user fees	2021 - 2034	12,103,738	1,197,463	9,460,107
Utility - Sewer Revenue	Sewer infrastructure	Utility user fees	2021 - 2025	290,900	71,750	8,213,601
Utility - Street Lights Revenue	Street lights infrastructure	Utility user fees	2021 - 2026	260,000	52,500	1,164,456
Water Connection Revenue	Water infrastructure	Connection charges	2021 - 2034	7,712,700	611,200	4,109,954

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 2021, the City made no payments on this loan. As of December 31, 2021, 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 2021. In December of 2021, 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 \$950,000 and the City made no payments on the loan in 2021.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

Metropolitan Council Loan Agreements (Continued)

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

The loans (all 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.

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 179th 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. Additions of \$27,923 were made to this loan in 2021, bringing the total balance payable to \$2,882,300. 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. Additions of \$4,672,203 were made to this loan in 2021, bringing the total balance payable to \$6,991,862. This loan requires the City to pay the County for the City's share of the project's costs over three years starting with engineering and right of way acquisition after February 1, 2022, and the final payment for constructions costs is due after February 1, 2024. During 2021, the City entered into a third agreement with Dakota County related to 179th Street Reconstruction, with the City's total share to date of \$224,099 being recorded as a new loan in 2021. This loan is not payable to the County until 2025. 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

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 \$713,578 at December 31 2021. 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 the following page. 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.

General Obligation Tax Abatement Bonds, Series 2021 A

On February 16, 2021, the City issued \$7,770,000 in General Obligation Tax Abatement Bonds, Series 2021 A. Proceeds of the Bonds were used to finance various energy savings improvements to the Ames Arena and Hasse Arena and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from tax abatement levies. The General Obligation Tax Abatement Bonds carry interest that will vary from 1.0% to 3.0% with a final maturity of February 1, 2041. The Bonds carry a call provision on February 1, 2029.

General Obligation Tax Abatement Bonds, Series 2021 B

On May 18, 2021, the City issued \$5,620,000 in General Obligation Tax Abatement Bonds, Series 2021 B. Proceeds of the Bonds were used to finance the construction of a municipal liquor store and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from tax abatement levies and net revenues of the City's Liquor Fund. The General Obligation Tax Abatement Bonds carry interest that will vary from 2.0% to 4.0% with a final maturity of February 1, 2042. The Bonds carry a call provision on February 1, 2029.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

General Obligation Bonds, Series 2021 C

On August 17, 2021, the City issued \$6,915,000 in General Obligation Bonds, Series 2021 C. This included \$5,650,000 in General Obligation Improvement Bonds and \$1,265,000 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 carry interest that will vary from 2.0% to 4.0% with a final maturity of February 1, 2032. The debt service of these bonds will be made from special assessments and property tax levies. The General Obligation Water Revenue Bonds also carry an interest rate that will vary from 2.0% to 4.0% with a final maturity of February 1, 2032. 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, 2021:

Description	Maturities	Interest Rates	Amount
PRIMARY GOVERNMENT			
Governmental Activities:			
General Obligation Bonds Payable:			
Capital improvement bonds	2030 - 2032	1.75% - 5.00%	\$ 17,795,000
Street reconstruction bonds	2026 - 2032	1.75% - 5.00%	14,650,000
G.O. Improvement bonds	2029 - 2038	1.40% - 5.00%	58,830,000
Tax increment bonds	2022	4.00% - 4.20%	265,000
State-aid street revenue bonds	2036	1.25% - 5.00%	3,860,000
G.O. water revenue bonds	2034	2.00% - 5.00%	6,450,000
Tax Abatement Bonds	2031 - 2042	1.00% - 5.00%	14,010,000
Total General Obligation Bonds			<u>115,860,000</u>
HRA lease revenue bonds	2032	2.00% - 4.00%	<u>5,325,000</u>
Total Governmental Activities			121,185,000
Business-Type Activities:			
Revenue Bonds			
Water revenue bonds	2028 - 2034	1.50% - 5.00%	10,070,000
Sewer revenue bonds	2025	1.50% - 5.00%	265,000
Street light revenue bonds	2026	5.00%	<u>230,000</u>
Total Revenue Bonds			10,565,000
Capital Lease	2027	2.00% - 3.00%	<u>1,570,000</u>
Total Business-Type Activities			<u>12,135,000</u>
Total long-term bonded debt outstanding			<u><u>\$ 133,320,000</u></u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	
2022	\$ 9,930,000	\$ 4,170,828	\$ 895,000	\$ 401,364	\$ 15,397,192
2023	10,915,000	3,733,280	1,010,000	363,363	16,021,643
2024	10,950,000	3,287,980	1,075,000	312,763	15,625,743
2025	11,060,000	2,837,152	1,130,000	258,788	15,285,940
2026	10,770,000	2,397,082	1,105,000	208,588	14,480,670
2027-2031	45,855,000	6,585,928	4,230,000	501,990	57,172,918
2032-2036	17,095,000	1,447,953	1,120,000	42,782	19,705,735
2037-2041	4,265,000	224,251	-	-	4,489,251
2042	345,000	3,450	-	-	348,450
Total	\$ 121,185,000	\$ 24,687,904	\$ 10,565,000	\$ 2,089,638	\$ 158,179,092

Accrued Compensated Absences

Governmental Activities

The governmental funds accumulated liability for accrued PTO, comp pay, vacation and vested sick pay (including applicable salary-related payments) as of December 31, 2021 is \$3,592,553. 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 related compensated leave internal service fund, 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, 2021 is \$475,994. 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, 2021**

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	\$ 8,328,647	\$ 1,164,716

Liquor Capital Lease

The capital lease reported in business-type activities on page 70 has the following annual debt service requirements:

<u>Year Ending December 31,</u>	Liquor Capital Lease	
	Principal	Interest
2022	\$ 245,000	\$ 43,425
2023	250,000	36,000
2024	260,000	28,350
2025	265,000	20,475
2026	270,000	12,450
2027	280,000	4,200
Total	\$ 1,570,000	\$ 144,900

B. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
G.O. Improvement bonds	\$ 29,535,000	\$ 5,650,000	\$ (2,740,000)	\$ 32,445,000	\$ 2,790,000
Other bonds	81,770,000	13,390,000	(6,420,000)	88,740,000	7,140,000
Total bonds	111,305,000	19,040,000	(9,160,000)	121,185,000	9,930,000
Direct Borrowing - County note payable	5,174,036	4,924,225	-	10,098,261	-
Direct Borrowing - Metropolitan					
Council loans	1,897,014	950,000	-	2,847,014	-
Total long-term debt	118,376,050	24,914,225	(9,160,000)	134,130,275	9,930,000
Accrued compensated absences	3,371,590	2,371,685	(2,150,722)	3,592,553	1,986,068
Unamortized bond premium/discount	9,894,968	1,490,598	(3,056,919)	8,328,647	-
Total Governmental Activities	131,642,608	28,776,508	(14,367,641)	146,051,475	11,916,068
Business-Type Activities:					
Utility - water revenue bonds	9,640,000	1,265,000	(835,000)	10,070,000	790,000
Utility - sewer revenue bonds	325,000	-	(60,000)	265,000	65,000
Utility - street light revenue bonds	270,000	-	(40,000)	230,000	40,000
Liquor - capital leases	1,810,000	-	(240,000)	1,570,000	245,000
Accrued compensated absences	406,974	364,826	(295,806)	475,994	257,559
Unamortized Bond Premiums	1,331,743	173,473	(340,500)	1,164,716	-
Total Business-Type Activities	13,783,717	1,803,299	(1,811,306)	13,775,710	1,397,559
Total Primary Government	\$ 145,426,325	\$ 30,579,807	\$ (16,178,947)	\$ 159,827,185	\$ 13,313,627

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets as of December 31, 2021 is calculated as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Capital assets, net of depreciation	\$ 318,357,691	\$ 183,310,980	\$ 501,668,671
Less applicable:			
Bonds payable	(113,350,000)	(10,335,000)	(123,685,000)
Capital lease payable	-	(1,570,000)	(1,570,000)
Loan payable	(2,847,014)	-	(2,847,014)
Note payable	(10,098,261)	-	(10,098,261)
Unamortized bond premium / discount (net)	(8,002,636)	(1,144,403)	(9,147,039)
Unamortized deferred charge on refunding	86,661	-	86,661
Unamortized deferred gain on refunding	(76,994)	-	(76,994)
Unspent bond proceeds	1,459,637	253,331	1,712,968
Contracts Payable	(1,652,698)	-	(1,652,698)
Net Investment in capital assets	<u>\$ 183,876,386</u>	<u>\$ 170,514,908</u>	<u>\$ 354,391,294</u>

The City has \$8,065,000 in bonds and \$346,324 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>
<u>Restricted Net Position</u>			
Special purposes	\$ 437,912	\$ -	\$ 437,912
Debt service	39,398,613	-	39,398,613
Capital acquisition	23,020,351	-	23,020,351
Public Safety	25,566	-	25,566
Fire relief pensions	6,446,775	-	6,446,775
Total restricted net position	<u>\$ 69,329,217</u>	<u>\$ -</u>	<u>\$ 69,329,217</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 CONSTRUCTION COMMITMENTS

The City has outstanding construction and build projects as of December 31, 2021. 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
2022 City lawn services	145,049	153,435
2020 Street reconstruction projects	10,552,446	107,276
2021 Street reconstruction projects	6,486,283	600,951
210th St project 22-03	134,400	298,840
Property acquisition for future right of way	-	750,000
Police body worn/vehicle cameras	424,592	268,544
Freightliner (Streets division)	91,536	91,536
Citywide security upgrades	19,446	173,998
Hasse Arena covered ice rink (design)	-	242,070
Stormwater management projects	-	222,222
New watermain infrastructure/improvements	141,221	30,929
Antlers Park project	-	91,764
Cedar Crossing park	699,783	11,681
Ritter Farm Park Environmental Learning Center cabin	-	82,400
Arts Center loading dock	-	69,804
Orchard Lake Park shelter	-	71,627
City ERP project	68,430	46,570
Other/miscellaneous projects	137,178	22,607
Total governmental	\$ 18,953,955	\$ 3,391,867
 <u>Projects</u>		
<u>Business-Type Activities</u>		
Construction of new liquor store	\$ 4,846,214	\$ 50,171
2022 well rehabilitation projects	-	222,326
2022 fixed base system/AMI project	-	292,462
Well #4 raw watermain replacement	189,774	81,190
Stormwater restoration projects	123,412	69,955
Tree inventory, injections and pruning	105,569	16,253
Total business-type	\$ 5,264,969	\$ 732,357

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 FUND BALANCES

A summary of the City's governmental fund balance classifications at December 31, 2021 is as follows:

	General Fund	Debt Service	Capital Projects		Nonmajor	Total
		G.O. Improvement	Municipal State-aid	Improvement Construction		
Nonspendable						
Inventory	\$ 206,790	\$ -	\$ -	\$ -	\$ -	\$ 206,790
Prepaid Items	4,475	-	-	-	-	4,475
Advances to Other Funds	455,186	-	-	-	-	455,186
Total nonspendable	666,451	-	-	-	-	666,451
Restricted for:						
Debt Service	-	15,695,966	-	-	9,900,787	25,596,753
Arenas capital improvements	-	-	-	-	262,026	262,026
Public improvements	-	-	4,871,982	6,477,347	-	11,349,329
Public safety equipment	5,000	-	-	-	20,566	25,566
Park development	-	-	-	-	8,773,451	8,773,451
Tax increment	-	-	-	-	159,773	159,773
Public communications	-	-	-	-	150,531	150,531
Special Service District	-	-	-	-	25,355	25,355
Total Restricted	5,000	15,695,966	4,871,982	6,477,347	19,292,489	46,342,784
Committed for:						
Public buildings	-	-	-	-	1,576,264	1,576,264
Pavement management	-	-	-	-	1,019,680	1,019,680
Storm water infrastructure	-	-	-	-	9,780,750	9,780,750
Water trunk system	-	-	-	-	15,523,714	15,523,714
Sanitary sewer trunk system	-	-	-	-	11,689,671	11,689,671
Trail improvement	-	-	-	-	308,879	308,879
Park improvement	-	-	-	-	353,103	353,103
Capital acquisitions	-	-	-	-	2,535,864	2,535,864
Technology equipment	-	-	-	-	441,768	441,768
Public communications	-	-	-	-	1,004,296	1,004,296
Total Committed	-	-	-	-	44,233,989	44,233,989
Assigned for:						
Subsequent year budget	2,493,300	-	-	-	-	2,493,300
Unassigned (Deficit)	20,821,071	-	-	(462,609)	(531,174)	19,827,288
Total	\$ 23,985,822	\$ 15,695,966	\$ 4,871,982	\$ 6,014,738	\$ 62,995,304	\$ 113,563,812

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 9,425,863	\$ -
Storm sewer	7,080,654	-
Parks	2,033,144	-
Water	-	6,843,942
Sanitary sewer	-	7,250,734
Total	<u>\$ 18,539,661</u>	<u>\$ 14,094,676</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 ownership of liquor store 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 liquor fund. The City's enterprise utility fund and liquor 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	\$ 2,202,811
Sanitary sewer	701,372
Total	<u>\$ 2,904,183</u>
<u>From Governmental Activities</u>	<u>Enterprise Liquor Fund</u>
New Liquor Store Building	\$ 6,020,407

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 STEWARDSHIP AND ACCOUNTABILITY

The capital projects tax abatement fund had a deficit fund balance of \$454,952 as of December 31, 2021 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 park referendum bonds fund had a deficit unassigned fund balance of \$48,701 as of December 31, 2021 as a result of paying for parks capital expenditures in 2021. It is anticipated that the deficit will be financed by future tax levies and transfers from other funds.

Although total fund balance was positive, the improvement construction fund has a deficit unassigned fund balance of \$462,609 as of December 31, 2021 as a result of paying for capital expenditures for projects for which no debt has been issued yet. It is anticipated that the deficit will be financed by future bond proceeds, intergovernmental revenues, special assessments, and transfers from other funds.

The American Rescue Plan Fund had a deficit fund balance of \$14,204 as of December 31, 2021 due to a negative adjustment for the change in fair value of investment being allocated to the fund while the entire receipts of grant funds is currently in unearned revenues due to the funds not being expended yet. The deficit will be finance by future positive investment returns or transfers from other funds.

Although total fund balance was positive, the arenas capital reserve fund has a deficit unassigned fund balance of \$13,317 as of December 31, 2021 as a result of nonbonded capital expenditures exceeding the related revenues. It is anticipated that the deficit will be financed by future donations or transfers from other funds.

Expenditures exceed budgeted amounts in the economic development special revenues fund in the amount of \$81 at December 31, 2021. The overages were considered by City management to be the result of necessary expenditures critical to operations approved by the City Council.

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, 2021, the capital projects fund tax abatement fund had a payable of \$455,186 to the general fund to finance a long-term cash deficit. The amounts will be repaid with future tax revenues. Also, the water trunk nonmajor capital project fund has \$562,003 due from the improvement construction capital project fund for the Glacier Way improvement project constructed in 2021 (CP21-21). Two other entities are being assessed for the bulk of the costs, to be repaid in future years. The amount of the loan will be reduced by special assessment payments received each year.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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:	Transfers To:							Total
	General Fund	Debt Service	Capital Projects		Nonmajor Govntl. Funds	Enterprise		
		G.O. Improvement	Muni State-aid	Improv. Constr.		Utility	Internal Service Fund	
General Fund	\$ -	\$ -	\$ -	\$ 160,070	\$ 3,155,000	\$ 200,000	\$ 200,000	\$ 3,715,070
G.O. Improvement Bonds	-	-	-	-	-	-	-	-
Improv. Const. (CP)	-	1,521,004	-	-	-	-	-	1,521,004
Nonmajor Govntl. Funds	84,920	-	1,754,060	14,391	647,336	-	-	2,500,707
Total	84,920	1,521,004	1,754,060	174,461	3,802,336	200,000	200,000	7,736,781
Enterprise - Liquor	165,075	-	-	-	931,750	-	-	1,096,825
Enterprise - Utility	576,435	526,569	-	-	49,900	-	-	1,152,904
Internal Service Fund	50,000	-	-	-	-	-	-	50,000
Total	\$ 876,430	\$ 2,047,573	\$ 1,754,060	\$ 174,461	\$ 4,783,986	\$ 200,000	\$ 200,000	\$ 10,036,510
	(1)	(2)	(3)	(4)	(5)(6)	(7)	(8)	

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, (Ent) 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)	\$ 84,920	Public communications and budgeted transfers
Liquor (Ent)	165,075	City hall overhead costs
Utility (Ent)	576,435	City hall overhead costs
Municipal Reserve (IS)	50,000	City hall overhead costs
Total	\$ 876,430	

- (2) The total transfer to the debt service G.O. improvement fund was provided by the following funds mainly to transfer back excess bond proceeds and related to the City improvements projects whereby user fees are pledged towards the improvement bonds debt service requirements.

Fund	Amount	Description
Improvement Construction fund	\$ 1,521,004	Excess bond proceeds on street projects moved back to respective debt service fund
Utility (Ent)	526,569	Total transfer to the DS GO Improvement Fund provided by the enterprise utility fund related to the City improvement projects whereby user fees are pledged towards the improvement bonds debt service requirements.
Total	\$ 2,047,573	

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 INTERFUND TRANSFERS (CONTINUED)

(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:

(3) From:	Amount
Storm water (CP)	\$ 753,539
Water (CP)	783,408
Sanitary Sewer (CP)	217,113
Total Muni State-aid	\$ 1,754,060

(4) The total transfer to the capital projects fund improvement construction of (\$174,461) was provided by the following governmental funds to finance various road construction projects:

(4) From:	Amount	Description
General	\$ 160,070	Transfer of excess internal engineering revenues to future street projects
Water (CP)	14,391	CP21-21 Glacier Way Improvements transfer from Water Trunk Fund
Total improv. const.	\$ 174,461	

(5) The total transfer to nonmajor governmental funds (\$3,802,336) was provided by the following governmental funds:

From:	Amount	Description
General fund	\$ 1,400,000	Equipment Fund (CP) for future equipment purchases
General fund	250,000	SMALL BUSINESS GRANTS (SR) for small business grants in 2021
General fund	350,000	Park Improvement (CP) for future park improvements identified in CIP
General fund	200,000	Trail Improvement (CP) for future park improvements identified in CIP
General fund	355,000	Technology Fund (CP) for future technology purchases/costs
General fund	600,000	Building Fund (CP) for future building-related costs
	3,155,000	
Communications fund (SR)	5,000	Technology Fund (CP) for future technology-equipment purchases
Arenas capital projects (CP)	30,686	Reimbursement to 2020A tax abatement bonds (DSF) for payments received from associations/donations
Water (CP)	611,650	Water revenue (DS) for debt service requirements
	647,336	
Total other govt.	\$ 3,802,336	

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 INTERFUND TRANSFERS (CONTINUED)

(6) The total transfer to the nonmajor governmental funds was provided by the enterprise liquor fund (\$931,750) and the enterprise utility fund (\$49,900) to finance various equipment purchases and user fees pledged towards debt service payments.

From:	Amount	Description
Liquor (Ent)	\$ 500,000	Equipment Fund (CP) for future equipment purchases
Liquor (Ent)	31,300	Technology Fund (CP) for future technology-equipment purchases
		Total transfer to the DS GO Bonds Fund provided by the enterprise liquor fund related to the City improvement projects whereby user fees are pledged towards the improvement bonds debt service requirements.
Liquor (Ent)	400,450	
Total other govt.	<u>\$ 931,750</u>	
Utility (Ent)	31,000	Equipment Fund (CP) for future equipment purchases
Utility (Ent)	18,900	Technology Fund (CP) for future technology-equipment purchases
	<u>\$ 49,900</u>	

(7) The total transfer to the utility enterprise fund from the general fund (\$200,000) was used to finance Environmental Resources activities of the Utility (Ent) for future Emerald Ash Borer program costs.

(8) The total transfer to the internal service funds from the general fund (\$200,000) was used to finance the Compensated Leave Fund (ISF) for future employee severance payments.

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 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City provides postemployment insurance benefits to certain eligible employees through the City’s Other Postemployment 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.

Employees covered by benefit terms. At December 31, 2021, 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	197
Total	204

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 2021, the City contributed \$12,599 in subsidized payments and implicit payments of \$28,934 to the plan. As of December 31, 2021, there were seven retirees receiving health benefits from the City’s health plans.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Total OPEB Liability

The City's Total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 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, 2021
<u>Measurement date:</u>	January 1, 2021

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	6.25% for 2021, decreasing to 5.00% over five years
Salary increases	3.00%
Discount rate	1.93% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with MP-2020 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

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 1.93% in the current actuarial valuation, which was updated from the 3.60% used in the prior actuarial valuation.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB Liability were as follows for 2021:

	Increase (Decrease) Total OPEB Liability (a)
Balances at 12/31/20	\$ 1,322,805
Changes for the Year:	
Service Cost	92,424
Interest	49,766
Differences Between Expected and Actual Experience	(459,716)
Contributions - Employer	-
Net Investment Income	-
Benefit Payments	(66,232)
Changes in Assumptions	135,361
Net Changes	(248,397)
Balances at 12/31/21	\$ 1,074,408

The following changes in assumptions and plan provisions 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 decreased from 3.60% to 1.93%.
- Mortality Improvement Scale of MP-2019 was replaced with new Mortality Improvement Scale of MP-2020 and applied to RP-2014 Mortality tables.
- Healthcare cost trend is assumed to be 6.25% in 2021 decreasing .25% each year to an ultimate rate of 5.00% in 2026 and thereafter.
- There have been no changes in plan provisions since the prior valuation.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 one percentage point lower (0.93%) or one percentage point higher (2.93%) than the current discount rate:

	1% Decrease (0.93)%	Discount Rate (1.93)%	1% Increase (2.93)%
Total OPEB Liability (Asset)	\$ 1,162,524	\$ 1,074,408	\$ 991,554

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 one percentage point lower (5.25% decreasing to 4.00%) or one percentage point higher (7.25% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (5.25% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.00%)	1% Increase (7.25% Decreasing to 6.00%)
Total OPEB liability (asset)	\$ 948,124	\$ 1,074,408	\$ 1,225,159

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$118,085. At December 31, 2021, 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	\$ 156,362	\$ 517,295
Changes of Assumptions	122,090	-
Contributions After Measurement Date and Before the Reporting Date	41,533	-
Total	\$ 319,985	\$ 517,295

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
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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 \$41,533 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to postemployment benefits will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2022	\$ (24,105)
2023	(24,105)
2024	(24,105)
2025	(24,105)
2026	(24,105)
Thereafter	(118,318)

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 is 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
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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 2021 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2021 were \$987,086, which was equal to the required contribution as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$1,172,597. 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, 2021, the City reported a liability of \$7,507,448 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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$229,302.

The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1758% at the end of the measurement period and 0.1701% for the beginning of the period.

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

D. Pension Costs (Continued)

1. GERS Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$	7,507,448
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		229,302
Total	\$	<u>7,736,750</u>

For the year ended December 31, 2021, the City recognized pension expense of \$301,547 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$18,501 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of the General Employees 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	\$ 46,124	\$ 229,749
Changes in Actuarial Assumptions	4,583,892	166,069
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,501,767
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	478,166	-
City Contributions Subsequent to the Measurement Date	540,521	-
Total	<u>\$ 5,648,703</u>	<u>\$ 6,897,585</u>

A total of \$540,521 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, 2022. 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
2022	\$ (126,455)
2023	82,232
2024	28,192
2025	(1,773,372)
2026	-

CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$4,490,879 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5818% at the end of the measurement period and 0.5668% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The state of Minnesota is included as a nonemployer 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 \$9 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 June 30, 2021, the City recognized a reduction in pension expense of \$205,394 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$36,771 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 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 \$52,362 for the year ended December 31, 2021 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, 2021**

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$	4,490,879
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		201,912
Total	\$	<u>4,692,791</u>

At December 31, 2021, 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	\$ 862,525	\$ -
Changes in Actuarial Assumptions	6,600,419	2,467,461
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	8,580,933
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	511,705	301,047
City Contributions Subsequent to the Measurement Date	706,012	-
Total	<u>\$ 8,680,661</u>	<u>\$ 11,349,441</u>

A total of \$706,012 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, 2022. 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
2022	\$ (2,960,516)
2023	(463,663)
2024	(524,934)
2025	(912,204)
2026	1,486,525

3. Pension Totals

The total pension expense, net pension liability, deferred inflows and deferred outflows of resources, and net pension assets for all plans in which the City participates are summarized below:

	GERF	PEPFF	Fire Relief	Total
Net Pension Liability	\$ 7,507,448	\$ 4,490,879	N/A	\$ 11,998,327
Deferred Inflows of Resources	6,897,585	11,349,441	\$ 2,982,837	21,229,863
Deferred Outflows of Resources	5,648,703	8,680,661	309,894	14,639,258
Pension Expense	320,048	(168,623)	(577,431)	(426,006)
Net Pension Asset	N/A	N/A	6,446,775	6,446,775

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

E. Long-term Expected Return

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

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

F. Actuarial Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. 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 most recent four-year experience study for the Police and Fire was completed in 2020 was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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.

H. 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 one percentage point lower or one percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Description			
City's Proportionate Share of the GERF Net Pension Liability	\$ 15,311,361	\$ 7,507,448	\$ 1,103,861
PEPFF PENSION LIABILITY			
Description	1% Decrease in Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 14,257,783	\$ 4,490,879	\$ (3,515,561)

I. Pension Plan Fiduciary Net Position

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

NOTE 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 18 DEFINED CONTRIBUTION PLAN (CONTINUED)

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	
2021	\$ 2,841	\$ 2,841	5%	5%	5%

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, 2021, the plan covered 90 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

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 seven 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 seven 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.

The City contributed state of Minnesota fire aid of \$434,690 to the plan on behalf of the Department for the year ended December 31, 2021, 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, 2021 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, 2021, the City reported a net pension liability (asset) of (\$6,446,775) for the plan. The net pension liability (asset) was measured as of December 31, 2021. 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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 19 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

D. Pension Costs (Continued)

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, 2021	\$ 7,416,917	\$ 12,431,782	\$ (5,014,865)
Changes for the year:			
Service cost	428,876	-	428,876
Interest on pension liability (asset)	429,588	-	429,588
Difference between expected and actual economic experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions (employer)	-	-	-
Contributions (state)	-	434,690	(434,690)
Net investment income	-	1,871,403	(1,871,403)
Benefit payments	(749,411)	(749,411)	-
Administrative costs	-	(15,719)	15,719
Total net changes	<u>109,053</u>	<u>1,540,963</u>	<u>(1,431,910)</u>
Ending balance - December 31, 2021	<u>\$ 7,525,970</u>	<u>\$ 13,972,745</u>	<u>\$ (6,446,775)</u>

For the year ended December 31, 2021, the City recognized a reduction pension expense of \$577,431.

At December 31, 2021, 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	\$ 309,894	\$ 56,773
Difference between expected and actual experience	-	1,014,709
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	1,911,355
Total	<u>\$ 309,894</u>	<u>\$ 2,982,837</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>	Pension Expense Amount
2022	\$ (635,315)
2023	(821,964)
2024	(552,526)
2025	(345,756)
2026	(111,099)
Thereafter	(206,283)

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

E. Actuarial Assumptions

The total pension liability at December 31, 2021 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 seven 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	1.93%

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%)			<u>5.75 %</u>

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	\$ (6,230,506)	\$ (6,446,775)	\$ (6,656,571)

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

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.

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 requirements 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 five 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 three of the five 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. One of the agreements calls for 90% if the property tax increments collected to be returned to the developers. The City will retain 10% for administrative fees for the periods of time specified the agreement. One of the agreements calls for 80% if the property tax increments collected to be returned to the developers. The City will retain 20% for administrative fees for the periods of time specified the agreement. For the year ended December 31, 2021, the City paid excess tax increment in the amount of \$491,234. No other commitments were made by the City as part of these agreements.

CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 23 SUBSEQUENT EVENTS

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

The General Obligation Refunding Bonds, Series 2022A were issued in the amount of \$13,240,000, dated January 6, 2022, pursuant to Minnesota Statutes, Sections 475.521 and 475.58, Subdivision 3b and Chapters 429 and 475, as amended. Proceeds of the Bonds will be used to current refund the February 1, 2023 through February 1, 2033 maturities, totaling \$1,860,000 in principal, of the City's General Obligation Improvement Bonds, Series 2012A on February 1, 2022; to current refund the February 1, 2023 through February 1, 2030 maturities, totaling \$11,990,000 in principal, of the City's General Obligation Refunding Bonds, Series 2012B on February 1, 2022; to current refund the February 1, 2023 through February 1, 2034 maturities, totaling \$1,800,000 in principal, of the City's General Obligation Improvement Bonds, Series 2013A on February 1, 2022; and to pay costs associated with issuance of the Bonds. The bonds are general obligations of the City and are payable from special assessments levied against benefitted properties and ad valorem taxes.

The Taxable General Obligation Bonds, Series 2022B were issued in the amount of \$9,570,000, dated April 5, 2022, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 and Chapter 475, as amended, and a voter referendum held on November 2, 2021, which passed by a vote of 7,346 (yes) to 4,681 (no). Proceeds of the Bonds will be used to full net advance refund the February 1, 2023 through February 1, 2032 maturities, totaling \$4,920,000 in principal, of the Housing and Redevelopment Authority of the City of Lakeville, Minnesota Lease Revenue Refunding Bonds (Ice Arena Project), Series 2016A; to finance the construction of an outdoor refrigerated covered ice rink at Hasse Arena; and to pay costs associated with issuance of the Bonds. The bonds are general obligations of the City and are payable from an abatement levy and ad valorem taxes.

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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, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes				
General property taxes:				
Current	\$ 20,737,534	\$ 21,042,084	\$ 20,838,888	\$ (203,196)
Delinquent	146,156	146,156	289,096	142,940
Fiscal Disparities	3,296,213	3,296,213	3,268,592	(27,621)
Mobile Home Tax	47,825	47,825	59,987	12,162
Gravel Tax	5,000	5,000	4,932	(68)
Total property taxes	<u>24,232,728</u>	<u>24,537,278</u>	<u>24,461,495</u>	<u>(75,783)</u>
Licenses and permits	2,611,289	2,743,179	4,446,972	1,703,793
Intergovernmental				
Market value homestead credit	-	-	7,053	7,053
State-aid police	540,000	540,000	536,233	(3,767)
State-aid fire	410,000	431,690	431,690	-
State-aid PERA	-	-	126,057	126,057
State police and fire grants	46,091	46,091	97,140	51,049
State other grants	15,200	15,200	7,707	(7,493)
Federal other grants	74,620	94,120	212,348	118,228
Total intergovernmental	<u>1,085,911</u>	<u>1,127,101</u>	<u>1,418,228</u>	<u>291,127</u>
Charges for services				
General government	317,334	317,334	368,834	51,500
Public safety	547,672	547,672	616,597	68,925
Public works	857,752	915,615	1,829,199	913,584
Parks and recreation	849,592	892,592	885,730	(6,862)
Total charges for services	<u>2,572,350</u>	<u>2,673,213</u>	<u>3,700,360</u>	<u>1,027,147</u>
Special assessments	-	-	940	940
Fines	156,000	156,000	200,942	44,942
Investment income				
Interest Income	174,000	174,000	208,895	34,895
Increase (Decrease in Fair Market Value)	-	-	(396,891)	(396,891)
Total investment income	<u>174,000</u>	<u>174,000</u>	<u>(187,996)</u>	<u>(361,996)</u>
Donations	27,062	62,812	81,242	18,430
Miscellaneous	54,128	54,128	55,670	1,542
Total revenues	<u>30,913,468</u>	<u>31,527,711</u>	<u>34,177,853</u>	<u>2,650,142</u>

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES				
General government				
Mayor and council				
Personnel services	\$ 62,561	\$ 62,561	\$ 60,556	\$ (2,005)
Commodities	50	50	-	(50)
Other charges and services	67,428	72,428	70,031	(2,397)
Total mayor and council	<u>130,039</u>	<u>135,039</u>	<u>130,587</u>	<u>(4,452)</u>
Committees/commissions				
Personnel services	59,207	59,207	59,717	510
Commodities	2,530	2,530	1,668	(862)
Other charges and services	45,275	45,275	34,270	(11,005)
Total committees/commissions	<u>107,012</u>	<u>107,012</u>	<u>95,655</u>	<u>(11,357)</u>
City administration				
Personnel services	480,872	480,872	487,191	6,319
Commodities	1,600	1,600	237	(1,363)
Other charges and services	19,384	52,734	47,120	(5,614)
Total city administration	<u>501,856</u>	<u>535,206</u>	<u>534,548</u>	<u>(658)</u>
City clerk				
Personnel services	129,470	151,470	151,180	(290)
Commodities	300	300	160	(140)
Other charges and services	33,308	41,758	29,622	(12,136)
Total city clerk	<u>163,078</u>	<u>193,528</u>	<u>180,962</u>	<u>(12,566)</u>
Legal counsel				
Other charges and services	99,783	99,783	86,682	(13,101)
Planning				
Personnel services	587,617	587,617	578,278	(9,339)
Commodities	2,006	2,006	1,612	(394)
Other charges and services	13,845	13,845	15,704	1,859
Total planning	<u>603,468</u>	<u>603,468</u>	<u>595,594</u>	<u>(7,874)</u>
Community and economic development				
Personnel services	340,712	340,712	340,267	(445)
Commodities	275	275	39	(236)
Other charges and services	61,874	61,874	61,361	(513)
Total community and economic development	<u>402,861</u>	<u>402,861</u>	<u>401,667</u>	<u>(1,194)</u>
Inspections				
Personnel services	1,188,084	1,359,824	1,301,524	(58,300)
Commodities	13,410	13,410	16,211	2,801
Other charges and services	291,236	354,736	358,276	3,540
Capital Outlay	25,290	25,290	-	(25,290)
Total inspections	<u>1,518,020</u>	<u>1,753,260</u>	<u>1,676,011</u>	<u>(77,249)</u>

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General government (continued)				
General government facilities				
Personnel services	\$ 422,731	\$ 422,731	\$ 381,888	\$ (40,843)
Commodities	24,553	24,553	13,929	(10,624)
Other charges and services	225,095	244,595	234,313	(10,282)
Total general government facilities	<u>672,379</u>	<u>691,879</u>	<u>630,130</u>	<u>(61,749)</u>
Finance				
Personnel services	779,116	779,116	788,304	9,188
Commodities	2,175	2,175	1,969	(206)
Other charges and services	108,335	177,565	167,817	(9,748)
Total finance	<u>889,626</u>	<u>958,856</u>	<u>958,090</u>	<u>(766)</u>
Information technology				
Personnel services	501,500	501,500	503,405	1,905
Commodities	3,800	3,800	4,479	679
Other charges and services	380,071	414,821	402,042	(12,779)
Total information technology	<u>885,371</u>	<u>920,121</u>	<u>909,926</u>	<u>(10,195)</u>
Human resources				
Personnel services	450,823	450,823	459,828	9,005
Commodities	2,825	2,825	1,677	(1,148)
Other charges and services	134,411	134,411	120,283	(14,128)
Total human resources	<u>588,059</u>	<u>588,059</u>	<u>581,788</u>	<u>(6,271)</u>
Insurance coverage				
Other charges and services	<u>285,000</u>	<u>365,000</u>	<u>365,000</u>	<u>-</u>
Total general government	6,846,552	7,354,072	7,146,640	(207,432)
Public safety				
Police				
Personnel services	10,277,749	10,277,749	10,478,858	201,109
Commodities	404,559	404,559	389,994	(14,565)
Other charges and services	2,260,115	2,260,115	2,123,799	(136,316)
Capital Outlay	-	35,750	35,668	(82)
Total police	<u>12,942,423</u>	<u>12,978,173</u>	<u>13,028,319</u>	<u>50,146</u>
Fire Protection				
Personnel services	1,791,327	1,830,667	1,839,502	8,835
Commodities	145,051	145,051	172,407	27,356
Other charges and services	324,430	324,430	278,487	(45,943)
Total fire protection	<u>2,260,808</u>	<u>2,300,148</u>	<u>2,290,396</u>	<u>(9,752)</u>
Total public safety	15,203,231	15,278,321	15,318,715	40,394

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Works				
Engineering				
Personnel services	\$ 937,363	\$ 937,363	\$ 863,363	\$ (74,000)
Commodities	10,412	10,412	3,855	(6,557)
Other charges and services	112,193	112,193	89,897	(22,296)
Total engineering	<u>1,059,968</u>	<u>1,059,968</u>	<u>957,115</u>	<u>(102,853)</u>
Construction services				
Personnel services	561,229	561,229	539,983	(21,246)
Commodities	9,474	9,474	8,949	(525)
Other charges and services	13,853	13,853	8,081	(5,772)
Total construction services	<u>584,556</u>	<u>584,556</u>	<u>557,013</u>	<u>(27,543)</u>
Street maintenance				
Personnel services	2,462,791	2,462,791	2,285,724	(177,067)
Commodities	887,150	949,535	884,434	(65,101)
Other charges and services	319,856	319,856	303,642	(16,214)
Total street maintenance	<u>3,669,797</u>	<u>3,732,182</u>	<u>3,473,800</u>	<u>(258,382)</u>
Total public works	5,314,321	5,376,706	4,987,928	(388,778)
Parks and recreation				
Park maintenance				
Personnel services	2,136,709	2,136,709	2,038,134	(98,575)
Commodities	291,976	291,976	284,912	(7,064)
Other charges and services	551,367	551,367	634,074	82,707
Total park maintenance	<u>2,980,052</u>	<u>2,980,052</u>	<u>2,957,120</u>	<u>(22,932)</u>
Recreation				
Personnel services	469,927	469,927	475,232	5,305
Commodities	24,945	24,945	29,325	4,380
Other charges and services	280,260	323,260	313,088	(10,172)
Capital Outlay	1,400	6,400	5,645	(755)
Total recreation	<u>776,532</u>	<u>824,532</u>	<u>823,290</u>	<u>(1,242)</u>
Heritage center				
Personnel services	69,676	69,676	71,691	2,015
Commodities	14,400	14,400	6,491	(7,909)
Other charges and services	55,188	55,188	40,473	(14,715)
Total heritage center	<u>139,264</u>	<u>139,264</u>	<u>118,655</u>	<u>(20,609)</u>
Arts center				
Personnel services	383,191	383,191	373,265	(9,926)
Commodities	32,850	57,850	89,142	31,292
Other charges and services	214,030	214,030	130,562	(83,468)
Total arts center	<u>630,071</u>	<u>655,071</u>	<u>592,969</u>	<u>(62,102)</u>
Total parks and recreation	4,525,919	4,598,919	4,492,034	(106,885)
Other				
	-	98,500	-	(98,500)
Total expenditures	<u>31,890,023</u>	<u>32,706,518</u>	<u>31,945,317</u>	<u>(761,201)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(976,555)	(1,178,807)	2,232,536	3,411,343

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCE SOURCES (USES)				
Transfers In From:				
Special Revenue - Communications Fund	\$ 84,920	\$ 84,920	\$ 84,920	\$ -
Enterprise - Liquor Fund	165,075	165,075	165,075	-
Enterprise - Utility Fund	576,435	576,435	576,435	-
Internal Service - Municipal Reserves Fund	50,000	50,000	50,000	-
Transfers Out To:				
Special Revenue - Small Business Grant Fund	-	(250,000)	(250,000)	-
Capital Projects - Technology Fund	-	(355,000)	(355,000)	-
Capital Projects - Park Improvement Fund	-	(350,000)	(350,000)	-
Capital Projects - Trail Improvement Fund	-	(200,000)	(200,000)	-
Capital Projects - Building Fund	(600,000)	(600,000)	(600,000)	-
Capital Projects - Improvement Construction Fund	-	(160,070)	(160,070)	-
Capital Projects - Equipment Fund	(725,000)	(1,400,000)	(1,400,000)	-
Enterprise - Utility Fund	-	(200,000)	(200,000)	-
Internal Service - Compensated Liability Fund	-	(200,000)	(200,000)	-
Total Other Finance Sources (Uses)	<u>(448,570)</u>	<u>(2,838,640)</u>	<u>(2,838,640)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,425,125)</u>	<u>\$ (4,017,447)</u>	(606,104)	<u>\$ 3,411,343</u>
FUND BALANCES				
Beginning of Year			24,739,629	
Change in Supplies - Inventory			<u>(147,703)</u>	
End of Year			<u>\$ 23,985,822</u>	

**CITY OF LAKEVILLE
GENERAL FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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, 2021**

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

	Measurement Date						
	6/30/2021	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	0.1758%	0.1701%	0.1633%	0.1632%	0.1585%	0.1544%	0.1540%
City's Proportionate Share of the Net Pension Liability	\$ 7,507,448	\$ 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	229,302	314,577	280,654	297,059	127,203	-	-
Total	\$ 7,736,750	\$ 10,512,849	\$ 9,309,145	\$ 9,350,726	\$ 10,245,738	\$ 12,536,514	\$ 7,981,079
City's Covered Payroll	\$ 12,645,032	\$ 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	59.37%	84.05%	77.53%	82.52%	99.07%	130.97%	88.22%
Percentage of Its Covered Payroll	87.00%	79.06%	80.20%	79.53%	75.90%	68.90%	78.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability							

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

**GERF Schedule of City Contributions
Last Seven Fiscal Years***

	Fiscal Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 987,086	\$ 990,259	\$ 896,894	\$ 847,485	\$ 791,612	\$ 741,919	\$ 705,189
Contributions in Relation to the Statutorily Required Contribution	(987,086)	(990,259)	(896,894)	(847,485)	(791,612)	(741,919)	(705,189)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 13,161,147	\$ 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%	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 10-year trend. Additional years will be reported as they become available.

**CITY OF LAKEVILLE
PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2021**

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

	Measurement Date						
	6/30/2021	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	0.5818%	0.5668%	0.5900%	0.5693%	0.5490%	0.5620%	0.5320%
City's Proportionate Share of the Net Pension Liability	\$ 4,490,879	\$ 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	201,912	175,988	-	-	-	-	-
Total	<u>\$ 4,692,791</u>	<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	\$ 6,888,492	\$ 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	65.19%	116.73%	100.63%	101.07%	131.53%	415.85%	124.10%
Percentage of Its Covered Payroll	93.66%	87.19%	89.30%	88.84%	85.40%	63.90%	86.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability							

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

**PEPFF Schedule of City Contributions
Last Seven Fiscal Years***

	Fiscal Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,172,597	\$ 1,173,052	\$ 1,066,319	\$ 999,032	\$ 942,349	\$ 904,571	\$ 845,144
Contributions in Relation to the Statutorily Required Contribution	(1,172,597)	(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>	<u>\$ -</u>
City's Covered Payroll	\$ 6,624,842	\$ 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%	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 10-year trend. Additional years will be reported as they become available.

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS
DECEMBER 31, 2021

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS
DECEMBER 31, 2021

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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, 2021

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

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS
DECEMBER 31, 2021

Police and Fire Fund (Continued)

Changes in Actuarial Assumptions (Continued):

2021 Changes (Continued)

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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.

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.

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS
DECEMBER 31, 2021

Police and Fire Fund (Continued)

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.

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.

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS
DECEMBER 31, 2021

Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 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, 2021**

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (TPL)							
Service Cost	\$ 428,876	\$ 356,038	\$ 319,546	\$ 255,975	\$ 231,712	\$ 270,846	\$ 223,785
Interest	429,588	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	(749,411)	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Net Change in Total Pension Liability	109,053	962,907	880,053	402,575	493,267	(150,892)	635,499
Total Pension Liability - Beginning	7,416,917	6,454,010	5,573,957	5,171,382	4,678,115	4,829,007	4,193,508
Total Pension Liability - Ending (a)	7,525,970	7,416,917	6,454,010	5,573,957	5,171,382	4,678,115	4,829,007
Plan Fiduciary Net Position							
Municipal Contributions	-	-	-	-	-	-	-
State Contributions	434,690	409,568	379,598	367,701	351,635	348,276	338,889
Net Investment Income	1,871,403	1,715,829	1,904,143	(314,875)	1,175,892	551,474	39,474
Benefit Payments, including refunds of member contributions	(749,411)	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Administrative Expenses	(15,719)	(10,634)	(12,474)	(12,042)	(11,579)	(9,817)	(11,292)
Other	-	-	-	-	-	-	(40)
Net Change in Fiduciary Net Position	1,540,963	1,864,985	2,067,332	(561,512)	1,239,326	342,692	156,215
Fiduciary Net Position - Beginning	12,431,782	10,566,797	8,499,465	9,060,977	7,821,651	7,478,959	7,322,744
Fiduciary Net Position - Ending (b)	13,972,745	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)	\$ (6,446,775)	\$ (5,014,865)	\$ (4,112,787)	\$ (2,925,508)	\$ (3,889,595)	\$ (3,143,536)	\$ (2,649,952)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	185.66%	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	N/A
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	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

	2021	2020	2019	2019	2017	2016	2015
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 10-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, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 92,424	\$ 90,590	\$ 89,732	\$ 48,551
Interest	49,766	46,760	48,182	34,601
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(459,716)	-	87,715	-
Changes of Assumptions	135,361	-	-	-
Benefit Payments	(66,232)	(51,097)	(50,869)	(42,312)
Net Change in Total OPEB Liability	(248,397)	86,253	174,760	40,840
Total OPEB Liability - Beginning	1,322,805	1,236,552	1,061,792	1,020,952
Total OPEB Liability - Ending	<u>\$ 1,074,408</u>	<u>\$ 1,322,805</u>	<u>\$ 1,236,552</u>	<u>\$ 1,061,792</u>
Total OPEB Liability	\$ 1,074,408	\$ 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%	0.00%
Covered Employee Payroll	\$ 17,204,233	\$ 14,711,089	\$ 14,711,089	\$ 15,084,789
City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	6.25%	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 10-year trend. Additional years will be reported as they become available.

Notes to Schedule:

Valuation date: 1/1/2021

Measurement date: 1/1/2021

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	6.25% for 2021, decreasing to 5.00% over 5 years
Salary increases	3.00%
Discount rate	1.93% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with MP-2020 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

2021 Changes

Changes in Actuarial Assumptions:

- Discount rate of 3.60% was updated to 1.93%.
- Mortality Improvement Scale of MP-2019 was replaced with new Mortality Improvement Scale of MP-2020 and applied to RP-2014 Mortality tables.
- Healthcare cost trend is assumed to be 6.25% in 2021 decreasing .25% each year to an ultimate rate of 5.00% in 2026 and thereafter.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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.

American Rescue Plan Fund

This fund accounts for American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding received from the Federal Department of Treasury in response to the COVID-19 pandemic and the related expenditure of those grant funds.

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.

(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.

(continued)

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

Park Improvement Fund

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

Park Referendum Bonds Fund

This fund accounts for the accumulation and disbursement of funds for the construction of the park projects approved by the referendum.

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.

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, 2021**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 3,744,165	\$ 9,272,953	\$ 52,377,504	\$ 65,394,622
Investments held by trustee	-	907,336	-	907,336
Receivables:				
Interest receivable	2,881	45,151	218,756	266,788
Special assessments				
Delinquent	-	-	2,995	2,995
Deferred	-	249,345	104,281	353,626
Other	-	-	181,967	181,967
Accounts receivable	168,621	-	636,193	804,814
Leases receivable	-	1,570,000	-	1,570,000
Advances to other funds	-	-	562,003	562,003
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,915,667</u>	<u>\$ 12,044,785</u>	<u>\$ 54,083,699</u>	<u>\$ 70,044,151</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Salaries payable	\$ 8,875	\$ -	\$ -	\$ 8,875
Accounts payable	21,427	25,626	367,954	415,007
Due from other funds	-	-	-	-
Advances from other funds	-	-	455,186	455,186
Contracts payable	-	-	276,940	276,940
Deposits payable	-	-	114,460	114,460
Unearned revenue	2,719,387	300,400	21,377	3,041,164
Total Liabilities	<u>2,749,689</u>	<u>326,026</u>	<u>1,235,917</u>	<u>4,311,632</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	-	247,972	289,243	537,215
Unavailable revenue - other	-	1,570,000	630,000	2,200,000
Total Deferred Inflows of Resources	<u>-</u>	<u>1,817,972</u>	<u>919,243</u>	<u>2,737,215</u>
FUND BALANCE				
Restricted	175,886	9,900,787	9,215,816	19,292,489
Committed	1,004,296	-	43,229,693	44,233,989
Unassigned (Deficit)	(14,204)	-	(516,970)	(531,174)
Total Fund Balance	<u>1,165,978</u>	<u>9,900,787</u>	<u>51,928,539</u>	<u>62,995,304</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,915,667</u>	<u>\$ 12,044,785</u>	<u>\$ 54,083,699</u>	<u>\$ 70,044,151</u>

**CITY OF LAKEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUE				
Property taxes:				
Current and delinquent	\$ -	\$ 3,906,883	\$ 1,680,000	\$ 5,586,883
Tax increment	-	483,908	553,923	1,037,831
Licenses and permits	634,508	-	-	634,508
Intergovernmental revenue:				
Municipal state-aid	-	416,754	120,000	536,754
County and local grants	-	-	206,735	206,735
Charges for services	56,148	346,717	12,770,236	13,173,101
Special assessments	-	82,629	26,034	108,663
Interest income	23,523	60,193	506,529	590,245
Change in fair value of investments	(47,684)	(121,954)	(1,026,298)	(1,195,936)
Donations	-	-	187,656	187,656
Miscellaneous	-	-	518,528	518,528
Total Revenue	<u>666,495</u>	<u>5,175,130</u>	<u>15,543,343</u>	<u>21,384,968</u>
EXPENDITURES				
Current:				
General government	804,248	-	-	804,248
Capital Outlay:				
General government	58,674	-	792,594	851,268
Public safety	-	-	1,105,016	1,105,016
Public works	-	-	3,982,657	3,982,657
Culture and recreation	-	-	11,499,497	11,499,497
Debt Service:				
Principal retirement	-	4,050,000	-	4,050,000
Interest on debt	-	1,666,852	-	1,666,852
Fiscal charges	-	57,261	-	57,261
Total Expenditures	<u>862,922</u>	<u>5,774,113</u>	<u>17,379,764</u>	<u>24,016,799</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(196,427)	(598,983)	(1,836,421)	(2,631,831)
OTHER FINANCE SOURCES (USES)				
Issuance of bonds and other debt	-	-	7,770,000	7,770,000
Premium on debt Issued	-	-	313,284	313,284
Proceeds from the sale of capital assets	-	-	258,880	258,880
Transfers in from other funds	250,000	1,042,786	3,491,200	4,783,986
Transfers out to other funds	(89,920)	-	(2,410,787)	(2,500,707)
Total Other Finance Sources (Uses)	<u>160,080</u>	<u>1,042,786</u>	<u>9,422,577</u>	<u>10,625,443</u>
NET CHANGE IN FUND BALANCES	(36,347)	443,803	7,586,156	7,993,612
FUND BALANCES				
Beginning of Year	<u>1,202,325</u>	<u>9,456,984</u>	<u>44,342,383</u>	<u>55,001,692</u>
End of Year	<u>\$ 1,165,978</u>	<u>\$ 9,900,787</u>	<u>\$ 51,928,539</u>	<u>\$ 62,995,304</u>

**CITY OF LAKEVILLE
SPECIAL REVENUE FUNDS (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2021**

	Communications	Economic Development	Downtown Special Service District	Small Business Grant	American Rescue Plan	Totals
ASSETS						
Cash and investments	\$ 1,013,842	\$ -	\$ 25,355	\$ -	\$ 2,704,968	\$ 3,744,165
Interest receivable	2,666	-	-	-	215	2,881
Accounts receivable	168,621	-	-	-	-	168,621
Total Assets	\$ 1,185,129	\$ -	\$ 25,355	\$ -	\$ 2,705,183	\$ 3,915,667
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Salaries payable	\$ 8,875	\$ -	\$ -	\$ -	\$ -	\$ 8,875
Accounts payable	21,427	-	-	-	-	21,427
Unearned revenue	-	-	-	-	2,719,387	2,719,387
Total Liabilities	30,302	-	-	-	2,719,387	2,749,689
FUND BALANCE						
Restricted	150,531	-	25,355	-	-	175,886
Committed	1,004,296	-	-	-	-	1,004,296
Unassigned (Deficit)	-	-	-	-	(14,204)	(14,204)
Total Fund Balance	1,154,827	-	25,355	-	(14,204)	1,165,978
Total Liabilities and Fund Balance	\$ 1,185,129	\$ -	\$ 25,355	\$ -	\$ 2,705,183	\$ 3,915,667

**CITY OF LAKEVILLE
SPECIAL REVENUE FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

	Communications	Economic Development	Downtown Special Service District	Small Business Grant	American Rescue Plan	Totals
REVENUE						
Licenses and permits	\$ 634,508	\$ -	\$ -	\$ -	\$ -	\$ 634,508
Charges for services	56,148	-	-	-	-	56,148
Interest income	9,698	-	-	-	13,825	23,523
Change in fair value of investments	(19,655)	-	-	-	(28,029)	(47,684)
Total revenue	680,699	-	-	-	(14,204)	666,495
EXPENDITURES						
Current:						
General government	545,199	5,258	3,791	250,000	-	804,248
Capital outlay						
General government	58,674	-	-	-	-	58,674
Total expenditures	603,873	5,258	3,791	250,000	-	862,922
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	76,826	(5,258)	(3,791)	(250,000)	(14,204)	(196,427)
OTHER FINANCE SOURCES (USES)						
Transfers In	-	-	-	250,000	-	250,000
Transfers Out	(89,920)	-	-	-	-	(89,920)
Total other finance sources (uses)	(89,920)	-	-	250,000	-	160,080
NET CHANGE IN FUND BALANCES	(13,094)	(5,258)	(3,791)	-	(14,204)	(36,347)
FUND BALANCES						
Beginning of Year	1,167,921	5,258	29,146	-	-	1,202,325
End of Year	\$ 1,154,827	\$ -	\$ 25,355	\$ -	\$ (14,204)	\$ 1,165,978

**CITY OF LAKEVILLE
DEBT SERVICE FUNDS (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2021**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	HRA Revenue	Tax Abatement	General Obligation	
ASSETS							
Cash and investments	\$ 3,901,768	\$ 882,104	\$ 125	\$ 524,141	\$ 312,092	\$ 3,652,723	\$ 9,272,953
Investments held by trustee	-	-	-	606,936	-	300,400	907,336
Interest receivable	23,473	6,041	-	693	1,058	13,886	45,151
Special assessments receivable	-	-	-	-	-	249,345	249,345
Leases receivable	-	-	-	1,570,000	-	-	1,570,000
Total Assets	\$ 3,925,241	\$ 888,145	\$ 125	\$ 2,701,770	\$ 313,150	\$ 4,216,354	\$ 12,044,785
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 125	\$ 125	\$ 125	\$ 375	\$ 250	\$ 24,626	\$ 25,626
Unearned Revenue	-	-	-	-	-	300,400	300,400
Total Liabilities	125	125	125	375	250	325,026	326,026
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - special assessments	-	-	-	-	-	247,972	247,972
Unavailable revenue - leases	-	-	-	1,570,000	-	-	1,570,000
Total Deferred Inflows of Resources	-	-	-	1,570,000	-	247,972	1,817,972
FUND BALANCE							
Restricted for debt service	3,925,116	888,020	-	1,131,395	312,900	3,643,356	9,900,787
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,925,241	\$ 888,145	\$ 125	\$ 2,701,770	\$ 313,150	\$ 4,216,354	\$ 12,044,785

**CITY OF LAKEVILLE
DEBT SERVICE FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	HRA Revenue	Tax Abatement	General Obligation	
REVENUE							
Property taxes							
Current and delinquent	\$ -	\$ -	\$ -	\$ 298,275	\$ 270,443	\$ 3,338,165	\$ 3,906,883
Tax increment	483,908	-	-	-	-	-	483,908
Intergovernmental - State-aid	-	416,754	-	-	-	-	416,754
Charges for services	-	-	-	298,275	48,442	-	346,717
Special Assessments	-	-	-	-	-	82,629	82,629
Interest Income	34,348	6,290	-	1,519	1,132	16,904	60,193
Change in Fair Value of Investments	(69,635)	(12,753)	-	(3,003)	(2,293)	(34,270)	(121,954)
Total revenues	448,621	410,291	-	595,066	317,724	3,403,428	5,175,130
EXPENDITURES							
Debt Service:							
Principal bond maturities	260,000	265,000	400,000	385,000	-	2,740,000	4,050,000
Interest on debt	16,493	151,379	211,200	197,325	101,117	989,338	1,666,852
Fiscal charges	2,950	543	450	5,099	900	47,319	57,261
Total expenditures	279,443	416,922	611,650	587,424	102,017	3,776,657	5,774,113
DEFICIENCY OF REVENUE UNDER EXPENDITURES	169,178	(6,631)	(611,650)	7,642	215,707	(373,229)	(598,983)
OTHER FINANCE SOURCES							
Transfers from (to):							
Capital Projects - Water Trunk Fund	-	-	611,650	-	-	-	611,650
Capital Projects - Arenas Capital	-	-	-	-	30,686	-	30,686
Enterprise - Liquor Fund	-	-	-	-	450	400,000	400,450
Total other finance sources (uses)	-	-	611,650	-	31,136	400,000	1,042,786
NET CHANGE IN FUND BALANCES	169,178	(6,631)	-	7,642	246,843	26,771	443,803
FUND BALANCES							
Beginning of Year	3,755,938	894,651	-	1,123,753	66,057	3,616,585	9,456,984
End of Year	<u>\$ 3,925,116</u>	<u>\$ 888,020</u>	<u>\$ -</u>	<u>\$ 1,131,395</u>	<u>\$ 312,900</u>	<u>\$ 3,643,356</u>	<u>\$ 9,900,787</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUND (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2021**

ASSETS	<u>Pavement Management</u>	<u>Storm Water Infrastructure</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Park Dedication</u>	<u>Trail Improvement</u>
Cash and investments	\$ 1,143,331	\$ 9,738,166	\$ 14,921,854	\$ 11,755,956	\$ 8,839,389	\$ 303,721
Interest receivable	8,948	51,453	46,118	48,175	32,875	5,158
Accounts receivable	-	-	-	-	-	-
Advances to other funds	-	-	562,003	-	-	-
Special assessments:						
Delinquent	353	1,275	1,367	-	-	-
Deferred	-	4,055	58,751	41,475	-	-
Other	-	64,653	78,400	38,914	-	-
Total Assets	<u>\$ 1,152,632</u>	<u>\$ 9,859,602</u>	<u>\$ 15,668,493</u>	<u>\$ 11,884,520</u>	<u>\$ 8,872,264</u>	<u>\$ 308,879</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 76,129	\$ 8,869	\$ -	\$ -	\$ 51,706	\$ -
Advances from other funds	-	-	-	-	-	-
Contracts payable	56,470	-	6,261	-	46,193	-
Deposits payable	-	-	-	114,460	-	-
Unearned revenue	-	-	-	-	914	-
Total liabilities	132,599	8,869	6,261	114,460	98,813	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - special assessments	353	69,983	138,518	80,389	-	-
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	353	69,983	138,518	80,389	-	-
FUND BALANCE						
Restricted	-	-	-	-	8,773,451	-
Committed	1,019,680	9,780,750	15,523,714	11,689,671	-	308,879
Unassigned (Deficit)	-	-	-	-	-	-
Total fund balance	<u>1,019,680</u>	<u>9,780,750</u>	<u>15,523,714</u>	<u>11,689,671</u>	<u>8,773,451</u>	<u>308,879</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,152,632</u>	<u>\$ 9,859,602</u>	<u>\$ 15,668,493</u>	<u>\$ 11,884,520</u>	<u>\$ 8,872,264</u>	<u>\$ 308,879</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUND (NONMAJOR)
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2021**

Park Improvement	Park Referendum Bonds	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 361,696	\$ -	\$ 159,659	\$ -	\$ 2,678,531	\$ 441,754	\$ 416,419	\$ 1,617,028	\$ 52,377,504
788	-	329	234	16,984	14	306	7,374	218,756
-	-	-	-	-	-	630,000	6,193	636,193
-	-	-	-	-	-	-	-	562,003
-	-	-	-	-	-	-	-	2,995
-	-	-	-	-	-	-	-	104,281
-	-	-	-	-	-	-	-	181,967
<u>\$ 362,484</u>	<u>\$ -</u>	<u>\$ 159,988</u>	<u>\$ 234</u>	<u>\$ 2,695,515</u>	<u>\$ 441,768</u>	<u>\$ 1,046,725</u>	<u>\$ 1,630,595</u>	<u>\$ 54,083,699</u>
\$ 9,381	\$ 48,701	\$ 215	\$ -	\$ 118,622	\$ -	\$ -	\$ 54,331	\$ 367,954
-	-	-	455,186	-	-	-	-	455,186
-	-	-	-	-	-	168,016	-	276,940
-	-	-	-	-	-	-	-	114,460
-	-	-	-	20,463	-	-	-	21,377
<u>9,381</u>	<u>48,701</u>	<u>215</u>	<u>455,186</u>	<u>139,085</u>	<u>-</u>	<u>168,016</u>	<u>54,331</u>	<u>1,235,917</u>
-	-	-	-	-	-	-	-	289,243
-	-	-	-	-	-	630,000	-	630,000
-	-	-	-	-	-	630,000	-	919,243
-	-	159,773	-	20,566	-	262,026	-	9,215,816
353,103	-	-	-	2,535,864	441,768	-	1,576,264	43,229,693
-	(48,701)	-	(454,952)	-	-	(13,317)	-	(516,970)
<u>353,103</u>	<u>(48,701)</u>	<u>159,773</u>	<u>(454,952)</u>	<u>2,556,430</u>	<u>441,768</u>	<u>248,709</u>	<u>1,576,264</u>	<u>51,928,539</u>
<u>\$ 362,484</u>	<u>\$ -</u>	<u>\$ 159,988</u>	<u>\$ 234</u>	<u>\$ 2,695,515</u>	<u>\$ 441,768</u>	<u>\$ 1,046,725</u>	<u>\$ 1,630,595</u>	<u>\$ 54,083,699</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

	Pavement Management	Storm Water Infrastructure	Water	Sanitary Sewer	Park Dedication	Trail Improvement
REVENUE						
Property taxes						
Current	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Tax increment	-	-	-	-	-	-
Intergovernmental:						
Municipal state-aid	120,000	-	-	-	-	-
County and local grants	-	125,000	-	-	64,432	17,303
Charges for services	10,614	2,690,755	4,109,954	1,358,040	4,594,939	2,967
Special assessments	-	180	16,722	9,132	-	-
Interest income	13,406	91,813	140,342	107,788	79,165	4,310
Change in fair value of investments	(27,178)	(186,134)	(284,520)	(218,521)	(160,494)	(8,738)
Donations	-	-	-	-	88,201	-
Miscellaneous	-	-	-	-	3,900	-
Total revenues	<u>1,216,842</u>	<u>2,721,614</u>	<u>3,982,498</u>	<u>1,256,439</u>	<u>4,670,143</u>	<u>95,842</u>
EXPENDITURES						
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,762,036	956,348	430,803	166,344	-	-
Parks and recreation	-	-	-	-	2,650,669	416,531
Total expenditures	<u>1,762,036</u>	<u>956,348</u>	<u>430,803</u>	<u>166,344</u>	<u>2,650,669</u>	<u>416,531</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(545,194)	1,765,266	3,551,695	1,090,095	2,019,474	(320,689)
OTHER FINANCE SOURCES (USES)						
Issuance of Bonds and Other Debt	-	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	-
Proceeds from the Sale of Capital Assets	-	24,145	-	-	5,988	-
Transfers from (to):						
General Fund	-	-	-	-	-	200,000
Special Revenue - Communications	-	-	-	-	-	-
Debt Service - Water Revenue Bonds	-	-	(611,650)	-	-	-
Debt Service - Tax Abatement Bonds	-	-	-	-	-	-
Capital Projects - State Aid Construction	-	(753,539)	(797,799)	(217,113)	-	-
Enterprise - Liquor Fund	-	-	-	-	-	-
Enterprise - Utility Fund	-	-	-	-	-	-
Total other finance sources (uses)	<u>-</u>	<u>(729,394)</u>	<u>(1,409,449)</u>	<u>(217,113)</u>	<u>5,988</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCE	(545,194)	1,035,872	2,142,246	872,982	2,025,462	(120,689)
FUND BALANCES						
Beginning 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>
End of Year	<u>\$ 1,019,680</u>	<u>\$ 9,780,750</u>	<u>\$ 15,523,714</u>	<u>\$ 11,689,671</u>	<u>\$ 8,773,451</u>	<u>\$ 308,879</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Park Improvement	Park Referendum Bonds	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 350,000	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 1,680,000
-	-	553,923	-	-	-	-	-	553,923
-	-	-	-	-	-	-	-	120,000
-	-	-	-	-	-	-	-	206,735
2,967	-	-	-	-	-	-	-	12,770,236
-	-	-	-	-	-	-	-	26,034
5,866	-	1,367	-	25,835	3,575	19,273	13,789	506,529
(11,892)	-	(2,772)	-	(52,374)	(7,247)	(38,475)	(27,953)	(1,026,298)
-	-	-	-	-	-	80,000	19,455	187,656
27,227	-	-	-	5,063	-	7,500	474,838	518,528
374,168	-	552,518	-	128,524	(3,672)	68,298	480,129	15,543,343
-	-	496,644	13,125	-	109,231	144,928	28,666	792,594
-	-	-	-	823,705	7,139	-	274,172	1,105,016
-	-	-	-	423,532	-	-	243,594	3,982,657
761,634	48,701	-	-	274,631	-	7,197,872	149,459	11,499,497
761,634	48,701	496,644	13,125	1,521,868	116,370	7,342,800	695,891	17,379,764
(387,466)	(48,701)	55,874	(13,125)	(1,393,344)	(120,042)	(7,274,502)	(215,762)	(1,836,421)
-	-	-	-	-	-	7,770,000	-	7,770,000
-	-	-	-	-	-	313,284	-	313,284
-	-	-	-	228,747	-	-	-	258,880
350,000	-	-	-	1,400,000	355,000	-	600,000	2,905,000
-	-	-	-	-	5,000	-	-	5,000
-	-	-	-	-	-	-	-	(611,650)
-	-	-	-	-	-	(30,686)	-	(30,686)
-	-	-	-	-	-	-	-	(1,768,451)
-	-	-	-	500,000	31,300	-	-	531,300
-	-	-	-	31,000	18,900	-	-	49,900
350,000	-	-	-	2,159,747	410,200	8,052,598	600,000	9,422,577
(37,466)	(48,701)	55,874	(13,125)	766,403	290,158	778,096	384,238	7,586,156
390,569	-	103,899	(441,827)	1,790,027	151,610	(529,387)	1,192,026	44,342,383
\$ 353,103	\$ (48,701)	\$ 159,773	\$ (454,952)	\$ 2,556,430	\$ 441,768	\$ 248,709	\$ 1,576,264	\$ 51,928,539

**CITY OF LAKEVILLE
COMMUNICATIONS – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 670,366	\$ 670,366	\$ 634,508	\$ (35,858)
Intergovernmental:				
State-aid PERA	516	516	-	(516)
Charges for services	60,026	60,026	56,148	(3,878)
Interest income	3,601	3,601	9,698	6,097
Change in fair value of investments	(1,543)	(1,543)	(19,655)	(18,112)
	<u>732,966</u>	<u>732,966</u>	<u>680,699</u>	<u>(52,267)</u>
Total revenues				
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Personnel	449,210	449,210	451,599	2,389
Commodities	16,250	16,250	7,126	(9,124)
Other charges and services	110,642	110,642	86,474	(24,168)
Capital outlay	85,000	85,000	58,674	(26,326)
	<u>661,102</u>	<u>661,102</u>	<u>603,873</u>	<u>(57,229)</u>
Total expenditures - general government				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	71,864	71,864	76,826	4,962
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(84,920)	(84,920)	(84,920)	-
Capital Projects Funds	(5,000)	(5,000)	(5,000)	-
	<u>(89,920)</u>	<u>(89,920)</u>	<u>(89,920)</u>	<u>-</u>
Total other finance sources (uses)				
NET CHANGE IN FUND BALANCE	<u>\$ (18,056)</u>	<u>\$ (18,056)</u>	(13,094)	<u>\$ 4,962</u>
FUND BALANCES				
Beginning of year			<u>1,167,921</u>	
End of year			<u>\$ 1,154,827</u>	

**CITY OF LAKEVILLE
ECONOMIC DEVELOPMENT – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Interest income	\$ 50	\$ 50	\$ -	\$ (50)
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Other charges and services	5,177	5,177	5,258	81
NET CHANGE IN FUND BALANCE	\$ (5,127)	\$ (5,127)	(5,258)	\$ (131)
FUND BALANCE				
Beginning of year			5,258	
End of year			\$ -	

**CITY OF LAKEVILLE
DOWNTOWN SPECIAL SERVICE DISTRICT – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Other charges and services	<u>14,588</u>	<u>14,588</u>	<u>3,791</u>	<u>(10,797)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (14,588)</u>	<u>\$ (14,588)</u>	(3,791)	<u>\$ 10,797</u>
FUND BALANCE				
Beginning of year			<u>29,146</u>	
End of year			<u>\$ 25,355</u>	

**CITY OF LAKEVILLE
 SMALL BUSINESS GRANT – SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ -	\$ -
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Other charges and services	-	250,000	250,000	-
Total expenditures - general government	-	250,000	250,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(250,000)	(250,000)	-
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	-	250,000	250,000	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCES				
Beginning of year			-	
End of year			<u>\$ -</u>	

**CITY OF LAKEVILLE
 AMERICAN RESCUE PLAN – SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 13,825	\$ 13,825
Change in fair value of investments	-	-	(28,029)	(28,029)
Total revenues	-	-	(14,204)	(14,204)
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Personnel	-	-	-	-
Total expenditures - general government	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(14,204)	<u>\$ (14,204)</u>
FUND BALANCES				
Beginning of year			-	
End of year			<u>\$ (14,204)</u>	

PROPRIETARY FUNDS

Internal Service Funds - These funds are used as an accounting device to accumulate and allocate costs internally amount the City's various functions.

Municipal Reserves Fund

This 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 City departments on a cost reimbursement basis.

Compensated Leave Fund

This fund accounts for the accrued liability of employee benefits attributed to compensated leave. Funding was initially provided by transfers from the General Fund. Future revenue sources are charges to benefited programs and departments. Benefits paid to Enterprise Fund employees are accounted for in their respective funds.

**CITY OF LAKEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities - Internal Service Funds		Totals
	Municipal Reserves	Compensated Leave	
CURRENT ASSETS			
Cash and investments	\$ 903,100	\$ 284,277	\$ 1,187,377
Interest receivable	1,094	10	1,104
Total current assets	<u>904,194</u>	<u>284,287</u>	<u>1,188,481</u>
CURRENT LIABILITIES			
Accounts payable	\$ 32,711	\$ -	\$ 32,711
Accrued compensated absences	-	1,986,068	1,986,068
Total current liabilities	<u>32,711</u>	<u>1,986,068</u>	<u>2,018,779</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	-	1,606,485	1,606,485
Total liabilities	<u>32,711</u>	<u>3,592,553</u>	<u>3,625,264</u>
NET POSITION			
Unrestricted	<u>871,483</u>	<u>(3,308,266)</u>	<u>(2,436,783)</u>
Total Liabilities and Net Position	<u>\$ 904,194</u>	<u>\$ 284,287</u>	<u>\$ 1,188,481</u>

**CITY OF LAKEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Activities - Internal Service Funds		
	Municipal Reserves	Compensated Leave	Totals
OPERATING REVENUE			
User Charges	\$ 471,836	\$ 84,947	556,783
Other	307,891	-	307,891
Total operating revenue	<u>779,727</u>	<u>84,947</u>	<u>864,674</u>
OPERATING EXPENSES			
Personnel services	-	220,963	220,963
Other charges and services	559,822	-	559,822
	<u>559,822</u>	<u>-</u>	<u>559,822</u>
OPERATING INCOME (LOSS)	219,905	(136,016)	83,889
NONOPERATING REVENUE (EXPENSES)			
Interest Income	3,221	643	3,864
Change in Fair Value of Investments	(6,529)	(1,303)	(7,832)
Total Nonoperating Revenue (Expenses)	<u>(3,308)</u>	<u>(660)</u>	<u>(3,968)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	216,597	(136,676)	79,921
Transfers from other funds	-	200,000	200,000
Transfers to other funds	(50,000)	-	(50,000)
Total Contributions and Transfers	<u>(50,000)</u>	<u>200,000</u>	<u>150,000</u>
CHANGE IN NET POSITION	166,597	63,324	229,921
NET POSITION			
Beginning of Year	704,886	-	704,886
Prior Period Restatement for Implementation of New Internal Service Fund	-	(3,371,590)	(3,371,590)
Beginning of Year, as Restated	<u>704,886</u>	<u>(3,371,590)</u>	<u>(2,666,704)</u>
End of Year	<u>\$ 871,483</u>	<u>\$ (3,308,266)</u>	<u>\$ (2,436,783)</u>

**CITY OF LAKEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Activities - Internal Service Funds		
	Municipal Reserves	Compensated Leave	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from general service charges	\$ 781,610	\$ 84,947	\$ 866,557
Cash paid to suppliers	(533,335)	-	(533,335)
Net Cash Provided by Operating Activities	<u>248,275</u>	<u>84,947</u>	<u>333,222</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	200,000	200,000
Transfers to other funds	(50,000)	-	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(50,000)</u>	<u>200,000</u>	<u>150,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	(3,358)	(670)	(4,028)
NET INCREASE IN CASH AND CASH EQUIVALENTS	194,917	284,277	479,194
Cash and Cash Equivalents - Beginning of the Year	<u>708,183</u>	<u>-</u>	<u>708,183</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 903,100</u>	<u>\$ 284,277</u>	<u>\$ 1,187,377</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 219,905	\$ (136,016)	\$ 83,889
Adjustments:			
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	1,883	-	1,883
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	26,487	-	26,487
Accrued compensated absences	-	220,963	220,963
Total adjustments	<u>-</u>	<u>220,963</u>	<u>220,963</u>
Net Cash Provided by Operating Activities	<u>\$ 248,275</u>	<u>\$ 84,947</u>	<u>\$ 333,222</u>

SUPPLEMENTARY INFORMATION

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CITY OF LAKEVILLE
SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS
YEAR ENDED DECEMBER 31, 2021

	Outstanding January 1	Issued	Redeemed	Outstanding December 31
Governmental Activities:				
General obligation bonds	\$ 29,535,000	\$ 5,650,000	\$ 2,740,000	\$ 32,445,000
G.O. improvement bonds	63,940,000	-	5,110,000	58,830,000
Tax increment bonds	525,000	-	260,000	265,000
State-aid street revenue bonds	4,125,000	-	265,000	3,860,000
G.O. water revenue bonds	6,850,000	-	400,000	6,450,000
Tax abatement bonds	620,000	13,390,000	-	14,010,000
HRA lease revenue bonds	5,710,000	-	385,000	5,325,000
	<u>111,305,000</u>	<u>19,040,000</u>	<u>9,160,000</u>	<u>121,185,000</u>
Business-type Activities:				
Liquor revenue capital lease	1,810,000	-	240,000	1,570,000
Water revenue bonds	9,640,000	1,265,000	835,000	10,070,000
Sewer revenue bonds	325,000	-	60,000	265,000
Street light revenue bonds	270,000	-	40,000	230,000
	<u>12,045,000</u>	<u>1,265,000</u>	<u>1,175,000</u>	<u>12,135,000</u>
Total bonded indebtedness	<u>\$ 123,350,000</u>	<u>\$ 20,305,000</u>	<u>\$ 10,335,000</u>	<u>\$ 133,320,000</u>

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
General Obligation Bonds:					
Capital Improvement Refunding Bonds of 2012 B					
(Central Maintenance Facility)	8/15/12				
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				9,105,000	1,347,075
Capital Improvement Refunding Bonds of 2014 B					
	8/20/14				
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				8,690,000	1,885,550
Street Reconstruction Refunding Bonds of 2012 B					
	8/15/12				
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				4,505,000	344,625

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
General Obligation Bonds (continued):					
Street Reconstruction Refunding Bonds of 2014 B					
	8/20/14				
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>890,000</u>	<u>100,325</u>
Street Reconstruction Bonds of 2017 A					
	9/8/17				
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>1,165,000</u>	<u>170,825</u>
Street Reconstruction Refunding Bonds of 2018 B					
	8/16/18				
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>2,440,000</u>	<u>490,675</u>
Street Reconstruction Bonds of 2021 C					
	8/17/21				
Principal and interest		4.00	2/1/22	-	184,804
Principal and interest		4.00	2/1/23	395,000	185,500
Principal and interest		4.00	2/1/24	500,000	167,600
Principal and interest		4.00	2/1/25	520,000	147,200
Principal and interest		4.00	2/1/26	540,000	126,000
Principal and interest		4.00	2/1/27	560,000	104,000
Principal and interest		4.00	2/1/28	585,000	81,100
Principal and Interest (call provision date)		4.00	2/1/29	605,000	57,300
Principal and interest		4.00	2/1/30	630,000	35,750
Principal and interest		4.00	2/1/31	650,000	19,800
Principal and interest		4.00	2/1/32	665,000	6,650
Total				<u>5,650,000</u>	<u>1,115,704</u>
Total General Obligation Bonds				\$ 32,445,000	\$ 5,454,779

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds:					
Improvement Bonds of 2011 A					
	12/1/11				
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				510,000	90,454
Improvement Bonds of 2012 A					
	8/15/12				
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				2,425,000	315,163

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2013 A					
	8/15/13				
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				2,180,000	364,212
Improvement Bonds of 2014 A					
	8/20/14				
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				4,320,000	618,840

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2015 A					
	8/20/15				
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				9,330,000	2,660,157
Improvement Bonds of 2016 B					
	7/21/16				
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				12,825,000	2,738,055

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2017 A					
	9/7/17				
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				<u>5,850,000</u>	<u>1,056,075</u>
Improvement Bonds of 2018 A					
	7/25/18				
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				<u>6,300,000</u>	<u>1,038,350</u>
Improvement Bonds of 2019 A					
	7/24/19				
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				<u>5,720,000</u>	<u>1,225,000</u>
Improvement Bonds of 2020 A					
	8/14/20				
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		5.00	2/1/28	1,030,000	172,600
Principal and interest (call provision date)		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				<u>9,370,000</u>	<u>2,379,950</u>
Total G.O. Improvement Bonds				\$ 58,830,000	\$ 12,486,256

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
State-aid Street Revenue Bonds:					
State-aid Street Bonds of 2015 A					
	8/20/15				
Principal and interest		5.00	4/1/22	\$ 190,000	\$ 141,144
Principal and interest		5.00	4/1/23	200,000	131,394
Principal and interest		2.50	4/1/24	210,000	123,769
Principal and interest (call provision date)		5.00	4/1/25	215,000	115,769
Principal and interest		5.00	4/1/26	230,000	104,644
Principal and interest		4.00	4/1/27	240,000	94,094
Principal and interest		4.00	4/1/28	250,000	84,294
Principal and interest		3.00	4/1/29	260,000	75,394
Principal and interest		3.13	4/1/30	265,000	67,353
Principal and interest		3.25	4/1/31	275,000	58,744
Principal and interest		3.38	4/1/32	285,000	49,466
Principal and interest		3.38	4/1/33	295,000	39,678
Principal and interest		3.50	4/1/34	305,000	29,363
Principal and interest		3.50	4/1/35	315,000	18,513
Principal and interest		4.00	4/1/36	325,000	6,500
Total				<u>3,860,000</u>	<u>1,140,119</u>
Total State-aid Street Revenue Bonds				\$ 3,860,000	\$ 1,140,119
HRA Lease Revenue Bonds:					
HRA Ice Arena Lease Revenue Refunding Bonds of 2016					
	9/22/16				
Principal and interest		3.00	2/1/22	\$ 405,000	\$ 185,475
Principal and interest		3.00	2/1/23	420,000	173,100
Principal and interest		3.00	2/1/24	425,000	160,425
Principal and interest		3.00	2/1/25	440,000	147,450
Principal and interest (call provision date)		3.00	2/1/26	455,000	134,025
Principal and interest		4.00	2/1/27	475,000	117,700
Principal and interest		4.00	2/1/28	490,000	98,400
Principal and interest		4.00	2/1/29	515,000	78,300
Principal and interest		4.00	2/1/30	540,000	57,200
Principal and interest		4.00	2/1/31	565,000	35,100
Principal and interest		4.00	2/1/32	595,000	11,900
Total				<u>5,325,000</u>	<u>1,199,075</u>
Total HRA Lease Revenue Bonds				\$ 5,325,000	\$ 1,199,075

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Water Revenue Bonds:					
G.O. Water Revenue Bonds of 2016 A					
	2/25/16				
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>6,450,000</u>	<u>1,262,700</u>
Total Water Revenue Bonds				\$ 6,450,000	\$ 1,262,700
Tax Abatement Bonds:					
Tax Abatement Bonds of 2020 A					
	8/13/20				
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		5.00	2/1/24	55,000	23,125
Principal and interest (call provision date)		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>153,500</u>
Tax Abatement Bonds of 2021 A					
	2/16/21				
Principal and interest		3.00	2/1/22	315,000	153,675
Principal and interest		3.00	2/1/23	315,000	144,225
Principal and interest		3.00	2/1/24	325,000	134,625
Principal and interest		3.00	2/1/25	335,000	124,725
Principal and interest		3.00	2/1/26	345,000	114,525
Principal and interest		3.00	2/1/27	355,000	104,025
Principal and interest		3.00	2/1/28	365,000	93,225
Principal and interest (call provision date)		3.00	2/1/29	375,000	82,125
Principal and interest		2.00	2/1/30	390,000	72,600
Principal and interest		1.00	2/1/31	395,000	66,725
Principal and interest		1.13	2/1/32	400,000	62,500
Principal and interest		1.25	2/1/33	405,000	57,719
Principal and interest		1.25	2/1/34	410,000	52,625
Principal and interest		1.38	2/1/35	415,000	47,209
Principal and interest		1.50	2/1/36	420,000	41,206
Principal and interest		1.63	2/1/37	425,000	34,603
Principal and interest		1.75	2/1/38	435,000	27,344
Principal and interest		1.75	2/1/39	440,000	19,688
Principal and interest		1.75	2/1/40	450,000	11,900
Principal and interest		1.75	2/1/41	455,000	3,981
Total				<u>7,770,000</u>	<u>1,449,250</u>

(continued)

**CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
Tax Abatement Bonds (Continued):					
Tax Abatement Bonds of 2021 B					
	5/18/21				
Principal and interest		4.00	2/1/22	\$ -	\$ 177,410
Principal and interest		4.00	2/1/23	205,000	143,400
Principal and interest		4.00	2/1/24	215,000	135,000
Principal and interest		4.00	2/1/25	220,000	126,300
Principal and interest		4.00	2/1/26	230,000	117,300
Principal and interest		4.00	2/1/27	240,000	107,900
Principal and interest		4.00	2/1/28	250,000	98,100
Principal and interest (call provision date)		4.00	2/1/29	260,000	87,900
Principal and interest		3.00	2/1/30	270,000	78,650
Principal and interest		2.00	2/1/31	280,000	71,800
Principal and interest		2.00	2/1/32	285,000	66,150
Principal and interest		2.00	2/1/33	290,000	60,400
Principal and interest		2.00	2/1/34	295,000	54,550
Principal and interest		2.00	2/1/35	300,000	48,600
Principal and interest		2.00	2/1/36	305,000	42,550
Principal and interest		2.00	2/1/37	315,000	36,350
Principal and interest		2.00	2/1/38	320,000	30,000
Principal and interest		2.00	2/1/39	325,000	23,550
Principal and interest		2.00	2/1/40	330,000	17,000
Principal and interest		2.00	2/1/41	340,000	10,300
Principal and interest		2.00	2/1/42	345,000	3,450
Total				<u>5,620,000</u>	<u>1,536,660</u>
Total Tax Abatement Bonds				<u>\$ 14,010,000</u>	<u>\$ 3,139,410</u>
Tax Increment Bonds:					
Tax Increment Refunding Bonds of 2007 A					
	2/1/07				
Principal and interest		4.20	2/1/22	\$ 265,000	\$ 5,565
Total Governmental Activity Bonds				<u>\$ 121,185,000</u>	<u>\$ 24,687,904</u>
Business-Type Activity Bonds:					
Water Revenue Bonds of 2016 B					
	7/21/16				
Principal and interest		2.00	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		3.00	2/1/26	450,000	78,813
Principal and interest		2.00	2/1/27	310,000	68,963
Principal and interest		2.00	2/1/28	315,000	62,713
Principal and interest		3.00	2/1/29	325,000	54,688
Principal and interest		3.00	2/1/30	335,000	44,788
Principal and interest		3.00	2/1/31	345,000	34,588
Principal and interest		3.00	2/1/32	355,000	24,088
Principal and interest		3.00	2/1/33	365,000	13,288
Principal and interest		3.125	2/1/34	250,000	3,906
Total				<u>4,665,000</u>	<u>887,687</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
Business-Type Activity Bonds (continued):					
Sewer Revenue Bonds of 2016 B					
	7/21/16				
Principal and interest		2.00	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				265,000	25,900
Lease Revenue Liquor Enterprise Refunding Bonds of 2017 (Galaxie Store)					
	11/8/17				
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				1,570,000	144,900
Water Improvement Bonds of 2017 A					
	9/7/17				
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				635,000	92,725
Street Lights Improvement Bonds of 2017 A					
	9/7/17				
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				230,000	30,000
Water Improvement Bonds of 2018 A					
	7/25/18				
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				370,000	62,000

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2021

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
Business-Type Activity Bonds (continued)					
Water Improvement Bonds of 2019 A					
	7/24/19				
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>670,000</u>	<u>147,725</u>
Water Improvement Bonds of 2020 A					
	8/13/20				
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		5.00	2/1/28	300,000	39,750
Principal and interest (call provision date)		5.00	2/1/29	315,000	24,375
Principal and interest		5.00	2/1/30	330,000	8,250
Total				<u>2,465,000</u>	<u>594,375</u>
Water Improvement Bonds of 2021 C					
	8/17/21				
Principal and interest		4.00	2/1/22	-	41,376
Principal and interest		4.00	2/1/23	90,000	41,500
Principal and interest		4.00	2/1/24	115,000	37,400
Principal and interest		4.00	2/1/25	115,000	32,800
Principal and interest		4.00	2/1/26	120,000	28,100
Principal and interest		4.00	2/1/27	125,000	23,200
Principal and interest		4.00	2/1/28	130,000	18,100
Principal and interest (call provision date)		4.00	2/1/29	135,000	12,800
Principal and interest		3.00	2/1/30	140,000	8,000
Principal and interest		2.00	2/1/31	145,000	4,450
Principal and interest		2.00	2/1/32	150,000	1,500
Total				<u>1,265,000</u>	<u>249,226</u>
Total Business-Type Bonds				\$ 12,135,000	\$ 2,234,538
Total Bonded Indebtedness and Annual Interest Payable				\$ 133,320,000	\$ 26,922,442

**CITY OF LAKEVILLE
COMBINED SCHEDULE OF BONDED INDEBTEDNESS
DECEMBER 31, 2021**

	Interest Rates %	Issue Date	Call Date	Maturity Date
Governmental Activities:				
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
Street Reconstruction Refunding Bonds of 2021 C	2.00 - 4.00	8/17/21	2/1/29	2/1/32
Total General Obligation Bonds				
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	9/7/17	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
Total G.O. Improvement Bonds				
Tax Increment Bonds:				
Tax-Increment Refunding Bonds of 2007 A	4.00 - 4.20	2/1/07	2/1/16	2/1/22
Total Tax-Increment Bonds				
State-aid Street Revenue Bonds:				
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
Total State-aid Street Revenue Bonds				
Water Revenue Bonds:				
G.O. Water Revenue Bonds of 2016 A	2.00 - 5.00	2/25/16	2/1/24	2/1/34
Total Water Revenue Bonds				
Tax Abatement Bonds:				
Tax Abatement Bonds of 2020 A	3.00 - 5.00	8/13/20	2/1/29	2/1/31
Tax Abatement Bonds of 2021 A	1.00 - 3.00	2/16/21	2/1/29	2/1/41
Tax Abatement Bonds of 2021 B	2.00 - 4.00	5/18/21	2/1/29	2/1/42
Total Tax Abatement Bonds				
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
Total HRA Lease Revenue Bonds				
Total Governmental Activity Bonds				
Business-type Activity:				
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
Water Revenue Bonds of 2021 C	2.00 - 4.00	8/17/21	2/1/29	8/1/32
Total Business-type Activity Bonds				
Total Bonded Indebtedness				

**CITY OF LAKEVILLE
COMBINED SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)
DECEMBER 31, 2021**

Bonds				Due in 2022	
Authorized	Issued	Retired	Outstanding	Principal	Interest
\$ 12,765,000	\$ 12,765,000	\$ 3,660,000	\$ 9,105,000	\$ 770,000	\$ 261,600
11,065,000	11,065,000	2,375,000	8,690,000	640,000	329,750
9,685,000	9,685,000	5,180,000	4,505,000	850,000	122,400
1,595,000	1,595,000	705,000	890,000	160,000	36,650
1,530,000	1,530,000	365,000	1,165,000	140,000	47,250
3,115,000	3,115,000	675,000	2,440,000	230,000	95,000
5,650,000	5,650,000	-	5,650,000	-	-
<u>45,405,000</u>	<u>45,405,000</u>	<u>12,960,000</u>	<u>32,445,000</u>	<u>2,790,000</u>	<u>892,650</u>
4,250,000	4,250,000	4,250,000	-	-	-
2,385,000	2,385,000	1,875,000	510,000	50,000	15,130
6,805,000	6,805,000	4,380,000	2,425,000	565,000	71,500
4,685,000	4,685,000	2,505,000	2,180,000	380,000	64,750
8,520,000	8,520,000	4,200,000	4,320,000	745,000	150,825
11,815,000	11,815,000	2,485,000	9,330,000	530,000	342,300
15,680,000	15,680,000	2,855,000	12,825,000	855,000	403,969
7,465,000	7,465,000	1,615,000	5,850,000	625,000	227,306
7,690,000	7,690,000	1,390,000	6,300,000	715,000	244,425
6,295,000	6,295,000	575,000	5,720,000	575,000	257,725
9,370,000	9,370,000	-	9,370,000	455,000	444,600
<u>84,960,000</u>	<u>84,960,000</u>	<u>26,130,000</u>	<u>58,830,000</u>	<u>5,495,000</u>	<u>2,222,530</u>
2,265,000	2,265,000	2,000,000	265,000	265,000	5,565
<u>2,265,000</u>	<u>2,265,000</u>	<u>2,000,000</u>	<u>265,000</u>	<u>265,000</u>	<u>5,565</u>
665,000	665,000	665,000	-	-	-
4,730,000	4,730,000	870,000	3,860,000	190,000	141,144
<u>5,395,000</u>	<u>5,395,000</u>	<u>1,535,000</u>	<u>3,860,000</u>	<u>190,000</u>	<u>141,144</u>
8,280,000	8,280,000	1,830,000	6,450,000	420,000	190,700
<u>8,280,000</u>	<u>8,280,000</u>	<u>1,830,000</u>	<u>6,450,000</u>	<u>420,000</u>	<u>190,700</u>
620,000	620,000	-	620,000	50,000	29,500
7,770,000	7,770,000	-	7,770,000	315,000	151,800
5,620,000	5,620,000	-	5,620,000	-	103,660
<u>14,010,000</u>	<u>14,010,000</u>	<u>-</u>	<u>14,010,000</u>	<u>365,000</u>	<u>284,960</u>
7,115,000	7,115,000	1,790,000	5,325,000	405,000	185,475
<u>7,115,000</u>	<u>7,115,000</u>	<u>1,790,000</u>	<u>5,325,000</u>	<u>405,000</u>	<u>185,475</u>
167,430,000	167,430,000	46,245,000	121,185,000	9,930,000	3,923,024
2,255,000	2,255,000	685,000	1,570,000	245,000	43,425
6,075,000	6,075,000	1,410,000	4,665,000	385,000	150,913
495,000	495,000	230,000	265,000	65,000	10,650
835,000	835,000	200,000	635,000	80,000	25,650
335,000	335,000	105,000	230,000	40,000	10,500
445,000	445,000	75,000	370,000	40,000	14,400
730,000	730,000	60,000	670,000	60,000	30,250
2,745,000	2,745,000	280,000	2,465,000	225,000	123,250
1,265,000	1,265,000	-	1,265,000	-	-
<u>15,180,000</u>	<u>15,180,000</u>	<u>3,045,000</u>	<u>12,135,000</u>	<u>1,140,000</u>	<u>409,038</u>
\$ 182,610,000	\$ 182,610,000	\$ 49,290,000	\$ 133,320,000	\$ 11,070,000	\$ 4,332,062

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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.

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<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>	
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<i>Principal Property Taxpayers</i>	
<i>Property Tax Levy and Collections</i>	
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<i>Ratio of Net Bonded Debt Outstanding</i>	
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<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>	
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<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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 125,051,058	\$ 129,599,494	\$ 135,673,737	\$ 141,868,136
Restricted	17,403,167	17,645,944	19,913,014	33,860,946
Unrestricted	<u>(1,923,495)</u>	<u>2,511,935</u>	<u>5,874,237</u>	<u>(4,929,168)</u>
Total Governmental Activities Net Position	<u>\$ 140,530,730</u>	<u>\$ 149,757,373</u>	<u>\$ 161,460,988</u>	<u>\$ 170,799,914</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 102,009,893	\$ 105,055,746	\$ 109,535,106	\$ 116,288,771
Restricted	325,750	324,125	324,125	323,875
Unrestricted	<u>15,658,140</u>	<u>13,704,281</u>	<u>11,318,290</u>	<u>8,420,410</u>
Total Business-Type Activities Net Position	<u>\$ 117,993,783</u>	<u>\$ 119,084,152</u>	<u>\$ 121,177,521</u>	<u>\$ 125,033,056</u>
Primary Government:				
Net Investment in Capital Assets	\$ 227,060,951	\$ 234,655,240	\$ 245,208,843	\$ 258,156,907
Restricted	17,728,917	17,970,069	20,237,139	34,184,821
Unrestricted	<u>13,734,645</u>	<u>16,216,216</u>	<u>17,192,527</u>	<u>3,491,242</u>
Total Primary Government Net Position	<u>\$ 258,524,513</u>	<u>\$ 268,841,525</u>	<u>\$ 282,638,509</u>	<u>\$ 295,832,970</u>

(1)

Notes:

- (1) 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.
- (2) 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.
- (3) 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)**

2016	2017	2018	2019	2020	2021
\$ 149,196,480	\$ 144,581,700	\$ 142,300,205	\$ 154,468,792	\$ 167,619,658	\$ 183,876,386
35,860,604	46,683,603	45,267,313	56,356,434	69,458,557	69,329,217
4,277,626	6,036,382	15,427,439	24,178,084	32,249,615	39,709,366
<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>	<u>\$ 292,914,969</u>
\$ 129,086,090	\$ 135,324,120	\$ 138,725,763	\$ 143,501,608	\$ 151,132,001	\$ 170,514,908
323,875	323,875	-	-	-	-
9,757,400	10,791,344	13,878,208	15,142,309	18,258,536	25,479,132
<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>	<u>\$ 195,994,040</u>
\$ 278,282,570	\$ 279,905,820	\$ 281,025,968	\$ 297,970,400	\$ 318,751,659	\$ 354,391,294
36,184,479	47,007,478	45,267,313	56,356,434	69,458,557	69,329,217
14,035,026	16,827,726	29,305,647	39,320,393	50,508,151	65,188,498
<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>	<u>\$ 488,909,009</u>

(2)

(3)

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

	2012	2013	2014	2015
Expenses:				
General government	\$ 5,258,319	\$ 5,363,354	\$ 6,051,985	\$ 5,893,261
Public safety	11,202,018	11,784,109	11,807,183	12,236,411
Public works	10,849,213	11,241,434	14,776,390	15,365,976
Parks and recreation	4,780,666	5,154,919	5,202,168	5,762,890
Interest on long-term debt	3,496,878	3,864,333	3,665,421	3,296,665
Total expenses	<u>35,587,094</u>	<u>37,408,149</u>	<u>41,503,147</u>	<u>42,555,203</u>
Program Revenues:				
Charges for Services:				
General government	2,736,653	3,061,568	3,219,644	3,730,342
Public safety	714,587	686,130	660,910	926,168
Public works	3,588,062	4,481,445	5,280,338	8,311,017
Parks and recreation	2,087,640	2,231,757	2,808,885	3,699,025
Operating Grants and Contributions				
General government	40,359	60,076	5,399	7,132
Public safety	698,949	902,783	825,434	980,310
Public works	1,396,560	1,295,018	3,665,373	4,145,806
Parks and recreation	100,315	59,653	66,575	186,118
Capital Grants and Contributions				
General government	91,735	195,693	2,762,609	77,006
Public safety	19,530	-	-	-
Public works	5,569,732	6,350,827	6,892,230	12,702,266
Parks and recreation	370,237	1,296,764	436,107	1,004,480
Total program revenues	<u>17,414,359</u>	<u>20,621,714</u>	<u>26,623,504</u>	<u>35,769,670</u>
Net Revenue (Expense):				
General government	(2,389,572)	(2,046,017)	(64,333)	(2,078,781)
Public safety	(9,768,952)	(10,195,196)	(10,320,839)	(10,329,933)
Public works	(294,859)	885,856	1,061,551	9,793,113
Parks and recreation	(2,222,474)	(1,566,745)	(1,890,601)	(873,267)
Interest on long-term debt	(3,496,878)	(3,864,333)	(3,665,421)	(3,296,665)
Total net (expense) revenue	<u>(18,172,735)</u>	<u>(16,786,435)</u>	<u>(14,879,643)</u>	<u>(6,785,533)</u>
General Revenues and Other Changes in Net Position:				
Property taxes	24,221,741	23,947,968	24,465,333	25,338,778
Investment earnings (charges)	176,409	(28,949)	552,444	368,232
Gain on sale of capital assets	214,004	-	-	-
Transfers in (out)	3,101,350	2,094,059	1,565,481	(1,549,881)
Total general revenues and other (net)	<u>27,713,504</u>	<u>26,013,078</u>	<u>26,583,258</u>	<u>24,157,129</u>
Change in Net Position:				
Governmental Activities	<u>\$ 9,540,769</u>	<u>\$ 9,226,643</u>	<u>\$ 11,703,615</u>	<u>\$ 17,371,596</u>
				(1)

Notes:

- (1) 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.
- (2) 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.
- (3) 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)

	2016	2017	2018	2019	2020	2021
\$	8,028,316	\$ 4,579,478	\$ 7,203,308	\$ 7,902,490	\$ 8,994,404	\$ 8,966,246
	16,369,670	14,250,572	14,141,045	14,927,426	16,063,433	14,226,059
	17,711,240	18,944,454	22,336,416	21,015,480	22,623,378	21,462,578
	5,626,149	6,645,057	6,661,852	7,178,164	6,578,004	7,791,954
	3,930,168	3,268,426	3,468,814	3,332,465	3,147,896	1,199,275
	<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>	<u>53,646,112</u>
	4,094,298	4,348,910	5,584,036	6,506,302	6,573,673	6,303,733
	954,395	934,444	1,059,236	838,664	638,887	817,539
	8,401,512	7,081,317	6,792,249	9,166,886	11,300,325	10,569,326
	3,685,202	2,369,615	2,455,851	4,098,580	3,071,803	5,501,844
	772,998	68,095	23,772	97,964	917,379	156,783
	989,342	1,061,252	1,149,691	1,168,857	5,100,592	1,270,607
	4,942,834	1,382,380	4,313,934	3,142,430	3,461,526	547,841
	91,869	55,300	11,422	204,737	316,067	89,442
	138,593	62,101	61,193	116,750	149,610	79,173
	8,500	-	-	-	-	-
	23,604,519	13,018,689	9,183,039	21,234,628	23,710,868	24,529,021
	2,932,612	182,387	194,327	112,725	180,924	195,025
	<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>	<u>50,060,334</u>
	(3,022,427)	(100,372)	(1,534,307)	(1,181,474)	(1,353,742)	(2,426,557)
	(14,417,433)	(12,254,876)	(11,932,118)	(12,919,905)	(10,323,954)	(12,137,913)
	19,237,625	2,537,932	(2,047,194)	12,528,464	15,849,341	14,183,610
	1,083,534	(4,037,755)	(4,000,252)	(2,762,122)	(3,009,210)	(2,005,643)
	<u>(3,930,168)</u>	<u>(3,268,426)</u>	<u>(3,468,814)</u>	<u>(3,332,465)</u>	<u>(3,147,896)</u>	<u>(1,199,275)</u>
	(1,048,869)	(17,123,497)	(22,982,685)	(7,667,502)	(1,985,461)	(3,585,778)
	26,173,822	27,317,169	28,641,302	30,897,445	33,033,079	35,051,089
	388,672	597,513	907,138	2,769,074	2,144,654	(1,003,311)
	-	-	-	-	-	-
	<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>(6,874,861)</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>27,172,917</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>	<u>23,587,139</u>
			(2)	(3)		

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:				
Liquor	\$ 13,773,286	\$ 13,906,263	\$ 13,577,019	\$ 12,852,980
Utility	<u>10,365,651</u>	<u>10,863,625</u>	<u>11,462,552</u>	<u>11,946,778</u>
Total expenses	<u>24,138,937</u>	<u>24,769,888</u>	<u>25,039,571</u>	<u>24,799,758</u>
Program Revenues:				
Charges for Services:				
Liquor	15,220,064	15,381,124	14,883,858	13,611,294
Utility	9,542,284	9,126,838	9,296,118	9,216,463
Operating Grants and Contributions				
Liquor	3,762	3,762	3,762	3,762
Utility	103,525	69,968	112,181	85,754
Capital Grants and Contributions				
Utility	<u>2,903,043</u>	<u>3,414,738</u>	<u>4,252,192</u>	<u>6,009,075</u>
Total program revenues	<u>27,772,678</u>	<u>27,996,430</u>	<u>28,548,111</u>	<u>28,926,348</u>
Net Revenue (Expense):				
Liquor	1,450,540	1,478,623	1,310,601	762,076
Utility	<u>2,183,201</u>	<u>1,747,919</u>	<u>2,197,939</u>	<u>3,364,514</u>
Total net (expense) revenue	<u>3,633,741</u>	<u>3,226,542</u>	<u>3,508,540</u>	<u>4,126,590</u>
General Revenues and Other Changes in Net Position:				
Investment income (charges)	78,611	(42,114)	150,310	52,461
Disposal of capital assets	-	-	-	-
Transfers in (out)	<u>(3,101,350)</u>	<u>(2,094,059)</u>	<u>(1,565,481)</u>	<u>1,549,881</u>
Total general revenues and other (net)	<u>(3,022,739)</u>	<u>(2,136,173)</u>	<u>(1,415,171)</u>	<u>1,602,342</u>
Change in Net Position:				
Business-type Activities	<u>\$ 611,002</u>	<u>\$ 1,090,369</u>	<u>\$ 2,093,369</u>	<u>\$ 5,728,932</u>
				(1)

Notes:

- (1) 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.
- (2) 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)

2016	2017	2018	2019	2020	2021
\$ 13,268,419	\$ 13,638,043	\$ 14,234,337	\$ 15,267,133	\$ 16,735,031	\$ 18,069,171
<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>17,512,988</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>	<u>35,582,159</u>
14,130,830	14,583,514	15,276,433	16,288,986	18,262,397	19,683,002
10,692,185	12,585,450	13,613,145	14,215,952	17,308,481	21,235,961
3,762	6,716	13,421	6,453	76,810	5,445
111,572	166,227	51,035	643,919	85,499	489,647
8,973,280	4,791,313	4,075,854	7,240,758	10,045,894	14,094,676
<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>55,508,731</u>
866,173	952,187	1,055,517	1,028,306	1,604,176	1,619,276
<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>18,307,296</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>19,926,572</u>
71,109	91,472	160,165	459,651	352,909	(197,930)
-	-	1,601,334	-	-	-
<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>6,874,861</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>6,676,931</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>\$ 26,603,503</u>
		(2)			

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:				
Governmental activities	\$ 35,587,094	\$ 37,408,149	\$ 41,503,147	\$ 42,555,203
Business-type activities	24,138,937	24,769,888	25,039,571	24,799,758
Total expenses	<u>59,726,031</u>	<u>62,178,037</u>	<u>66,542,718</u>	<u>67,354,961</u>
Program Revenues:				
Governmental activities	17,414,359	20,621,714	26,623,504	35,769,670
Business-type activities	27,772,678	27,996,430	28,548,111	28,926,348
Total program revenues	<u>45,187,037</u>	<u>48,618,144</u>	<u>55,171,615</u>	<u>64,696,018</u>
Net Revenue (Expense):				
Governmental activities	(18,172,735)	(16,786,435)	(14,879,643)	(6,785,533)
Business-type activities	3,633,741	3,226,542	3,508,540	4,126,590
Total net (expense) revenue	<u>(14,538,994)</u>	<u>(13,559,893)</u>	<u>(11,371,103)</u>	<u>(2,658,943)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities	27,713,504	26,013,078	26,583,258	24,157,129
Business-type activities	(3,022,739)	(2,136,173)	(1,415,171)	1,602,342
Total general revenues and other (net)	<u>24,690,765</u>	<u>23,876,905</u>	<u>25,168,087</u>	<u>25,759,471</u>
Change in Net Position:				
Governmental activities	9,540,769	9,226,643	11,703,615	17,371,596
Business-type activities	611,002	1,090,369	2,093,369	5,728,932
Total change in net position	<u>\$ 10,151,771</u>	<u>\$ 10,317,012</u>	<u>\$ 13,796,984</u>	<u>\$ 23,100,528</u>

(1)

Note:

- (1) 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.
- (2) 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.
- (3) 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)**

2016	2017	2018	2019	2020	2021
\$ 51,665,543	\$ 47,687,987	\$ 53,811,435	\$ 54,356,025	\$ 57,407,115	\$ 53,646,112
26,827,258	27,776,928	29,050,251	31,653,649	34,253,122	35,582,159
<u>78,492,801</u>	<u>75,464,915</u>	<u>82,861,686</u>	<u>86,009,674</u>	<u>91,660,237</u>	<u>89,228,271</u>
50,616,674	30,564,490	30,828,750	46,688,523	55,421,654	50,060,334
33,911,629	32,133,220	33,029,888	38,396,068	45,779,081	55,508,731
<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>	<u>105,569,065</u>
(1,048,869)	(17,123,497)	(22,982,685)	(7,667,502)	(1,985,461)	(3,585,778)
7,084,371	4,356,292	3,979,637	6,742,419	11,525,959	19,926,572
<u>6,035,502</u>	<u>(12,767,205)</u>	<u>(19,003,048)</u>	<u>(925,083)</u>	<u>9,540,498</u>	<u>16,340,794</u>
19,583,665	25,090,472	29,056,022	34,828,643	36,309,981	27,172,917
7,049,938	2,915,682	2,253,917	(702,473)	(779,339)	6,676,931
<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>	<u>33,849,848</u>
18,534,796	7,966,975	6,073,337	27,161,141	34,324,520	23,587,139
14,134,309	7,271,974	6,233,554	6,039,946	10,746,620	26,603,503
<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>	<u>\$ 50,190,642</u>
		(2)	(3)		

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 256,476	\$ 126,014	\$ 221,704	\$ 447,284
Restricted	-	-	-	-
Committed	-	45,000	45,000	45,000
Assigned	620,725	-	-	-
Unassigned	<u>10,614,574</u>	<u>9,495,546</u>	<u>10,805,065</u>	<u>11,882,644</u>
Total general fund	11,491,775	9,666,560	11,071,769	12,374,928
All Other Governmental Funds:				
Nonspendable	-	-	169	-
Restricted	38,587,037	38,716,666	44,319,872	35,659,756
Committed	11,861,800	16,620,820	17,154,096	17,937,431
Unassigned	<u>(233,910)</u>	<u>(221,630)</u>	<u>(632,035)</u>	<u>(3,492,389)</u>
Total all other governmental funds	<u>50,214,927</u>	<u>55,115,856</u>	<u>60,842,102</u>	<u>50,104,798</u>
Total Governmental Funds:				
Nonspendable	256,476	126,014	221,873	447,284
Restricted	38,587,037	38,716,666	44,319,872	35,659,756
Committed	11,861,800	16,665,820	17,199,096	17,982,431
Assigned	620,725	-	-	-
Unassigned	<u>10,380,664</u>	<u>9,273,916</u>	<u>10,173,030</u>	<u>8,390,255</u>
Total governmental funds	<u>\$ 61,706,702</u>	<u>\$ 64,782,416</u>	<u>\$ 71,913,871</u>	<u>\$ 62,479,726</u>
All governmental funds percentage change	65.5%	5.0%	11.0%	-13.1%

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

2016	2017	2018	2019	2020	2021
\$ 695,830	\$ 914,375	\$ 876,394	\$ 748,231	\$ 811,338	\$ 666,451
-	-	-	175,590	-	5,000
-	-	-	100,000	200,000	-
1,478,522	741,864	705,500	749,675	1,675,125	2,493,300
<u>12,902,148</u>	<u>13,613,203</u>	<u>14,011,567</u>	<u>15,429,752</u>	<u>22,053,166</u>	<u>20,821,071</u>
15,076,500	15,269,442	15,593,461	17,203,248	24,739,629	23,985,822
-	-	11,630	-	-	-
37,947,697	29,887,820	25,773,762	36,333,665	41,694,538	46,337,784
21,651,118	26,519,559	30,327,238	36,071,889	40,241,806	44,233,989
<u>(726,681)</u>	<u>(876,594)</u>	<u>(415,577)</u>	<u>(428,702)</u>	<u>(1,084,565)</u>	<u>(993,783)</u>
<u>58,872,134</u>	<u>55,530,785</u>	<u>55,697,053</u>	<u>71,976,852</u>	<u>80,851,779</u>	<u>89,577,990</u>
695,830	914,375	888,024	748,231	811,338	666,451
37,947,697	29,887,820	25,773,762	36,509,255	41,694,538	46,342,784
21,651,118	26,519,559	30,327,238	36,171,889	40,441,806	44,233,989
1,478,522	741,864	705,500	749,675	1,675,125	2,493,300
<u>12,175,467</u>	<u>12,736,609</u>	<u>13,595,990</u>	<u>15,001,050</u>	<u>20,968,601</u>	<u>19,827,288</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>	<u>\$ 113,563,812</u>
18.4%	-4.3%	0.7%	25.1%	18.4%	7.6%

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

	2012	2013	2014	2015
Revenues:				
Property taxes and tax increment	\$ 24,453,849	\$ 23,981,375	\$ 24,524,709	\$ 25,215,734
Licenses and permits	2,429,951	2,727,494	2,836,555	3,325,293
Intergovernmental	2,291,376	3,534,512	4,979,156	5,232,193
Charges for services	5,833,776	6,925,867	8,405,492	12,443,152
Special assessments	1,132,126	1,143,349	1,636,267	1,736,905
Investment income (charges)	174,358	(28,008)	548,842	366,555
Donations	207,391	265,953	242,627	356,446
Miscellaneous	871,798	885,323	3,411,579	1,155,073
Total Revenues	<u>37,394,625</u>	<u>39,435,865</u>	<u>46,585,227</u>	<u>49,831,351</u>
Expenditures:				
General government	4,572,777	4,774,775	5,690,230	5,226,864
Public safety	9,844,232	10,113,958	10,305,450	10,892,071
Public works	3,245,103	3,766,665	3,805,470	3,856,984
Parks and recreation	3,050,782	3,206,004	3,330,488	3,532,376
Capital outlay	12,413,360	12,523,103	21,420,875	31,649,447
Debt Service:				
Principal retirement	7,642,027	5,825,000	5,995,000	7,385,000
Interest on debt	3,358,324	3,948,740	3,700,590	3,735,120
Fiscal charges	173,072	26,351	176,789	33,071
Total Expenditures	<u>44,299,677</u>	<u>44,184,596</u>	<u>54,424,892</u>	<u>66,310,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,905,052)	(4,748,731)	(7,839,665)	(16,479,582)
Other Financing Sources (Uses):				
Transfers in	6,699,447	7,094,079	3,489,225	6,883,879
Transfers out	(2,839,332)	(4,857,921)	(1,644,624)	(4,928,951)
Bond, note, loan and lease proceeds	29,255,000	4,685,000	21,180,000	16,545,000
Payment on refunded bonds called	(1,830,000)	-	(10,035,000)	(12,460,000)
Premium on bonds issued	1,957,050	78,287	1,981,519	1,005,509
Sale of capital assets	200,000	825,000	-	-
Total Other Financing Sources (Uses)	<u>33,442,165</u>	<u>7,824,445</u>	<u>14,971,120</u>	<u>7,045,437</u>
Net Change in Fund Balances	<u>\$ 26,537,113</u>	<u>\$ 3,075,714</u>	<u>\$ 7,131,455</u>	<u>\$ (9,434,145)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>32.2%</u>	<u>28.6%</u>	<u>25.3%</u>	<u>25.6%</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)

2016	2017	2018	2019	2020	2021
\$ 26,131,569	\$ 27,401,195	\$ 28,612,384	\$ 30,855,832	\$ 32,983,369	\$ 35,146,364
3,706,567	3,988,189	3,899,604	4,492,109	5,600,853	5,081,480
9,043,356	3,771,886	5,090,762	8,901,495	14,571,858	3,813,869
13,289,708	10,016,017	11,828,549	15,046,177	15,239,684	17,343,792
2,308,223	2,812,587	3,139,103	3,683,354	3,953,438	3,023,130
387,604	597,513	907,138	2,769,074	2,144,654	(1,003,311)
550,255	238,383	309,970	211,969	232,689	268,898
2,828,177	846,035	835,986	861,800	800,067	775,140
<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>	<u>64,449,362</u>
5,783,013	6,424,260	6,656,824	7,028,626	8,061,485	7,950,888
11,513,170	12,775,807	13,061,572	13,496,719	14,251,367	15,283,047
4,245,072	9,786,321	4,741,200	4,802,149	4,692,478	4,987,928
3,497,041	5,222,503	3,998,735	4,178,410	3,888,960	4,486,389
37,938,823	11,995,449	25,065,276	20,906,745	34,788,668	32,856,512
5,935,000	6,885,000	10,420,000	8,920,000	9,715,000	9,160,000
3,970,010	3,881,179	3,948,999	3,877,764	3,871,110	4,064,943
327,052	129,158	96,729	44,429	38,098	82,573
<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>	<u>78,872,280</u>
(14,963,722)	(7,427,872)	(13,365,839)	3,566,968	(3,780,554)	(14,422,918)
5,179,668	8,355,474	6,038,479	5,120,699	6,522,720	9,636,510
(3,222,237)	(6,661,840)	(4,167,132)	(2,980,605)	(4,180,711)	(7,736,781)
31,075,000	11,987,171	13,805,000	6,295,000	15,164,036	19,294,225
(9,535,000)	(11,368,146)	(3,320,000)	-	-	-
2,626,731	1,309,907	1,005,336	1,065,624	2,391,960	1,090,191
-	516,380	530,734	107,645	249,015	258,880
<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>22,543,025</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>\$ 8,120,107</u>
<u>19.6%</u>	<u>22.6%</u>	<u>26.9%</u>	<u>25.7%</u>	<u>25.8%</u>	<u>24.5%</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>2012</u>	<u>2013</u>	<u>2014</u>
<u>Taxable Net Tax Capacity Valuation of Taxable Property</u>			
Tax capacity value	\$ 57,583,990	\$ 54,853,225	\$ 57,174,306
Less:			
Captured tax increment tax capacity	(862,243)	(863,946)	(861,019)
Contributions to fiscal disparities pool	(5,591,597)	(5,494,207)	(5,439,491)
Plus:			
Distribution from fiscal disparities pool	<u>7,194,884</u>	<u>6,825,229</u>	<u>6,316,073</u>
Total taxable net tax capacity	<u>\$ 58,325,034</u>	<u>\$ 55,320,301</u>	<u>\$ 57,189,869</u>
<u>Taxable Net Tax Capacity Valuation by Class of Property</u>			
Homestead residential	\$ 41,780,807	\$ 38,983,401	\$ 41,029,548
Commercial/industrial, public utility, and personal property	14,711,893	14,351,101	13,833,973
Non-homestead residential/apartments	1,265,526	1,311,388	1,468,225
Agriculture and seasonal/recreational	<u>566,808</u>	<u>674,411</u>	<u>858,123</u>
Total taxable net tax capacity	<u>\$ 58,325,034</u>	<u>\$ 55,320,301</u>	<u>\$ 57,189,869</u>
Assessor's taxable market valuation	<u>\$ 5,030,003,164</u>	<u>\$ 4,767,475,321</u>	<u>\$ 4,995,818,217</u>
Taxable net tax capacity as a percentage of assessor's taxable market value	<u>1.160%</u>	<u>1.160%</u>	<u>1.145%</u>
Direct tax capacity rate	<u>39.051%</u>	<u>41.234%</u>	<u>40.696%</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 62,811,855	\$ 65,634,896	\$ 69,887,094	\$ 75,422,344	\$ 82,737,259	\$ 90,729,405	\$ 97,138,303
(446,760)	(497,171)	(596,348)	(609,048)	(774,382)	(856,909)	(1,085,470)
(5,481,001)	(5,411,614)	(5,524,685)	(5,828,030)	(6,190,357)	(6,645,636)	(6,925,361)
<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>9,522,500</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>\$ 98,649,972</u>
\$ 46,374,248	\$ 49,048,168	\$ 52,427,026	\$ 57,017,144	\$ 63,032,149	\$ 69,577,579	\$ 73,762,668
14,223,709	14,754,095	15,842,447	16,870,980	17,893,911	19,164,426	20,997,684
1,629,527	1,656,581	1,736,856	1,938,329	2,206,240	2,738,491	3,143,112
<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>746,508</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>\$ 98,649,972</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>\$ 8,636,691,303</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>1.142%</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>	<u>34.351%</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)					
				192			194			196	General Levy (Tax Capacity-based)	Referendum Levy (Market Value-based)		
2012	31.122%	7.929%	39.051%	0.00784%	31.426%	0.00551%	192	55.308%	0.14005%	5.562%	131.347%	0.15340%		
							194	32.061%	0.18932%				108.100%	0.20267%
							196	28.440%	0.22131%					
2013	32.206%	9.028%	41.234%	0.00843%	33.421%	-	192	57.226%	0.15065%	5.884%	137.765%	0.15908%		
							194	33.535%	0.19955%				114.074%	0.20798%
							196	27.956%	0.23542%					
2014	32.045%	8.651%	40.696%	0.00678%	31.827%	-	192	56.326%	0.11117%	5.538%	134.387%	0.11795%		
							194	33.048%	0.25954%				111.109%	0.26632%
							196	27.606%	0.25809%					
2015	30.605%	8.343%	38.948%	-	29.633%	-	192	53.474%	0.11550%	5.033%	127.088%	0.11550%		
							194	31.459%	0.24871%				105.073%	0.24871%
							196	23.271%	0.25484%					
2016	30.455%	8.214%	38.669%	-	28.570%	-	192	57.584%	0.19065%	5.063%	129.886%	0.19065%		
							194	35.319%	0.27898%				107.621%	0.27898%
							196	24.317%	0.26999%					
2017	29.342%	8.168%	37.510%	-	28.004%	-	192	54.269%	0.18481%	4.907%	124.690%	0.18481%		
							194	32.914%	0.25441%				103.335%	0.25441%
							196	23.336%	0.27380%					
2018	29.305%	7.114%	36.419%	-	26.580%	-	192	52.825%	0.18495%	4.307%	120.131%	0.18495%		
							194	32.992%	0.26835%				100.298%	0.26835%
							196	21.352%	0.26715%					
2019	27.192%	8.415%	35.607%	-	25.386%	-	192	51.401%	0.18968%	4.227%	116.621%	0.18968%		
							194	32.535%	0.26992%				97.755%	0.26992%
							196	20.613%	0.26162%					
2020	26.682%	7.933%	34.615%	-	24.133%	-	192	53.105%	0.18904%	4.030%	115.883%	0.18904%		
							194	34.851%	0.31225%				97.629%	0.31225%
							196	19.860%	0.34367%					
2021	26.281%	8.070%	34.351%	-	22.716%	-	192	50.805%	0.18392%	3.802%	111.674%	0.18392%		
							194	33.894%	0.27269%				94.763%	0.27269%
							196	20.046%	0.32712%					

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 2021 table

**CITY OF LAKEVILLE
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2012**

<u>Principal Property Taxpayer</u>	<u>Type of Business</u>	<u>2021</u>			<u>2012</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	\$ 546,873	1	0.6%	\$ 191,100	10	0.3%
Minnegasco/Centerpoint	Utility	454,706	2	0.5%	199,264	9	0.3%
Dakota Electric Association	Utility	392,084	3	0.4%	314,834	3	0.5%
Lakeville 2004, LLC	Commercial	345,128	4	0.3%	333,532	1	0.6%
Fulford Group, LLC	Agriculture	343,281	5	0.3%			
Inland Argonne Village, LLC	Retail	312,986	6	0.3%	255,123	5	0.4%
Hy-Vee Inc.	Commercial	305,796	7	0.3%			
KJPL Avonlea LLC	Apartments	296,404	8	0.3%			
EREP Heritage Commons, LLC	Retail	292,256	9	0.3%	320,908	2	0.6%
Walker Highview Hills, LLC	Apartments	291,311	10	0.3%	220,599	8	0.4%
Target Corporation	Retail				256,414	4	0.4%
LFT Real Estate Company Inc.	Real Estate				242,738	6	0.4%
Xcel Energy	Utility				242,352	7	0.4%
Total principal taxpayers		3,580,825		3.6%	2,576,864		4.4%
All other taxpayers		95,069,147		96.4%	55,748,170		95.6%
Total City of Lakeville taxpayers		<u>\$ 98,649,972</u>		<u>100.0%</u>	<u>\$ 58,325,034</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**

Fiscal Year	Total Tax Levy for	Collection of Current Year's Levy		Collection of Prior Year Levy (3)	Prior Yr. Current/ Delinq Adjustments	Total Collections	Percentage of Total Collections To Tax Levy Certified
	Fiscal Year (1)	Amount (2)	Percent				
2012	\$ 23,126,960	\$ 23,050,840	99.67%	\$ (5,927)	\$ 134,203	\$ 23,044,913	99.65%
2013	23,079,185	22,848,820	99.00%	230,365	(85,236)	23,079,185	100.00%
2014	23,657,996	23,541,510	99.51%	116,486	(77,762)	23,657,996	100.00%
2015	24,728,549	24,568,028	99.35%	160,521	(32,923)	24,728,549	100.00%
2016	25,679,619	25,566,236	99.56%	113,383	(18,634)	25,679,619	100.00%
2017	26,679,614	26,534,636	99.46%	144,978	(39,235)	26,679,614	100.00%
2018	28,001,550	27,857,045	99.48%	131,994	(1,397)	27,989,039	99.96%
2019	29,948,890	29,815,159	99.55%	108,993	104,429	29,924,152	99.92%
2020	32,031,000	31,840,067	99.40%	145,945	73,294	31,986,012	99.86%
2021	33,911,570	33,753,733	99.53%	-	(5,727)	33,753,733	99.53%

Notes

- (1) Total levy is net of current year cancellations and abatements.
- (2) Total tax levy and current tax collections include state paid credits.
- (3) 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	Total Outstanding Debt	Population (1)	% of Personal Income (2)	Total Outstanding Debt Per Capita
	General Obligation Bonds	Other Bonds	Capital Leases	Metropolitan Council Loan	Activity Revenue Bond				
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	131,239,158	61,993	3.7	2,117
2018	112,553,287	7,018,251	-	3,897,014	8,571,877	132,040,429	64,334	3.4	2,052
2019	111,718,611	6,614,054	-	2,897,014	8,876,565	130,106,244	65,831	3.2	1,976
2020	115,000,111	6,199,857	-	7,071,050	11,566,742	136,473,724	69,490	3.0	1,964
2021	123,828,244	5,685,403	-	12,945,275	11,729,716	154,188,638	71,472	N/A	2,157

Source:

- (1) Metropolitan Council as of April 1 (except for the 2020 Federal Census) 2021 estimated using 2020 Federal Census.
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>
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	123,338,676	67,940,000	6,261,464	49,137,212	70,906,033	69.30%	61,993	793
2018	121,826,538	70,660,000	4,128,788	47,037,750	76,657,645	61.36%	64,334	731
2019	120,372,665	71,840,000	4,239,541	44,293,124	83,924,100	52.78%	65,831	673
2020	124,906,982	75,440,000	4,355,292	45,111,690	92,276,654	48.89%	65,831	685
2021	124,710,301	69,405,000	4,373,669	50,931,632	98,649,972	51.63%	71,472	713

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 the 2020 Federal Census) 2021 estimated using 2020 Federal Census. plus permit activity times per household population estimate.

**CITY OF LAKEVILLE
DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
AS OF DECEMBER 31, 2021**

<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>
Overlapping Debt (1)			
Independent School District #194	\$ 144,195,000	73.98%	\$ 106,675,461
Independent School District #192	151,275,000	19.50%	29,498,625
Independent School District #196	110,985,000	7.37%	8,179,594
<u>Special District</u>			
Metropolitan Council	217,773,000	2.43%	<u>5,461,345</u>
Total overlapping debt			149,815,025
Direct Debt			
City of Lakeville bonded debt	124,710,301	100.00%	<u>124,710,301</u>
Total direct and overlapping debt			<u>\$ 274,525,326</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**

<u>Fiscal Year</u>	<u>Assessor's Taxable Market Valuation</u>	<u>Legal Debt Limit</u>	<u>Net Bonded Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>	<u>Net Bonded Debt Applicable to Debt Limit as a Percentage of Legal Debt Limit</u>
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%
2021	8,636,691,303	259,100,739	42,081,331	217,019,408	16.24%

Legal Debt Margin Calculation:

Fiscal Year 2021

Assessor's taxable market valuation		<u>\$ 8,636,691,303</u>
Legal debt limit:		
3% of Assessor's taxable market valuation		\$ 259,100,739
Amount of debt applicable to legal debt limit:		
Gross bonded debt	\$ 133,320,000	
Less debt payable from sources other than taxes:		
G.O. Improvement bonds	\$ 58,830,000	
Tax increment bonds	265,000	
State-aid street revenue bonds	3,860,000	
Water connection revenue bonds	6,450,000	
HRA lease revenue	6,895,000	
Water revenue bonds	10,070,000	
Street Light revenue bonds	265,000	
Sewer revenue bonds	<u>230,000</u>	<u>(86,865,000)</u>
Debt payable from taxes		46,455,000
Less debt service monies available to pay principal and interest		<u>(4,373,669)</u>
Net bonded debt applicable to debt limit		<u>42,081,331</u> <u>42,081,331</u>
Legal debt margin		<u>\$ 217,019,408</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**

Fiscal Year	Gross (1) Revenues	Operating Expenses	Net Revenue Available For Debt Service	Requirements (2)		Total	Times Coverage
				Principal	Interest		
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
2021	14,204,060	3,975,650	10,228,410	785,000	408,525	1,193,525	8.57

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**

<u>Year</u>	<u>(1) Population</u>	<u>Percentage Increase from Previous Year</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Building Permits Issued</u>			<u>Housing units Valuation</u>
					<u>Family Dwellings (3) Single</u>	<u>Multiple</u>	<u>Total</u>	
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	69,490	5.56%	4,499,339	64,748	742	73	815	223,050,000
2021	71,472	2.85%	N/A	N/A	663	73	736	205,419,000

Annual percentage
increase average last
ten fiscal years

2.38%

125.28%

14,424

Labor Force and Unemployment Rate (not seasonally adjusted) (2)

<u>Year</u>	<u>City of Lakeville</u>		<u>Dakota County</u>		<u>Rates</u>	
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>State of Minnesota</u>	<u>United States</u>
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%
2021	37,007	2.2%	236,441	2.4%	2.7%	3.7%

Source:

(1) Metropolitan Council as of April 1 (except for 2020 Federal Census). 2021 estimated using 2020 Federal Census plus permit activity times per household population estimate.

(2) U.S. Department of Commerce Bureau of Economic Analysis as of December 31, 2021, not seasonally adjusted.

(3) City of Lakeville Inspections Department.

N/A - Not available.

**CITY OF LAKEVILLE
PRINCIPAL EMPLOYERS
FISCAL YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2012**

<u>Principal Employer</u> (1)	<u>Product/Service</u>	<u>2021</u>			<u>2012</u>		
		<u>Employees</u>	<u>Rank</u>	<u>%</u>	<u>Employees</u>	<u>Rank</u>	<u>%</u>
Independent School District #194	Elementary & secondary schools	1,300	1	3.5%	1,273	1	4.1%
Hearthside Food Solutions	Food service contractors	480	2	1.3%	830	2	2.7%
Post Consumer Brands	Cereal production	450	3	1.2%	250	7	0.8%
Treehouse Brands	Breakfast cereal products	440	4	1.2%	515	3	1.6%
Schmitt & Sons	School and charter bus service	374	5	1.0%			
BTD Manufacturing	Metal manufacturing	370	6	1.0%			
NPL Construction	Construction company	276	7	0.7%			
Buddy's Kitchen	Food manufacturing and packaging	262	8	0.7%			
City of Lakeville (2)	City government	240	9	0.6%	199	10	0.6%
FedEx Freight	Ground distribution	228	10	0.6%			
Target	Retail				360	4	1.2%
Imperial Plastics, Inc	Plastics material & resin mfg.				320	5	1.0%
Despatch Industries, Inc.	Industrial furnace & oven mfg.				300	6	1.0%
Life Time Fitness	Fitness clubs				230	8	0.7%
Menasha Corporation	Corrugated & solid fiber box mfg.				204	9	0.7%
Total principal employers		4,420		11.9%	4,481		14.4%
All other employers		32,587		88.1%	26,740		85.6%
Total City of Lakeville civilian labor force (3)		37,007		100.0%	31,221		100.0%

Source:

- (1) Reference USA. The numbers above do not reflect ongoing changes in employment related to the COVID-19 pandemic.
- (2) As of December 31, 2021 (full-time equivalent).
- (3) MN Department of Employment and Economic Development (DEED) as of December 31, 2021.

**CITY OF LAKEVILLE
COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED
YEARS 2021 AND 2020**

NEW BUILDING PERMITS 2021 AND 2020 (in excess of \$500,000)

<u>BUSINESS</u>	<u>PRODUCT/SERVICE</u>	<u>VALUATION (1)</u>
Amazon	Warehouse	\$ 45,000,000
Magnum Trucking	LTL Trucking facility	11,000,000
Launch Park II	Food Manufacturing	7,430,000
Scannell Properties	Industrial spec building	6,550,000
Keokuk Liquor Store	Municipal liquor	4,500,000
Superior Decks	Manufacturing	4,200,000
Old Dominion Freight Line	LTL Trucking facility	3,700,000
Summit Orthopedics	Medical office	3,400,000
Summit Orthopedics	Medical office	3,366,000
Four Square Daycare	Daycare center	3,100,000
Raising Cane's Chicken Fingers	Drive-thru restaurant	2,400,000
Tires Plus	Tire shop	1,100,000

EXPANSION OR REMODEL BUILDING PERMITS 2021 AND 2020 (in excess of \$500,000)

<u>BUSINESS</u>	<u>PRODUCT/SERVICE</u>	<u>VALUATION (1)</u>
Buddy's Kitchen	Restaurant	\$ 5,355,000
FedEx Freight	Distribution	5,288,000
Uponor	Warehouse	4,230,000
JD Woodcraft	Cabinet manufacturing	1,329,000
Outdoor Great Room	Outdoor fireplace manufacturing	1,295,000
Delmar	Plastic machining & fabrication	750,000
Hearth & Home Technologies	Indoor fireplace manufacturing	682,000
Children's Medical Clinic	Medical clinic	625,000
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**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
City administration	2.5	2.4	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Communications	4.0	4.0	4.0	4.0	3.9	4.5	5.2	5.2	5.0	5.2
City clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	7.0	7.0	7.0	6.6	6.7	7.0	7.0	6.7	6.7	6.7
Information Technology	3.0	2.9	3.0	3.0	3.1	3.8	4.0	4.0	4.0	4.0
Human resources	2.8	2.8	2.8	3.2	4.0	4.0	4.0	4.0	4.0	4.0
Planning	3.0	2.8	3.5	3.5	3.5	4.2	4.5	4.5	4.5	4.2
Community and economic development	2.5	2.5	2.4	2.5	2.5	2.4	2.5	2.5	2.5	2.5
Protective inspection	7.0	7.0	7.0	7.6	8.0	8.4	9.0	9.1	9.8	10.3
General government buildings	3.0	3.0	3.0	3.0	4.6	5.5	6.0	6.2	6.5	5.7
Total general government	<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>	<u>46.6</u>
Public safety										
Police officers (sworn)	53.0	50.2	54.0	52.8	54.7	54.6	57.0	61.0	61.7	61.0
Police administration	12.2	11.5	11.8	12.5	13.4	14.8	13.1	13.6	14.5	13.7
Fire (excluding volunteer firefighters)	4.6	4.6	4.6	5.3	5.5	5.4	5.4	5.4	5.4	5.4
Total public safety	<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>75.5</u>	<u>80.0</u>	<u>81.6</u>	<u>80.1</u>
Public works										
Engineering	7.0	6.0	6.0	6.4	6.6	7.6	7.3	7.5	7.3	8.3
Construction Services	-	-	2.0	3.9	3.7	3.3	4.0	4.7	4.9	5.3
Street maintenance	19.3	19.3	21.0	20.4	21.6	21.7	21.9	22.7	23.0	22.2
Total public works	<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>	<u>35.8</u>
Parks and recreation										
Park maintenance	15.0	15.0	15.0	14.8	14.0	15.1	16.4	16.6	16.3	15.4
Recreation	4.7	5.6	5.6	5.5	5.8	6.5	6.4	6.5	6.3	7.8
Arts center	3.7	3.7	3.7	3.7	3.7	3.6	3.8	3.7	3.2	4.3
Total parks and recreation	<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>	<u>27.5</u>
Total governmental activities	<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>181.5</u>	<u>187.9</u>	<u>189.6</u>	<u>190.0</u>
Liquor	25.7	24.9	26.3	24.4	25.3	26.1	26.0	26.3	26.5	29.9
Utility	20.0	20.0	21.0	21.6	21.3	23.1	24.3	24.6	24.0	20.9
Total business-type activities	<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>	<u>50.8</u>
Total employees	<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>231.8</u>	<u>238.8</u>	<u>240.1</u>	<u>240.8</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**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Number of registered voters	32,200	N/A	36,571	N/A	41,124	N/A	41,693	N/A	44,511	N/A
Number of final plats approved	14	15	16	23	19	20	25	16	20	20
Number of building permits issued	2,349	1,647	3,852	2,030	1,889	1,829	1,875	4,260	3,376	3,129
Valuation of building permits issued (in millions)	\$ 119	\$ 142	\$ 139	\$ 183	\$ 218	\$ 248	\$ 234	\$ 276	\$ 403	\$ 331
Public safety										
Total calls for service	38,895	33,328	35,980	47,072	47,724	38,036	43,268	46,006	32,327	35,784
Traffic stops	11,426	8,251	10,531	17,681	18,239	15,680	18,412	18,700	8,024	8,001
Non-traffic related calls	27,469	25,077	25,449	29,391	29,485	22,356	24,856	27,306	24,303	27,783
Number of volunteer firefighters	77	79	80	83	85	86	82	88	85	90
Number of annual fire calls	1,208	1,062	1,103	1,192	1,347	1,477	1,500	1,694	1,998	2,794
Public works										
City street miles added	2.6	2.8	4.5	4.5	17.0	3.1	3.6	7.5	7.0	10.8
Parks and recreation										
Park acres mowed	429	430	430	430	430	430	430	430	430	430
Park facility reservations taken	717	888	958	1,024	742	551	562	580	304	574
Program activity registrations taken	9,850	9,310	9,627	9,231	8,141	6,294	6,490	7,510	4,250	7,806
Liquor										
Annual sales (in millions)	\$ 15.2	\$ 15.4	\$ 14.9	\$ 13.6	\$ 14.1	\$ 14.6	\$ 16.9	\$ 16.4	\$ 18.3	\$ 19.6
Utility (in millions of gallons)										
Water (average daily consumption)	6.7	5.9	5.5	5.2	5.5	5.8	5.8	5.2	6.3	7.5
Sanitary sewer (1) (average daily treatment)	3.4	3.4	3.4	3.2	3.4	3.4	3.5	3.5	3.6	3.8

Notes:

(1) Sewage is treated by the Metropolitan Council Environmental Services.

N/A Indicates information is not available for this period at the printing of this report.

Source: Various City of Lakeville Departments.

**CITY OF LAKEVILLE
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police station	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works										
City streets (miles)	261.4	264.0	266.8	271.3	288.3	291.4	295.0	302.5	309.5	320.3
Parks and recreation										
Acres of parks, conservation areas, and greenways	1,590	1,590	1,590	1,590	1,600	1,600	1,600	1,677	1,677	1,677
Parks	59	59	59	59	60	60	61	61	61	61
Conservation areas	20	20	20	20	20	20	20	20	20	20
Trails and sidewalks - paved (miles)	99	103	107	109	110	111	117	118	120	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	96	96	96	97	97	97	97
Courts (basketball, volleyball, tennis, pickleball)	38	38	38	38	38	43	43	43	43	47
Playgrounds	42	42	43	43	44	44	46	46	46	47
Swimming beaches	3	3	3	3	3	3	3	2	2	2
Liquor										
Number of on-sale stores owned	2	2	2	2	2	2	1	1	1	2
Number of on-sale stores leased	1	1	1	1	1	1	2	2	2	2
Utility										
Water										
Water mains (miles)	313	321	321	321	321	346	350	358	367	380
Fire hydrants	3,434	3,572	3,572	3,572	3,572	3,818	3,885	3,969	4,080	4,374
Wells	17	17	17	17	18	18	19	19	19	19
Water Towers	5	5	5	5	5	6	6	6	6	6
Sanitary sewer										
Sanitary sewer mains (miles)	261	261	261	261	261	261	264	270	278	288
Sanitary sewer lift stations	19	20	20	20	20	20	20	20	20	20

Notes:

(1) Indicators for general government functions are not available.

Source: Various City of Lakeville Departments.