

# 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



Year ended December 31, 2022  
City of Lakeville, Minnesota

**CITY OF LAKEVILLE, MINNESOTA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2022**

**PREPARED BY THE FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**



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

July 14, 2023

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, 2022. 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, 2022 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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## **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 73,107 in 2022.

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

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

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

## **Factors Affecting Financial Condition**

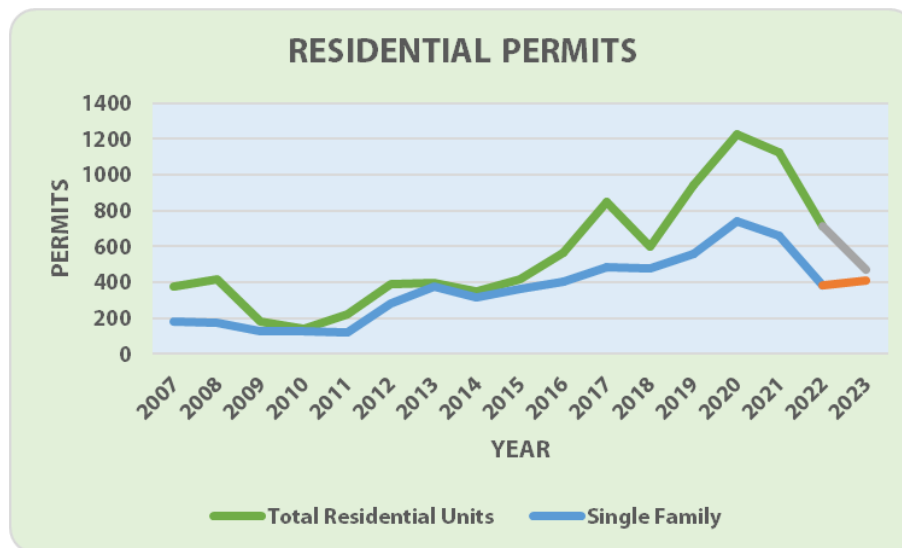
The City of Lakeville is committed to maintaining a strong financial condition, while continuing to provide quality public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when it is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

### Local Economy

The City's tax base is primarily residential and consists of mostly single-family homes. Commercial and industrial properties make up approximately eleven percent of the tax base. The City's valuation declined from its peak in 2009 to a low point in 2013. Since 2013, valuations have steadily grown due to a mix of new construction and appreciating values. The City's valuation is now at a new peak and continues to grow. The City has grown by an estimated 15,318 new residents or approximately 26.5% since 2013, while the number of City employees has increased by 31.5%.

The City has a land area of 38 square miles with approximately 22% of its land available for development. In 2022, final plats were approved for 472 single-family units, 98 detached townhomes, 391 attached townhomes, two commercial, six industrial and five institutional developments.

The trend for building permit activity for single-family homes is steady with building permits for single family homes/detached townhomes decreasing from 663 in 2021 to 387 in 2022 and was largely offset due to the increase in multiple family dwellings which was 73 in 2021 and 160 in 2022. The 2023 budget is premised on conservative modest growth of new single-family homes in the coming year.



Actual Residential Units  
Estimated Residential Units  
Actual Single Family  
Estimated Single Family

Commercial and industrial building permit activity was valued at \$104.1 million.

Commercial projects approved in 2022 included:

- Airlake 70 First Addition
  - A preliminary and conditional use permit application approved for a 276,000 square-foot cold storage warehouse located east of Cedar South and south of County Road 70
- Interstate South Logistics Park Fourth Addition
  - Preliminary and final plat for 260,000 square-foot office/warehouse and distribution center to be located south of County Road 70 and east of Jacquard Avenue

- Taco Bell
  - New location approved and proposed to be a 2,800 square-foot with a drive-thru window in front of Emagine Lakeville
- Panda Express
  - Proposed construction of 2,600 square-foot restaurant with a dual lane drive-thru and will be located next to Raising Cane's off of I-35 and 185 Street West
- Gilb Fitzpatrick Second Addition
  - Preliminary and final plat approved for a medical office building to be located south of County 50 and west of Iberia Avenue near New Horizon Academy
- KTJ First Addition
  - Final plat approved for 400,000 square-foot warehouse to be located east of Cedar Avenue and south of the County Road 70 extension
- Keswick Medical Addition
  - A 44,255 square-foot, two-story medical office building for Twin Cities Orthopedics at Keswick Loop
- Cedar and Dodd Retail Third Addition
  - A 11,900 square-foot daycare facility and a 4,450 square-foot bank building are proposed for construction to be located south of Glacier Way and west of Dodd Boulevard near Hy-Vee Fast & Fresh

Industrial development in 2022 included:

- Dick's Sanitation
  - Expand outdoor storage area onto 5.5 acres of Metropolitan Airports Commission property
- Apple Auto Group
  - New 58,550 square-foot automotive service, repair and sales facility
  - First standalone Ford commercial vehicle service center
  - 50-60 full-time jobs
- Dalsin Industries
  - Opened in industrial multi-tenant building next to The Outdoor GreatRoom Company
  - New precision sheet metal fabrication manufacturer
- Old Dominion Freight Line
  - New 43,300 square-foot building in Launch Park
  - 70+ jobs
- Magnum Trucking
  - New 31,360 square-foot trans-load trucking facility
  - Constructing a 168,000 square-foot warehouse directly north of the LTL
- Aloft Aviation
  - New 33,000 square-foot hangar
  - \$2.25 million total building permit valuation
  - Proposed future restaurant location
- Quality Contour
  - Precision machine shop
  - 4,275 square-foot addition

Commercial projects under construction:

- Baldy's Tailgate Bar
  - Former Lakeville Family Bowl closed and remodel of the interior and expansion of the outdoor patio

- Lakeville Specialty Center
  - 100,000 square-foot medical office building located just west of Buffalo Wild Wings. When complete, Allina Health Surgery and MNGI Digestive Health will fully occupy the building
- Lakeville Medical Building
  - 44,000 square-foot medical office building at the northeast corner of Cedar Avenue and Dodd Boulevard and anchored by Allina Health Primary Care & Eye Care
- Bubble Barn Car Wash
  - Car wash facility located near Hy-Vee Fast & Fresh
- Mollidrem Family Dentistry
  - 5,200 square-foot medical office building
- Lakeville Crossing Grocery
  - 6,241 square-foot expansion and remodel interior of former Kowalski's Market/Family Leisure building for grocery tenant
- United Christian Academy Daycare
  - A new pre-k through grade 12 private school campus, daycare facility, medical office, and equine therapy use
- BeeHive Homes
  - A second memory care facility

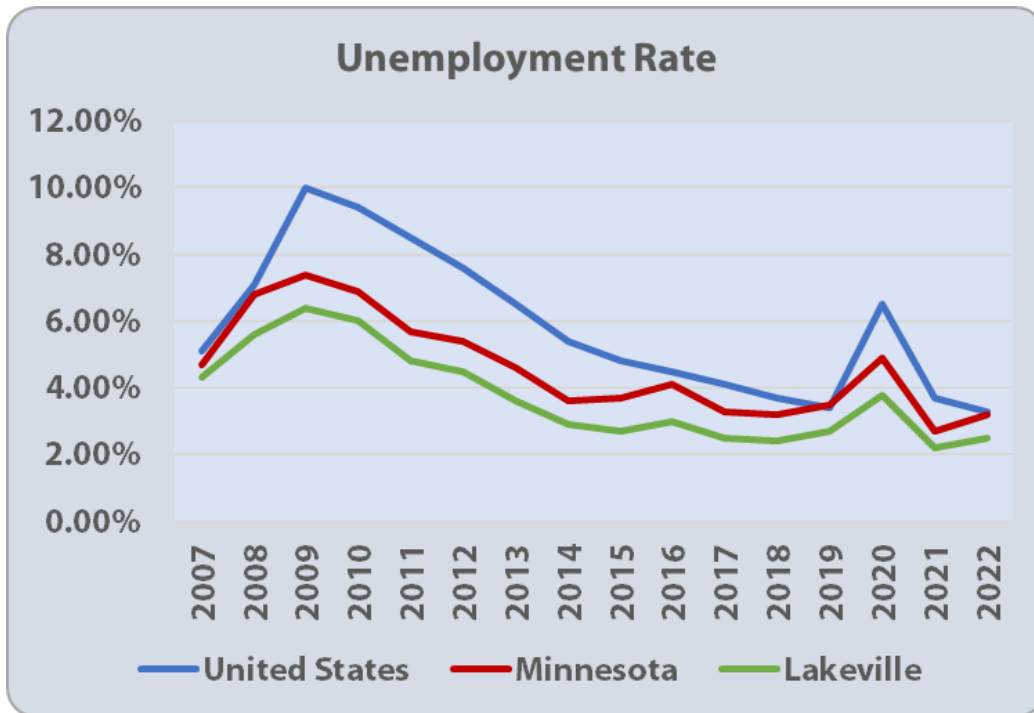
New commercial businesses:

- Owl and Unicorn
  - A gift shop
- Let's Paint!
  - An art studio provides public and private paint classes
- Tires Plus
  - A new auto body shop
- Sonnet Montessori
  - An early childhood development center under new ownership
- Raising Cane's Chicken Fingers
  - A new restaurant
- The Better Half
  - A new restaurant located in downtown next to Angry Inch Brewing
- Chandelier Suite Hair Boutique and Skin Rx Med Spa
  - A new hair and skincare service
- MD<sup>2</sup> Clinic
  - An independent medical clinic next to Platt Dentistry
- Advanced Oral Surgery
  - A dental clinic completed construction of the 655-square foot addition
- BennyAni Photography
  - A photography studio open in the tenant space above Tapestry Coffee in downtown Lakeville
- Ultimate Martial Arts
  - New and expanded location at Juniper Path. The business offers traditional style karate and self-defense to ages 4+
- Four Square Preschool and Daycare
  - A new daycare completed construction in a new building located next to The Pillars of Lakeville

- Nautical Bowls
  - A fast casual restaurant located in the Argonne Village shopping center near Walgreens offers fresh superfood smoothie bowls
- Whimzy
  - A new children's toy and bookstore located near Princess Jewelry near I-35
- Minnesota WellCare
  - A new mental health clinic located just west of Wise Swim School
- Lakeville Links
  - A new golf simulator business located in the Juniper Commons building
- MOR Golf and Utility
  - A golf cart shop
- Doma
  - A title company located in a multi-tenant building across the street from ReStored Thrift Store
- Gojjo Realty
  - A real estate agency located in a multi-tenant building north of Kwik Trip and west of Hy-Vee Fast & Fresh
- Sakura Sushi & Hibachi Grill
  - A new restaurant
- MN IV
  - Provides in-home hydration treatments to help with symptoms of dehydration, migraines and more
- Green Mill
  - A restaurant underwent an extensive interior remodel
- Gary's Supper Club
  - A new restaurant opened in the former Harry's Scratch Kitchen located on Keokuk Avenue
- Renew Chiropractic
  - A new chiropractic office that specializes in pregnancy, fertility, infant and pediatric care

According to the Dakota County Assessor's office, the estimated market value for the median value home increased by 19.01% as of March 2023 (for taxes payable 2023) to \$426,400. For taxes payable 2024, the median value home has increased by 4.18% to \$446,500.

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 2022 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 2022 budget addressed the short-term plan while the Capital Improvement Plan addressed the anticipated intermediate and long-term needs. The most significant 2022 projects included:

- Annual pavement maintenance program to improve city-wide pavement management index
- 2022 Street Reconstruction
- 210<sup>th</sup> Street Reconstruction
- Ipava Avenue Reconstruction

**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.

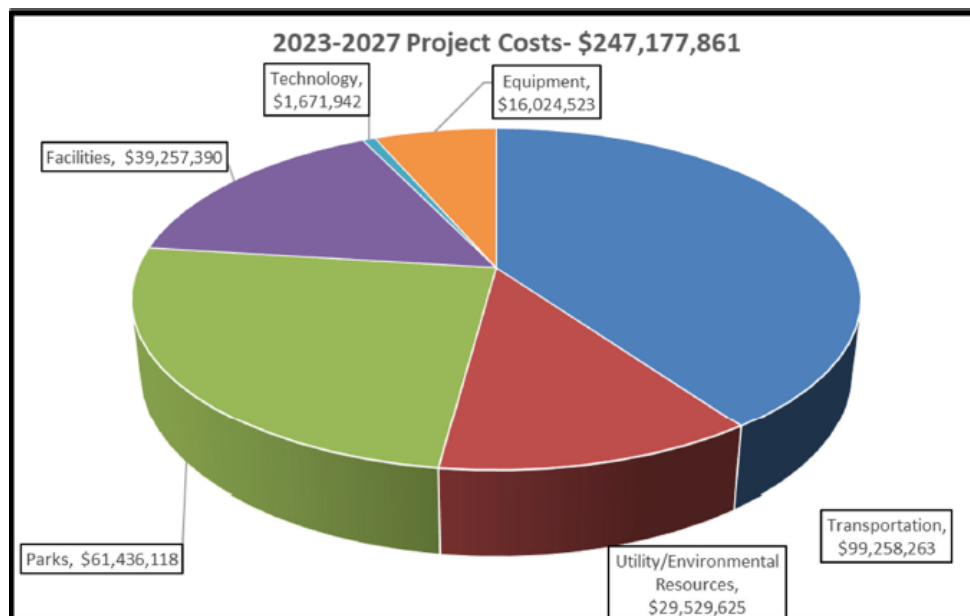
**Entrepreneurial Efforts.** Continued marketing initiatives are proposed to promote economic developments. Several years ago, property was acquired in southwestern Lakeville for what is now known as the Keokuk liquor store, the City’s fourth liquor store. The excess land adjacent to the Keokuk liquor 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 \$247 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, 2022, the City of Lakeville had approximately \$149.4 million of debt outstanding. The City will issue approximately \$75 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**

In 2021, the City was awarded \$5.4 million in American Rescue Plan (ARP) Act funds. The grant funds were received in 2021 and 2022. The City Council and staff evaluated the eligible uses of the funds and 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, 2021. This is the thirty-fourth consecutive year that the City of Lakeville has received this prestigious award.

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) in 2021 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, Laura Miller, Tom Nesseth and David Lang.

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

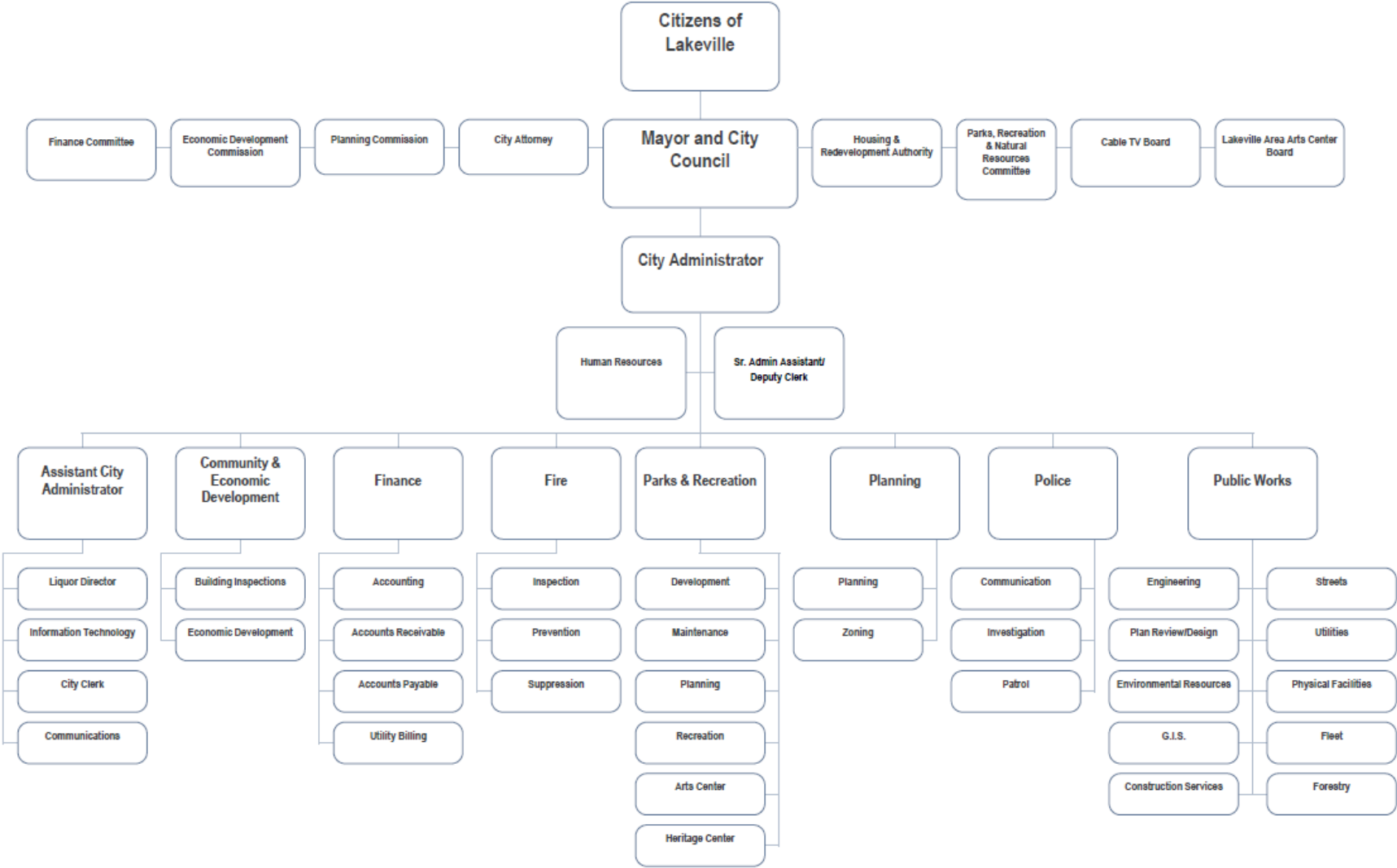
**CITY OF LAKEVILLE  
ELECTED AND APPOINTED OFFICIALS  
YEAR ENDED DECEMBER 31, 2022**

<b>Elected Officials</b>		<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
Ann Orlofsky	City Clerk

**CITY OF LAKEVILLE  
ORGANIZATIONAL CHART  
YEAR ENDED DECEMBER 31, 2022**



CITY OF LAKEVILLE  
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING  
DECEMBER 31, 2022



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, 2021

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## 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, 2022, 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, 2022, 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources and lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

***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. 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 July 14, 2023, 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  
July 14, 2023

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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 \$527,051,480 (net position) at the close of the most recent fiscal year. Of this amount, \$45,317,409 (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 \$38,142,171 in 2022.
- The City's governmental funds reported combined ending fund balances of \$129,899,363. Of this total amount, \$66,085,864 or 50.9% 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 \$19,042,227 or 56.4% of total general fund expenditures of \$33,763,999.

**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, 2022**

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, 2022**

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, 2022**

**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 \$527,051,180 at December 31, 2022. By far the largest portion, or 75.8% 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	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 181,626,871	\$ 158,325,959	\$ 34,462,234	\$ 31,500,115	\$ 216,089,105	\$ 189,826,074
Capital Assets	345,436,647	318,357,691	195,973,015	183,310,980	541,409,662	501,668,671
Total Assets	527,063,518	476,683,650	230,435,249	214,811,095	757,498,767	691,494,745
Deferred Outflows of Resources	23,793,040	13,628,599	1,217,838	1,417,305	25,010,878	15,045,904
Current and Other Liabilities	19,426,731	19,561,172	2,152,515	2,716,396	21,579,246	22,277,568
Other Liabilities	202,447,777	157,133,486	19,863,505	15,766,434	222,311,282	172,899,920
Total Liabilities	221,874,508	176,694,658	22,016,020	18,482,830	243,890,528	195,177,488
Deferred Inflows of Resources	11,432,840	20,702,622	135,097	1,751,530	11,567,937	22,454,152
Net Position:						
Net Investment in Capital Assets	218,867,352	183,876,386	180,563,445	170,514,908	399,430,797	354,391,294
Restricted	82,302,974	69,329,217	-	-	82,302,974	69,329,217
Unrestricted	16,378,884	39,709,366	28,938,525	25,479,132	45,317,409	65,188,498
Total Net Position	\$ 317,549,210	\$ 292,914,969	\$ 209,501,970	\$ 195,994,040	\$ 527,051,180	\$ 488,909,009

The City's total restricted net position of \$82,302,974 comprises 15.6% of total net position at the close of the fiscal year ended December 31, 2022. These assets are subject to external restrictions on how they may be used.

The 2022 remaining balance of \$45,317,409 (8.6% 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 decreased a total of \$19,871,089 primarily due to increase in pension and OPEB expenses as well as increases in expenses for the City.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Change in net position.** The City's 2022 total net position during the current fiscal year increased by \$38,142,171 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	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 23,346,012	\$ 23,192,442	\$ 43,926,909	\$ 40,918,963	\$ 67,272,921	\$ 64,111,405
Operating Grants and Contributions	14,357,046	2,064,673	795,582	495,092	15,152,628	2,559,765
Capital Grants and Contributions	22,572,367	24,803,219	11,492,752	14,094,676	34,065,119	38,897,895
General Revenues:						
Property Taxes	36,822,483	35,051,089	-	-	36,822,483	35,051,089
Unrestricted Investment Earnings	(6,316,145)	(1,003,311)	(1,375,179)	(197,930)	(7,691,324)	(1,201,241)
Total Revenues	<u>90,781,763</u>	<u>84,108,112</u>	<u>54,840,064</u>	<u>55,310,801</u>	<u>145,621,827</u>	<u>139,418,913</u>
<b>EXPENSES</b>						
General Government	9,999,721	8,966,246	-	-	9,999,721	8,966,246
Public Safety	19,313,383	14,226,059	-	-	19,313,383	14,226,059
Public Works	25,477,542	21,462,578	-	-	25,477,542	21,462,578
Parks and Recreation	7,762,349	7,791,954	-	-	7,762,349	7,791,954
Interest on Long-Term Debt	3,966,703	1,199,275	-	-	3,966,703	1,199,275
Municipal Liquor	-	-	20,652,588	18,069,171	20,652,588	18,069,171
Utility	-	-	20,307,370	17,512,988	20,307,370	17,512,988
Total Expenses	<u>66,519,698</u>	<u>53,646,112</u>	<u>40,959,958</u>	<u>35,582,159</u>	<u>107,479,656</u>	<u>89,228,271</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	24,262,065	30,462,000	13,880,106	19,728,642	38,142,171	50,190,642
Transfers and Contributions	372,176	(6,874,861)	(372,176)	6,874,861	-	-
<b>CHANGE IN NET POSITION</b>	24,634,241	23,587,139	13,507,930	26,603,503	38,142,171	50,190,642
Net Position - Beginning of Year	<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>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 317,549,210</u>	<u>\$ 292,914,969</u>	<u>\$ 209,501,970</u>	<u>\$ 195,994,040</u>	<u>\$ 527,051,180</u>	<u>\$ 488,909,009</u>

**Governmental activities.** The governmental activities change in net position before transfers increased by \$24,262,065. The governmental revenue increase in charges for services is directly related to both an increase in economic, development and community growth. Operating grants increased in 2022 mostly due to the City recognizing \$5.1 million in CSLFRF funds as well as additional funds for state-aid funded street maintenance and improvement projects compared to the prior year. Capital grants and contributions decreased due to a less of developer-installed assets reported during 2022 than in 2021.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

*Revenues*

The City's 2022 total revenues for governmental activities increased by \$6,673,651. Charges for services increased a total of \$153,570 primarily due to a decrease in economic development and community growth as evidenced by a decrease in park dedication fees collected and a decline in revenues from building permits and connection and area charged collected. A summary of the various increases is shown as follows:

	<u>2022</u>	<u>2021</u>	Increase / (Decrease)
<b><u>Charges for services</u></b>			
Licenses and building permit fees	\$ 4,490,895	\$ 5,081,480	\$ (590,585)
Connection and area charges	7,268,401	8,158,749	(890,348)
Engineering fees - reconstruction projects	1,691,448	1,829,199	(137,751)
Park dedication fees	4,501,883	4,594,939	(93,056)
Other	5,393,385	3,528,075	1,865,310
Total charges for services	<u>\$ 23,346,012</u>	<u>\$ 23,192,442</u>	<u>\$ 153,570</u>

Operating grants and contributions experienced an overall increase of \$12,292,373. Operating grants increased in 2022 mostly due to the City receiving \$5,111,802 in American Rescue Plan Act grant funds in 2022 of which \$4,873,307 was recognized in the general fund. Also, the level of state-aid funded street maintenance projects increased compared to the prior year. A summary of the various operating grants and contributions are shown as follows:

	<u>2022</u>	<u>2021</u>	Increase / (Decrease)
<b><u>Operating grants and contributions</u></b>			
State-aid for street maintenance	\$ 7,042,687	\$ 536,754	\$ 6,505,933
State-aid for street revenue bonds	336,394	416,754	(80,360)
County grant for joint road improvements	69,000	-	69,000
American Rescue Plan Act grant	5,111,802	-	5,111,802
Other grants, contributions and donations	1,797,163	1,111,165	685,998
Total Operating grants and contributions	<u>\$ 14,357,046</u>	<u>\$ 2,064,673</u>	<u>\$ 12,292,373</u>

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

Capital grants and contributions decreased by \$2,230,852. Contributed infrastructure from private land developers decreased \$6.4 million; the infrastructure consists of street, storm water, and park and trail capital assets. Special assessments increased by \$8 million primarily due to a major street project that was levied against the benefitting property owners in 2022. 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 \$4.1 million due to multiple road projects that occurred in 2021 and involved other government agencies including Dakota County. The summary of capital grants and contributions is shown as follows:

	<u>2022</u>	<u>2021</u>	Increase / (Decrease)
<b><u>Capital grants and contributions</u></b>			
Contributed infrastructure from developers	\$ 12,115,754	\$ 18,539,662	\$ (6,423,908)
Special assessments	9,794,681	1,507,697	8,286,984
Other grants and contributions	610,966	4,699,712	(4,088,746)
PEG fees	50,966	56,148	(5,182)
Total capital grants and contributions	<u>\$ 22,572,367</u>	<u>\$ 24,803,219</u>	<u>\$ (2,230,852)</u>

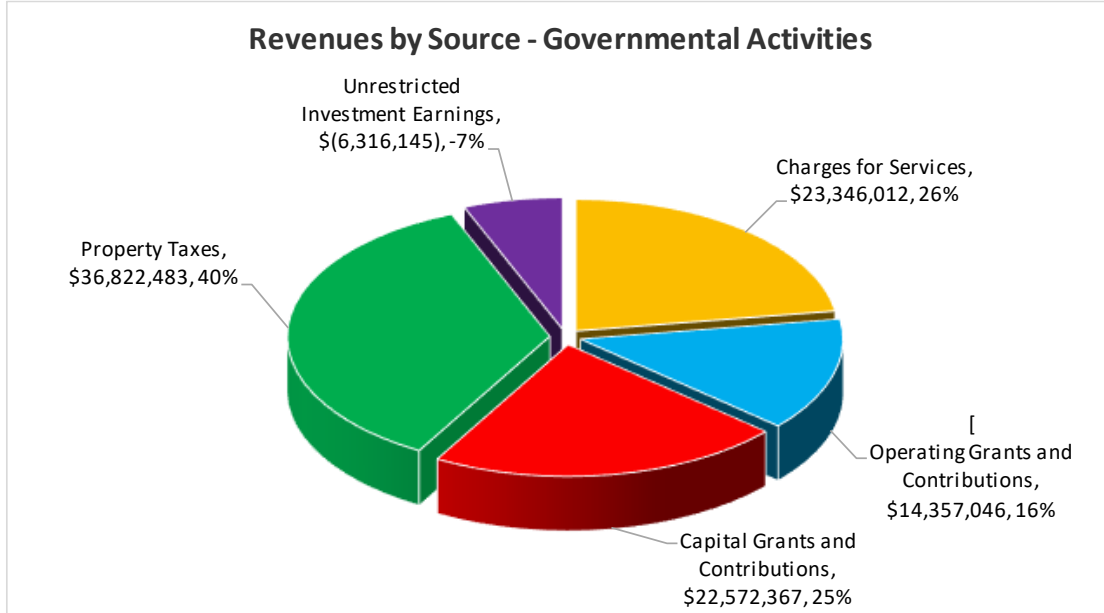
Property tax revenue increased \$1,771,394 or 5.0% primarily due to an increase in the overall tax levy.

Investment income earnings decreased by \$5,312,834. The decrease is the combination of decreased earnings and changes in investment asset values which are inversely related to the changes in market rates. The decrease is consistent with prevailing market conditions.

	<u>2022</u>	<u>2021</u>	Increase / (Decrease)
<b><u>General revenues</u></b>			
Property taxes	\$ 36,822,483	\$ 35,051,089	\$ 1,771,394
Investment income	(6,316,145)	(1,003,311)	(5,312,834)
Total general revenues	<u>\$ 30,506,338</u>	<u>\$ 34,047,778</u>	<u>\$ (3,541,440)</u>

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

A summary of 2022 revenues by source for governmental activities is shown as follows:



**Expenses**

The City's 2022 total governmental activities expenses (before depreciation on capital assets and interest on long-term debt) increased by \$8,651,723 or 24.3%. Total governmental activities expenses increased by \$12,873,586 or 24.0%, shown as follows:

	2022	2021	Increase / (Decrease)
<b><u>Governmental activities expenses</u></b>			
General government	\$ 9,639,465	\$ 8,566,433	\$ 1,073,032
Public safety	17,959,088	12,909,821	5,049,267
Public works	12,008,877	8,929,893	3,078,984
Parks and recreation	4,605,420	5,154,980	(549,560)
Total before depreciation and interest	<u>44,212,850</u>	<u>35,561,127</u>	<u>8,651,723</u>
Depreciation on capital assets	18,340,145	16,885,710	1,454,435
Interest on long-term debt	3,966,703	1,199,275	2,767,428
Total governmental activities expenses	<u><u>\$ 66,519,698</u></u>	<u><u>\$ 53,646,112</u></u>	<u><u>\$ 12,873,586</u></u>

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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

*General government* expenses increased by \$1,058,666 or 12.4% primarily due to several employees in key positions taking advantage of the advanced resignation policy which provides the City up to six months notice to hire and train the respective replacements. Expected to see this trend continue through the next several years. 2022 was an election year and there were related increases in personnel and other contractual services. In addition there were several additional professional services related to the ERP.

*Public safety* expenses increased by \$5,049,267 or 39.10%; 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.

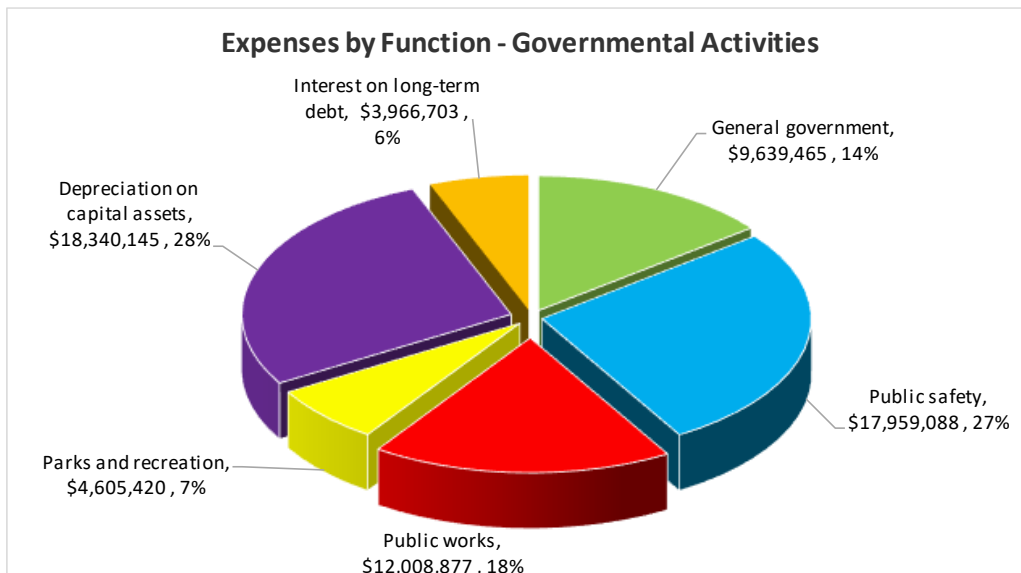
*Public works* expenses increased by \$3,093,350 or 34.5%; primarily due to 2021 having a greater amount of expenses related to improvement and maintenance projects which were not considered City assets.

*Parks and recreation* expenses decreased \$549,560 or 10.7%; primarily due to employee transitions and Arts Center expenses exceeding the prior year due to added costs associated with the Shuttered Venue Operating Grant (\$186k) awarded at the end of 2021 and the grant period expired in the second quarter of 2022. Seasonal costs are higher than the same period in 2021 due to the City being able to successfully hire all their open seasonal positions.

*Depreciation on capital assets* increased by \$1,454,435 or 8.6%; primarily due to an increase in contributed infrastructure from development and depreciation starting on recently completed projects.

*Interest on long-term debt* increased by \$2,767,428 or 230.8%; primarily due to the amortization of bond premiums offsetting scheduled debt payments.

A summary of 2022 expenses by function for governmental activities is shown as follows:



**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Business-type activities.** Business-type activities increased the City's 2022 total net position by \$13,507,930. Key elements of the increase in net position along with a comparison of revenues, expenses, and changes in net position during fiscal years 2022 and 2021 are shown as follows:

	<u>2022</u>	<u>2021</u>	<u>Increase / (Decrease)</u>
Revenues			
Charges for services			
Liquor	\$ 21,894,980	\$ 19,683,002	\$ 2,211,978
Utility	22,031,929	21,235,961	795,968
Operating grants and contributions			
Liquor	8,778	5,445	3,333
Utility	786,804	489,647	297,157
Capital contributions			
Utility	11,492,752	14,094,676	(2,601,924)
Investment earnings	(1,375,179)	(197,930)	(1,177,249)
Total revenues	<u>54,840,064</u>	<u>55,310,801</u>	<u>(470,737)</u>
Expenses			
Liquor	20,652,588	18,069,171	2,583,417
Utility	20,307,370	17,512,988	2,794,382
Total expenses	<u>40,959,958</u>	<u>35,582,159</u>	<u>5,377,799</u>
Change in net position before transfers	13,880,106	19,728,642	(5,848,536)
Transfers	(372,176)	6,874,861	(7,247,037)
Change in net position	<u>13,507,930</u>	<u>26,603,503</u>	<u>(13,095,573)</u>
Net position - beginning	<u>195,994,040</u>	<u>169,390,537</u>	<u>26,603,503</u>
Net position - ending	<u>\$ 209,501,970</u>	<u>\$ 195,994,040</u>	<u>\$ 13,507,930</u>

The City's 2022 business-type total revenues decreased by \$470,737 or 0.9%; the various revenue components are discussed in detail in the following paragraphs.

- The liquor fund 2022 charges for services increased due to opening a fourth store in October of 2022. The 2022 cost of goods sold as a percentage of sales were 73.2%, compared to 73.4% in 2021.
- The overall utility revenue charges for services increased by \$795,968. This overall increase is represented by a water revenue increase of \$49,559, sanitary sewer revenue increase of \$422,089, streetlight revenue increase of \$51,485, and environmental resources revenue increase of \$272,835. 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, 2022**

- The utility fund experienced a total decrease of \$2,601,924 in capital contributions. The majority of the decrease is derived from water and sanitary sewer contributed from developer improvement projects (greater number of contributions during 2021). City improvement project infrastructure assets of \$952,693 were contributed to the utility fund which is within the net transfer out amount of \$372,176 on the Statement of Activities. The total amount of contributed infrastructure assets received by the utility fund varies yearly.
- Investment earnings decreased \$1,177,249. 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 2022 will likely be gained back in future periods.

The City's 2022 business-type total expenses increased by \$5,377,799 or 15.1% as follows:

	Increase (Decrease) from 2021		
	Liquor Fund	Utility Fund	Total
<b><u>Business-type activities expenses</u></b>			
Cost of Goods Sold	\$ 1,562,862	\$ -	\$ 1,562,862
Personnel services	705,862	355,562	1,061,424
Commodities	(52,587)	74,358	21,771
Other charges and services	(207,834)	1,361,171	1,153,337
Sanitary sewage treatment and disposal	-	457,564	457,564
Depreciation on capital assets	547,780	445,770	993,550
Interest, fiscal charges, bond premium (net)	-	106,954	106,954
Loss on Disposal of Capital Assets	27,334	(6,997)	20,337
Total Business-type Expenses	<u>\$ 2,583,417</u>	<u>\$ 2,794,382</u>	<u>\$ 5,377,799</u>

- The liquor fund cost of goods sold increased \$1,562,862 which is proportionate to the increase in liquor sales.
- Liquor fund personnel services expenses increased \$705,862, while utility fund personnel services expenses increased \$355,562. 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. Overall, there were several transitions between sales, lead sales associates with an reorganization of management structure at each of the stores to include a store manager, assistant to the store manager, lead sales associate. Additional time was spent in meter repair and maintenance, sewer line and manhole maintenance.
- Utility fund other charges and services expenses increased by \$1,361,171 while the liquor fund decreased by \$207,834 mostly due to increases in water and sewer. Water expenses increased primarily due to major maintenance projects including, watermain repairs (costs to fix watermain breaks in 2022 were not capitalizable).. Sewer expenses increased due to higher sanitary sewer costs incurred on the annual street projects in 2022 as compared to 2021.
- The utility fund sanitary sewage treatment and disposal expenses increased by \$457,564 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 10.34% to \$4,884,576 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, 2022**

**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 \$129,899,363. Of this amount, \$66,085,864 or 50.9% of this combined ending fund balance constitutes fund balance that is available for spending at the government's discretion. Nonspendable fund balances of \$254,180 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 \$22,977,447, (b) capital acquisition of \$28,216,021, (c) Parks Bond Referendum of \$11,919,749 and (c) other restricted purposes of \$446,102.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance was \$22,007,407, a decrease from the prior year of \$1,978,415, resulting from \$4,770,738 of revenues over expenditures, net transfers out of \$6,704,046, and a change in supplies inventory of \$45,107.

The general obligation improvement (debt service) fund balance decreased by \$1,546,246 due to debt issued and refunded.

The building fund accounts the accumulation and disbursement of funds for the construction or improvement of public buildings. This includes receipts of antenna lease payments. With the implementation of GASB Statement No. 87, *Leases*, a significant lease receivable and deferred inflow of resources was recorded in 2022. The December 31, 2022 amount of the lease receivable and related deferred inflow of resources recorded in this fund was \$6,154,514 and \$6,050,254, respectively.

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 \$3,428,116 due to increase in municipal-state aid received in 2022.

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 \$333,668 due to transfers in and issuance of bond proceeds exceeding capital expenditures.

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**General Fund Budgetary Highlights**

With the exception of the planning, community and economic development, and recreation and arts center, all other general fund departments expended their 2022 budget appropriations at or below the final adopted budget. A schedule of revenues, expenditures and changes in fund balances – budgetary comparison is disclosed in the required supplemental information section of this report. A summary of general fund revenues, expenditures, other financing sources (uses), variance with final budget, and net change in fund balance is as follows:

	Budget As Originally Adopted	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 25,215,734	\$ 25,215,734	\$ 25,488,775	\$ 273,041
Licenses and permits	3,049,112	3,049,112	3,843,154	794,042
Intergovernmental	1,282,526	6,239,509	6,460,209	220,700
Charges for services	3,539,451	3,568,981	3,811,736	242,755
Special assessments	-	-	2,215	2,215
Fines	240,000	240,000	224,461	(15,539)
Interest income	281,000	281,000	348,803	67,803
Change in value of investments	-	-	(1,784,743)	(1,784,743)
Donations	28,446	44,341	46,130	1,789
Miscellaneous	55,360	55,360	93,997	38,637
Total revenues	<u>33,691,629</u>	<u>38,694,037</u>	<u>38,534,737</u>	<u>(159,300)</u>
<b>Expenditures</b>				
Personnel services	26,033,534	26,242,524	25,354,180	(888,344)
Commodities	2,075,974	2,075,974	2,009,475	(66,499)
Other charges and services	6,285,319	6,508,185	6,278,190	(229,995)
Capital outlay	183,434	183,434	122,154	(61,280)
Other	45,000	-	-	-
Total expenditures	<u>34,623,261</u>	<u>35,010,117</u>	<u>33,763,999</u>	<u>(1,246,118)</u>
Other financing sources (uses)	<u>(1,602,235)</u>	<u>(6,704,046)</u>	<u>(6,704,046)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,533,867)</u>	<u>\$ (3,020,126)</u>	<u>\$ (1,933,308)</u>	<u>\$ 1,086,818</u>

The 2022 actual general fund revenues were under the final budget by \$159,300 and expenditures were under final adopted budget by \$1,246,118. Other financing sources (uses) came in at the final budgeted amount. The general fund actual net change in fund balance surpassed final budget by \$1,086,818.

The general fund budget was amended to reflect the decrease in revenues from less than forecasted building permits, state aid, and grants. 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 2023-2027 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, 2022**

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

- Property taxes were higher than anticipated by \$273,041 due in part to slightly higher 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 \$794,042 due to change in the mix of building permits from single family to multi-family homes. The number of residential building permits budgeted were 350 compared to 387 actual. Permits for townhomes were budgeted at 100 units compared to 222 actual units.
- Intergovernmental revenues exceeded estimates by \$220,700 due to the City's receipt of \$129,880 for the state aid contributions to PERA.
- Charges for services experienced a variance of \$242,755 due to engineering-related services in connection with developer construction administration.
- Fines were less than final budgeted amounts by \$15,539.
- Interest income and the change in value of investments were below estimates by \$1,716,940 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 \$1,789 and \$38,637, respectively.

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

- Personnel costs including benefits were \$888,344 below budget estimates and offset with higher costs due to overlap with employee transitions in fire, planning, and community development.
- Commodities were \$66,499 below budget due to lower usage of chemicals for snow and ice removal. Purchases at the end of the 2022-2023 winter season will be stored at the central maintenance facility and will be utilized in the next season.
- Other charges and services were \$229,995 below budget which is attributed to several factors mostly as a result of COVID-19. Art Center expenses were higher due to the added costs associated with the Shuttered Venue Operating Grant awarded at the end of 2021. The grant period expired in the second quarter of 2022.
- Capital outlay was \$61,280 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, 2022**

**Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for governmental and business-type activities as of December 31, 2022 are \$541 million (net of accumulated depreciation and amortization). This amount represents an increase (including additions, deletions, and depreciation and amortization) of approximately \$36 million from 2021.

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

Capital Assets at Year-End  
(Net of Accumulated Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 35,872,515	\$ 3,634,926	\$ 39,507,441
Historical treasures	128,000	-	128,000
Construction in process	6,061,392	18,761	6,080,153
Buildings and improvements	62,686,756	34,246,258	96,933,014
Machinery and equipment	28,303,066	4,228,346	32,531,412
Other improvements	17,041,333	-	17,041,333
Right-to-use assets - buildings	-	3,989,676	3,989,676
Infrastructure			
Streets	224,730,598	-	224,730,598
Storm sewer	126,708,909	-	126,708,909
Parks	39,145,098	-	39,145,098
Environmental resources	-	399,007	399,007
Water	-	142,169,013	142,169,013
Sanitary sewer	-	97,737,651	97,737,651
Total Capital Assets	540,677,667	286,423,638	827,101,305
Less: Accumulated Depreciation / Amortization	(195,241,020)	(90,450,623)	(285,691,643)
Total Capital Assets, Net	<u>\$ 345,436,647</u>	<u>\$ 195,973,015</u>	<u>\$ 541,409,662</u>

The City's 2023 adopted budget provides funding for \$76.9 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, 2022**

**Debt administration.** At the end of the current fiscal year, the City of Lakeville had total bonded debt and long-term lease liabilities outstanding of \$153.124 million, which is an increase of \$15.815 million compared to the prior year. The increase is due to the issuance of the \$13.240 million 2022A General Obligation Refunding bonds, \$9.570 million 2022B Taxable General Obligation bonds, and \$24.945 million 2022C General Obligation 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, 2022 is shown as follows:

	Outstanding Debt Bonds and Leases Payable			Balance December 31
	Balance January 1	Issued	Redeemed	
<b>Governmental Activities</b>				
G.O. bonds				
General obligation bonds	\$ 32,445,000	\$ 29,200,000	\$ 14,780,000	\$ 46,865,000
G.O. improvement	58,830,000	13,830,000	9,155,000	63,505,000
State-aid street revenue	3,860,000	-	190,000	3,670,000
Water revenue	6,450,000	-	420,000	6,030,000
Tax increment	265,000	-	265,000	-
Tax abatement	14,010,000	4,725,000	365,000	18,370,000
HRA lease revenue	5,325,000	-	5,325,000	-
Total governmental activities	<u>121,185,000</u>	<u>47,755,000</u>	<u>30,500,000</u>	<u>138,440,000</u>
<b>Business-Type Activities</b>				
Water revenue	10,070,000	-	790,000	9,280,000
Sewer revenue	265,000	-	65,000	200,000
Street light revenue	230,000	-	40,000	190,000
Financed purchase arrangement	1,570,000	-	245,000	1,325,000
Lease liability	3,989,675	-	300,394	3,689,281
Total business-type activities	<u>16,124,675</u>	<u>-</u>	<u>1,440,394</u>	<u>14,684,281</u>
Total bonds payable	<u>\$ 137,309,675</u>	<u>\$ 47,755,000</u>	<u>\$ 31,940,394</u>	<u>\$ 153,124,281</u>

**Credit Rating**

The City of Lakeville's general obligation bond rating as of December 31, 2022 is "Aaa" as rated by Moody's Investors Service. On June 28, 2022 Moody's Investors Service maintained the City's outstanding general obligation unlimited tax (GOULT) debt Aa1 and assigned a stable outlook. Moody's also maintained the City's lease revenue debt to Aa3. In its June 2022 analysis, Moody's Investor Service stated, "*The City of Lakeville benefits from a large and growing tax base in the Twin Cities metropolitan area, with strong resident income and wealth (full value per capita), and very healthy financial operations demonstrated by robust reserve levels. The City's primary challenge remains above average leverage with high fixed costs. Pension liabilities are moderate.*"

**CITY OF LAKEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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 \$63,586,273 of net bonded debt, which is subject to the \$285,097,670 current debt limitation, thereby resulting in a legal debt margin of \$221,511,397. 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 but has decreased in recent years. The building permits for single family homes decreased from 527 in 2021 compared to 325 permits in 2022. In our opinion, the decline is due to the rise in interest rates. 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 2023 budget reflects a continuation of the program and service levels established by the City Council over the past several years and included eight new positions as well as position changes and reclassifications. The City Council approved the use of \$2.711 million of the General Fund balance as a funding source for the 2023 budget. The 2023 budget also focuses on City efforts to achieve strategic priorities established in the Envision Lakeville Community Vision Plan to prepare for the future, investments in technology to maximize efficiencies, developing effective partnerships to capitalize on opportunities and multi-agency resources, infrastructure improvements to promote economic and community development and service continuity through staffing enhancements to meet the expectations of community residents and businesses.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LAKEVILLE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 141,587,931	\$ 26,665,361	\$ 168,253,292
Receivables	37,573,918	4,784,149	42,358,067
Internal balances	(316,073)	316,073	-
Inventories	156,181	2,686,165	2,842,346
Prepaid items	97,999	10,486	108,485
Restricted assets (temporarily)			
Investments held by trustee	2	-	2
Net pension asset - fire relief	2,526,913	-	2,526,913
Capital assets			
Nondepreciable	42,061,907	3,653,687	45,715,594
Depreciable, net	303,374,740	192,319,328	495,694,068
Total capital assets	<u>345,436,647</u>	<u>195,973,015</u>	<u>541,409,662</u>
Total assets	527,063,518	230,435,249	757,498,767
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related deferments	215,789	43,776	259,565
Pension plan deferments - PERA	22,183,255	1,174,062	23,357,317
Pension plan deferments - fire relief	1,393,996	-	1,393,996
Total deferred outflows of resources	<u>23,793,040</u>	<u>1,217,838</u>	<u>25,010,878</u>
<b>LIABILITIES</b>			
Salaries, accounts, contracts, and deposits payable	16,944,738	1,987,557	18,932,295
Accrued interest	2,238,505	164,958	2,403,463
Unearned revenue	243,488	-	243,488
Noncurrent liabilities:			
Net pension liability - PERA due in more than one year	36,958,437	3,556,167	40,514,604
Total OPEB Liability due in more than one year	916,838	185,997	1,102,835
Other long-term liabilities due within one year	12,742,467	1,922,196	14,664,663
Other long-term liabilities due in more than one year	151,830,035	14,199,145	166,029,180
Total liabilities	<u>221,874,508</u>	<u>22,016,020</u>	<u>243,890,528</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	1,170,595	-	1,170,595
Leases	8,421,726	-	8,421,726
OPEB related deferments	407,386	82,645	490,031
Pension plan deferments - PERA	516,059	52,452	568,511
Pension plan deferments - fire relief	917,074	-	917,074
Total deferred inflows of resources	<u>11,432,840</u>	<u>135,097</u>	<u>11,567,937</u>
<b>NET POSITION</b>			
Net investment in capital assets	218,867,352	180,563,445	399,430,797
Restricted for:			
Special purposes	3,989,560	-	3,989,560
Debt service	47,212,897	-	47,212,897
Capital acquisition	28,414,003	-	28,414,003
Public safety	37,803	-	37,803
Opioid remediation activities	121,798	-	121,798
Fire relief pensions	2,526,913	-	2,526,913
Unrestricted	<u>16,378,884</u>	<u>28,938,525</u>	<u>45,317,409</u>
Total Net Position	<u>\$ 317,549,210</u>	<u>\$ 209,501,970</u>	<u>\$ 527,051,180</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 9,999,721	\$ 7,064,177	\$ 206,244	\$ 55,044	\$ (2,674,256)	\$ -	\$ (2,674,256)
Public safety	19,313,383	810,708	6,425,656	-	(12,077,019)	-	(12,077,019)
Public works	25,477,542	9,903,121	7,056,438	22,352,046	13,834,063	-	13,834,063
Parks and recreation	7,762,349	5,568,006	668,708	165,277	(1,360,358)	-	(1,360,358)
Interest on long-term debt	3,966,703	-	-	-	(3,966,703)	-	(3,966,703)
Total-governmental activities	66,519,698	23,346,012	14,357,046	22,572,367	(6,244,273)	-	(6,244,273)
Business-Type Activities:							
Liquor	20,652,588	21,894,980	8,778	-	-	1,251,170	1,251,170
Utility	20,307,370	22,031,929	786,804	11,492,752	-	14,004,115	14,004,115
Total Business-Type Activities	40,959,958	43,926,909	795,582	11,492,752	-	15,255,285	15,255,285
Total Primary Government	<u>\$ 107,479,656</u>	<u>\$ 67,272,921</u>	<u>\$ 15,152,628</u>	<u>\$ 34,065,119</u>	(6,244,273)	15,255,285	9,011,012
General Revenues:							
Property taxes					36,822,483	-	36,822,483
Investment income					(6,316,145)	(1,375,179)	(7,691,324)
Transfers					372,176	(372,176)	-
Total general revenues and transfers					<u>30,878,514</u>	<u>(1,747,355)</u>	<u>29,131,159</u>
Change in Net Position					24,634,241	13,507,930	38,142,171
Net Position - Beginning of Year					<u>292,914,969</u>	<u>195,994,040</u>	<u>488,909,009</u>
Net Position - End of Year					<u>\$ 317,549,210</u>	<u>\$ 209,501,970</u>	<u>\$ 527,051,180</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

ASSETS	General Fund	Debt Service		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
		G.O. Improvement	Building	Municipal State-aid	Improvement Construction		
Cash and investments	\$ 31,298,680	\$ 14,047,463	\$ 1,132,212	\$ 8,275,373	\$ 7,272,966	\$ 78,395,632	\$ 140,422,326
Investments held by trustee	-	-	-	-	-	2	2
Interest receivable	98,670	45,221	52,122	25,157	21,513	353,556	596,239
Taxes receivable	2,234,421	-	-	-	-	-	2,234,421
Accounts receivable	1,867,091	4,142	-	718,899	947,860	797,613	4,335,605
Advances to other funds	-	-	-	-	-	649,670	649,670
Special assessments receivable	123,822	14,225,345	-	-	7,060,320	489,858	21,899,345
Leases Receivable	76,977	-	6,154,514	-	-	3,599,039	9,830,530
Inventory	156,181	-	-	-	-	-	156,181
Prepaid items	97,999	-	-	-	-	-	97,999
<b>Total Assets</b>	<b>\$ 35,953,841</b>	<b>\$ 28,322,171</b>	<b>\$ 7,338,848</b>	<b>\$ 9,019,429</b>	<b>\$ 15,302,659</b>	<b>\$ 84,285,370</b>	<b>\$ 180,222,318</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Salaries payable	\$ 503,560	\$ -	\$ -	\$ -	\$ -	\$ 9,435	\$ 512,995
Accounts payable	782,055	-	3,665	611,316	256,086	1,729,779	3,382,901
Advances from other funds	-	-	-	-	649,670	-	649,670
Contracts payable	-	-	-	108,015	871,999	364,143	1,344,157
Deposits payable	11,305,741	-	-	-	115,047	139,310	11,560,098
Unearned revenue	119,049	-	-	-	-	124,439	243,488
<b>Total Liabilities</b>	<b>12,710,405</b>	<b>-</b>	<b>3,665</b>	<b>719,331</b>	<b>1,892,802</b>	<b>2,367,106</b>	<b>17,693,309</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - taxes	380,712	-	-	-	-	-	380,712
Unavailable revenue - special assessments	779,593	14,172,451	-	-	7,061,451	488,713	22,502,208
Unavailable revenue - leases	75,724	-	6,050,254	-	-	3,620,748	9,746,726
<b>Total Deferred Inflows of Resources</b>	<b>1,236,029</b>	<b>14,172,451</b>	<b>6,050,254</b>	<b>-</b>	<b>7,061,451</b>	<b>4,109,461</b>	<b>32,629,646</b>
<b>FUND BALANCE</b>							
Nonspendable	254,180	-	-	-	-	-	254,180
Restricted	-	14,149,720	-	8,300,098	6,970,583	34,138,918	63,559,319
Committed	-	-	1,284,929	-	-	43,669,885	44,954,814
Assigned	2,711,000	-	-	-	-	-	2,711,000
Unassigned (Deficit)	19,042,227	-	-	-	(622,177)	-	18,420,050
<b>Total Fund Balance</b>	<b>22,007,407</b>	<b>14,149,720</b>	<b>1,284,929</b>	<b>8,300,098</b>	<b>6,348,406</b>	<b>77,808,803</b>	<b>129,899,363</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 35,953,841</b>	<b>\$ 28,322,171</b>	<b>\$ 7,338,848</b>	<b>\$ 9,019,429</b>	<b>\$ 15,302,659</b>	<b>\$ 84,285,370</b>	<b>\$ 180,222,318</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2022**

Total Fund Balances for Governmental Funds		\$ 129,899,363
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	\$ 540,677,667	
Less: Accumulated depreciation and amortization	<u>(195,241,020)</u>	345,436,647
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.		
		2,526,913
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
Bonds	(138,440,000)	
Accrued interest	(2,238,505)	
Loan	(2,898,856)	
Note Payable	(9,510,078)	
Unamortized bond premium	(10,094,254)	
Deferred charge on refunding	-	
Deferred gain on refunding	<u>(1,170,595)</u>	(164,352,288)
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	(36,958,437)	
Deferred inflows of resources	(1,433,133)	
Deferred outflows of resources	<u>23,577,251</u>	(14,814,319)
Total OPEB liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
		(916,838)
OPEB related deferred outflows of resources are recorded only on the statement of net position.		
		215,789
OPEB related deferred inflows of resources are recorded only on the statement of net position.		
		(407,386)
Deferred inflows of resources related to unavailable revenue in governmental funds are susceptible to full accrual on the government-wide statements.		
		22,882,920
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>(2,921,591)</u>
Total Net Position of Governmental Activities		<u><u>\$ 317,549,210</u></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, 2022**

	General Fund	Debt Service		Capital Projects			Nonmajor Governmental Funds	Total Governmental Totals
		G.O. Improvement	Building	Municipal State-aid	Improvement Construction			
<b>REVENUE</b>								
Property taxes	\$ 25,488,775	\$ 3,438,136	\$ -	\$ -	\$ -	\$ -	\$ 6,883,864	\$ 35,810,775
Tax increment	-	-	-	-	-	-	1,004,764	1,004,764
Licenses and permits	3,843,154	-	-	-	-	-	647,741	4,490,895
Intergovernmental	6,460,209	-	-	7,151,073	1,305,066	-	2,362,753	17,279,101
Charges for services	3,811,736	-	-	1,000,434	400,136	-	12,374,413	17,586,719
Special assessments	2,215	3,163,597	-	-	274,354	-	38,501	3,478,667
Fines	224,461	-	-	-	-	-	-	224,461
Interest Income	348,803	159,659	107,167	88,817	119,567	-	1,098,859	1,922,872
Change in Fair Value of Investments	(1,784,743)	(818,330)	(148,014)	(455,239)	(425,867)	-	(4,606,824)	(8,239,017)
Donations	46,130	-	9,045	-	-	-	145,467	200,642
Miscellaneous	93,997	-	539,565	49,315	150,800	-	252,493	1,086,170
Total Revenue	38,534,737	5,943,062	507,763	7,834,400	1,824,056	-	20,202,031	74,846,049
<b>EXPENDITURES</b>								
Current:								
General government	7,802,284	-	-	-	-	-	574,806	8,377,090
Public safety	15,836,333	-	-	-	-	-	-	15,836,333
Public works	5,139,700	-	-	-	-	-	-	5,139,700
Parks and recreation	4,863,528	-	-	-	-	-	-	4,863,528
Capital Outlay:								
General government	102,092	-	249,388	-	60,933	-	882,605	1,295,018
Public safety	-	-	644,311	-	-	-	2,054,983	2,699,294
Public works	20,062	-	267,168	4,218,913	18,907,034	-	4,995,407	28,408,584
Parks and recreation	-	-	25,377	-	-	-	10,148,945	10,174,322
Debt Service:								
Principal bond maturities	-	4,550,000	-	656,201	-	-	2,655,000	7,861,201
Interest on debt	-	2,149,643	-	-	-	-	2,030,001	4,179,644
Fiscal charges	-	33,548	-	-	-	-	291,239	324,787
Total Expenditures	33,763,999	6,733,191	1,186,244	4,875,114	18,967,967	-	23,632,986	89,159,501
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	4,770,738	(790,129)	(678,481)	2,959,286	(17,143,911)	-	(3,430,955)	(14,313,452)
<b>OTHER FINANCE SOURCES (USES)</b>								
Issuance of Bonds and Other Debt	-	2,620,000	-	68,018	11,261,842	-	33,925,000	47,874,860
Premium on Issued Debt	-	229,785	-	-	1,595,559	-	2,290,622	4,115,966
Payment of Refunded Bonds	-	(4,605,000)	-	-	-	-	(18,935,000)	(23,540,000)
Proceeds from the Sale of Capital Assets	-	-	1,500	514,395	-	-	352,520	868,415
Transfers in from other funds	898,765	999,098	700,000	410,417	5,098,328	-	7,889,477	15,996,085
Transfers out to other funds	(7,602,811)	-	(314,354)	(524,000)	(478,150)	-	(5,701,901)	(14,621,216)
Total Other Finance Sources	(6,704,046)	(756,117)	387,146	468,830	17,477,579	-	19,820,718	30,694,110
<b>NET CHANGE IN FUND BALANCES</b>	(1,933,308)	(1,546,246)	(291,335)	3,428,116	333,668	-	16,389,763	16,380,658
<b>FUND BALANCES</b>								
Beginning of Year, as previously reported	23,985,822	15,695,966	1,576,264	4,871,982	6,014,738	-	61,419,040	113,563,812
Change in Supplies - Inventory	(45,107)	-	-	-	-	-	-	(45,107)
End of Year	\$ 22,007,407	\$ 14,149,720	\$ 1,284,929	\$ 8,300,098	\$ 6,348,406	\$ -	\$ 77,808,803	\$ 129,899,363

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, 2022**

Net Change in Fund Balances-Total Governmental Funds \$ 16,380,658

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	\$ 34,518,438	
Capital contributed by developer	12,115,754	
Depreciation expense	<u>(18,340,145)</u>	28,294,047

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. (1,215,091)

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. (45,107)

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, 2021	(19,264,472)	
Deferred inflows of resources - December 31, 2022	<u>22,882,920</u>	3,618,448

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	(47,874,860)	
Bond and loan principal maturities	<u>31,401,201</u>	(16,473,659)

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	(387,369)	
Premium on bonds issued in the current year	(4,115,966)	
Gain on refundings from new issuances	(1,256,753)	
Amortization of deferred charge on refunding	(86,661)	
Amortization of deferred gain on refunding	163,152	
Amortization of debt premiums/discounts	<u>2,350,359</u>	(3,333,238)

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). (46,429)

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. (2,260,486)

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. (39,902)

Change in Net Position of Governmental Activities \$ 24,879,241

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Totals	
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 3,722,374	\$ 22,942,987	\$ 26,665,361	\$ 1,165,605
Interest receivable	12,074	82,350	94,424	2,778
Accounts receivable	443	4,689,282	4,689,725	-
Inventory	2,291,068	395,097	2,686,165	-
Prepaid expenses	-	10,486	10,486	-
Total current assets	<u>6,025,959</u>	<u>28,120,202</u>	<u>34,146,161</u>	<u>1,168,383</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Land	3,087,882	547,044	3,634,926	-
Construction in progress	-	18,761	18,761	-
Buildings and improvements	8,133,471	26,112,787	34,246,258	-
Machinery and equipment	722,252	3,506,094	4,228,346	-
Infrastructure	-	240,305,671	240,305,671	-
Right to use lease asset	3,989,676	-	3,989,676	-
Accumulated Depreciation / Amortization	(1,150,557)	(89,300,066)	(90,450,623)	-
Net Capital Assets	<u>14,782,724</u>	<u>181,190,291</u>	<u>195,973,015</u>	<u>-</u>
Total noncurrent assets	<u>14,782,724</u>	<u>181,190,291</u>	<u>195,973,015</u>	<u>-</u>
Total assets	<u>20,808,683</u>	<u>209,310,493</u>	<u>230,119,176</u>	<u>1,168,383</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan deferments - PERA	512,405	661,657	1,174,062	-
OPEB related deferments	19,116	24,660	43,776	-
Total deferred outflows of resources	<u>531,521</u>	<u>686,317</u>	<u>1,217,838</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,340,204</u>	<u>\$ 209,996,810</u>	<u>\$ 231,337,014</u>	<u>\$ 1,168,383</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Salaries payable	\$ 41,275	\$ 46,988	\$ 88,263	\$ -
Accounts payable	1,424,690	402,620	1,827,310	144,587
Contracts payable	4,295	12,730	17,025	-
Accrued interest payable	3,432	161,526	164,958	-
Deposits payable	38,559	16,400	54,959	-
Accrued compensated absences	109,571	237,624	347,195	2,107,467
Lease liability - current	315,001	-	315,001	-
Long-term debt - current	250,000	1,010,000	1,260,000	-
Total current liabilities	<u>2,186,823</u>	<u>1,887,888</u>	<u>4,074,711</u>	<u>2,252,054</u>
<b>NONCURRENT LIABILITIES</b>				
Accrued compensated absences	60,978	93,286	154,264	1,521,847
Net pension liability - PERA due in more than one year	1,552,046	2,004,121	3,556,167	-
Total OPEB Liability	81,223	104,774	185,997	-
Lease liability	3,374,280	-	3,374,280	-
Long-term debt	1,075,000	9,595,601	10,670,601	-
Total noncurrent liabilities	<u>6,143,527</u>	<u>11,797,782</u>	<u>17,941,309</u>	<u>1,521,847</u>
Total liabilities	<u>8,330,350</u>	<u>13,685,670</u>	<u>22,016,020</u>	<u>3,773,901</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan deferments - PERA	22,892	29,560	52,452	-
OPEB related deferments	36,090	46,555	82,645	-
Total deferred inflows of resources	<u>58,982</u>	<u>76,115</u>	<u>135,097</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,768,443	170,795,002	180,563,445	-
Unrestricted	3,182,429	25,440,023	28,622,452	(2,605,518)
Total Net Position	<u>12,950,872</u>	<u>196,235,025</u>	<u>209,185,897</u>	<u>(2,605,518)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 21,340,204</u>	<u>\$ 209,996,810</u>	<u>231,337,014</u>	<u>\$ 1,168,383</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

316,073  
\$ 209,501,970

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, 2022**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
<b>OPERATING REVENUE</b>				
Sales	\$ 21,894,980	\$ -	\$ 21,894,980	\$ -
Cost of sales	(16,008,561)	-	(16,008,561)	-
User Charges	-	21,496,419	21,496,419	519,383
Other	-	535,510	535,510	233,444
Total operating revenue	<u>5,886,419</u>	<u>22,031,929</u>	<u>27,918,348</u>	<u>752,827</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,676,685	2,945,361	5,622,046	36,761
Commodities	99,423	662,932	762,355	-
Other charges and services	1,098,634	5,806,837	6,905,471	815,918
Disposal charges	-	4,884,557	4,884,557	-
Depreciation and amortization	658,259	5,736,581	6,394,840	-
Total operating expenses	<u>4,533,001</u>	<u>20,036,268</u>	<u>24,569,269</u>	<u>852,679</u>
<b>OPERATING INCOME</b>	1,353,418	1,995,661	3,349,079	(99,852)
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Intergovernmental - grants	8,778	786,804	795,582	-
Interest Income	42,628	290,909	333,537	9,803
Change in Fair Value of Investments	(218,500)	(1,490,216)	(1,708,716)	(28,686)
Interest, fiscal charges, bond premium (net)	(42,465)	(161,078)	(203,543)	-
Disposal of capital assets	(27,334)	(22,418)	(49,752)	-
Total Nonoperating Revenue (Expenses)	<u>(236,893)</u>	<u>(595,999)</u>	<u>(832,892)</u>	<u>(18,883)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,116,525	1,399,662	2,516,187	(118,735)
Contributed capital from developers	-	11,492,752	11,492,752	-
Contributed capital from governmental activities	-	952,693	952,693	-
Transfers from other funds	-	1,134,533	1,134,533	-
Transfers to other funds	(1,295,451)	(1,163,951)	(2,459,402)	(50,000)
Total Contributions and Transfers	<u>(1,295,451)</u>	<u>12,416,027</u>	<u>11,120,576</u>	<u>(50,000)</u>
<b>CHANGE IN NET POSITION</b>	(178,926)	13,815,689	13,636,763	(168,735)
<b>NET POSITION</b>				
Beginning of Year	<u>13,129,798</u>	<u>182,419,336</u>		<u>(2,436,783)</u>
End of Year	<u>\$ 12,950,872</u>	<u>\$ 196,235,025</u>		<u>\$ (2,605,518)</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

(128,833)  
\$ 13,507,930

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 21,898,947	\$ 21,611,366	\$ 43,510,313	\$ -
Cash received from general service charges	-	-	-	752,827
Cash paid to suppliers	(17,322,462)	(11,779,155)	(29,101,617)	(704,042)
Cash paid to and for employees	(2,473,451)	(2,772,010)	(5,245,461)	-
Net Cash Provided by Operating Activities	<u>2,103,034</u>	<u>7,060,201</u>	<u>9,163,235</u>	<u>48,785</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental - grant	8,778	786,804	795,582	-
Transfers from other funds	-	1,134,533	1,134,533	-
Transfers to other funds	(1,295,451)	(1,163,951)	(2,459,402)	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,286,673)</u>	<u>757,386</u>	<u>(529,287)</u>	<u>(50,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(201,474)	(2,472,431)	(2,673,905)	-
Proceeds from sale of capital assets	2,399	-	2,399	-
Interest and fiscal charges	(39,033)	(401,363)	(440,396)	-
Principal maturities	(545,395)	(895,000)	(1,440,395)	-
Net Cash Used by Capital and Related Financing Activities	<u>(783,503)</u>	<u>(3,768,794)</u>	<u>(4,552,297)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	(178,971)	(1,207,335)	(1,386,306)	(20,557)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(146,113)</u>	<u>2,841,458</u>	<u>2,695,345</u>	<u>(21,772)</u>
Cash and Cash Equivalents - Beginning of the Year	<u>3,868,487</u>	<u>20,101,529</u>	<u>23,970,016</u>	<u>1,187,377</u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u><u>\$ 3,722,374</u></u>	<u><u>\$ 22,942,987</u></u>	<u><u>\$ 26,665,361</u></u>	<u><u>\$ 1,165,605</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1,353,418	\$ 1,995,661	\$ 3,349,079	\$ (99,852)
Adjustments:				
Depreciation expense	658,259	5,736,581	6,394,840	-
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(443)	(421,663)	(422,106)	-
Inventory	169,902	(131,790)	38,112	-
Prepaid expenses	-	(486)	(486)	-
Pension-related deferred outflows	60,043	130,433	190,476	-
OPEB-related deferred outflows	3,549	5,442	8,991	-
Increase (decrease) in liabilities and deferred inflows:				
Salaries payable	10,308	6,338	16,646	-
Accounts payable	(285,746)	(292,553)	(578,299)	111,876
Deposits payable	4,410	1,100	5,510	-
Accrued compensated absences	9,654	15,811	25,465	36,761
Net pension liability	791,230	951,388	1,742,618	-
Pension-related deferred inflows	(676,119)	(937,655)	(1,613,774)	-
OPEB-related deferred inflows	(551)	(2,108)	(2,659)	-
Total OPEB liability	<u>5,120</u>	<u>3,702</u>	<u>8,822</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,103,034</u></u>	<u><u>\$ 7,060,201</u></u>	<u><u>\$ 9,163,235</u></u>	<u><u>\$ 48,785</u></u>
<b>Supplemental schedule of noncash financing activities:</b>				
The City assumes ownership of utility capital assets from governmental projects and land developers. Capital assets assumed were as follows:	\$ -	\$ 12,445,445	\$ 12,445,445	\$ -
Amortization of Bond Premiums	-	229,115	229,115	-
	<u><u>\$ -</u></u>	<u><u>\$ 12,674,560</u></u>	<u><u>\$ 12,674,560</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
DECEMBER 31, 2022**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 29,971
<b>LIABILITIES</b>	
Accounts payable	<u>3,491</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 26,480</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, 2022**

	Custodial Fund
<b>ADDITIONS</b>	
Contributions	\$ 8,847
<b>DEDUCTIONS</b>	
Payments to vendors	10,840
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	(1,993)
Fiduciary net position - beginning of year	28,473
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	\$ 26,480

*See accompanying Notes to Basic Financial Statements.*

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022**

**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, 2022. 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 and amortization) by the related program revenues and operating/capital grants and contributions.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022**

**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.

*Capital projects building fund* – This fund accounts for the accumulation and disbursement of funds for the construction or improvement of public buildings.

*Capital projects 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, 2022**

**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, 2022**

**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 and amortization 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, 2022**

**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, 2022, the special assessment delinquent receivable was \$129,866 in the governmental funds and \$20,173 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, 2022**

**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, 2022**

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

**M. Capital Assets (Continued)**

Depreciation and amortization 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 three 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.

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, 2022**

**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, leases, relates to long-term lease receivables not recognized to revenue until the underlying timing requirements of the leases 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, 2022**

**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. Leases**

The City determines if an arrangement is a lease at inception. Lessee leases are included in right-to-use assets and lease liabilities in the statements of net position. Lessor leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Right-to-use assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**T. 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, 2022, the unrestricted fund balance of the General Fund was 55.4% of the subsequent year's budgeted expenditures. The City has opted to reduce fund balance with the 2023 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, 2022**

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

**U. 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 and amortization 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.

**V. 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, 2022**

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

**V. 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.

**W. 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.

**X. 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, 2022**

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

**Y. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating lease and as inflows of resources or outflows of resources recognized on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in the restatement of fund balances or net position. The implementation of this standard resulted in the City reporting a lease receivable and a related deferred inflow of resources. The City also recorded right to use assets and a corresponding lease liability.

The City also adopted GASB Statement No. 91, *Conduit Debt Obligations*, in 2022, which did not have any effect on the City's financial statements.

**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, 2022 consist of the following:

Cash on hand	\$	17,650
Deposits	*	(229,286)
Investments		168,494,901
Total cash and investments		\$ 168,283,265

\* The City's negative deposits balance is the result of checks issued on December 28, 2022 were outstanding as of December 31, 2022, while the City's deposit account is swept daily into the 4M account, which is classified as investments.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**A. Components of Cash and Investments (Continued)**

The City's cash and investments as of December 31, 2022 are presented in the financial statements as follows:

<b><u>Statement of Net Position</u></b>	
Cash and investments	\$ 168,253,292
Temporarily restricted investments held by trustee	2
<b><u>Statement of Fiduciary Net Position</u></b>	
Cash and investments	<u>29,971</u>
 Total cash and investments	 <u><u>\$ 168,283,265</u></u>

**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 \$(229,286) while the balance on the bank records was \$-0-. At December 31, 2022, 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.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**C. Investments**

The City's investments as of December 31, 2022 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	\$ 18,785,891	\$ 18,785,891	\$ -	\$ -
First American Treasury Obligation	AAAm	S&P	2	2	-	-
4M term series	N/R	N/A	10,000,000	10,000,000	-	-
Certificates of deposit	N/R	N/A	12,033,700	5,870,711	6,162,989	-
U.S. treasury securities	N/A	N/A	2,861,130	-	2,861,130	-
U.S. government agencies	AA+	S&P	89,700,963	18,176,398	66,381,345	5,143,220
Municipal Bonds	Aaa	Moody's	378,568	-	378,568	-
Municipal Bonds	AAA	S&P	7,210,610	-	7,210,610	-
Municipal Bonds	Aa1	Moody's	2,833,668	-	2,833,668	-
Municipal Bonds	AA+	S&P	4,967,366	-	4,592,728	374,638
Municipal Bonds	Aa2	Moody's	6,515,449	1,000,000	4,944,554	570,895
Municipal Bonds	AA	S&P	7,576,134	1,067,839	6,508,295	-
Municipal Bonds	Aa3	Moody's	1,369,364	491,275	878,089	-
Municipal Bonds	AA-	S&P	3,762,271	297,600	3,464,671	-
Municipal Bonds	A	S&P	499,785	499,785	-	-
Total investments			<u>\$ 168,494,901</u>	<u>\$ 56,189,501</u>	<u>\$ 106,216,647</u>	<u>\$ 6,088,753</u>

N/R - Not rated

N/A - Not applicable

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.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**C. Investments (Continued)**

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, 2022, the City’s investment portfolio includes the following securities of single issuers exceeding 5%:

Federal Farm Credit Bank	9.3%
Federal Home Loan Bank	24.2%
Federal Home Loan Mortgage Corporation	10.0%
Federal National Mortgage Association	9.4%

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).

**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

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**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.

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	\$ 2,861,130	\$ -	\$ -	\$ 2,861,130
U.S. government securities	-	89,700,963	-	89,700,963
Certificates of deposit	-	12,033,700	-	12,033,700
Municipal bonds	-	35,113,215	-	35,113,215
Total	<u>\$ 2,861,130</u>	<u>\$ 136,847,878</u>	<u>\$ -</u>	139,709,008
Investments measured at amortized cost				<u>28,785,893</u>
Total				<u>\$ 168,494,901</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CAPITAL ASSETS**

A summary of changes in governmental capital assets during the year ended December 31, 2022 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 33,980,237	\$ 2,301,035	\$ (408,757)	\$ 35,872,515
Historical treasures	114,000	14,000	-	128,000
Construction in progress	2,242,128	5,727,116	(1,907,852)	6,061,392
Total Capital Assets, Not Being Depreciated	<u>36,336,365</u>	<u>8,042,151</u>	<u>(2,316,609)</u>	<u>42,061,907</u>
Capital Assets, Being Depreciated:				
Building and improvements	62,399,832	426,773	(139,849)	62,686,756
Machinery and equipment	26,859,664	3,676,018	(2,232,616)	28,303,066
Other improvements	14,396,974	2,912,073	(267,714)	17,041,333
Infrastructure				
Streets	211,468,310	19,019,854	(5,757,566)	224,730,598
Storm Sewer	117,113,384	9,847,583	(252,058)	126,708,909
Parks	35,398,765	4,617,592	(871,259)	39,145,098
Total Capital Assets, Being Depreciated	<u>467,636,929</u>	<u>40,499,893</u>	<u>(9,521,062)</u>	<u>498,615,760</u>
Accumulated Depreciation for:				
Buildings and improvements	(20,238,213)	(1,584,108)	82,060	(21,740,261)
Machinery and equipment	(18,227,379)	(2,251,032)	2,177,768	(18,300,643)
Other improvements	(5,228,571)	(725,077)	225,067	(5,728,581)
Infrastructure				
Streets	(95,802,046)	(9,298,332)	5,253,390	(99,846,988)
Storm Sewer	(28,391,120)	(3,164,139)	118,090	(31,437,169)
Parks	(17,728,274)	(1,317,457)	858,353	(18,187,378)
Total Accumulated Depreciation	<u>(185,615,603)</u>	<u>(18,340,145)</u>	<u>8,714,728</u>	<u>(195,241,020)</u>
Total Capital Assets, Being Depreciated, Net	<u>282,021,326</u>	<u>22,159,748</u>	<u>(806,334)</u>	<u>303,374,740</u>
Governmental Activities Capital Assets, Net	<u>\$ 318,357,691</u>	<u>\$ 30,201,899</u>	<u>\$ (3,122,943)</u>	<u>\$ 345,436,647</u>

Depreciation and amortization expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 360,256
Public safety	1,354,295
Public works	13,468,665
Parks and recreation	3,156,929
Total depreciation and amortization expense	<u>\$ 18,340,145</u>

**CITY OF LAKEVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

A summary of changes in business-type capital assets during the year ended December 31, 2022 are as follows:

	Beginning Balance *	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,627,767	\$ 7,159	\$ -	\$ 3,634,926
Construction in Progress	8,518	18,761	(8,518)	18,761
Total Capital Assets, Not Being Depreciated	<u>3,636,285</u>	<u>25,920</u>	<u>(8,518)</u>	<u>3,653,687</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	34,104,565	180,993	(39,300)	34,246,258
Machinery and equipment	4,153,930	117,639	(43,223)	4,228,346
Infrastructure				
Environmental Resources	399,007	-	-	399,007
Water	133,766,765	8,501,350	(99,102)	142,169,013
Sanitary Sewer	91,435,685	6,301,966	-	97,737,651
Total Capital Assets, Being Depreciated	<u>263,859,952</u>	<u>15,101,948</u>	<u>(181,625)</u>	<u>278,780,275</u>
Accumulated Depreciation for:				
Buildings and improvements	(10,794,396)	(787,068)	11,902	(11,569,562)
Machinery and equipment	(2,058,689)	(403,275)	40,317	(2,421,647)
Infrastructure				
Environmental Resources	(11,902)	(12,426)	-	(24,328)
Water	(39,960,813)	(2,927,356)	77,255	(42,810,914)
Sanitary Sewer	(31,359,457)	(1,910,538)	-	(33,269,995)
Total Accumulated Depreciation	<u>(84,185,257)</u>	<u>(6,040,663)</u>	<u>129,474</u>	<u>(90,096,446)</u>
Total Capital Assets, Being Depreciated, Net	<u>179,674,695</u>	<u>9,061,285</u>	<u>(52,151)</u>	<u>188,683,829</u>
Right-to-Use Assets, Not Being Depreciated:				
Leased buildings	3,989,676	-	-	3,989,676
Less accumulated amortization	-	(354,177)	-	(354,177)
Total Right-to-Use Assets, Net	<u>3,989,676</u>	<u>(354,177)</u>	<u>-</u>	<u>3,635,499</u>
Business-Type Activities Capital Assets, Net	<u>\$ 187,300,656</u>	<u>\$ 8,733,028</u>	<u>\$ (60,669)</u>	<u>\$ 195,973,015</u>

\* Restated due to the adoption of GASB Statement No. 87 – Leases, see Note 1.

Depreciation and amortization expense was charged to governmental functions as follows:

<b>Business-Type Activities:</b>	
Liquor fund	\$ 658,259
Utility fund	5,736,581
Total depreciation and amortization expense, Business-Type Activities	<u>\$ 6,394,840</u>

**NOTE 4 LEASES**

The City, acting as lessor, leases land and water tower space for cellular services as well as ice arena space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2056. During the year ended December 31, 2022, the City recognized \$641,620 and \$54,352 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LEASES (CONTINUED)**

Total future minimum lease payments to be received under lessor lease agreements are as follows:

	Governmental Activities		Total
	Principal	Interest	
2023	\$ 465,030	\$ 108,716	\$ 573,746
2024	464,905	103,879	568,784
2025	464,212	98,681	562,893
2026	478,308	93,350	571,658
2027	443,751	87,996	531,747
2028-2032	2,389,007	353,114	2,742,121
2033-2037	1,987,115	204,813	2,191,928
2038-2042	1,045,614	99,956	1,145,570
2043-2047	459,723	35,066	494,789
2048-2052	178,061	17,064	195,125
2053- thereafter	129,804	3,530	133,334
Total minimum lease payments	\$ 8,505,530	\$ 1,206,165	\$ 9,711,695

The City also leases liquor store space, as a lessee, as well as certain operating under long-term, non-cancelable lease agreements. The Heritage Liquor Store lease (located in Heritage Shopping Center) consists of 8,859 square feet of space and expires on June 30, 2027. This lease was discounted at a rate of 0.636%. The Kenrick Liquor Store lease (located off Kenrick Avenue) consists of 9,705 square feet of space and expires on April 30, 2038. This lease was discounted at a rate of 1.24%. The City also has an internal lease between the HRA and the Liquor fund for space that was funding by the 2017A lease revenue liquor enterprise refunding bonds.

Total future minimum lease payments under lease agreements are as follows:

Year Ending December 31,	Liquor Lease Liability	
	Principal	Interest
2023	\$ 315,001	\$ 82,551
2024	327,201	43,944
2025	335,306	33,728
2026	343,608	30,564
2027	259,588	27,457
2028-2032	948,573	102,254
2033-2037	1,084,920	39,339
2038	75,084	194
Total	\$ 3,689,281	\$ 360,031

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LEASES (CONTINUED)**

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Business-Type Activities
Buildings	\$ 3,989,676
Less: accumulated amortization	(354,177)
	\$ 3,635,499

**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.

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 Business-type Activities

Bond Issue	Use of Proceeds	Revenue Pledged		Current Year		
		Type	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Utility - Water Revenue	Water infrastructure	Utility user fees	2022 - 2034	\$ 10,933,519	\$ 1,170,213	\$ 9,407,894
Utility - Sewer Revenue	Sewer infrastructure	Utility user fees	2022 - 2025	215,250	75,650	8,635,691
Utility - Street Lights Revenue	Street lights infrastructure	Utility user fees	2022 - 2026	209,500	50,500	1,215,777
Water Connection Revenue	Water infrastructure	Connection charges	2022 - 2034	7,102,000	610,700	3,291,282

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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 2022, the City made no payments on this loan. As of December 31, 2022, 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 2022. 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 2022.

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 179<sup>th</sup> Street between CSAH 23 and CASH 31, with the City's total share to date of \$2,854,377 being recorded as a new loan in 2020. 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. Payments of \$656,200 were made in 2022, bring the total balance payable as of December 31, 2022 to \$6,335,662. During 2021, the City entered into a third agreement with Dakota County related to 179<sup>th</sup> Street Reconstruction, with the City's total share to date of \$224,099 being recorded as a new loan in 2021.

**CITY OF LAKEVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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

Dakota County Loans Payable (Continued)

Additions of \$68,018 were made to this loan in 2022, bringing the total balance payable to \$292,117. 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.

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 and amortization of \$791,307 at December 31 2022. 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, 2022**

**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.

General Obligation Refunding Bonds, Series 2022 A

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. This refunding resulted in an aggregate difference in debt service cash flows between the refunding debt and the refunded debt of \$2,251,071 as well as an economic net present value benefit of \$1,423,255 on the transaction.

Taxable General Obligation Bonds, Series 2022 B

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. This refunding resulted in an aggregate difference in debt service cash flows between the refunding debt and the refunded debt of \$634,677 as well as an economic net present value benefit of \$171,723 on the transaction.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

General Obligation Bonds, Series 2022 C

On July 18, 2022, the City issued the General Obligation Bonds, Series 2022C were being issued by the City pursuant to Minnesota Statutes, Chapters 429 and 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 finance the City's 2022 street improvements, various park improvements, 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 special assessments levied against benefitted properties and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. The Bonds maturing on February 1, 2031 and thereafter are subject to redemption, in whole or in part, on February 1, 2030 and on any date thereafter at a price of par plus accrued interest. Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2024. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2023.

The City had the following long-term liabilities outstanding at December 31, 2022:

Description	Maturities	Interest Rates	Amount
<b>PRIMARY GOVERNMENT</b>			
Governmental Activities:			
General Obligation Bonds Payable:			
General obligation bonds	2026 - 2043	1.75% - 5.00%	\$ 46,865,000
G.O. improvement bonds	2029 - 2038	1.50% - 5.00%	63,505,000
State-aid street revenue bonds	2036	1.25% - 5.00%	3,670,000
G.O. water revenue bonds	2034	2.00% - 5.00%	6,030,000
Tax abatement Bonds	2031 - 2042	1.00% - 5.00%	18,370,000
Total General Obligation Bonds			138,440,000
Business-Type Activities:			
Revenue Bonds			
Water revenue bonds	2028 - 2034	1.50% - 5.00%	9,280,000
Sewer revenue bonds	2025	1.50% - 5.00%	200,000
Street light revenue bonds	2026	5.00%	190,000
Total Revenue Bonds			9,670,000
Financed purchase arrangements	2027	2.00% - 3.00%	1,325,000
Lease liability	2024- 2038	1.16% - 3.00%	3,689,281
Total Business-Type Activities			14,684,281
Total long-term bonded debt outstanding			\$ 153,124,281

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 70), are as follows:

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

Year Ending December 31,	Governmental		Business-Type		Total
	Principal	Interest	Principal	Interest	
2023	\$ 10,635,000	\$ 5,006,038	\$ 1,010,000	\$ 363,363	\$ 17,014,401
2024	11,505,000	4,497,290	1,075,000	312,763	17,390,053
2025	12,385,000	3,986,026	1,130,000	258,788	17,759,814
2026	12,175,000	3,464,214	1,105,000	208,588	16,952,802
2027	11,430,000	2,987,452	950,000	168,588	15,536,040
2028-2032	51,010,000	8,762,503	3,785,000	358,990	63,916,493
2033-2037	18,510,000	2,844,835	615,000	17,194	21,987,029
2038-2042	9,470,000	961,012	-	-	10,431,012
2043	1,320,000	24,762	-	-	1,344,762
Total	<u>\$ 138,440,000</u>	<u>\$ 32,534,132</u>	<u>\$ 9,670,000</u>	<u>\$ 1,688,274</u>	<u>\$ 180,987,644</u>

Year Ending December 31,	Liquor Financed Purchase	
	Principal	Interest
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	<u>\$ 1,325,000</u>	<u>\$ 101,475</u>

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, 2022 is \$3,629,314. 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, 2022 is \$501,459. 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, 2022**

**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:

	<u>Governmental</u>	<u>Business-Type</u>
Unamortized bond premium	\$ 10,094,254	\$ 935,601

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

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General obligation bonds	\$ 32,445,000	\$ 29,200,000	\$ (14,780,000)	\$ 46,865,000	\$ 3,060,000
Other bonds	88,740,000	18,555,000	(15,720,000)	91,575,000	7,575,000
Total bonds	121,185,000	47,755,000	(30,500,000)	138,440,000	10,635,000
Direct Borrowing - County note payable	10,098,261	68,018	(656,201)	9,510,078	-
Direct Borrowing - Metropolitan					
Council loans	2,847,014	51,842	-	2,898,856	-
Total long-term debt	134,130,275	47,874,860	(31,156,201)	150,848,934	10,635,000
Accrued compensated absences	3,592,553	2,265,536	(2,228,775)	3,629,314	2,107,467
Unamortized bond premium/discount	8,328,647	4,115,966	(2,350,359)	10,094,254	-
Total Governmental Activities	146,051,475	54,256,362	(35,735,335)	164,572,502	12,742,467
Business-Type Activities:					
Utility - water revenue bonds	10,070,000	-	(790,000)	9,280,000	900,000
Utility - sewer revenue bonds	265,000	-	(65,000)	200,000	65,000
Utility - street light revenue bonds	230,000	-	(40,000)	190,000	45,000
Liquor - lease liability	3,989,675 *	-	(300,394)	3,689,281	315,001
Financed purchase arrangements	1,570,000	-	(245,000)	1,325,000	250,000
Accrued compensated absences	475,994	410,908	(385,443)	501,459	347,196
Unamortized Bond Premiums	1,164,716	-	(229,115)	935,601	-
Total Business-Type Activities	17,765,385	410,908	(2,054,952)	16,121,341	1,922,197
Total Primary Government	\$ 163,816,860	\$ 54,667,270	\$ (37,790,287)	\$ 180,693,843	\$ 14,664,664

The general fund is used to generally liquidate compensated absences, net pension liability, and total OPEB liability in governmental activities.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets as of December 31, 2022 is calculated as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Capital assets, net of depreciation	\$ 345,436,647	\$ 195,973,015	\$ 541,409,662
Less applicable:			
Bonds payable	(106,300,000)	(9,480,000)	(115,780,000)
Lease liability	-	(5,014,281)	(5,014,281)
Loan payable	(2,898,856)	-	(2,898,856)
Note payable	(9,510,078)	-	(9,510,078)
Unamortized bond premium / discount (net)	(9,683,657)	(915,289)	(10,598,946)
Unamortized deferred gain on refunding	(1,170,595)	-	(1,170,595)
Unspent bond proceeds	5,759,624	-	5,759,624
Contracts Payable	(2,765,733)	-	(2,765,733)
Net Investment in capital assets	<u>\$ 218,867,352</u>	<u>\$ 180,563,445</u>	<u>\$ 399,430,797</u>

The City has \$32,330,000 in bonds and \$430,909 in unamortized bond premiums that are not included in the calculation above as they are not capital in nature.

**NOTE 7 RESTRICTED NET POSITION**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Restricted Net Position</u></b>			
Special purposes	\$ 3,989,560	\$ -	\$ 3,989,560
Debt service	47,212,897	-	47,212,897
Capital acquisition	28,414,003	-	28,414,003
Public Safety	37,803	-	37,803
Opioid remediation activities	121,798	-	121,798
Fire relief pensions	2,526,913	-	2,526,913
Total restricted net position	<u>\$ 82,302,974</u>	<u>\$ -</u>	<u>\$ 82,302,974</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 CONSTRUCTION COMMITMENTS**

The City has outstanding construction and build projects as of December 31, 2022. 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
215th St Extension, CP22-24 Airlake improvements	51,650	4,899,099
2022 Street reconstruction projects	6,374,514	397,194
2022 pavement management projects	1,605,747	247,240
179th St project 23-04	-	166,309
185th St project 24-04	-	713,394
210th St project 22-03	10,718,420	232,888
Ipava Ave project 22-08	2,160,294	52,421
South Creek Trail- project 22-13	662,768	15,829
Property demo/clean-up for future right of way	245,384	2,452
Police body worn/vehicle cameras	537,109	134,251
Police vehicles	-	430,732
Towmaster chassis (Streets division)	-	137,057
Police department office furniture	-	28,099
King Park safety fence	37,473	37,474
Hasse Arena covered ice rink (construction)	714,924	5,736,885
Casperson Park-parking lots/boat launch	478,927	21,106
New watermain infrastructure/improvements	157,521	14,630
Antlers Park project	45,055	46,709
Ritter Farm Park Environmental Learning Center cabin	782,316	609,910
Arts Center loading dock	786,296	125,621
North Creek/Pinnacle Reserve parks	730,208	1,116
Casperson Park irrigation system	69,689	14,161
Other/miscellaneous projects	112,654	57,577
Total governmental	\$ 26,324,540	\$ 14,177,767
 <u>Projects</u>		
<u>Business-Type Activities</u>		
2023 well rehabilitation projects	\$ -	\$ 293,581
Well #4 raw watermain replacement, CP21-08	233,084	37,880
Lift station #9 rehabilitation	18,761	6,970
Water meters and reading equipment	-	276,580
Stormwater restoration/improvement projects	21,512	557,683
Tree inventory, injections and pruning	127,373	106,112
Total business-type	\$ 400,730	\$ 1,278,806

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 FUND BALANCES**

A summary of the City's governmental fund balance classifications at December 31, 2022 is as follows:

	General Fund	Debt Service		Capital Projects			Nonmajor	Total
		G.O. Improvement	Building	Municipal State-aid	Improvement Construction			
<b>Nonspendable</b>								
Inventory	\$ 156,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,181
Prepaid Items	97,999	-	-	-	-	-	-	97,999
Total nonspendable	254,180	-	-	-	-	-	-	254,180
<b>Restricted for:</b>								
Debt Service	-	14,149,720	-	-	-	-	8,827,727	22,977,447
Arenas capital improvements	-	-	-	-	-	-	3,869,578	3,869,578
Public improvements	-	-	-	8,300,098	6,970,583	-	-	15,270,681
Public safety equipment	-	-	-	-	-	-	37,803	37,803
Park development	-	-	-	-	-	-	9,075,762	9,075,762
Tax increment	-	-	-	-	-	-	166,519	166,519
Parks bond referendum	-	-	-	-	-	-	11,919,749	11,919,749
Opioid remediation activities	-	-	-	-	-	-	121,798	121,798
Public communications	-	-	-	-	-	-	101,126	101,126
Special Service District	-	-	-	-	-	-	18,856	18,856
Total Restricted	-	14,149,720	-	8,300,098	6,970,583	-	34,138,918	63,559,319
<b>Committed for:</b>								
Public buildings	-	-	1,284,929	-	-	-	-	1,284,929
Pavement management	-	-	-	-	-	-	1,187,033	1,187,033
Storm water infrastructure	-	-	-	-	-	-	8,335,994	8,335,994
Water trunk system	-	-	-	-	-	-	16,378,273	16,378,273
Sanitary sewer trunk system	-	-	-	-	-	-	11,985,535	11,985,535
Trail improvement	-	-	-	-	-	-	483,304	483,304
Park improvement	-	-	-	-	-	-	340,767	340,767
Capital acquisitions	-	-	-	-	-	-	2,849,323	2,849,323
Technology equipment	-	-	-	-	-	-	746,889	746,889
Public communications	-	-	-	-	-	-	1,307,205	1,307,205
Arenas improvement projects	-	-	-	-	-	-	55,562	55,562
Total Committed	-	-	1,284,929	-	-	-	43,669,885	44,954,814
<b>Assigned for:</b>								
Subsequent year budget	2,711,000	-	-	-	-	-	-	2,711,000
<b>Unassigned (Deficit)</b>								
	19,042,227	-	-	-	(622,177)	-	-	18,420,050
<b>Total</b>	<b>\$ 22,007,407</b>	<b>\$ 14,149,720</b>	<b>\$ 1,284,929</b>	<b>\$ 8,300,098</b>	<b>\$ 6,348,406</b>	<b>\$ 77,808,803</b>	<b>\$ 129,899,363</b>	

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 10 CONTRIBUTED CAPITAL**

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

<u>From Private Land Developers</u>	<u>Governmental</u>	<u>Enterprise Utility Fund</u>
Infrastructure		
Streets	\$ 5,733,772	\$ -
Storm sewer	4,793,193	-
Parks	1,588,789	-
Water	-	5,316,101
Sanitary sewer	-	6,176,651
Total	<u>\$ 12,115,754</u>	<u>\$ 11,492,752</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	\$ 827,378
Sanitary sewer	125,315
Total	<u>\$ 952,693</u>

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 11 STEWARDSHIP AND ACCOUNTABILITY**

Although total fund balance was positive, the improvement construction fund has a deficit unassigned fund balance of \$622,177 as of December 31, 2022 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.

**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, 2022, the improvement construction capital project fund had a payable of \$97,487 to the storm water infrastructure fund for the Airlake 70 improvement project constructed in 2022 (CP22-44). The amounts will be repaid with future tax revenues. Also, the water trunk nonmajor capital project fund has \$552,183 due from the improvement construction capital project fund for the Glacier Way improvement project constructed in 2021 and 2022 (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.

**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 Utility	
		G.O. Improvement	Building	Muni State-aid	Improv. Constr.			
General Fund	\$ -	\$ -	\$ 700,000	\$ -	\$ 131,000	\$ 5,637,278	\$ 1,134,533	\$ 7,602,811
Building	-	-	-	-	-	314,354	-	314,354
Muni State-aid	-	-	-	-	524,000	-	-	524,000
Improv. Const. (CP)	-	477,804	-	-	-	346	-	478,150
Nonmajor Govntl. Funds	77,823	-	-	410,417	4,443,328	770,333	-	5,701,901
<b>Total</b>	<b>77,823</b>	<b>477,804</b>	<b>700,000</b>	<b>410,417</b>	<b>5,098,328</b>	<b>6,722,311</b>	<b>1,134,533</b>	<b>14,621,216</b>
Enterprise - Liquor	179,085	-	-	-	-	1,116,366	-	1,295,451
Enterprise - Utility	591,857	521,294	-	-	-	50,800	-	1,163,951
Internal Service Fund	50,000	-	-	-	-	-	-	50,000
<b>Total</b>	<b>\$ 898,765</b>	<b>\$ 999,098</b>	<b>\$ 700,000</b>	<b>\$ 410,417</b>	<b>\$ 5,098,328</b>	<b>\$ 7,889,477</b>	<b>\$ 1,134,533</b>	<b>\$ 17,130,618</b>
	(1)	(2)	(8)	(3)	(4)	(5)(6)	(7)	

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.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 13 INTERFUND TRANSFERS (CONTINUED)**

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

Fund	Amount	Description
Communications (SR)	\$ 77,823	Public communications and budgeted transfers
Liquor (Ent)	179,085	Transfer to reduce property taxes
Utility (Ent)	591,857	Transfer to reduce property taxes
Municipal Reserve (IS)	50,000	Service charge for municipal reserve/insurance fund
Total	<u>\$ 898,765</u>	

- (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	\$ 477,804	Excess bond proceeds on street projects moved back to respect
		Total transfer to the DS GO Improvement Fund provided by the €
		related to the City improvement projects whereby user fees are p
		improvement bonds debt service requirements.
Utility (Ent)	521,294	
Total	<u>\$ 999,098</u>	

- (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:

From:	Amount	
Storm water (CP)	\$ 60,431	CP22-08 Ipava Ave improvemen
Pavement Management (CP)	301,978	CP22-08 Ipava Ave improvemen
Debt Service (DS)	48,008	
Total Muni State-aid	<u>\$ 410,417</u>	

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 13 INTERFUND TRANSFERS (CONTINUED)**

- (4) The total transfer to the capital projects fund improvement construction was provided by the following governmental funds to finance various road construction projects:

From:	Amount	Description
General	\$ 131,000	Transfer of excess internal engineering revenues to future street
Southfork TIF Fund (CP)	1,091,935	Property acquisition and demo-related costs
Argonne TIF Fund (CP)	37,007	Property acquisition -related costs
Trail Improvement Fund (CP)	179,611	CP 22-03 210th St Trail costs
Municipal State Aid Fund (CP)	524,000	CP 22-03 210th St Roundabout costs
Stormwater Infrastructure (CP)	2,646,757	CP 22-03 210th St stormwater infrastructure costs
Water (CP)	418,859	CP 22-03 210th St water trunk fund costs
Sanitary Sewer (CP)	69,159	CP 22-03 210th St sanitary sewer trunk fund costs
Total improv. const.	<u>\$ 5,098,328</u>	

- (5) The total transfer to nonmajor governmental funds (\$6,722,311) was provided by the following governmental funds:

From:	Amount	Description
General fund	\$ 2,738,775	Equipment Fund (CP) for future equipment purchases
General fund	600,000	Pavement Management Fund (CP) for future pavement repair ar identified in CIP
General fund	400,000	Park Improvement (CP) for future park improvements identified i
General fund	314,203	Special Revenue Fund (SR) for future broadband costs and neg in ARPA Fund
General fund	570,000	Trail Improvement (CP) for future park improvements identified i
General fund	375,000	Tax Abatement Fund (CP) for forgiveness of interfund loan
General fund	600,000	Technology Fund (CP) for future technology purchases/costs and
General fund	39,300	Park Bonds Fund (CP) for costs that were originally budgeted in
	<u>5,637,278</u>	
Improv. Const. (CP)	346	Reimbursement for improvement construction costs
Communications fund (SR)	5,200	Technology Fund (CP) for future technology-equipment purchase
HRA Revenue (DS)	28,161	Tax Abatement (DS) to close out fund due to refunding of bonds
Arenas capital projects (CP)	64,125	Reimbursement to 2020A tax abatement bonds (DSF) for payme received from associations/donations
Park Dedication Fund (CP)	61,690	Park Bonds Fund (CP) for Parks Bond Referendum projects
Building Fund (CP)	314,354	Park Bonds Fund (CP) for Arts Center Loading Dock project
Water (CP)	611,157	Water revenue (DS) for debt service requirements
	<u>1,084,687</u>	
Total other govt.	<u>\$ 6,722,311</u>	

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 INTERFUND TRANSFERS (CONTINUED)**

(6) The total transfer to the nonmajor governmental funds was provided by the enterprise liquor fund (\$1,116,366) and the enterprise utility fund (\$50,800) 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
		Debt Service Fund (DS) for debt payments on 2021B tax abatement store construction)
Liquor (Ent)	177,866	
		Total transfer to the DS GO Bonds Fund provided by the enterprise the City improvement projects whereby user fees are pledged towards bonds debt service requirements (police station).
Liquor (Ent)	400,000	
Liquor (Ent)	38,500	Technology Fund (CP) for future technology-equipment purchases
Total other govt.	<u>\$ 1,116,366</u>	
Utility (Ent)	31,000	Equipment Fund (CP) for future equipment purchases
Utility (Ent)	19,800	Technology Fund (CP) for future technology-equipment purchases
	<u>\$ 50,800</u>	

(7) The total transfer to the utility enterprise fund from the general fund (\$1,134,533) included \$200,000 that was used to finance Environmental Resources activities of the Utility (Ent) for future Emerald Ash Borer program costs and \$934,533 to fund AMI project costs.

(8) The \$700,000 transfer to the Building capital project fund from the general fund was to fund future building-related costs.

**NOTE 14 JOINT POWERS DEBT COMMITMENT**

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

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022, 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 2022, the City contributed \$12,997 in subsidized payments and implicit payments of \$28,934 to the plan. As of December 31, 2022, there were seven retirees receiving health benefits from the City’s health plans. The City holds no assets in trust related to this plan.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**C. Total OPEB Liability**

The City's Total OPEB liability was measured as of January 1, 2022 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, 2022
<u>Methods and assumptions used to determine the contribution rates:</u>	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.
Inflation	3.00%
Healthcare cost trend rate	6.25% for 2021, decreasing to 5.00% over five years
Salary increases	3.00%
Discount rate	2.25% (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 2.25% in the current actuarial valuation, which was updated from the 1.93% used in the prior measurement date.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 2022:

	Increase (Decrease) Total OPEB Liability (a)
<b>Balances at 12/31/21</b>	<b>\$ 1,074,408</b>
<b>Changes for the Year:</b>	
Service Cost	80,068
Interest	21,882
Differences Between Expected and Actual Experience	(3,399)
Contributions - Employer	-
Benefit Payments	(41,533)
Changes in Assumptions	(28,591)
<b>Net Changes</b>	<b>28,427</b>
<b>Balances at 12/31/22</b>	<b>\$ 1,102,835</b>

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 increased from 1.93%.to 2.25%.
- There have been no changes in plan provisions since the prior valuation.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 (1.25%) or one percentage point higher (3.25%) than the current discount rate:

	1% Decrease (1.25)%	Discount Rate (2.25)%	1% Increase (3.25)%
Total OPEB Liability (Asset)	\$ 1,194,098	\$ 1,102,835	\$ 1,017,393

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)	\$ 965,610	\$ 1,102,835	\$ 1,267,363

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$74,581. At December 31, 2022, 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	\$ 137,749	\$ 464,357
Changes of Assumptions	108,819	25,674
Contributions After Measurement Date and Before the Reporting Date	12,997	-
Total	\$ 259,565	\$ 490,031

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

A total of \$12,997 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (27,369)
2024	(27,369)
2025	(27,369)
2026	(27,369)
2027	(27,369)
Thereafter	(106,618)

**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**  
**DECEMBER 31, 2022**

**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**  
**DECEMBER 31, 2022**

**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 fiscal year 2022 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, 2022 were \$1,065,020, 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 2022 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, 2022, were \$1,316,993. 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, 2022, the City reported a liability of \$14,422,380 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 \$422,734.

The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1821% at the end of the measurement period and 0.1758% 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. GERF Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$	14,422,380
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		422,734
Total	\$	<u>14,845,114</u>

For the year ended December 31, 2022, the City recognized pension expense of \$2,183,144 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$63,166 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, 2022, 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	\$ 120,467	\$ 154,065
Changes in Actuarial Assumptions	3,264,046	58,659
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	250,164	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	544,365	-
City Contributions Subsequent to the Measurement Date	582,483	-
Total	<u>\$ 4,761,525</u>	<u>\$ 212,724</u>

A total of \$582,483 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, 2023. 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
2023	\$ 1,543,080
2024	1,490,985
2025	(372,035)
2026	1,304,288
2027	-

**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)**

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$26,092,224 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5996% at the end of the measurement period and 0.5818% 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, 2022. The contribution consisted of \$9 million in direct state aid that meets 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, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$1,139,864.

City's Proportionate Share of the Net Pension Liability	\$	26,092,224
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		1,139,864
Total	\$	27,232,088

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$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, 2022, the City recognized pension expense of \$2,070,919 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$221,104 as grant revenue and pension expense 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 non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$53,964 for the year ended December 31, 2022 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, 2022**

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

**D. Pension Costs (Continued)**

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2022, 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	\$ 1,593,671	\$ -
Changes in Actuarial Assumptions	15,359,295	156,853
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	349,723	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	554,330	198,934
City Contributions Subsequent to the Measurement Date	738,773	-
Total	<u>\$ 18,595,792</u>	<u>\$ 355,787</u>

A total of \$738,773 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 3,449,346
2024	3,388,075
2025	2,990,806
2026	5,460,898
2027	2,212,107

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	\$ 14,422,380	\$ 26,092,224	N/A	\$ 40,514,604
Deferred Inflows of Resources	212,724	355,787	\$ 917,074	1,485,585
Deferred Outflows of Resources	4,761,525	18,595,792	1,393,996	24,751,313
Pension Expense	2,246,310	2,292,023	1,280,673	5,819,006
Net Pension Asset	N/A	N/A	2,526,913	2,526,913

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2022, 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 27 years of service. 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, 2022**

**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 2022:

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**G. Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 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 position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**G. Discount Rate (Continued)**

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**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:

<b>GERF PENSION LIABILITY</b>	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	\$ 22,780,905	\$ 14,422,380	\$ 7,567,100
<b>PEPFF PENSION LIABILITY</b>	1% Decrease in Discount Rate (4.40%)	Current Discount Rate (5.40%)	1% Increase in Discount Rate (6.40%)
Description			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 39,487,234	\$ 26,092,224	\$ 15,263,160

**I. Pension Plan Fiduciary Net Position**

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

**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  
DECEMBER 31, 2022**

**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 were:

Year Ended, December 31,	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
2022	\$ 2,823	\$ 2,823	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, 2022, the plan covered 84 active firefighters and 20 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  
DECEMBER 31, 2022**

**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 \$510,676 to the plan on behalf of the Department for the year ended December 31, 2022, 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, 2022 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, 2022, the City reported a net pension liability (asset) of (\$2,526,913) for the plan. The net pension liability (asset) was measured as of December 31, 2022. 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, 2022.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022	\$ 7,525,970	\$ 13,972,745	\$ (6,446,775)
Changes for the year:			
Service cost	438,526	-	438,526
Interest on pension liability (asset)	443,842	-	443,842
Difference between expected and actual economic experience	148,756	-	148,756
Changes of assumptions	(27,176)	-	(27,176)
Changes of benefit terms	1,212,453	-	1,212,453
Contributions (employer)	-	-	-
Contributions (state)	-	510,676	(510,676)
Net investment income	-	(2,204,039)	2,204,039
Benefit payments	(491,000)	(491,000)	-
Administrative costs	-	(10,098)	10,098
Total net changes	<u>1,725,401</u>	<u>(2,194,461)</u>	<u>3,919,862</u>
Ending balance - December 31, 2022	<u>\$ 9,251,371</u>	<u>\$ 11,778,284</u>	<u>\$ (2,526,913)</u>

For the year ended December 31, 2022, the City recognized pension expense of \$1,280,673.

At December 31, 2022, 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	\$ 242,755	\$ 63,404
Difference between expected and actual experience	131,621	853,670
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,019,620	-
Total	<u>\$ 1,393,996</u>	<u>\$ 917,074</u>

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

Year Ending December 31,	Pension Expense Amount
2023	\$ (206,210)
2024	63,227
2025	269,989
2026	504,654
2027	(98,024)
Thereafter	(56,714)

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**E. Actuarial Assumptions**

The total pension liability at December 31, 2022 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	2.50% per year
Active Member Payroll Growth	2.50% per year
Investment Rate of Return	5.75%
20-Year Municipal Bond Yield	2.25%

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	65.00 %	4.10 %	6.60 %
International Equity	4.00	4.64	7.14
Fixed Income	8.00	1.05	3.55
Real Estate and Alternatives	-	3.54	6.04
Cash and Equivalents	23.00	(0.45)	2.05
Totals	<u>100.00 %</u>		<u>5.68</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 unchanged from the previous discount rate of 5.75%. 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	\$ (2,260,125)	\$ (2,526,913)	\$ (2,785,691)

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022, the City paid excess tax increment in the amount of \$480,041. No other commitments were made by the City as part of these agreements.

**CITY OF LAKEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 23 SUBSEQUENT EVENTS**

Subsequent to year-end, the City Council approved the following bond issuance.

The General Obligation Bonds, Series 2023A were approved for issuance and sale at the May 15, 2023 council meeting. The bond will be dated July 20, 2023 and issued in the amount of \$9,220,000, pursuant to Minnesota Statutes, Chapter 475 and Section 475.58, Subdivision 3b and a voter referendum held of November 2, 2021, which passed by a vote of 7,346 (yes) to 4,681 (no). Proceeds of the Bonds will be used to finance the City's 2023 street reconstruction projects and various park improvements 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 ad valorem taxes. The full faith and credit of the City is also pledged to their payment. The Bonds maturing on February 1, 2032 and thereafter are subject to redemption, in whole or in part, on February 1, 2031 and on any date thereafter at a price of par plus accrued interest. Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
<b>Property Taxes</b>				
General property taxes:				
Current	\$ 21,489,805	\$ 21,489,805	\$ 21,664,983	\$ 175,178
Delinquent	146,156	146,156	237,457	91,301
Fiscal Disparities	3,526,948	3,526,948	3,497,858	(29,090)
Mobile Home Tax	47,825	47,825	79,957	32,132
Gravel Tax	5,000	5,000	8,520	3,520
Total property taxes	<u>25,215,734</u>	<u>25,215,734</u>	<u>25,488,775</u>	<u>273,041</u>
<b>Licenses and permits</b>	3,049,112	3,049,112	3,843,154	794,042
<b>Intergovernmental</b>				
Market value homestead credit	3,000	3,000	4,319	1,319
State-aid police	540,000	540,000	580,118	40,118
State-aid fire	430,000	513,676	513,676	-
State-aid PERA	-	-	129,880	129,880
State police and fire grants	77,220	77,220	81,790	4,570
State other grants	7,700	7,700	38,624	30,924
Federal other grants	224,606	5,097,913	5,111,802	13,889
Total intergovernmental	<u>1,282,526</u>	<u>6,239,509</u>	<u>6,460,209</u>	<u>220,700</u>
<b>Charges for services</b>				
General government	394,995	394,995	490,855	95,860
Public safety	552,030	552,030	586,247	34,217
Public works	1,598,483	1,598,483	1,691,448	92,965
Parks and recreation	993,943	1,023,473	1,043,186	19,713
Total charges for services	<u>3,539,451</u>	<u>3,568,981</u>	<u>3,811,736</u>	<u>242,755</u>
<b>Special assessments</b>	-	-	2,215	2,215
<b>Fines</b>	240,000	240,000	224,461	(15,539)
<b>Investment income</b>				
Interest Income	281,000	281,000	348,803	67,803
Increase (Decrease in Fair Market Value)	-	-	(1,784,743)	(1,784,743)
Total investment income	<u>281,000</u>	<u>281,000</u>	<u>(1,435,940)</u>	<u>(1,716,940)</u>
<b>Donations</b>	28,446	44,341	46,130	1,789
<b>Miscellaneous</b>	55,360	55,360	93,997	38,637
Total revenues	<u>33,691,629</u>	<u>38,694,037</u>	<u>38,534,737</u>	<u>(159,300)</u>

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>General government</b>				
<b>Mayor and council</b>				
Personnel services	\$ 62,561	\$ 62,560	\$ 60,157	\$ (2,403)
Commodities	50	50	58	8
Other charges and services	71,250	71,250	72,073	823
Total mayor and council	<u>133,861</u>	<u>133,860</u>	<u>132,288</u>	<u>(1,572)</u>
<b>Committees/commissions</b>				
Personnel services	58,447	70,547	70,470	(77)
Commodities	2,545	2,545	1,841	(704)
Other charges and services	45,700	48,000	45,942	(2,058)
Total committees/commissions	<u>106,692</u>	<u>121,092</u>	<u>118,253</u>	<u>(2,839)</u>
<b>City administration</b>				
Personnel services	507,565	507,565	470,970	(36,595)
Commodities	1,600	1,600	3,401	1,801
Other charges and services	85,366	85,366	65,277	(20,089)
Total city administration	<u>594,531</u>	<u>594,531</u>	<u>539,648</u>	<u>(54,883)</u>
<b>City clerk</b>				
Personnel services	236,490	264,115	261,397	(2,718)
Commodities	6,400	6,400	1,784	(4,616)
Other charges and services	57,000	57,000	61,597	4,597
Total city clerk	<u>299,890</u>	<u>327,515</u>	<u>324,778</u>	<u>(2,737)</u>
<b>Legal counsel</b>				
Other charges and services	97,800	97,800	79,340	(18,460)
<b>Planning</b>				
Personnel services	607,973	607,973	616,835	8,862
Commodities	1,975	1,975	2,614	639
Other charges and services	15,745	15,745	6,960	(8,785)
Total planning	<u>625,693</u>	<u>625,693</u>	<u>626,409</u>	<u>716</u>
<b>Community and economic development</b>				
Personnel services	351,583	412,273	440,579	28,306
Commodities	275	275	495	220
Other charges and services	79,738	160,738	160,513	(225)
Total community and economic development	<u>431,596</u>	<u>573,286</u>	<u>601,587</u>	<u>28,301</u>
<b>Inspections</b>				
Personnel services	1,464,803	1,464,803	1,356,953	(107,850)
Commodities	14,497	14,497	20,695	6,198
Other charges and services	340,654	366,154	367,418	1,264
Capital Outlay	58,300	58,300	85,477	27,177
Total inspections	<u>1,878,254</u>	<u>1,903,754</u>	<u>1,830,543</u>	<u>(73,211)</u>

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>General government (continued)</b>				
<b>General government facilities</b>				
Personnel services	\$ 441,719	\$ 441,719	\$ 390,100	\$ (51,619)
Commodities	21,751	21,751	21,165	(586)
Other charges and services	231,487	237,737	229,880	(7,857)
Total general government facilities	<u>694,957</u>	<u>701,207</u>	<u>641,145</u>	<u>(60,062)</u>
<b>Finance</b>				
Personnel services	879,663	879,663	872,607	(7,056)
Commodities	3,750	3,750	2,276	(1,474)
Other charges and services	153,516	199,286	187,597	(11,689)
Total finance	<u>1,042,929</u>	<u>1,088,699</u>	<u>1,070,918</u>	<u>(17,781)</u>
<b>Information technology</b>				
Personnel services	526,367	526,367	528,547	2,180
Commodities	3,800	3,800	5,128	1,328
Other charges and services	436,383	457,383	442,799	(14,584)
Total information technology	<u>966,550</u>	<u>987,550</u>	<u>976,474</u>	<u>(11,076)</u>
<b>Human resources</b>				
Personnel services	566,124	566,124	502,403	(63,721)
Commodities	4,950	4,950	2,408	(2,542)
Other charges and services	165,872	165,872	150,005	(15,867)
Total human resources	<u>743,946</u>	<u>743,946</u>	<u>662,993</u>	<u>(80,953)</u>
<b>Insurance coverage</b>				
Other charges and services	<u>285,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total general government	7,901,699	8,198,933	7,904,376	(294,557)
<b>Public safety</b>				
<b>Police</b>				
Personnel services	11,027,868	11,027,868	10,885,572	(142,296)
Commodities	424,543	424,543	439,319	14,776
Other charges and services	2,246,421	2,246,421	2,066,992	(179,429)
Capital Outlay	13,500	13,500	-	(13,500)
Total police	<u>13,712,332</u>	<u>13,712,332</u>	<u>13,391,883</u>	<u>(320,449)</u>
<b>Fire Protection</b>				
Personnel services	1,876,089	1,964,765	1,990,808	26,043
Commodities	162,673	162,673	139,969	(22,704)
Other charges and services	291,687	326,933	313,673	(13,260)
Total fire protection	<u>2,330,449</u>	<u>2,454,371</u>	<u>2,444,450</u>	<u>(9,921)</u>
Total public safety	16,042,781	16,166,703	15,836,333	(330,370)

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>Public Works</b>				
<b>Engineering</b>				
Personnel services	\$ 952,018	\$ 952,018	\$ 800,426	\$ (151,592)
Commodities	9,062	9,062	5,917	(3,145)
Other charges and services	143,913	143,913	91,892	(52,021)
Total engineering	<u>1,160,560</u>	<u>1,160,560</u>	<u>918,297</u>	<u>(242,263)</u>
<b>Construction services</b>				
Personnel services	611,060	611,060	413,123	(197,937)
Commodities	10,600	10,600	6,817	(3,783)
Other charges and services	13,143	13,143	28,587	15,444
Total construction services	<u>675,370</u>	<u>675,370</u>	<u>448,527</u>	<u>(226,843)</u>
<b>Street maintenance</b>				
Personnel services	2,618,172	2,618,172	2,524,670	(93,502)
Commodities	927,801	927,801	910,084	(17,717)
Other charges and services	329,061	329,061	358,184	29,123
Total street maintenance	<u>3,875,034</u>	<u>3,875,034</u>	<u>3,792,938</u>	<u>(82,096)</u>
Total public works	5,710,964	5,710,964	5,159,762	(551,202)
<b>Parks and recreation</b>				
<b>Park maintenance</b>				
Personnel services	2,282,465	2,282,465	2,166,529	(115,936)
Commodities	304,123	304,123	283,178	(20,945)
Other charges and services	600,980	561,680	596,524	34,844
Total park maintenance	<u>3,187,568</u>	<u>3,148,268</u>	<u>3,046,231</u>	<u>(102,037)</u>
<b>Recreation</b>				
Personnel services	483,018	502,918	507,557	4,639
Commodities	30,271	30,271	31,424	1,153
Other charges and services	320,987	351,087	352,020	933
Capital Outlay	2,500	2,500	-	(2,500)
Total recreation	<u>836,776</u>	<u>886,776</u>	<u>891,001</u>	<u>4,225</u>
<b>Heritage center</b>				
Personnel services	75,133	75,133	68,427	(6,706)
Commodities	11,900	11,900	8,746	(3,154)
Other charges and services	53,745	53,745	46,272	(7,473)
Total heritage center	<u>140,778</u>	<u>140,778</u>	<u>123,445</u>	<u>(17,333)</u>
<b>Arts center</b>				
Personnel services	404,416	404,416	426,050	21,634
Commodities	133,408	133,408	122,156	(11,252)
Other charges and services	219,871	219,871	254,645	34,774
Total arts center	<u>757,695</u>	<u>757,695</u>	<u>802,851</u>	<u>45,156</u>
Total parks and recreation	4,922,817	4,933,517	4,863,528	(69,989)
<b>Other</b>				
	<u>45,000</u>	-	-	-
Total expenditures	<u>34,623,261</u>	<u>35,010,117</u>	<u>33,763,999</u>	<u>(1,246,118)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>				
	(931,632)	3,683,920	4,770,738	1,086,818

(continued)

**CITY OF LAKEVILLE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGETARY COMPARISON  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In From:				
Special Revenue - Communications Fund	\$ 77,823	\$ 77,823	\$ 77,823	\$ -
Enterprise - Liquor Fund	179,085	179,085	179,085	-
Enterprise - Utility Fund	591,857	591,857	591,857	-
Internal Service - Municipal Reserves Fund	50,000	50,000	50,000	-
Transfers Out To:				
Special Revenue - Communications Fund	-	(300,000)	(300,000)	-
Special Revenue - ARPA Grant Fund	-	(14,204)	(14,204)	-
Capital Projects - Technology Fund	(100,000)	(600,000)	(600,000)	-
Capital Projects - Park Improvement Fund	(400,000)	(400,000)	(400,000)	-
Capital Projects - Trail Improvement Fund	(570,000)	(570,000)	(570,000)	-
Capital Projects - Building Fund	(700,000)	(700,000)	(700,000)	-
Capital Projects - Improvement Construction Fund	(131,000)	(131,000)	(131,000)	-
Capital Projects - Pavement Management Fund	-	(600,000)	(600,000)	-
Capital Projects - Tax Abatement Fund	-	(375,000)	(375,000)	-
Capital Projects - Park Bonds	-	(39,300)	(39,300)	-
Capital Projects - Equipment Fund	(400,000)	(2,738,774)	(2,738,774)	-
Enterprise - Utility Fund	(200,000)	(1,134,533)	(1,134,533)	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Finance Sources (Uses)	<u>(1,602,235)</u>	<u>(6,704,046)</u>	<u>(6,704,046)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (2,533,867)</u>	<u>\$ (3,020,126)</u>	(1,933,308)	<u>\$ 1,086,818</u>
<b>FUND BALANCES</b>				
Beginning of Year			23,985,822	
Change in Supplies - Inventory			(45,107)	
End of Year			<u>\$ 22,007,407</u>	

**CITY OF LAKEVILLE  
GENERAL FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**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, 2022**

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

	Measurement Date							
	6/30/2022	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	0.1821%	0.1758%	0.1701%	0.1633%	0.1632%	0.1585%	0.1544%	0.1540%
City's Proportionate Share of the Net Pension Liability	\$ 14,422,380	\$ 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	422,734	229,302	314,577	280,654	297,059	127,203	-	-
Total	<u>\$ 14,845,114</u>	<u>\$ 7,736,750</u>	<u>\$ 10,512,849</u>	<u>\$ 9,309,145</u>	<u>\$ 9,350,726</u>	<u>\$ 10,245,738</u>	<u>\$ 12,536,514</u>	<u>\$ 7,981,079</u>
City's Covered Payroll	\$ 13,640,721	\$ 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								
Percentage of Its Covered Payroll	105.73%	59.37%	84.05%	77.53%	82.52%	99.07%	130.97%	88.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67%	87.00%	79.06%	80.20%	79.53%	75.90%	68.90%	78.20%

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

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

	Fiscal Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,065,020	\$ 987,086	\$ 990,259	\$ 896,894	\$ 847,485	\$ 791,612	\$ 741,919	\$ 705,189
Contributions in Relation to the Statutorily Required Contribution	(1,065,020)	(987,086)	(990,259)	(896,894)	(847,485)	(791,612)	(741,919)	(705,189)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 14,200,267	\$ 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%	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, 2022**

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

	Measurement Date							
	6/30/2022	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	0.5996%	0.5818%	0.5668%	0.5900%	0.5693%	0.5490%	0.5620%	0.5320%
City's Proportionate Share of the Net Pension Liability	\$ 26,092,224	\$ 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	1,139,864	201,912	175,988	-	-	-	-	-
Total	<u>\$ 27,232,088</u>	<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	\$ 7,255,546	\$ 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 Percentage of Its Covered Payroll	359.62%	65.19%	116.73%	100.63%	101.07%	131.53%	415.85%	124.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.53%	93.66%	87.19%	89.30%	88.84%	85.40%	63.90%	86.60%

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

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

	Fiscal Year Ended December 31,							
	2021	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,316,993	\$ 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	(1,316,993)	(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>	<u>\$ -</u>
City's Covered Payroll	\$ 7,440,638	\$ 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%	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, 2022**

**General Employees Fund**

2022 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

- Changes in Plan Provisions:

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

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- 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, 2022**

**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, 2022**

**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**

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The 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).

**CITY OF LAKEVILLE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATEWIDE PLANS**  
**DECEMBER 31, 2022**

**Police and Fire Fund (Continued)**

Changes in Actuarial Assumptions (Continued):

2021 Changes (Continued)

- 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.

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, 2022**

**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, 2022**

**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, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>								
Service Cost	\$ 438,526	\$ 428,876	\$ 356,038	\$ 319,546	\$ 255,975	\$ 231,712	\$ 270,846	\$ 223,785
Interest	443,842	429,588	434,535	376,417	358,835	345,935	301,640	269,493
Differences Between Expected and Actual Experience	148,756	-	(1,177,043)	-	(57,139)	-	(201,242)	-
Changes of Assumptions	(27,176)	-	163,176	-	94,736	38,230	(161,264)	353,037
Changes of Benefit Terms	1,212,453	-	1,435,979	388,025	352,464	154,012	186,369	-
Benefit Payments, Including Member Contribution Refunds	(491,000)	(749,411)	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Net Change in Total Pension Liability	1,725,401	109,053	962,907	880,053	402,575	493,267	(150,892)	635,499
Total Pension Liability - Beginning	7,525,970	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)	9,251,371	7,525,970	7,416,917	6,454,010	5,573,957	5,171,382	4,678,115	4,829,007
<b>Plan Fiduciary Net Position</b>								
Municipal Contributions	-	-	-	-	-	-	-	-
State Contributions	510,676	434,690	409,568	379,598	367,701	351,635	348,276	338,889
Net Investment Income	(2,204,039)	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	(491,000)	(749,411)	(249,778)	(203,935)	(602,296)	(276,622)	(547,241)	(210,816)
Administrative Expenses	(10,098)	(15,719)	(10,634)	(12,474)	(12,042)	(11,579)	(9,817)	(11,292)
Other	-	-	-	-	-	-	-	(40)
Net Change in Fiduciary Net Position	(2,194,461)	1,540,963	1,864,985	2,067,332	(561,512)	1,239,326	342,692	156,215
Fiduciary Net Position - Beginning	13,972,745	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)	11,778,284	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)	<u>\$ (2,526,913)</u>	<u>\$ (6,446,775)</u>	<u>\$ (5,014,865)</u>	<u>\$ (4,112,787)</u>	<u>\$ (2,925,508)</u>	<u>\$ (3,889,595)</u>	<u>\$ (3,143,536)</u>	<u>\$ (2,649,952)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	127.31%	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	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	N/A

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

**Schedule of Employer Contributions**

	2022	2021	2020	2019	2019	2017	2016	2015
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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. The City holds no assets in trust for this plan.

**CITY OF LAKEVILLE**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2022**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 80,068	\$ 92,424	\$ 90,590	\$ 89,732	\$ 48,551
Interest	21,882	49,766	46,760	48,182	34,601
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	(3,399)	(459,716)	-	87,715	-
Changes of Assumptions	(28,591)	135,361	-	-	-
Benefit Payments	(41,533)	(66,232)	(51,097)	(50,869)	(42,312)
Net Change in Total OPEB Liability	28,427	(248,397)	86,253	174,760	40,840
Total OPEB Liability - Beginning	1,074,408	1,322,805	1,236,552	1,061,792	1,020,952
Total OPEB Liability - Ending	<u>\$ 1,102,835</u>	<u>\$ 1,074,408</u>	<u>\$ 1,322,805</u>	<u>\$ 1,236,552</u>	<u>\$ 1,061,792</u>
Total OPEB Liability	\$ 1,102,835	\$ 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%	0.00%
Covered Employee Payroll	\$ 18,582,335	\$ 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	5.93%	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: 1/1/2022

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	2.25% (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)

2022 Changes

Changes in Actuarial Assumptions:

- Discount rate of 1.93% was updated to 2.25%.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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**

## **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.

### **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.

### **Opioid Settlement Fund**

This fund is used to account for opioid settlement revenues and the related expenditures restricted to opioid remediation activities.

### **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.

**CITY OF LAKEVILLE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

<b>ASSETS</b>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and investments	\$ 1,440,347	\$ 8,800,419	\$ 68,154,866	\$ 78,395,632
Investments held by trustee	-	2	-	2
Receivables:				
Interest receivable	4,598	26,160	322,798	353,556
Special assessments				
Delinquent	-	-	353	353
Deferred	-	216,382	90,473	306,855
Other	-	-	182,650	182,650
Accounts receivable	166,303	-	631,310	797,613
Leases receivable	-	1,325,000	2,274,039	3,599,039
Advances to other funds	-	-	649,670	649,670
 Total Assets	 <u>\$ 1,611,248</u>	 <u>\$ 10,367,963</u>	 <u>\$ 72,306,159</u>	 <u>\$ 84,285,370</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Salaries payable	\$ 9,435	\$ -	\$ -	\$ 9,435
Accounts payable	3,661	-	1,726,118	1,729,779
Contracts payable	-	-	364,143	364,143
Deposits payable	-	-	139,310	139,310
Unearned revenue	-	-	124,439	124,439
Total Liabilities	<u>13,096</u>	<u>-</u>	<u>2,354,010</u>	<u>2,367,106</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	-	215,236	273,477	488,713
Unavailable revenue - leases	49,167	1,325,000	2,246,581	3,620,748
Total Deferred Inflows of Resources	<u>49,167</u>	<u>1,540,236</u>	<u>2,520,058</u>	<u>4,109,461</u>
 <b>FUND BALANCE</b>				
Restricted	241,780	8,827,727	25,069,411	34,138,918
Committed	1,307,205	-	42,362,680	43,669,885
Total Fund Balance	<u>1,548,985</u>	<u>8,827,727</u>	<u>67,432,091</u>	<u>77,808,803</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,611,248</u>	 <u>\$ 10,367,963</u>	 <u>\$ 72,306,159</u>	 <u>\$ 84,285,370</u>

**CITY OF LAKEVILLE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUE</b>				
Property taxes:				
Current	\$ -	\$ 4,368,864	\$ 2,515,000	\$ 6,883,864
Tax increment	-	464,271	540,493	1,004,764
Licenses and permits	647,741	-	-	647,741
Intergovernmental revenue:				
Municipal state-aid	-	336,394	595,000	931,394
County and local grants	-	-	1,431,359	1,431,359
Charges for services	50,966	548,163	11,775,284	12,374,413
Special assessments	-	14,231	24,270	38,501
Interest income	16,234	92,369	990,256	1,098,859
Change in fair value of investments	(83,211)	(473,362)	(4,050,251)	(4,606,824)
Donations	-	-	145,467	145,467
Miscellaneous	123,379	545	128,569	252,493
Total Revenue	<u>755,109</u>	<u>5,351,475</u>	<u>14,095,447</u>	<u>20,202,031</u>
<b>EXPENDITURES</b>				
Current:				
General government	574,806	-	-	574,806
Capital Outlay:				
General government	28,477	-	854,128	882,605
Public safety	-	-	2,054,983	2,054,983
Public works	-	-	4,995,407	4,995,407
Culture and recreation	-	-	10,148,945	10,148,945
Debt Service:				
Principal retirement	-	2,655,000	-	2,655,000
Interest on debt	-	2,030,001	-	2,030,001
Fiscal charges	-	165,209	126,030	291,239
Total Expenditures	<u>603,283</u>	<u>4,850,210</u>	<u>18,179,493</u>	<u>23,632,986</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	151,826	501,265	(4,084,046)	(3,430,955)
<b>OTHER FINANCE SOURCES (USES)</b>				
Issuance of bonds and other debt	-	15,617,642	18,307,358	33,925,000
Premium on debt Issued	-	1,629,828	660,794	2,290,622
Payment of Refunded Bonds	-	(18,935,000)	-	(18,935,000)
Proceeds from the sale of capital assets	-	-	352,520	352,520
Transfers in from other funds	314,204	1,281,309	6,293,964	7,889,477
Transfers out to other funds	(83,023)	(1,168,104)	(4,450,774)	(5,701,901)
Total Other Finance Sources (Uses)	<u>231,181</u>	<u>(1,574,325)</u>	<u>21,163,862</u>	<u>19,820,718</u>
<b>NET CHANGE IN FUND BALANCES</b>	383,007	(1,073,060)	17,079,816	16,389,763
<b>FUND BALANCES</b>				
Beginning of Year	<u>1,165,978</u>	<u>9,900,787</u>	<u>50,352,275</u>	<u>61,419,040</u>
End of Year	<u>\$ 1,548,985</u>	<u>\$ 8,827,727</u>	<u>\$ 67,432,091</u>	<u>\$ 77,808,803</u>

**CITY OF LAKEVILLE  
SPECIAL REVENUE FUNDS (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	<u>Communications</u>	<u>Downtown Special Service District</u>	<u>Opioid Settlement</u>	<u>American Rescue Plan</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,299,778	\$ 18,822	\$ 121,747	\$ -	\$ 1,440,347
Interest receivable	4,513	34	51	-	4,598
Accounts receivable	<u>166,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,303</u>
Total Assets	<u>\$ 1,470,594</u>	<u>\$ 18,856</u>	<u>\$ 121,798</u>	<u>\$ -</u>	<u>\$ 1,611,248</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Salaries payable	\$ 9,435	\$ -	\$ -	\$ -	\$ 9,435
Accounts payable	<u>3,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,661</u>
Total Liabilities	13,096	-	-	-	13,096
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - leases	<u>49,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,167</u>
<b>FUND BALANCE</b>					
Restricted	101,126	18,856	121,798	-	241,780
Committed	<u>1,307,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,307,205</u>
Total Fund Balance	<u>1,408,331</u>	<u>18,856</u>	<u>121,798</u>	<u>-</u>	<u>1,548,985</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balance	<u>\$ 1,470,594</u>	<u>\$ 18,856</u>	<u>\$ 121,798</u>	<u>\$ -</u>	<u>\$ 1,611,248</u>

**CITY OF LAKEVILLE  
SPECIAL REVENUE FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	Communications	Downtown Special Service District	Opioid Settlement	American Rescue Plan	Totals
<b>REVENUE</b>					
Licenses and permits	\$ 647,741	\$ -	\$ -	\$ -	\$ 647,741
Charges for services	50,966	-	-	-	50,966
Interest income	15,932	121	181	-	16,234
Change in fair value of investments	(81,660)	(622)	(929)	-	(83,211)
Miscellaneous	833	-	122,546	-	123,379
Total revenue	<u>633,812</u>	<u>(501)</u>	<u>121,798</u>	<u>-</u>	<u>755,109</u>
<b>EXPENDITURES</b>					
Current:					
General government	568,808	5,998	-	-	574,806
Capital outlay					
General government	<u>28,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,477</u>
Total expenditures	<u>597,285</u>	<u>5,998</u>	<u>-</u>	<u>-</u>	<u>603,283</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	36,527	(6,499)	121,798	-	151,826
<b>OTHER FINANCE SOURCES (USES)</b>					
Transfers In	300,000	-	-	14,204	314,204
Transfers Out	<u>(83,023)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,023)</u>
Total other finance sources (uses)	<u>216,977</u>	<u>-</u>	<u>-</u>	<u>14,204</u>	<u>231,181</u>
<b>NET CHANGE IN FUND BALANCES</b>	253,504	(6,499)	121,798	14,204	383,007
<b>FUND BALANCES</b>					
Beginning of Year	<u>1,154,827</u>	<u>25,355</u>	<u>-</u>	<u>(14,204)</u>	<u>1,165,978</u>
End of Year	<u>\$ 1,408,331</u>	<u>\$ 18,856</u>	<u>\$ 121,798</u>	<u>\$ -</u>	<u>\$ 1,548,985</u>

**CITY OF LAKEVILLE  
DEBT SERVICE FUNDS (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	HRA Revenue	Tax Abatement	General Obligation	
<b>ASSETS</b>							
Cash and investments	\$ 2,823,487	\$ 806,494	\$ -	\$ 587	\$ 912,102	\$ 4,257,749	\$ 8,800,419
Investments held by trustee	-	-	-	2	-	-	2
Interest receivable	12,814	2,485	-	3	1,617	9,241	26,160
Special assessments receivable	-	-	-	-	-	216,382	216,382
Leases receivable	-	-	-	1,325,000	-	-	1,325,000
<b>Total Assets</b>	<b>\$ 2,836,301</b>	<b>\$ 808,979</b>	<b>\$ -</b>	<b>\$ 1,325,592</b>	<b>\$ 913,719</b>	<b>\$ 4,483,372</b>	<b>\$ 10,367,963</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - special assessments	-	-	-	-	-	215,236	215,236
Unavailable revenue - leases	-	-	-	1,325,000	-	-	1,325,000
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,325,000</b>	<b>-</b>	<b>215,236</b>	<b>1,540,236</b>
<b>FUND BALANCE</b>							
Restricted for debt service	2,836,301	808,979	-	592	913,719	4,268,136	8,827,727
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 2,836,301</b>	<b>\$ 808,979</b>	<b>\$ -</b>	<b>\$ 1,325,592</b>	<b>\$ 913,719</b>	<b>\$ 4,483,372</b>	<b>\$ 10,367,963</b>

**CITY OF LAKEVILLE  
DEBT SERVICE FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	HRA Revenue	Tax Abatement	General Obligation	
<b>REVENUE</b>							
Property taxes							
Current	\$ -	\$ -	\$ -	\$ -	\$ 531,675	\$ 3,837,189	\$ 4,368,864
Tax increment	464,271	-	-	-	-	-	464,271
Intergovernmental - State-aid	-	336,394	-	-	-	-	336,394
Charges for services	-	-	-	-	548,163	-	548,163
Special Assessments	-	-	-	-	-	14,231	14,231
Interest Income	45,240	8,772	-	25	5,708	32,624	92,369
Change in Fair Value of Investments	(231,882)	(44,962)	-	(47)	(29,258)	(167,213)	(473,362)
Miscellaneous	-	-	-	545	-	-	545
<b>Total revenues</b>	<b>277,629</b>	<b>300,204</b>	<b>-</b>	<b>523</b>	<b>1,056,288</b>	<b>3,716,831</b>	<b>5,351,475</b>
<b>EXPENDITURES</b>							
Debt Service:							
Principal bond maturities	265,000	190,000	420,000	245,000	365,000	1,170,000	2,655,000
Interest on debt	5,565	141,144	190,700	139,200	359,335	1,194,057	2,030,001
Fiscal charges	3,944	93	457	118,965	1,286	40,464	165,209
<b>Total expenditures</b>	<b>274,509</b>	<b>331,237</b>	<b>611,157</b>	<b>503,165</b>	<b>725,621</b>	<b>2,404,521</b>	<b>4,850,210</b>
<b>DEFICIENCY OF REVENUE UNDER EXPENDITURES</b>	<b>3,120</b>	<b>(31,033)</b>	<b>(611,157)</b>	<b>(502,642)</b>	<b>330,667</b>	<b>1,312,310</b>	<b>501,265</b>
<b>OTHER FINANCE SOURCES</b>							
Issuance of refunding bonds	-	-	-	4,725,000	-	10,892,642	15,617,642
Payment to refunded bonds escrow agent	-	-	-	(5,325,000)	-	(13,610,000)	(18,935,000)
Premium on bonds issued	-	-	-	-	-	1,629,828	1,629,828
Transfers from (to):							
Debt Service - HRA Revenue Bonds	-	-	-	-	28,161	-	28,161
Debt Service - Tax Abatement Bonds	-	-	-	(28,161)	-	-	(28,161)
Capital Projects - Municipal State-Aid	-	(48,008)	-	-	-	-	(48,008)
Capital Projects - Improvement Construction	(1,091,935)	-	-	-	-	-	(1,091,935)
Capital Projects - Water Trunk Fund	-	-	611,157	-	-	-	611,157
Capital Projects - Arenas Capital	-	-	-	-	64,125	-	64,125
Enterprise - Liquor Fund	-	-	-	-	177,866	400,000	577,866
<b>Total other finance sources (uses)</b>	<b>(1,091,935)</b>	<b>(48,008)</b>	<b>611,157</b>	<b>(628,161)</b>	<b>270,152</b>	<b>(687,530)</b>	<b>(1,574,325)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,088,815)</b>	<b>(79,041)</b>	<b>-</b>	<b>(1,130,803)</b>	<b>600,819</b>	<b>624,780</b>	<b>(1,073,060)</b>
<b>FUND BALANCES</b>							
Beginning of Year	3,925,116	888,020	-	1,131,395	312,900	3,643,356	9,900,787
End of Year	<u>\$ 2,836,301</u>	<u>\$ 808,979</u>	<u>\$ -</u>	<u>\$ 592</u>	<u>\$ 913,719</u>	<u>\$ 4,268,136</u>	<u>\$ 8,827,727</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUND (NONMAJOR)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

<b>ASSETS</b>	<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	\$ 1,264,313	\$ 7,822,133	\$ 15,792,813	\$ 12,074,203	\$ 9,405,576	\$ 486,576
Interest receivable	4,722	42,777	68,025	50,642	39,658	3,297
Accounts receivable	69,000	442,022	-	-	120,288	-
Lease receivable						
Advances to other funds	-	97,487	552,183	-	-	-
Special assessments:						
Delinquent	353	-	-	-	-	-
Deferred	-	3,519	50,088	36,866	-	-
Other	-	65,293	78,400	38,957	-	-
<b>Total Assets</b>	<b><u>\$ 1,338,388</u></b>	<b><u>\$ 8,473,231</u></b>	<b><u>\$ 16,541,509</u></b>	<b><u>\$ 12,200,668</u></b>	<b><u>\$ 9,565,522</u></b>	<b><u>\$ 489,873</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 70,715	\$ 55,546	\$ 28,487	\$ -	\$ 347,141	\$ 6,569
Contracts payable	80,287	12,878	6,261	-	141,218	-
Deposits payable	-	-	-	139,310	-	-
Unearned revenue	-	-	-	-	1,401	-
<b>Total liabilities</b>	<b>151,002</b>	<b>68,424</b>	<b>34,748</b>	<b>139,310</b>	<b>489,760</b>	<b>6,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - special assessments	353	68,813	128,488	75,823	-	-
Unavailable revenue - leases	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>353</b>	<b>68,813</b>	<b>128,488</b>	<b>75,823</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>						
Restricted	-	-	-	-	9,075,762	-
Committed	1,187,033	8,335,994	16,378,273	11,985,535	-	483,304
<b>Total fund balance</b>	<b><u>1,187,033</u></b>	<b><u>8,335,994</u></b>	<b><u>16,378,273</u></b>	<b><u>11,985,535</u></b>	<b><u>9,075,762</u></b>	<b><u>483,304</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 1,338,388</u></b>	<b><u>\$ 8,473,231</u></b>	<b><u>\$ 16,541,509</u></b>	<b><u>\$ 12,200,668</u></b>	<b><u>\$ 9,565,522</u></b>	<b><u>\$ 489,873</u></b>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUND (NONMAJOR)  
COMBINING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2022**

Park Improvement	Park Referendum Bonds	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Totals
\$ 809,623	\$ 12,589,887	\$ 165,759	\$ -	\$ 3,098,097	\$ 744,698	\$ 3,901,188	\$ 68,154,866
4,643	61,940	760	-	10,443	1,891	34,000	322,798
-	-	-	-	-	-	-	631,310
483,146	-	-	-	-	-	1,790,893	2,274,039
-	-	-	-	-	-	-	649,670
-	-	-	-	-	-	-	353
-	-	-	-	-	-	-	90,473
-	-	-	-	-	-	-	182,650
<u>\$ 1,297,412</u>	<u>\$ 12,651,827</u>	<u>\$ 166,519</u>	<u>\$ -</u>	<u>\$ 3,108,540</u>	<u>\$ 746,589</u>	<u>\$ 5,726,081</u>	<u>\$ 72,306,159</u>
\$ 454,981	\$ 564,603	\$ -	\$ -	\$ 198,376	\$ (300)	\$ -	\$ 1,726,118
25,515	67,475	-	-	-	-	30,509	364,143
-	-	-	-	-	-	-	139,310
-	100,000	-	-	23,038	-	-	124,439
480,496	732,078	-	-	221,414	(300)	30,509	2,354,010
-	-	-	-	-	-	-	273,477
476,149	-	-	-	-	-	1,770,432	2,246,581
476,149	-	-	-	-	-	1,770,432	2,520,058
-	11,919,749	166,519	-	37,803	-	3,869,578	25,069,411
340,767	-	-	-	2,849,323	746,889	55,562	42,362,680
340,767	11,919,749	166,519	-	2,887,126	746,889	3,925,140	67,432,091
<u>\$ 1,297,412</u>	<u>\$ 12,651,827</u>	<u>\$ 166,519</u>	<u>\$ -</u>	<u>\$ 3,108,540</u>	<u>\$ 746,589</u>	<u>\$ 5,726,081</u>	<u>\$ 72,306,159</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	Pavement Management	Storm Water Infrastructure	Water	Sanitary Sewer	Park Dedication	Trail Improvement
<b>REVENUE</b>						
Property taxes						
Current	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Tax increment	-	-	-	-	-	-
Intergovernmental:						
Municipal state-aid	120,000	-	-	-	475,000	-
County and local grants	69,000	632,275	-	-	630,084	-
Charges for services	-	2,817,792	3,291,282	1,159,327	4,506,883	-
Special assessments	-	2,354	14,236	7,680	-	-
Interest income	16,673	151,028	240,167	178,797	140,015	11,642
Change in fair value of investments	(85,457)	(770,947)	(1,197,582)	(916,435)	(717,658)	(59,672)
Donations	-	-	-	-	27,768	-
Miscellaneous	-	-	-	-	3,910	-
Total revenues	<u>1,720,216</u>	<u>2,832,502</u>	<u>2,348,103</u>	<u>429,369</u>	<u>5,066,002</u>	<u>66,970</u>
<b>EXPENDITURES</b>						
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,850,885	1,570,071	463,528	64,346	-	-
Parks and recreation	-	-	-	-	4,705,105	282,934
Debt Service:						
Fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,850,885</u>	<u>1,570,071</u>	<u>463,528</u>	<u>64,346</u>	<u>4,705,105</u>	<u>282,934</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(130,669)	1,262,431	1,884,575	365,023	360,897	(215,964)
<b>OTHER FINANCE SOURCES (USES)</b>						
Issuance of Bonds and Other Debt	-	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-	-	3,450	-
Transfers from (to):						
General Fund	600,000	-	-	-	-	570,000
Special Revenue - Communications	-	-	-	-	-	-
Debt Service - Water Revenue Bonds	-	-	(611,157)	-	-	-
Debt Service - Tax Abatement Bonds	-	-	-	-	-	-
Capital Projects - Municipal State Aid Fund	(301,978)	(60,430)	-	-	-	-
Capital Projects - Building Fund	-	-	-	-	-	-
Capital Projects - Park Dedication Fund	-	-	-	-	-	-
Capital Projects - Park Referendum Bonds	-	-	-	-	(62,036)	-
Capital Projects - Improvement Construction	-	(2,646,757)	(418,859)	(69,159)	-	(179,611)
Enterprise - Liquor Fund	-	-	-	-	-	-
Enterprise - Utility Fund	-	-	-	-	-	-
Total other finance sources (uses)	<u>298,022</u>	<u>(2,707,187)</u>	<u>(1,030,016)</u>	<u>(69,159)</u>	<u>(58,586)</u>	<u>390,389</u>
<b>NET CHANGE IN FUND BALANCE</b>	167,353	(1,444,756)	854,559	295,864	302,311	174,425
<b>FUND BALANCES</b>						
Beginning 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>
End of Year	<u>\$ 1,187,033</u>	<u>\$ 8,335,994</u>	<u>\$ 16,378,273</u>	<u>\$ 11,985,535</u>	<u>\$ 9,075,762</u>	<u>\$ 483,304</u>

**CITY OF LAKEVILLE  
CAPITAL PROJECTS FUNDS (NONMAJOR)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

Park Improvement	Park Referendum Bonds	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Totals
\$ 350,000	\$ -	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ 2,515,000
-	-	540,493	-	-	-	-	540,493
-	-	-	-	-	-	-	595,000
-	-	100,000	-	-	-	-	1,431,359
-	-	-	-	-	-	-	11,775,284
-	-	-	-	-	-	-	24,270
17,333	117,788	2,678	-	36,871	6,677	70,587	990,256
(56,358)	-	(13,726)	-	(188,985)	(34,224)	(9,207)	(4,050,251)
-	-	-	-	37,699	-	80,000	145,467
30,232	-	-	79,952	3,759	-	10,716	128,569
341,207	117,788	629,445	79,952	339,344	(27,547)	152,096	14,095,447
-	-	586,037	-	-	268,091	-	854,128
-	-	-	-	2,020,239	34,744	-	2,054,983
-	-	-	-	1,034,319	12,258	-	4,995,407
753,543	2,763,249	-	-	572,934	15,739	1,055,441	10,148,945
-	74,695	-	-	-	-	51,335	126,030
753,543	2,837,944	586,037	-	3,627,492	330,832	1,106,776	18,179,493
(412,336)	(2,720,156)	43,408	79,952	(3,288,148)	(358,379)	(954,680)	(4,084,046)
-	13,612,122	-	-	-	-	4,695,236	18,307,358
-	660,794	-	-	-	-	-	660,794
-	-	-	-	349,070	-	-	352,520
400,000	39,300	-	375,000	2,738,774	600,000	-	5,323,074
-	-	-	-	-	5,200	-	5,200
-	-	-	-	-	-	-	(611,157)
-	-	-	-	-	-	(64,125)	(64,125)
-	-	-	-	-	-	-	(362,408)
-	314,354	-	-	-	-	-	314,354
-	60,000	-	-	-	-	-	60,000
-	-	-	-	-	-	-	(62,036)
-	2,036	(36,662)	-	-	-	-	(3,349,012)
-	-	-	-	500,000	38,500	-	538,500
-	-	-	-	31,000	19,800	-	50,800
400,000	14,688,606	(36,662)	375,000	3,618,844	663,500	4,631,111	21,163,862
(12,336)	11,968,450	6,746	454,952	330,696	305,121	3,676,431	17,079,816
353,103	(48,701)	159,773	(454,952)	2,556,430	441,768	248,709	50,352,275
<u>\$ 340,767</u>	<u>\$ 11,919,749</u>	<u>\$ 166,519</u>	<u>\$ -</u>	<u>\$ 2,887,126</u>	<u>\$ 746,889</u>	<u>\$ 3,925,140</u>	<u>\$ 67,432,091</u>

**CITY OF LAKEVILLE  
COMMUNICATIONS – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 584,851	\$ 584,851	\$ 647,741	\$ 62,890
Charges for services	56,918	56,918	50,966	(5,952)
Interest income	5,690	5,690	15,932	10,242
Change in fair value of investments	-	-	(81,660)	(81,660)
<b>Total revenues</b>	<b>647,459</b>	<b>647,459</b>	<b>632,979</b>	<b>(14,480)</b>
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Personnel	468,467	468,467	475,490	7,023
Commodities	11,550	11,550	13,908	2,358
Other charges and services	121,155	121,155	79,410	(41,745)
Capital outlay	65,000	65,000	28,477	(36,523)
<b>Total expenditures - general government</b>	<b>666,172</b>	<b>666,172</b>	<b>597,285</b>	<b>(68,887)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,713)</b>	<b>(18,713)</b>	<b>35,694</b>	<b>54,407</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from:				
General Fund	-	300,000	300,000	-
Transfers out to:				
General Fund	(77,823)	(77,823)	(77,823)	-
Capital Projects Funds	(5,200)	(5,200)	(5,200)	-
<b>Total other finance sources (uses)</b>	<b>(83,023)</b>	<b>216,977</b>	<b>216,977</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (101,736)</b>	<b>\$ 198,264</b>	<b>252,671</b>	<b>\$ 54,407</b>
<b>FUND BALANCES</b>				
Beginning of year			1,154,827	
End of year			<u>\$ 1,407,498</u>	

**CITY OF LAKEVILLE  
DOWNTOWN SPECIAL SERVICE DISTRICT – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 121	\$ 121
Change in fair value of investments	-	-	(622)	(622)
Total revenues	-	-	(501)	(501)
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Other charges and services	6,345	6,345	5,998	(347)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (6,345)</u>	<u>\$ (6,345)</u>	(6,499)	<u>\$ (154)</u>
<b>FUND BALANCE</b>				
Beginning of year			25,355	
End of year			<u>\$ 18,856</u>	

**CITY OF LAKEVILLE  
OPIOID SETTLEMENT – SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 181	\$ 181
Change in fair value of investments	-	-	(929)	(929)
Miscellaneous	-	20,241	122,546	102,305
	<u>-</u>	<u>20,241</u>	<u>122,546</u>	<u>102,305</u>
Total revenues	-	20,241	121,798	101,557
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Commodities	-	3,000	-	(3,000)
	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 17,241</u>	121,798	<u>\$ 104,557</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 121,798</u>	

**CITY OF LAKEVILLE  
 AMERICAN RESCUE PLAN – SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ 8,291	\$ 8,291	\$ -	\$ (8,291)
<b>EXPENDITURES - GENERAL GOVERNMENT</b>				
Current:				
Personnel	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,291</u>	<u>8,291</u>	<u>-</u>	<u>(8,291)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from:				
General Fund	-	14,204	14,204	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,291</u>	<u>\$ 22,495</u>	14,204	<u>\$ (8,291)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>(14,204)</u>	
End of year			<u>\$ -</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, 2022**

	Governmental Activities - Internal Service Funds		Totals
	Municipal Reserves	Compensated Leave	
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 759,527	\$ 406,078	\$ 1,165,605
Interest receivable	1,586	1,192	2,778
Total current assets	<u>761,113</u>	<u>407,270</u>	<u>1,168,383</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 144,587	\$ -	\$ 144,587
Accrued compensated absences	-	2,107,467	2,107,467
Total current liabilities	<u>144,587</u>	<u>2,107,467</u>	<u>2,252,054</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	-	1,521,847	1,521,847
Total liabilities	<u>144,587</u>	<u>3,629,314</u>	<u>3,773,901</u>
<b>NET POSITION</b>			
Unrestricted	<u>616,526</u>	<u>(3,222,044)</u>	<u>(2,605,518)</u>
Total Liabilities and Net Position	<u>\$ 761,113</u>	<u>\$ 407,270</u>	<u>\$ 1,168,383</u>

**CITY OF LAKEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Activities - Internal Service Funds		
	Municipal Reserves	Compensated Leave	Totals
<b>OPERATING REVENUE</b>			
User Charges	\$ 400,606	\$ 118,777	519,383
Other	233,444	-	233,444
Total operating revenue	<u>634,050</u>	<u>118,777</u>	<u>752,827</u>
<b>OPERATING EXPENSES</b>			
Personnel services	-	36,761	36,761
Other charges and services	815,918	-	815,918
Total operating expenses	<u>815,918</u>	<u>36,761</u>	<u>852,679</u>
<b>OPERATING INCOME (LOSS)</b>	(181,868)	82,016	(99,852)
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Interest Income	5,597	4,206	9,803
Change in Fair Value of Investments	(28,686)	-	(28,686)
Total Nonoperating Revenue (Expenses)	<u>(23,089)</u>	<u>4,206</u>	<u>(18,883)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(204,957)	86,222	(118,735)
Transfers to other funds	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
<b>CHANGE IN NET POSITION</b>	(254,957)	86,222	(168,735)
<b>NET POSITION</b>			
Beginning of Year	<u>871,483</u>	<u>(3,308,266)</u>	<u>(2,436,783)</u>
End of Year	<u>\$ 616,526</u>	<u>\$ (3,222,044)</u>	<u>\$ (2,605,518)</u>

**CITY OF LAKEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Activities - Internal Service Funds		
	Municipal Reserves	Compensated Leave	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from general service charges	\$ 634,050	\$ 118,777	\$ 752,827
Cash paid to suppliers	(704,042)	-	(704,042)
Net Cash Provided by Operating Activities	<u>(69,992)</u>	<u>118,777</u>	<u>48,785</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(50,000)	-	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income received	(23,581)	3,024	(20,557)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(143,573)	121,801	(21,772)
Cash and Cash Equivalents - Beginning of the Year	903,100	284,277	1,187,377
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u>\$ 759,527</u>	<u>\$ 406,078</u>	<u>\$ 1,165,605</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (181,868)	\$ 82,016	\$ (99,852)
Adjustments:			
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	111,876	-	111,876
Accrued compensated absences	-	36,761	36,761
Total adjustments	<u>-</u>	<u>36,761</u>	<u>36,761</u>
Net Cash Provided by Operating Activities	<u>\$ (69,992)</u>	<u>\$ 118,777</u>	<u>\$ 48,785</u>

## **SUPPLEMENTARY INFORMATION**

**CITY OF LAKEVILLE  
SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS  
YEAR ENDED DECEMBER 31, 2022**

	Outstanding January 1	Issued	Redeemed	Outstanding December 31
<b>Governmental Activities:</b>				
General obligation bonds	\$ 32,445,000	\$ 29,200,000	\$ 14,780,000	\$ 46,865,000
G.O. improvement bonds	58,830,000	13,830,000	9,155,000	63,505,000
Tax increment bonds	265,000	-	265,000	-
State-aid street revenue bonds	3,860,000	-	190,000	3,670,000
G.O. water revenue bonds	6,450,000	-	420,000	6,030,000
Tax abatement bonds	14,010,000	4,725,000	365,000	18,370,000
HRA lease revenue bonds	5,325,000	-	5,325,000	-
	<u>121,185,000</u>	<u>47,755,000</u>	<u>30,500,000</u>	<u>138,440,000</u>
<b>Business-type Activities:</b>				
Liquor revenue lease liability (HRA bonds)	1,570,000	-	245,000	1,325,000
Water revenue bonds	10,070,000	-	790,000	9,280,000
Sewer revenue bonds	265,000	-	65,000	200,000
Street light revenue bonds	230,000	-	40,000	190,000
	<u>12,135,000</u>	<u>-</u>	<u>1,140,000</u>	<u>10,995,000</u>
	<u>\$ 133,320,000</u>	<u>\$ 47,755,000</u>	<u>\$ 31,640,000</u>	<u>\$ 149,435,000</u>

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>General Obligation Bonds:</b>					
<b>Capital Improvement Refunding Bonds of 2014 B</b>					
	8/20/14				
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				8,050,000	1,555,800
<b>Capital Improvement Refunding Bonds of 2022 A</b>					
(2012B - Central Maintenance Facility)	1/6/22				
Principal and interest		4.00	2/1/23	645,000	277,300
Principal and interest		4.00	2/1/24	720,000	250,000
Principal and interest		4.00	2/1/25	790,000	219,800
Principal and interest		4.00	2/1/26	905,000	185,900
Principal and interest		4.00	2/1/27	935,000	149,100
Principal and interest		4.00	2/1/28	1,000,000	110,400
Principal and interest		4.00	2/1/29	1,080,000	68,800
Principal and interest		4.00	2/1/30	1,180,000	23,600
Principal and interest				7,255,000	1,284,900
Total					
<b>Street Reconstruction Refunding Bonds of 2014 B</b>					
	8/20/14				
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				730,000	63,675
<b>Street Reconstruction Bonds of 2017 A</b>					
	9/8/17				
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				1,025,000	123,575
<b>Street Reconstruction Refunding Bonds of 2018 B</b>					
	8/16/18				
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				2,210,000	395,675

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>General Obligation Bonds (continued):</b>					
<b>Street Reconstruction Bonds of 2021 C</b>					
	8/17/21				
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>930,900</u>
<b>Street Reconstruction Refunding Bonds of 2022 A</b>					
	1/6/2022				
Principal and interest		4.00	2/1/23	790,000	118,800
Principal and interest		4.00	2/1/24	830,000	86,400
Principal and interest		4.00	2/1/25	870,000	52,400
Principal and interest		4.00	2/1/26	875,000	17,500
Total				<u>3,365,000</u>	<u>275,100</u>
<b>Taxable General Obligation Bonds of 2022 B</b>					
	4/5/2022				
Principal and interest		0.00	2/1/23	-	171,482
Principal and interest		1.75	2/1/24	195,000	127,986
Principal and interest		1.95	2/1/25	195,000	124,379
Principal and interest		2.00	2/1/26	200,000	120,478
Principal and interest		2.05	2/1/27	205,000	116,376
Principal and interest		2.15	2/1/28	210,000	112,018
Principal and interest		2.20	2/1/29	215,000	107,395
Principal and Interest (call provision date)		2.25	2/1/30	220,000	102,555
Principal and interest		2.30	2/1/31	220,000	97,550
Principal and interest		2.40	2/1/32	230,000	92,260
Principal and interest		2.50	2/1/33	235,000	86,563
Principal and interest		2.65	2/1/34	240,000	80,445
Principal and interest		2.75	2/1/35	245,000	73,896
Principal and interest		2.85	2/1/36	250,000	66,965
Principal and interest		2.95	2/1/37	260,000	59,568
Principal and interest		3.05	2/1/38	265,000	51,691
Principal and interest		3.10	2/1/39	275,000	43,388
Principal and interest		3.20	2/1/40	285,000	34,565
Principal and interest		3.30	2/1/41	290,000	25,220
Principal and interest		3.35	2/1/42	300,000	15,410
Principal and interest		3.35	2/1/43	310,000	5,193
Total				<u>4,845,000</u>	<u>1,715,383</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>General Obligation Bonds (continued):</b>					
<b>General Obligation Bonds of 2022 C</b>					
	8/11/2022				
Principal and interest		5.00	2/1/23	-	570,178
Principal and interest		5.00	2/1/24	-	586,469
Principal and interest		5.00	2/1/25	465,000	574,844
Principal and interest		5.00	2/1/26	490,000	550,969
Principal and interest		5.00	2/1/27	515,000	525,844
Principal and interest		5.00	2/1/28	540,000	499,469
Principal and interest		5.00	2/1/29	565,000	471,844
Principal and Interest (call provision date)		5.00	2/1/30	595,000	442,844
Principal and interest		5.00	2/1/31	625,000	412,344
Principal and interest		5.00	2/1/32	655,000	380,344
Principal and interest		5.00	2/1/33	685,000	346,844
Principal and interest		4.00	2/1/34	720,000	315,319
Principal and interest		4.00	2/1/35	750,000	285,919
Principal and interest		4.00	2/1/36	780,000	255,319
Principal and interest		3.625	2/1/37	810,000	225,038
Principal and interest		3.625	2/1/38	840,000	195,131
Principal and interest		3.75	2/1/39	870,000	163,594
Principal and interest		3.75	2/1/40	905,000	130,313
Principal and interest		3.875	2/1/41	940,000	95,131
Principal and interest		3.875	2/1/42	975,000	58,028
Principal and interest		3.875	2/1/43	1,010,000	19,569
Total				<u>13,735,000</u>	<u>7,105,354</u>
<b>Total General Obligation Bonds</b>				<b><u>\$ 46,865,000</u></b>	<b><u>\$ 13,450,362</u></b>
<b>G.O. Improvement Bonds:</b>					
<b>Improvement Bonds of 2011 A</b>					
	12/1/11				
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				<u>460,000</u>	<u>75,324</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2014 A</b>					
	8/20/14				
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				3,575,000	468,015
<b>Improvement Bonds of 2015 A</b>					
	8/20/15				
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				8,800,000	2,317,857
<b>Improvement Bonds of 2016 B</b>					
	7/21/16				
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				11,970,000	2,334,086

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2017 A</b>					
	9/7/17				
Principal and interest		5.00	2/1/23	\$ 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				5,225,000	828,769
<b>Improvement Bonds of 2018 A</b>					
	7/25/18				
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				5,585,000	793,925
<b>Improvement Bonds of 2019 A</b>					
	7/24/19				
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				5,145,000	967,275

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2020 A</b>					
	8/14/20				
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	<u>1,195,000</u>	<u>17,925</u>
Total				<u>8,915,000</u>	<u>1,946,725</u>
<b>Refunding Improvement Bonds of 2022 A (2012A)</b>					
	8/15/12				
Principal and interest		4.00	2/1/23	530,000	39,500
Principal and interest		4.00	2/1/24	95,000	27,000
Principal and interest		4.00	2/1/25	90,000	23,300
Principal and interest		4.00	2/1/26	85,000	19,800
Principal and interest		4.00	2/1/27	85,000	16,400
Principal and interest		4.00	2/1/28	85,000	13,000
Principal and interest		4.00	2/1/29	85,000	9,600
Principal and interest (call provision date)		4.00	2/1/30	80,000	6,300
Principal and interest		2.00	2/1/31	80,000	3,900
Principal and interest		2.00	2/1/32	80,000	2,300
Principal and interest		2.00	2/1/33	<u>75,000</u>	<u>750</u>
				<u>1,370,000</u>	<u>161,850</u>
<b>Refunding Improvement Bonds of 2022 A (2013A)</b>					
	8/15/12				
Principal and interest		4.00	2/1/23	335,000	39,000
Principal and interest		4.00	2/1/24	355,000	25,200
Principal and interest		4.00	2/1/25	60,000	16,900
Principal and interest		4.00	2/1/26	60,000	14,500
Principal and interest		4.00	2/1/27	60,000	12,100
Principal and interest		4.00	2/1/28	55,000	9,800
Principal and interest		4.00	2/1/29	55,000	7,600
Principal and interest (call provision date)		4.00	2/1/30	55,000	5,400
Principal and interest		2.00	2/1/31	60,000	3,700
Principal and interest		2.00	2/1/32	55,000	2,550
Principal and interest		2.00	2/1/33	50,000	1,500
Principal and interest		2.00	2/1/34	<u>50,000</u>	<u>500</u>
Total				<u>1,250,000</u>	<u>138,750</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Improvement Bonds (continued):</b>					
<b>Improvement Bonds of 2022 C</b>					
	8/11/22				
Principal and interest		5.00	2/1/23	-	544,931
Principal and interest		5.00	2/1/24	660,000	544,000
Principal and interest		5.00	2/1/25	955,000	503,625
Principal and interest		5.00	2/1/26	1,005,000	454,625
Principal and interest		5.00	2/1/27	1,055,000	403,125
Principal and interest		5.00	2/1/28	1,110,000	349,000
Principal and interest		5.00	2/1/29	1,165,000	292,125
Principal and interest (call provision date)		5.00	2/1/30	1,220,000	232,500
Principal and interest		5.00	2/1/31	1,280,000	170,000
Principal and interest		5.00	2/1/32	1,345,000	104,375
Principal and interest		5.00	2/1/33	1,415,000	35,375
Total				<u>11,210,000</u>	<u>3,633,681</u>
<b>Total G.O. Improvement Bonds</b>				<b><u>\$ 63,505,000</u></b>	<b><u>\$ 13,666,257</u></b>
<b>State-aid Street Revenue Bonds:</b>					
<b>State-aid Street Bonds of 2015 A</b>					
	8/20/15				
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>3,670,000</u>	<u>998,975</u>
<b>Total State-aid Street Revenue Bonds</b>				<b><u>\$ 3,670,000</u></b>	<b><u>\$ 998,975</u></b>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>G.O. Water Revenue Bonds:</b>					
<b>G.O. Water Revenue Bonds of 2016 A</b>					
	2/25/16				
Principal and interest		5.00	2/1/23	\$ 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>6,030,000</u>	<u>1,072,000</u>
<b>Total Water Revenue Bonds</b>				<b><u>\$ 6,030,000</u></b>	<b><u>\$ 1,072,000</u></b>
<b>Tax Abatement Bonds:</b>					
<b>Tax Abatement Bonds of 2020 A</b>					
	8/13/20				
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>570,000</u>	<u>125,250</u>
<b>Tax Abatement Bonds of 2021 A</b>					
	2/16/21				
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>7,455,000</u>	<u>1,295,575</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Tax Abatement Bonds (Continued):</b>					
<b>Tax Abatement Bonds of 2021 B</b>					
	5/18/21				
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>1,359,250</u>
<b>Tax Abatement Bonds of 2022 B</b>					
	4/5/22				
Principal and interest		1.50	2/1/23	490,000	125,248
Principal and interest		1.75	2/1/24	425,000	86,436
Principal and interest		1.95	2/1/25	435,000	78,476
Principal and interest		2.00	2/1/26	445,000	69,785
Principal and interest		2.05	2/1/27	460,000	60,620
Principal and interest		2.15	2/1/28	465,000	50,906
Principal and interest		2.20	2/1/29	480,000	40,628
Principal and Interest (call provision date)		2.25	2/1/30	495,000	29,779
Principal and interest		2.30	2/1/31	510,000	18,345
Principal and interest		2.40	2/1/32	520,000	6,240
Total				<u>4,725,000</u>	<u>566,463</u>
<b>Total Tax Abatement Bonds</b>				<b>\$ 18,370,000</b>	<b>\$ 3,346,538</b>
<b>Total Governmental Activity Bonds</b>				<b>\$ 138,440,000</b>	<b>\$ 32,534,132</b>
<b>Business-Type Activity Bonds:</b>					
<b>Water Revenue Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		5.00	2/1/23	\$ 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>4,280,000</u>	<u>736,774</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Tax Abatement Bonds (Continued):</b>					
<b>Tax Abatement Bonds of 2021 B</b>					
	5/18/21				
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>1,359,250</u>
<b>Tax Abatement Bonds of 2022 B</b>					
	4/5/22				
Principal and interest		1.50	2/1/23	490,000	125,248
Principal and interest		1.75	2/1/24	425,000	86,436
Principal and interest		1.95	2/1/25	435,000	78,476
Principal and interest		2.00	2/1/26	445,000	69,785
Principal and interest		2.05	2/1/27	460,000	60,620
Principal and interest		2.15	2/1/28	465,000	50,906
Principal and interest		2.20	2/1/29	480,000	40,628
Principal and Interest (call provision date)		2.25	2/1/30	495,000	29,779
Principal and interest		2.30	2/1/31	510,000	18,345
Principal and interest		2.40	2/1/32	520,000	6,240
Total				<u>4,725,000</u>	<u>566,463</u>
<b>Total Tax Abatement Bonds</b>				<b><u>\$ 18,370,000</u></b>	<b><u>\$ 3,346,538</u></b>
<b>Total Governmental Activity Bonds</b>				<b><u>\$ 138,440,000</u></b>	<b><u>\$ 32,534,132</u></b>
<b>Business-Type Activity Bonds:</b>					
<b>Water Revenue Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		5.00	2/1/23	\$ 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>4,280,000</u>	<u>736,774</u>

(continued)

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Business-Type Activity Bonds (continued):</b>					
<b>Sewer Revenue Bonds of 2016 B</b>					
	7/21/16				
Principal and interest		5.00	2/1/23	\$ 65,000	\$ 8,375
Principal and interest		5.00	2/1/24	65,000	5,125
Principal and interest (call provision date)		5.00	2/1/25	70,000	1,750
Total				<u>200,000</u>	<u>15,250</u>
<b>Lease Revenue Liquor Enterprise Refunding Bonds of 2017 (Galaxie Store)</b>					
	11/8/17				
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	<u>280,000</u>	<u>4,200</u>
Total				<u>1,325,000</u>	<u>101,475</u>
<b>Water Improvement Bonds of 2017 A</b>					
	9/7/17				
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	<u>105,000</u>	<u>1,575</u>
Total				<u>555,000</u>	<u>67,075</u>
<b>Street Lights Improvement Bonds of 2017 A</b>					
	9/7/17				
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	<u>50,000</u>	<u>1,250</u>
Total				<u>190,000</u>	<u>19,500</u>
<b>Water Improvement Bonds of 2018 A</b>					
	7/25/18				
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	<u>55,000</u>	<u>825</u>
Total				<u>330,000</u>	<u>47,600</u>

**CITY OF LAKEVILLE**  
**SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE**  
**DECEMBER 31, 2022**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
<b>Business-Type Activity Bonds (continued)</b>					
<b>Water Improvement Bonds of 2019 A</b>					
	7/24/19				
Principal and interest		5.00	2/1/23	\$ 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>610,000</u>	<u>117,475</u>
<b>Water Improvement Bonds of 2020 A</b>					
	8/13/20				
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>2,240,000</u>	<u>476,750</u>
<b>Water Improvement Bonds of 2021 C</b>					
	8/17/21				
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>207,850</u>
<b>Total Business-Type Bonds</b>				<b>\$ 10,995,000</b>	<b>\$ 1,789,749</b>
<b>Total Bonded Indebtedness and Annual Interest Payable</b>				<b>\$ 149,435,000</b>	<b>\$ 34,323,881</b>

**CITY OF LAKEVILLE  
COMBINED SCHEDULE OF BONDED INDEBTEDNESS  
DECEMBER 31, 2022**

	Interest Rates %	Issue Date	Call Date	Maturity Date
<b>Governmental Activities:</b>				
General Obligation Bonds:				
Capital Improvement Refunding Bonds of 2012 B	2.00 - 4.00	8/15/12	2/1/22	2/1/30
Capital Improvement Refunding Bonds of 2014 B	1.75 - 5.00	8/20/14	2/1/24	2/1/32
Capital Improvement Refunding Bonds of 2022 A	4.00	1/6/22	n/a	2/1/30
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
Street Reconstruction Refunding Bonds of 2022 A	4.00	1/6/22	n/a	2/1/26
Taxable General Obligation Bonds of 2022 B	1.75 - 3.35	4/5/22	2/1/30	2/1/43
General Obligation Bonds of 2022 C	3.62 - 5.00	8/11/22	2/1/30	2/1/43
<b>Total General Obligation Bonds</b>				
G.O. Improvement Bonds:				
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
Refunding Bonds of 2022 A	2.00 - 4.00	1/6/22	2/1/30	2/1/33
Refunding Bonds of 2022 A	2.00 - 4.00	1/6/22	2/1/30	2/1/34
Improvement Bonds of 2022 C	5.00	8/11/22	2/1/30	2/1/2033
<b>Total G.O. Improvement Bonds</b>				
Tax Increment Bonds:				
Tax-Increment Refunding Bonds of 2007 A	4.00 - 4.20	2/1/07	2/1/16	2/1/22
<b>Total Tax-Increment Bonds</b>				
State-aid Street Revenue Bonds:				
State-aid Street Bonds of 2015 A	1.75 - 5.00	8/20/15	2/1/25	2/1/36
<b>Total State-aid Street Revenue Bonds</b>				
Water Revenue Bonds:				
G.O. Water Revenue Bonds of 2016 A	2.00 - 5.00	2/25/16	2/1/24	2/1/34
<b>Total Water Revenue Bonds</b>				
Tax Abatement Bonds:				
Tax Abatement Bonds of 2020 A	3.00 - 5.00	8/13/20	2/1/29	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
Tax Abatement Bonds of 2022 B	1.50 - 2.40	4/5/22	2/1/30	2/1/32
<b>Total Tax Abatement Bonds</b>				
HRA Lease Revenue Bonds:				
HRA Ice Arena Lease Revenue Bonds of 2016	2.00 - 4.00	9/22/16	2/1/26	2/1/32
<b>Total HRA Lease Revenue Bonds</b>				
<b>Total Governmental Activity Bonds</b>				
<b>Business-type Activity:</b>				
Lease Revenue Liquor Bonds of 2017	2.00 - 3.00	11/8/17	2/1/25	2/1/27
Water Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/34
Sewer Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/25
Water Revenue Bonds of 2017 A	3.00 - 5.00	9/7/17	2/1/26	2/1/28
Street Lights Revenue Bonds of 2017 A	5.00	9/7/17	n/a	2/1/26
Water Revenue Bonds of 2018 A	2.50 - 5.00	7/25/18	2/1/27	2/1/29
Water Revenue Bonds of 2019 A	4.00 - 5.00	7/24/19	2/1/28	2/1/30
Water Revenue Bonds of 2020 A	5.00	8/13/20	2/1/29	8/1/30
Water Revenue Bonds of 2021 C	2.00 - 4.00	8/17/21	2/1/29	8/1/32
<b>Total Business-type Activity Bonds</b>				
<b>Total Bonded Indebtedness</b>				

**CITY OF LAKEVILLE  
COMBINED SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)  
DECEMBER 31, 2022**

Bonds				Due in 2023	
Authorized	Issued	Retired	Outstanding	Principal	Interest
\$ 12,765,000	\$ 12,765,000	\$ 12,765,000	\$ -	\$ -	\$ -
11,065,000	11,065,000	3,015,000	8,050,000	670,000	297,000
7,255,000	7,255,000	-	7,255,000	645,000	277,300
9,685,000	9,685,000	9,685,000	-	-	-
1,595,000	1,595,000	865,000	730,000	170,000	28,400
1,530,000	1,530,000	505,000	1,025,000	150,000	40,000
3,115,000	3,115,000	905,000	2,210,000	240,000	87,950
5,650,000	5,650,000	-	5,650,000	395,000	185,500
3,365,000	3,365,000	-	3,365,000	790,000	118,800
4,845,000	4,845,000	-	4,845,000	-	171,482
<u>13,735,000</u>	<u>13,735,000</u>	<u>-</u>	<u>13,735,000</u>	<u>-</u>	<u>570,178</u>
74,605,000	74,605,000	27,740,000	46,865,000	3,060,000	1,776,610
2,385,000	2,385,000	1,925,000	460,000	50,000	13,830
6,805,000	6,805,000	6,805,000	-	-	-
4,685,000	4,685,000	4,685,000	-	-	-
8,520,000	8,520,000	4,945,000	3,575,000	775,000	120,425
11,815,000	11,815,000	3,015,000	8,800,000	545,000	315,425
15,680,000	15,680,000	3,710,000	11,970,000	860,000	373,919
7,465,000	7,465,000	2,240,000	5,225,000	645,000	195,556
7,690,000	7,690,000	2,105,000	5,585,000	740,000	217,300
6,295,000	6,295,000	1,150,000	5,145,000	585,000	228,725
9,370,000	9,370,000	455,000	8,915,000	810,000	401,600
1,370,000	1,370,000	-	1,370,000	530,000	39,500
1,250,000	1,250,000	-	1,250,000	335,000	39,000
<u>11,210,000</u>	<u>11,210,000</u>	<u>-</u>	<u>11,210,000</u>	<u>-</u>	<u>544,931</u>
94,540,000	94,540,000	31,035,000	63,505,000	5,875,000	2,490,211
<u>2,265,000</u>	<u>2,265,000</u>	<u>2,265,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,265,000	2,265,000	2,265,000	-	-	-
<u>4,730,000</u>	<u>4,730,000</u>	<u>1,060,000</u>	<u>3,670,000</u>	<u>200,000</u>	<u>131,394</u>
4,730,000	4,730,000	1,060,000	3,670,000	200,000	131,394
<u>8,280,000</u>	<u>8,280,000</u>	<u>2,250,000</u>	<u>6,030,000</u>	<u>440,000</u>	<u>169,200</u>
8,280,000	8,280,000	2,250,000	6,030,000	440,000	169,200
620,000	620,000	50,000	570,000	50,000	25,750
7,770,000	7,770,000	315,000	7,455,000	315,000	144,225
5,620,000	5,620,000	-	5,620,000	205,000	143,400
<u>4,725,000</u>	<u>4,725,000</u>	<u>-</u>	<u>4,725,000</u>	<u>490,000</u>	<u>125,248</u>
18,735,000	18,735,000	365,000	18,370,000	1,060,000	438,623
<u>7,115,000</u>	<u>7,115,000</u>	<u>7,115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,115,000	7,115,000	7,115,000	-	-	-
<b>210,270,000</b>	<b>210,270,000</b>	<b>71,830,000</b>	<b>138,440,000</b>	<b>10,635,000</b>	<b>5,006,038</b>
2,255,000	2,255,000	930,000	1,325,000	250,000	36,000
6,075,000	6,075,000	1,795,000	4,280,000	390,000	137,313
495,000	495,000	295,000	200,000	65,000	8,375
835,000	835,000	280,000	555,000	80,000	21,650
335,000	335,000	145,000	190,000	45,000	8,375
445,000	445,000	115,000	330,000	40,000	12,900
730,000	730,000	120,000	610,000	65,000	27,125
2,745,000	2,745,000	505,000	2,240,000	235,000	106,125
<u>1,265,000</u>	<u>1,265,000</u>	<u>-</u>	<u>1,265,000</u>	<u>90,000</u>	<u>41,500</u>
15,180,000	15,180,000	4,185,000	10,995,000	1,260,000	399,363
<b>\$ 225,450,000</b>	<b>\$ 225,450,000</b>	<b>\$ 76,015,000</b>	<b>\$ 149,435,000</b>	<b>\$ 11,895,000</b>	<b>\$ 5,405,401</b>

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## Statistical Section

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

Financial Trends	156
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<i>Net Position by Component – Government-wide</i>	
<i>Changes in Net Position by Component – Governmental Activities</i>	
<i>Changes in Net Position by Component – Business-type Activities</i>	
<i>Changes in Net Position by Component – Total Governmental and Business-type Activities</i>	
<i>Fund Balances – Governmental Funds</i>	
Revenue Capacity	168
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources; electric sales and property taxes.</i>	
<i>Tax Capacity Valuation and Assessor's Taxable Market Value of Taxable Property</i>	
<i>Property Tax Rates – Direct and Overlapping Governments</i>	
<i>Principal Property Taxpayers</i>	
<i>Property Tax Levy and Collections</i>	
Debt Capacity	174
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<i>Ratio of Total Debt by Type</i>	
<i>Ratio of Net Bonded Debt Outstanding</i>	
<i>Direct and Overlapping Governmental Debt</i>	
<i>Legal Debt Margin</i>	
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Demographic and Economic Information	178
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<i>Demographic and Economic Statistics</i>	
<i>Principal Employers</i>	
<i>Commercial and Industrial Building Permits Issued</i>	
Operating Information	181
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	
<i>Employees by Function/Program (Full-Time Equivalent)</i>	
<i>Operating Indicators by Function</i>	
<i>Capital Assets Statistics by Function</i>	

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 129,599,494	\$ 135,673,737	\$ 141,868,136	\$ 149,196,480
Restricted	17,645,944	19,913,014	33,860,946	35,860,604
Unrestricted	<u>2,511,935</u>	<u>5,874,237</u>	<u>(4,929,168)</u>	<u>4,277,626</u>
Total Governmental Activities Net Position	<u>\$ 149,757,373</u>	<u>\$ 161,460,988</u>	<u>\$ 170,799,914</u>	<u>\$ 189,334,710</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 105,055,746	\$ 109,535,106	\$ 116,288,771	\$ 129,086,090
Restricted	324,125	324,125	323,875	323,875
Unrestricted	<u>13,704,281</u>	<u>11,318,290</u>	<u>8,420,410</u>	<u>9,757,400</u>
Total Business-Type Activities Net Position	<u>\$ 119,084,152</u>	<u>\$ 121,177,521</u>	<u>\$ 125,033,056</u>	<u>\$ 139,167,365</u>
Primary Government:				
Net Investment in Capital Assets	\$ 234,655,240	\$ 245,208,843	\$ 258,156,907	\$ 278,282,570
Restricted	17,970,069	20,237,139	34,184,821	36,184,479
Unrestricted	<u>16,216,216</u>	<u>17,192,527</u>	<u>3,491,242</u>	<u>14,035,026</u>
Total Primary Government Net Position	<u>\$ 268,841,525</u>	<u>\$ 282,638,509</u>	<u>\$ 295,832,970</u>	<u>\$ 328,502,075</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)**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 144,581,700	\$ 142,300,205	\$ 154,468,792	\$ 167,619,658	\$ 183,876,386	\$ 218,867,352
46,683,603	45,267,313	56,356,434	69,458,557	69,329,217	82,302,974
6,036,382	15,427,439	24,178,084	32,249,615	39,709,366	16,378,884
<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>	<u>\$ 317,549,210</u>
\$ 135,324,120	\$ 138,725,763	\$ 143,501,608	\$ 151,132,001	\$ 170,514,908	\$ 180,563,445
323,875	-	-	-	-	-
10,791,344	13,878,208	15,142,309	18,258,536	25,479,132	28,938,525
<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>	<u>\$ 209,501,970</u>
\$ 279,905,820	\$ 281,025,968	\$ 297,970,400	\$ 318,751,659	\$ 354,391,294	\$ 399,430,797
47,007,478	45,267,313	56,356,434	69,458,557	69,329,217	82,302,974
16,827,726	29,305,647	39,320,393	50,508,151	65,188,498	45,317,409
<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>	<u>\$ 527,051,180</u>
	(2)	(3)			

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

	2013	2014	2015	2016
<b>Expenses:</b>				
General government	\$ 5,363,354	\$ 6,051,985	\$ 5,893,261	\$ 8,028,316
Public safety	11,784,109	11,807,183	12,236,411	16,369,670
Public works	11,241,434	14,776,390	15,365,976	17,711,240
Parks and recreation	5,154,919	5,202,168	5,762,890	5,626,149
Interest on long-term debt	3,864,333	3,665,421	3,296,665	3,930,168
Total expenses	<u>37,408,149</u>	<u>41,503,147</u>	<u>42,555,203</u>	<u>51,665,543</u>
<b>Program Revenues:</b>				
<b>Charges for Services:</b>				
General government	3,061,568	3,219,644	3,730,342	4,094,298
Public safety	686,130	660,910	926,168	954,395
Public works	4,481,445	5,280,338	8,311,017	8,401,512
Parks and recreation	2,231,757	2,808,885	3,699,025	3,685,202
<b>Operating Grants and Contributions</b>				
General government	60,076	5,399	7,132	772,998
Public safety	902,783	825,434	980,310	989,342
Public works	1,295,018	3,665,373	4,145,806	4,942,834
Parks and recreation	59,653	66,575	186,118	91,869
<b>Capital Grants and Contributions</b>				
General government	195,693	2,762,609	77,006	138,593
Public safety	-	-	-	8,500
Public works	6,350,827	6,892,230	12,702,266	23,604,519
Parks and recreation	1,296,764	436,107	1,004,480	2,932,612
Total program revenues	<u>20,621,714</u>	<u>26,623,504</u>	<u>35,769,670</u>	<u>50,616,674</u>
<b>Net Revenue (Expense):</b>				
General government	(2,046,017)	(64,333)	(2,078,781)	(3,022,427)
Public safety	(10,195,196)	(10,320,839)	(10,329,933)	(14,417,433)
Public works	885,856	1,061,551	9,793,113	19,237,625
Parks and recreation	(1,566,745)	(1,890,601)	(873,267)	1,083,534
Interest on long-term debt	(3,864,333)	(3,665,421)	(3,296,665)	(3,930,168)
Total net (expense) revenue	<u>(16,786,435)</u>	<u>(14,879,643)</u>	<u>(6,785,533)</u>	<u>(1,048,869)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Property taxes	23,947,968	24,465,333	25,338,778	26,173,822
Investment earnings (charges)	(28,949)	552,444	368,232	388,672
Transfers in (out)	2,094,059	1,565,481	(1,549,881)	(6,978,829)
Total general revenues and other (net)	<u>26,013,078</u>	<u>26,583,258</u>	<u>24,157,129</u>	<u>19,583,665</u>
<b>Change in Net Position:</b>				
Governmental Activities	<u>\$ 9,226,643</u>	<u>\$ 11,703,615</u>	<u>\$ 17,371,596</u>	<u>\$ 18,534,796</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)**

	2017	2018	2019	2020	2021	2022
\$	4,579,478	\$ 7,203,308	\$ 7,902,490	\$ 8,994,404	\$ 8,966,246	\$ 9,999,721
	14,250,572	14,141,045	14,927,426	16,063,433	14,226,059	19,313,383
	18,944,454	22,336,416	21,015,480	22,623,378	21,462,578	25,477,542
	6,645,057	6,661,852	7,178,164	6,578,004	7,791,954	7,762,349
	3,268,426	3,468,814	3,332,465	3,147,896	1,199,275	3,966,703
	<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>	<u>66,519,698</u>
	4,348,910	5,584,036	6,506,302	6,573,673	6,303,733	7,064,177
	934,444	1,059,236	838,664	638,887	817,539	810,708
	7,081,317	6,792,249	9,166,886	11,300,325	10,569,326	9,903,121
	2,369,615	2,455,851	4,098,580	3,071,803	5,501,844	5,568,006
	68,095	23,772	97,964	917,379	156,783	206,244
	1,061,252	1,149,691	1,168,857	5,100,592	1,270,607	6,425,656
	1,382,380	4,313,934	3,142,430	3,461,526	547,841	7,056,438
	55,300	11,422	204,737	316,067	89,442	668,708
	62,101	61,193	116,750	149,610	79,173	55,044
	-	-	-	-	-	-
	13,018,689	9,183,039	21,234,628	23,710,868	24,529,021	22,352,046
	182,387	194,327	112,725	180,924	195,025	165,277
	<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>	<u>60,275,425</u>
	(100,372)	(1,534,307)	(1,181,474)	(1,353,742)	(2,426,557)	(2,674,256)
	(12,254,876)	(11,932,118)	(12,919,905)	(10,323,954)	(12,137,913)	(12,077,019)
	2,537,932	(2,047,194)	12,528,464	15,849,341	14,183,610	13,834,063
	(4,037,755)	(4,000,252)	(2,762,122)	(3,009,210)	(2,005,643)	(1,360,358)
	<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>	<u>(3,966,703)</u>
	<u>(17,123,497)</u>	<u>(22,982,685)</u>	<u>(7,667,502)</u>	<u>(1,985,461)</u>	<u>(3,585,778)</u>	<u>(6,244,273)</u>
	27,317,169	28,641,302	30,897,445	33,033,079	35,051,089	36,822,483
	597,513	907,138	2,769,074	2,144,654	(1,003,311)	(6,316,145)
	<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>372,176</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>30,878,514</u>
<u>\$</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>	<u>\$ 24,634,241</u>
		(2)	(3)			

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:				
Liquor	\$ 13,906,263	\$ 13,577,019	\$ 12,852,980	\$ 13,268,419
Utility	<u>10,863,625</u>	<u>11,462,552</u>	<u>11,946,778</u>	<u>13,558,839</u>
Total expenses	<u>24,769,888</u>	<u>25,039,571</u>	<u>24,799,758</u>	<u>26,827,258</u>
Program Revenues:				
Charges for Services:				
Liquor	15,381,124	14,883,858	13,611,294	14,130,830
Utility	9,126,838	9,296,118	9,216,463	10,692,185
Operating Grants and Contributions				
Liquor	3,762	3,762	3,762	3,762
Utility	69,968	112,181	85,754	111,572
Capital Grants and Contributions				
Utility	<u>3,414,738</u>	<u>4,252,192</u>	<u>6,009,075</u>	<u>8,973,280</u>
Total program revenues	<u>27,996,430</u>	<u>28,548,111</u>	<u>28,926,348</u>	<u>33,911,629</u>
Net Revenue (Expense):				
Liquor	1,478,623	1,310,601	762,076	866,173
Utility	<u>1,747,919</u>	<u>2,197,939</u>	<u>3,364,514</u>	<u>6,218,198</u>
Total net (expense) revenue	<u>3,226,542</u>	<u>3,508,540</u>	<u>4,126,590</u>	<u>7,084,371</u>
General Revenues and Other Changes in Net Position:				
Investment income (charges)	(42,114)	150,310	52,461	71,109
Disposal of capital assets	-	-	-	-
Transfers in (out)	<u>(2,094,059)</u>	<u>(1,565,481)</u>	<u>1,549,881</u>	<u>6,978,829</u>
Total general revenues and other (net)	<u>(2,136,173)</u>	<u>(1,415,171)</u>	<u>1,602,342</u>	<u>7,049,938</u>
Change in Net Position:				
Business-type Activities	<u>\$ 1,090,369</u>	<u>\$ 2,093,369</u>	<u>\$ 5,728,932</u>	<u>\$ 14,134,309</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)**

2017	2018	2019	2020	2021	2022
\$ 13,638,043	\$ 14,234,337	\$ 15,267,133	\$ 16,735,031	\$ 18,069,171	\$ 20,652,588
<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>20,307,370</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>	<u>40,959,958</u>
14,583,514	15,276,433	16,288,986	18,262,397	19,683,002	21,894,980
12,585,450	13,613,145	14,215,952	17,308,481	21,235,961	22,031,929
6,716	13,421	6,453	76,810	5,445	8,778
166,227	51,035	643,919	85,499	489,647	786,804
<u>4,791,313</u>	<u>4,075,854</u>	<u>7,240,758</u>	<u>10,045,894</u>	<u>14,094,676</u>	<u>11,492,752</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>	<u>56,215,243</u>
952,187	1,055,517	1,028,306	1,604,176	1,619,276	1,251,170
<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>14,004,115</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>	<u>15,255,285</u>
91,472	160,165	459,651	352,909	-197,930	(1,375,179)
-	1,601,334	-	-	0	-
<u>2,824,210</u>	<u>492,418</u>	<u>(1,162,124)</u>	<u>(1,132,248)</u>	<u>687,486</u>	<u>(372,176)</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>(1,747,355)</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>	<u>\$ 13,507,930</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:				
Governmental activities	\$ 37,408,149	\$ 41,503,147	\$ 42,555,203	\$ 51,665,543
Business-type activities	24,769,888	25,039,571	24,799,758	26,827,258
Total expenses	<u>62,178,037</u>	<u>66,542,718</u>	<u>67,354,961</u>	<u>78,492,801</u>
Program Revenues:				
Governmental activities	20,621,714	26,623,504	35,769,670	50,616,674
Business-type activities	27,996,430	28,548,111	28,926,348	33,911,629
Total program revenues	<u>48,618,144</u>	<u>55,171,615</u>	<u>64,696,018</u>	<u>84,528,303</u>
Net Revenue (Expense):				
Governmental activities	(16,786,435)	(14,879,643)	(6,785,533)	(1,048,869)
Business-type activities	3,226,542	3,508,540	4,126,590	7,084,371
Total net (expense) revenue	<u>(13,559,893)</u>	<u>(11,371,103)</u>	<u>(2,658,943)</u>	<u>6,035,502</u>
General Revenues and Other Changes in Net Position:				
Governmental activities	26,013,078	26,583,258	24,157,129	19,583,665
Business-type activities	<u>(2,136,173)</u>	<u>(1,415,171)</u>	<u>1,602,342</u>	<u>7,049,938</u>
Total general revenues and other (net)	<u>23,876,905</u>	<u>25,168,087</u>	<u>25,759,471</u>	<u>26,633,603</u>
Change in Net Position:				
Governmental activities	9,226,643	11,703,615	17,371,596	18,534,796
Business-type activities	1,090,369	2,093,369	5,728,932	14,134,309
Total change in net position	<u>\$ 10,317,012</u>	<u>\$ 13,796,984</u>	<u>\$ 23,100,528</u>	<u>\$ 32,669,105</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)**

2017	2018	2019	2020	2021	2022
\$ 47,687,987	\$ 53,811,435	\$ 54,356,025	\$ 57,407,115	\$ 53,646,112	\$ 66,519,698
27,776,928	29,050,251	31,653,649	34,253,122	35,582,159	40,959,958
<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>	<u>107,479,656</u>
30,564,490	30,828,750	46,688,523	55,421,654	50,060,334	60,275,425
32,133,220	33,029,888	38,396,068	45,779,081	55,508,731	56,215,243
<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>	<u>116,490,668</u>
(17,123,497)	(22,982,685)	(7,667,502)	(1,985,461)	(3,585,778)	(6,244,273)
4,356,292	3,979,637	6,742,419	11,525,959	19,926,572	15,255,285
<u>(12,767,205)</u>	<u>(19,003,048)</u>	<u>(925,083)</u>	<u>9,540,498</u>	<u>16,340,794</u>	<u>9,011,012</u>
25,090,472	29,056,022	34,828,643	36,309,981	27,172,917	30,878,514
2,915,682	2,253,917	(702,473)	(779,339)	6,676,931	(1,747,355)
<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>	<u>29,131,159</u>
7,966,975	6,073,337	27,161,141	34,324,520	23,587,139	24,634,241
7,271,974	6,233,554	6,039,946	10,746,620	26,603,503	13,507,930
<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>	<u>\$ 38,142,171</u>
	(2)	(3)			

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:				
Nonspendable	\$ 126,014	\$ 221,704	\$ 447,284	\$ 695,830
Restricted	-	-	-	-
Committed	45,000	45,000	45,000	-
Assigned	-	-	-	1,478,522
Unassigned	<u>9,495,546</u>	<u>10,805,065</u>	<u>11,882,644</u>	<u>12,902,148</u>
Total general fund	9,666,560	11,071,769	12,374,928	15,076,500
All Other Governmental Funds:				
Nonspendable	-	169	-	-
Restricted	38,716,666	44,319,872	35,659,756	37,947,697
Committed	16,620,820	17,154,096	17,937,431	21,651,118
Unassigned	<u>(221,630)</u>	<u>(632,035)</u>	<u>(3,492,389)</u>	<u>(726,681)</u>
Total all other governmental funds	<u>55,115,856</u>	<u>60,842,102</u>	<u>50,104,798</u>	<u>58,872,134</u>
Total Governmental Funds:				
Nonspendable	126,014	221,873	447,284	695,830
Restricted	38,716,666	44,319,872	35,659,756	37,947,697
Committed	16,665,820	17,199,096	17,982,431	21,651,118
Assigned	-	-	-	1,478,522
Unassigned	<u>9,273,916</u>	<u>10,173,030</u>	<u>8,390,255</u>	<u>12,175,467</u>
Total governmental funds	<u>\$ 64,782,416</u>	<u>\$ 71,913,871</u>	<u>\$ 62,479,726</u>	<u>\$ 73,948,634</u>
All governmental funds percentage change	73.7%	11.0%	-13.1%	18.4%

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

2017	2018	2019	2020	2021	2022
\$ 914,375	\$ 876,394	\$ 748,231	\$ 811,338	\$ 666,451	\$ 254,180
-	-	175,590	-	5,000	-
-	-	100,000	200,000	-	-
741,864	705,500	749,675	1,675,125	2,493,300	2,711,000
<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>	<u>19,042,227</u>
15,269,442	15,593,461	17,203,248	24,739,629	23,985,822	22,007,407
-	11,630	-	-	-	-
29,887,820	25,773,762	36,333,665	41,694,538	46,337,784	63,559,319
26,519,559	30,327,238	36,071,889	40,241,806	44,233,989	44,954,814
<u>(876,594)</u>	<u>(415,577)</u>	<u>(428,702)</u>	<u>(1,084,565)</u>	<u>(993,783)</u>	<u>(622,177)</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>	<u>107,891,956</u>
914,375	888,024	748,231	811,338	666,451	254,180
29,887,820	25,773,762	36,509,255	41,694,538	46,342,784	63,559,319
26,519,559	30,327,238	36,171,889	40,441,806	44,233,989	44,954,814
741,864	705,500	749,675	1,675,125	2,493,300	2,711,000
<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>18,420,050</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>	<u>\$ 129,899,363</u>
-4.3%	0.7%	25.1%	18.4%	7.6%	14.4%

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

	2013	2014	2015	2016
<b>Revenues:</b>				
Property taxes and tax increment	\$ 23,981,375	\$ 24,524,709	\$ 25,215,734	\$ 26,131,569
Licenses and permits	2,727,494	2,836,555	3,325,293	3,706,567
Intergovernmental	3,534,512	4,979,156	5,232,193	9,043,356
Charges for services	6,925,867	8,405,492	12,443,152	13,289,708
Special assessments	1,143,349	1,636,267	1,736,905	2,308,223
Investment income (charges)	(28,008)	548,842	366,555	387,604
Donations	265,953	242,627	356,446	550,255
Miscellaneous	885,323	3,411,579	1,155,073	2,828,177
Total Revenues	<u>39,435,865</u>	<u>46,585,227</u>	<u>49,831,351</u>	<u>58,245,459</u>
<b>Expenditures:</b>				
General government	4,774,775	5,690,230	5,226,864	5,783,013
Public safety	10,113,958	10,305,450	10,892,071	11,513,170
Public works	3,766,665	3,805,470	3,856,984	4,245,072
Parks and recreation	3,206,004	3,330,488	3,532,376	3,497,041
Capital outlay	12,523,103	21,420,875	31,649,447	37,938,823
<b>Debt Service:</b>				
Principal retirement	5,825,000	5,995,000	7,385,000	5,935,000
Interest on debt	3,948,740	3,700,590	3,735,120	3,970,010
Fiscal charges	26,351	176,789	33,071	327,052
Total Expenditures	<u>44,184,596</u>	<u>54,424,892</u>	<u>66,310,933</u>	<u>73,209,181</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(4,748,731)	(7,839,665)	(16,479,582)	(14,963,722)
<b>Other Financing Sources (Uses):</b>				
Transfers in	7,094,079	3,489,225	6,883,879	5,179,668
Transfers out	(4,857,921)	(1,644,624)	(4,928,951)	(3,222,237)
Bond, note, loan and lease proceeds	4,685,000	21,180,000	16,545,000	31,075,000
Payment on refunded bonds called	-	(10,035,000)	(12,460,000)	(9,535,000)
Premium on bonds issued	78,287	1,981,519	1,005,509	2,626,731
Sale of capital assets	825,000	-	-	-
Total Other Financing Sources (Uses)	<u>7,824,445</u>	<u>14,971,120</u>	<u>7,045,437</u>	<u>26,124,162</u>
Net Change in Fund Balances	<u>\$ 3,075,714</u>	<u>\$ 7,131,455</u>	<u>\$ (9,434,145)</u>	<u>\$ 11,160,440</u>
<b>Debt Service as a Percentage of</b>				
Noncapital Expenditures	<u>28.6%</u>	<u>25.3%</u>	<u>25.6%</u>	<u>19.6%</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)**

	2017	2018	2019	2020	2021	2022
\$	27,401,195	\$ 28,612,384	\$ 30,855,832	\$ 32,983,369	\$ 35,146,364	\$ 36,815,539
	3,988,189	3,899,604	4,492,109	5,600,853	5,081,480	4,490,895
	3,771,886	5,090,762	8,901,495	14,571,858	3,813,869	17,279,101
	10,016,017	11,828,549	15,046,177	15,239,684	17,343,792	17,586,719
	2,812,587	3,139,103	3,683,354	3,953,438	3,023,130	3,478,667
	597,513	907,138	2,769,074	2,144,654	(1,003,311)	(6,316,145)
	238,383	309,970	211,969	232,689	268,898	200,642
	846,035	835,986	861,800	800,067	775,140	1,310,631
	<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>	<u>74,846,049</u>
	6,424,260	6,656,824	7,028,626	8,061,485	7,950,888	8,377,090
	12,775,807	13,061,572	13,496,719	14,251,367	15,283,047	15,836,333
	9,786,321	4,741,200	4,802,149	4,692,478	4,987,928	5,139,700
	5,222,503	3,998,735	4,178,410	3,888,960	4,486,389	4,863,528
	11,995,449	25,065,276	20,906,745	34,788,668	32,856,512	42,577,218
	6,885,000	10,420,000	8,920,000	9,715,000	9,160,000	7,861,201
	3,881,179	3,948,999	3,877,764	3,871,110	4,064,943	4,179,644
	129,158	96,729	44,429	38,098	82,573	324,787
	<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>	<u>89,159,501</u>
	(7,427,872)	(13,365,839)	3,566,968	(3,780,554)	(14,422,918)	(14,313,452)
	8,355,474	6,038,479	5,120,699	6,522,720	9,636,510	15,996,085
	(6,661,840)	(4,167,132)	(2,980,605)	(4,180,711)	(7,736,781)	(14,621,216)
	11,987,171	13,805,000	6,295,000	15,164,036	19,294,225	47,874,860
	(11,368,146)	(3,320,000)	-	-	-	(23,540,000)
	1,309,907	1,005,336	1,065,624	2,391,960	1,090,191	4,115,966
	516,380	530,734	107,645	249,015	258,880	868,415
	<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>30,694,110</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>\$ 16,380,658</u>
	<u>22.6%</u>	<u>26.9%</u>	<u>25.7%</u>	<u>25.8%</u>	<u>24.5%</u>	<u>22.0%</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>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Taxable Net Tax Capacity Valuation of Taxable Property</u></b>			
Tax capacity value	\$ 54,853,225	\$ 57,174,306	\$ 62,811,855
Less:			
Captured tax increment tax capacity	(863,946)	(861,019)	(446,760)
Contributions to fiscal disparities pool	(5,494,207)	(5,439,491)	(5,481,001)
Plus:			
Distribution from fiscal disparities pool	<u>6,825,229</u>	<u>6,316,073</u>	<u>6,323,361</u>
Total taxable net tax capacity	<u>\$ 55,320,301</u>	<u>\$ 57,189,869</u>	<u>\$ 63,207,455</u>
<b><u>Taxable Net Tax Capacity Valuation by Class of Property</u></b>			
Homestead residential	\$ 38,983,401	\$ 41,029,548	\$ 46,374,248
Commercial/industrial, public utility, and personal property	14,351,101	13,833,973	14,223,709
Non-homestead residential/apartments	1,311,388	1,468,225	1,629,527
Agriculture and seasonal/recreational	<u>674,411</u>	<u>858,123</u>	<u>979,971</u>
Total taxable net tax capacity	<u>\$ 55,320,301</u>	<u>\$ 57,189,869</u>	<u>\$ 63,207,455</u>
Assessor's taxable market valuation	<u>\$ 4,767,475,321</u>	<u>\$ 4,995,818,217</u>	<u>\$ 5,553,395,148</u>
Taxable net tax capacity as a percentage of assessor's taxable market value	<u>1.160%</u>	<u>1.145%</u>	<u>1.138%</u>
Direct tax capacity rate	<u>41.234%</u>	<u>40.696%</u>	<u>38.948%</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 65,634,896	\$ 69,887,094	\$ 75,422,344	\$ 82,737,259	\$ 90,729,405	\$ 97,138,303	\$ 106,343,200
(497,171)	(596,348)	(609,048)	(774,382)	(856,909)	(1,085,470)	(1,084,201)
(5,411,614)	(5,524,685)	(5,828,030)	(6,190,357)	(6,645,636)	(6,925,361)	(7,645,703)
<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>10,270,657</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>\$ 107,883,953</u>
\$ 49,048,168	\$ 52,427,026	\$ 57,017,144	\$ 63,032,149	\$ 69,577,579	\$ 73,762,668	\$ 81,813,145
14,754,095	15,842,447	16,870,980	17,893,911	19,164,426	20,997,684	21,583,053
1,656,581	1,736,856	1,938,329	2,206,240	2,738,491	3,143,112	3,810,748
<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>677,007</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>\$ 107,883,953</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>\$ 9,503,255,659</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>1.135%</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>	<u>32.846%</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		
2013	32.206%	9.028%	41.234%	0.00843%	33.421%	-	192 194 196	57.226% 33.535% 27.956%	0.15065% 0.19955% 0.23542%	5.884%	137.765% 114.074% 108.495%	0.15908% 0.20798% 0.24385%
2014	32.045%	8.651%	40.696%	0.00678%	31.827%	-	192 194 196	56.326% 33.048% 27.606%	0.11117% 0.25954% 0.25809%	5.538%	134.387% 111.109% 105.667%	0.11795% 0.26632% 0.26487%
2015	30.605%	8.343%	38.948%	-	29.633%	-	192 194 196	53.474% 31.459% 23.271%	0.11550% 0.24871% 0.25484%	5.033%	127.088% 105.073% 96.885%	0.11550% 0.24871% 0.25484%
2016	30.455%	8.214%	38.669%	-	28.570%	-	192 194 196	57.584% 35.319% 24.317%	0.19065% 0.27898% 0.26999%	5.063%	129.886% 107.621% 96.619%	0.19065% 0.27898% 0.26999%
2017	29.342%	8.168%	37.510%	-	28.004%	-	192 194 196	54.269% 32.914% 23.336%	0.18481% 0.25441% 0.27380%	4.907%	124.690% 103.335% 93.757%	0.18481% 0.25441% 0.27380%
2018	29.305%	7.114%	36.419%	-	26.580%	-	192 194 196	52.825% 32.992% 21.352%	0.18495% 0.26835% 0.26715%	4.307%	120.131% 100.298% 88.658%	0.18495% 0.26835% 0.26715%
2019	27.192%	8.415%	35.607%	-	25.386%	-	192 194 196	51.401% 32.535% 20.613%	0.18968% 0.26992% 0.26162%	4.227%	116.621% 97.755% 85.833%	0.18968% 0.26992% 0.26162%
2020	26.682%	7.933%	34.615%	-	24.133%	-	192 194 196	53.105% 34.851% 19.860%	0.18904% 0.31225% 0.34367%	4.030%	115.883% 97.629% 82.638%	0.18904% 0.31225% 0.34367%
2021	26.281%	8.070%	34.351%	-	22.716%	-	192 194 196	50.805% 33.894% 20.046%	0.18392% 0.27269% 0.32712%	3.802%	111.674% 94.763% 80.915%	0.18392% 0.27269% 0.32712%
2022	25.755%	7.091%	32.846%	-	21.630%	-	192 194 196	49.481% 33.983% 19.971%	0.18244% 0.25582% 0.31336%	3.729%	107.686% 92.188% 78.176%	0.18244% 0.25582% 0.31336%

**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, 2022 AND DECEMBER 31, 2013**

<u>Principal Property Taxpayer</u>	<u>Type of Business</u>	<u>2022</u>			<u>2013</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	\$ 579,220	1	0.5%			
Minnegasco/Centerpoint	Utility	499,614	2	0.5%	424,054	9/10	0.8%
Dakota Electric Association	Utility	-		0.0%	295,012	3	0.5%
Lakeville 2004, LLC	Commercial	346,046	4	0.3%	326,426	1	0.6%
Fulford Group, LLC	Agriculture	357,795	3	0.3%			
Inland Argonne Village, LLC	Retail	319,238	5	0.3%	254,243	5	0.5%
Hy-Vee Inc.	Commercial	313,288	6	0.3%			
KJPL Avonlea LLC	Apartments	305,614	7	0.3%			
EREP Heritage Commons, LLC	Retail	291,350	8	0.3%	318,046	2	0.6%
Walker Highview Hills, LLC	Apartments	292,298	9	0.3%	246,873	6	0.4%
Lakeville 222nd 2017 LLC	Industrial	283,830	10	0.3%			
FR/CAL Interstate South LLC	Industrial				229,026	8	
Target Corporation	Retail				256,414	4	0.5%
LFT Real Estate Company Inc.	Real Estate				238,810	7	0.4%
Xcel Energy	Utility						0.0%
Total principal taxpayers		3,588,293		3.3%	2,588,904		4.7%
All other taxpayers		104,295,660		96.7%	52,731,397		95.3%
Total City of Lakeville taxpayers		<u>\$ 107,883,953</u>		<u>100.0%</u>	<u>\$ 55,320,301</u>		<u>100.0%</u>

Source: Dakota County Auditor and Treasurer's Office.

Note: Due to shift in value in 2022 from local base to countywide - Dakota Electric Association is no longer included in the listing of largest taxpayers  
In 2013 Minnegasco & Centerpoint were separate businesses - the amounts from 2013 have been combined to compare with 2022.

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year (1)</b>	<b>Collection of Current Year's Levy</b>		<b>Collection of Prior Year Levy (3)</b>	<b>Prior Yr. Current/ Delinq Adjustments</b>	<b>Total Collections</b>	<b>Percentage of Total Collections To Tax Levy Certified</b>
		<b>Amount (2)</b>	<b>Percent</b>				
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%	135,654	(1,397)	27,992,699	99.97%
2019	29,948,890	29,815,159	99.55%	114,610	104,429	29,929,769	99.94%
2020	32,031,000	31,840,067	99.40%	157,580	73,294	31,997,647	99.90%
2021	33,911,570	33,753,733	99.53%	157,837	(5,727)	33,911,570	100.00%
2022	35,590,000	35,485,096	99.71%	-	139,205	35,485,096	99.71%

**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**

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-type Activity</u>			<u>Total Outstanding Debt</u>	<u>Population (1)</u>	<u>% of Personal Income (2)</u>	<u>Total Outstanding Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Loans and Notes Payable</u>	<u>Financed Purchase</u>	<u>Lease Liability</u>	<u>Revenue Bond</u>				
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	1,810,000	-	11,566,742	141,647,760	69,490	3.0	2,038
2021	124,710,301	5,685,403	12,945,275	1,570,000	-	11,729,716	156,640,695	72,135	3.2	2,171
2022	148,534,254	-	12,408,934	1,325,000	3,689,281	10,605,601	176,563,070	73,828	N/A	2,392

**Source:**

(1) Metropolitan Council as of April 1 (except for 2010 and 2020 Federal Census).

(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>
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%	69,490	649
2021	124,710,301	69,405,000	4,373,669	50,931,632	98,649,972	51.63%	72,135	706
2022	148,534,254	73,205,000	1,221,770	74,107,484	107,883,953	68.69%	73,828	1,004

**Source:**

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

**CITY OF LAKEVILLE  
DIRECT AND OVERLAPPING GOVERNMENTAL DEBT  
AS OF DECEMBER 31, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding (2)</u>	<u>Estimated Share of Overlapping Debt</u>	
		<u>Percentage (2)</u>	<u>Amount</u>
<b>Overlapping Debt (1)</b>			
Independent School District #194	\$ 185,385,000	74.73%	\$ 138,538,211
Independent School District #192	134,380,000	20.16%	27,091,008
Independent School District #196	98,170,000	7.72%	7,578,723
<u>Special District</u>			
Metropolitan Council	193,320,000	2.48%	<u>4,796,532</u>
Total overlapping debt			178,004,474
<b>Direct Debt</b>			
City of Lakeville bonded debt	160,943,188	100.00%	<u>160,943,188</u>
Total direct and overlapping debt			<u>\$ 338,947,662</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>
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%
2022	9,503,255,659	285,097,670	63,586,273	221,511,397	22.30%

**Legal Debt Margin Calculation:**

**Fiscal Year 2022**

Assessor's taxable market valuation		<u>\$ 9,503,255,659</u>
Legal debt limit:		
3% of Assessor's taxable market valuation		\$ 285,097,670
Amount of debt applicable to legal debt limit:		
Gross bonded debt	\$ 149,435,000	
Less debt payable from sources other than taxes:		
G.O. Improvement bonds	\$ 63,505,000	
Tax increment bonds	-	
State-aid street revenue bonds	3,670,000	
Water connection revenue bonds	6,030,000	
HRA lease revenue	1,325,000	
Water revenue bonds	9,280,000	
Street Light revenue bonds	190,000	
Sewer revenue bonds	<u>200,000</u>	<u>(84,200,000)</u>
Debt payable from taxes		65,235,000
Less debt service monies available to pay principal and interest		<u>(1,648,727)</u>
Net bonded debt applicable to debt limit		<u>63,586,273</u> <u>63,586,273</u>
Legal debt margin		<u>\$ 221,511,397</u>

**Note:** Minnesota Statutes § 475.53, Subdivision 1, No municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the taxable market value of taxable property in the municipality for years 2008 and beyond.

Source: Dakota County Auditor and Treasurer's Office.

**CITY OF LAKEVILLE  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Gross (1) Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Requirements (2)</b>		<b>Total</b>	<b>Times Coverage</b>
				<b>Principal</b>	<b>Interest</b>		
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
2022	13,233,699	5,077,177	8,156,522	420,000	368,110	788,110	10.35

**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>Family Dwellings (3)</u>			<u>Housing units</u>
					<u>Single</u>	<u>Multiple</u>	<u>Total</u>	<u>Valuation</u>
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	72,135	3.81%	4,899,914	67,927	663	73	736	205,419,000
2022	73,828	2.35%	N/A	N/A	387	160	547	139,685,000

Annual percentage  
increase average last  
ten fiscal years

2.62%

126.51%

15,318

**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>
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%
2022	38,904	2.5%	241,966	2.7%	3.2%	3.3%

**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.



**CITY OF LAKEVILLE  
COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED  
YEARS 2022 AND 2021**

**NEW BUILDING PERMITS 2022 AND 2021** (in excess of \$500,000)

<b><u>BUSINESS</u></b>	<b><u>PRODUCT/SERVICE</u></b>	<b><u>VALUATION (1)</u></b>
Lakeville Specialty Center	Medical office building	\$ 23,300,000
Apple Auto Commercial	Commercial auto repair	11,460,000
Magnum Trucking	Warehouse	11,000,000
Magnum Trucking	LTL Trucking facility	11,000,000
Lakeville Medical Building	Medical office building	8,000,000
United Christian Academy	Daycare building	7,000,000
Scannell Properties	Industrial spec building	6,550,000
Keokuk Liquor Store	Municipal liquor	4,500,000
Old Diminon 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
Lakeville Specialty Center	Medical office building	2,200,000
Bubble Barn Car Wash	Car wash	1,114,000
Tires Plus	Tire shop	1,100,000
Molldrem Family Denistry	Dentist office	1,000,000

**EXPANSION OR REMODEL BUILDING PERMITS 2022 AND 2021** (in excess of \$500,000)

<b><u>BUSINESS</u></b>	<b><u>PRODUCT/SERVICE</u></b>	<b><u>VALUATION (1)</u></b>
Buddy's Kitchen	Restaurant	\$ 5,355,000
Uponor	Warehouse	4,230,000
Mendel Grocery	Grocery store	3,500,000
Aloft Aviation	Flight school	2,000,000
Outdoor Great Room	Outdoor fireplace manufacturing	1,295,000
Dalsin Industries	Sheet metal manufacturing	925,000
Delmar	Plastic machining & fabrication	750,000
Hearth & Home Technologies	Indoor fireplace manufacturing	682,000
Advanced Oral Surgery	Oral surgery	600,000
Quality Contour	Precision machine shop	572,000

**Notes:**

(1) Valuation excludes land and personal property.

Source: City of Lakeville Inspections Department.

**CITY OF LAKEVILLE  
EMPLOYEES BY FUNCTION/PROGRAM (FULL-TIME EQUIVALENT)  
LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>General government</b>										
City administration	2.4	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6
Communications	4.0	4.0	4.0	3.9	4.5	5.2	5.2	5.0	5.2	5.2
City clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.6
Finance	7.0	7.0	6.6	6.7	7.0	7.0	6.7	6.7	6.7	7.1
Information Technology	2.9	3.0	3.0	3.1	3.8	4.0	4.0	4.0	4.0	4.0
Human resources	2.8	2.8	3.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Planning	2.8	3.5	3.5	3.5	4.2	4.5	4.5	4.5	4.2	4.8
Community and economic development	2.5	2.4	2.5	2.5	2.4	2.5	2.5	2.5	2.5	3.3
Protective inspection	7.0	7.0	7.6	8.0	8.4	9.0	9.1	9.8	10.3	10.5
General government buildings	3.0	3.0	3.0	4.6	5.5	6.0	6.2	6.5	5.7	5.3
Total general government	<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>	<u>48.4</u>
<b>Public safety</b>										
Police officers (sworn)	50.2	54.0	52.8	54.7	54.6	57.0	61.0	61.7	61.0	66.4
Police administration	11.5	11.8	12.5	13.4	14.8	13.1	13.6	14.5	13.7	12.1
Fire (excluding volunteer firefighters)	4.6	4.6	5.3	5.5	5.4	5.4	5.4	5.4	5.4	6.0
Total public safety	<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>	<u>84.5</u>
<b>Public works</b>										
Engineering	6.0	6.0	6.4	6.6	7.6	7.3	7.5	7.3	8.3	7.3
Construction Services	-	2.0	3.9	3.7	3.3	4.0	4.7	4.9	5.3	4.1
Street maintenance	19.3	21.0	20.4	21.6	21.7	21.9	22.7	23.0	22.2	22.9
Total public works	<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>	<u>34.3</u>
<b>Parks and recreation</b>										
Park maintenance	15.0	15.0	14.8	14.0	15.1	16.4	16.6	16.3	15.4	16.5
Recreation	5.6	5.6	5.5	5.8	6.5	6.4	6.5	6.3	7.8	7.5
Arts center	3.7	3.7	3.7	3.7	3.6	3.8	3.7	3.2	4.3	4.5
Total parks and recreation	<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>	<u>28.5</u>
Total governmental activities	<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>	<u>195.7</u>
Liquor	24.9	26.3	24.4	25.3	26.1	26.0	26.3	26.5	29.9	36.6
Utility	20.0	21.0	21.6	21.3	23.1	24.3	24.6	24.0	24.0	25.8
Total business-type activities	<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>53.9</u>	<u>62.4</u>
Total employees	<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>243.9</u>	<u>258.1</u>

Source: City of Lakeville Human Resources Department.

Note: Includes full-time equivalent for both full and part time employees and accounts for overtime. Seasonal employees are not included for purposes of this report.

**CITY OF LAKEVILLE  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>General government</b>										
Number of registered voters	N/A	36,571	N/A	41,124	N/A	41,693	N/A	44,511	N/A	48,064
Number of final plats approved	15	16	23	19	20	25	16	20	20	22
Number of building permits issued	1,647	3,852	2,030	1,889	1,829	1,875	4,260	3,376	3,129	3,612
Valuation of building permits issued (in millions)	\$ 142	\$ 139	\$ 183	\$ 218	\$ 248	\$ 234	\$ 276	\$ 403	\$ 331	\$ 292
<b>Public safety</b>										
Total calls for service	33,328	35,980	47,072	47,724	38,036	43,268	46,006	32,327	35,784	42,258
Traffic stops	8,251	10,531	17,681	18,239	15,680	18,412	18,700	8,024	6,214	9,605
Non-traffic related calls	25,077	25,449	29,391	29,485	22,356	24,856	27,306	24,303	27,783	32,653
Number of volunteer firefighters	79	80	83	85	86	82	88	85	90	90
Number of annual fire calls	1,062	1,103	1,192	1,347	1,477	1,500	1,694	1,998	2,794	3,114
<b>Public works</b>										
City street miles added	2.8	4.5	4.5	17.0	3.1	3.6	7.5	7.0	10.8	5.4
<b>Parks and recreation</b>										
Park acres mowed	430	430	430	430	430	430	430	430	430	450
Park facility reservations taken	888	958	1,024	742	551	562	580	304	574	617
Program activity registrations taken	9,310	9,627	9,231	8,141	6,294	6,490	7,510	4,250	7,806	8,170
<b>Liquor</b>										
Annual sales (in millions)	\$ 15.4	\$ 14.9	\$ 13.6	\$ 14.1	\$ 14.6	\$ 16.9	\$ 16.4	\$ 18.3	\$ 19.6	\$ 21.7
<b>Utility (in millions of gallons)</b>										
Water (average daily consumption)	5.9	5.5	5.2	5.5	5.8	5.8	5.2	6.3	7.5	7.4
Sanitary sewer (1) (average daily treatment)	3.4	3.4	3.2	3.4	3.4	3.5	3.5	3.6	3.8	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**

<b>Function</b> (1)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Public safety</b>										
Police station	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
<b>Public works</b>										
City streets (miles)	264.0	266.8	271.3	288.3	291.4	295.0	302.5	309.5	320.3	325.7
<b>Parks and recreation</b>										
Acres of parks, conservation areas, and greenways	1,590	1,590	1,590	1,600	1,600	1,600	1,677	1,677	1,677	1,706
Parks	59	59	59	60	60	61	61	61	61	65
Conservation areas	20	20	20	20	20	20	20	20	20	20
Trails and sidewalks - paved (miles)	103	107	109	110	111	117	118	120	120	130
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	96	96	96	97	97	97	97	98
Courts (basketball, volleyball, tennis, pickleball)	38	38	38	38	43	43	43	43	47	47
Playgrounds	42	43	43	44	44	46	46	46	47	47
Swimming beaches	3	3	3	3	3	3	2	2	2	2
<b>Liquor</b>										
Number of on-sale stores owned	2	2	2	2	2	1	1	1	2	2
Number of on-sale stores leased	1	1	1	1	1	2	2	2	2	2
<b>Utility</b>										
Water										
Water mains (miles)	321	321	321	321	346	350	358	367	380	387
Fire hydrants	3,572	3,572	3,572	3,572	3,818	3,885	3,969	4,080	4,374	4,494
Wells	17	17	17	18	18	19	19	19	19	19
Water Towers	5	5	5	5	6	6	6	6	6	6
Sanitary sewer										
Sanitary sewer mains (miles)	261	261	261	261	261	264	270	278	288	295
Sanitary sewer lift stations	20	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.