



2019

Comprehensive Annual Financial Report

Year ended December 31, 2019
City of Lakeville, Minnesota



CITY OF LAKEVILLE, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019

PREPARED BY THE FINANCE DEPARTMENT

**CITY OF LAKEVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
ELECTED AND APPOINTED OFFICIALS	11
ORGANIZATIONAL CHART	12
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	13

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	14
MANAGEMENT'S DISCUSSION AND ANALYSIS	17
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	34
STATEMENT OF ACTIVITIES	35
BALANCE SHEET – GOVERNMENTAL FUNDS	36
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	37
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	38
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	39
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	40
STATEMENT OF NET REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	41
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	42
STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUND	43
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUND	44
NOTES TO BASIC FINANCIAL STATEMENTS	45

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGETARY COMPARISON	97
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	102
PERA – GENERAL EMPLOYEES RETIREMENT FUND	103
PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND	104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATE WIDE PLANS	105
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – LAKEVILLE FIRE RELIEF ASSOCIATION	108
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS	109

**CITY OF LAKEVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	113
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	114
SPECIAL REVENUE FUNDS (NONMAJOR) – COMBINING BALANCE SHEET	115
SPECIAL REVENUE FUNDS (NONMAJOR) – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	116
DEBT SERVICE FUNDS (NONMAJOR) – COMBINING BALANCE SHEET	117
DEBT SERVICE FUNDS (NONMAJOR) – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	118
CAPITAL PROJECTS FUND (NONMAJOR) – COMBINING BALANCE SHEET	119
CAPITAL PROJECTS FUNDS (NONMAJOR) – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	121
COMMUNICATIONS – SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE	123
ECONOMIC DEVELOPMENT – SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE	124
DOWNTOWN SPECIAL SERVICE DISTRICT – SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE	125

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS	126
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE	127
COMBINED SCHEDULE OF BONDED INDEBTEDNESS	137

STATISTICAL SECTION (UNAUDITED)

NET POSITION BY COMPONENT – GOVERNMENT WIDE	139
CHANGES IN NET POSITION BY COMPONENT – GOVERNMENTAL ACTIVITIES	141
CHANGES IN NET POSITION BY COMPONENT – BUSINESS-TYPE ACTIVITIES	143
CHANGES IN NET POSITION BY COMPONENT – TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	145
FUND BALANCES – GOVERNMENTAL FUNDS	147
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	149
TAX CAPACITY VALUATION AND ASSESSOR'S TAXABLE MARKET VALUE OF TAXABLE PROPERTY	151
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	153
PRINCIPAL PROPERTY TAXPAYERS	154
PROPERTY TAX LEVY AND COLLECTIONS	155

**CITY OF LAKEVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

RATIO OF TOTAL DEBT BY TYPE	156
RATIO OF NET BONDED DEBT OUTSTANDING	157
DIRECT AND OVERLAPPING GOVERNMENTAL DEBT	158
LEGAL DEBT MARGIN	159
PLEGGED REVENUE COVERAGE	160
DEMOGRAPHIC AND ECONOMIC STATISTICS	161
PRINCIPAL EMPLOYERS	162
COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED	163
EMPLOYEES BY FUNCTION/PROGRAM (FULL-TIME EQUIVALENT)	164
OPERATING INDICATORS BY FUNCTION	165
CAPITAL ASSET STATISTICS BY FUNCTION	166

INTRODUCTORY SECTION



City of Lakeville
Positioned to Thrive

June 5, 2020

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 Comprehensive Annual 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, 2019. 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, 2019 and the changes in financial position for the year then ended.

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

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www.lakevillemn.gov

Profile of Government

The City of Lakeville is a suburban community located 20 miles south of downtown Minneapolis in the southeast corner of the Twin Cities metropolitan area within [Dakota County](#). Lakeville enjoys an excellent location, with convenient access to the Minneapolis-Saint Paul metropolitan area via interstate highway I-35. The City is also just 25 minutes from the Minneapolis-Saint Paul International Airport. Lakeville continues to be one of the fastest growing cities in Minnesota with a population that has grown from 43,128 in 2000 to 65,831 in 2019.

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The City's tax base is primarily residential and consists of mostly single family homes. Commercial and industrial properties make up approximately eleven percent of the tax base. The City's valuation declined from its peak in 2009 to a low point in 2013. Since 2013, valuations have steadily grown due to a mix of new construction and appreciating values. The City's valuation is now at a new peak and continues to grow. The City has grown by an estimated 9,900 new residents or approximately 17.7% since 2010, while the number of City employees has increased by 16.6%.

The City has a land area of 38 square miles with approximately 30% of its land available for development. In 2019, final plats were approved for 305 single-family units, 164 detached townhomes, 43 attached townhomes, 260 apartment units, 3 commercial developments, 3 industrial and one institutional development.

The trend for building permit activity for single-family homes is steady with building permits for single family homes/detached townhomes increasing from 478 in 2018 to 556 in 2019. The 2020 budget is premised on conservative but assumed steady growth of new single-family homes in the coming year.



Commercial and industrial building permit activity was valued at \$63.3 million. Commercial projects constructed in 2019 included:

- Compeer Financial
 - A new two-story, 30,000 square-foot agricultural lender business
- Heritage Library and Lakeville License Center
 - The facility was remodeled and expanded by about 2,900 square feet
- BeeHive Senior Homes
 - A new 20-unit senior assisted living and memory care residence
- Spero Senior Living
 - A new 55-unit independent senior living community
- Motoprime Motorsports
 - A two-level, 30,000 square-foot addition

Industrial development in 2019 included:

- QA1 Precision Products
 - 100,000 square-foot building
 - Retaining 95 jobs and creating 44 new jobs in the City
- Polytek Surface Coatings
 - 2-story, 17,218 square foot office and warehouse building
 - Growth and expansion of existing Lakeville business
- Globus Transport Inc.
 - 131,307 square foot 3-story climate-controlled self-storage building
 - Includes office, retail showroom, and outdoor storage of recreational vehicles
- Recycle MN / Dick's Sanitation
 - 21,240 square-foot addition
 - New 69-foot tall storage silo

Commercial projects under construction:

- Health Partners Park Nicollet Clinic
 - A new 2-story, 28,420 square-foot medical office building
- Edison at Spirit
 - A 160-unit market-rate apartment building and five secondary carriage house buildings
- Kingsley Place
 - A new 55-unit, four-story senior independent living apartment building
- Springs at Lakeville
 - A multi-family development consisting of 260 market-rate rental townhome-style units

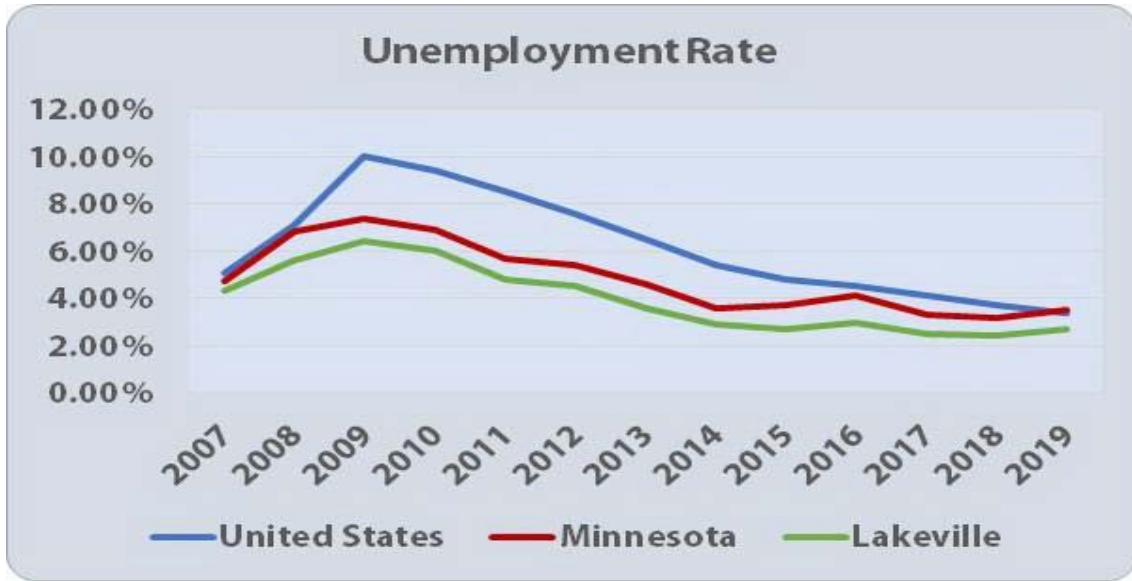
New commercial businesses:

- Escape MSP
 - An escape room entertainment business
- Viverant
 - A new physical therapy, performance training, Pilates and nutrition consulting business
- Power Plate Meals
 - A new ready-to-eat meal business
- Code Hero Academy
 - Technology classes for school-age children and community members
- HomeGoods
 - A new home goods store

- B-52 Burgers and Brew
 - A new full-service restaurant
- Northern Taphouse
 - A new bar and restaurant
- Wings Financial Credit Union
 - A new credit union
- Lakeville Walmart
 - Added online grocery pickup service
- Waffle Bar
 - A new bubble waffle and ice cream parlor
- Mi5 Fitness
 - A new fitness business
- ALDI
 - A new grocery business
- Kato CBD
 - A new boutique style CBD retail store
- Remedy Bar
 - A CBD retail store
- Just for Kix
 - A business offering dance classes
- Hy-Vee Fast & Fresh
 - A new convenience store with groceries, grab-and-go meals, and gas
- Salon de Belle
 - A new salon
- Enlighten Chiropractic
 - A new chiropractic business
- Dunkin' Donuts and Baskin Robbins
 - A new combined store located adjacent to the Kenrick Liquor store
- Spaw 4 Paws
 - A luxury dog grooming salon
- Puppy Play & Stay
 - A new business that offers daycare, boarding and grooming for dogs
- Billie's Choice
 - A new business providing in-home senior care
- Farm Bureau Wealth Management
 - A business providing financial advisory services

According to the Dakota County Assessor's office, the median value home increased by 7.12% as of February 2020 (for taxes payable 2020). The improving housing market is also strengthened with the current low inflation and interest rate environment.

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



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

Major Initiatives

Pressures and issues confronting the City were taken into account with the 2019 adopted budget including community growth, aging infrastructure, inflationary pressures, emerging trends, innovation and efficiencies, entrepreneurial efforts and preparing for the future.

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

Addressing Aging Infrastructure. Our City has more than \$300 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 2019 budget addressed the short-term plan while the Capital Improvement Plan addressed the anticipated intermediate and long-term needs. The most significant 2019 projects included:

- Accelerated pavement management program to improve city-wide pavement management index
 - 2019 Street Reconstruction
 - Hamburg Avenue Improvements

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

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

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

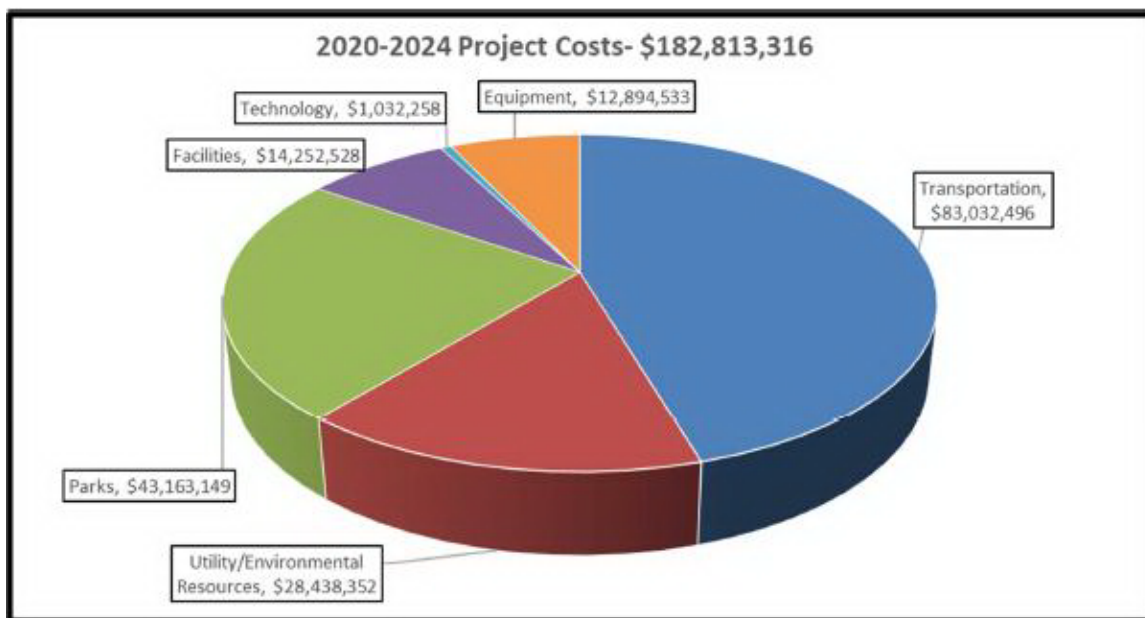
Entrepreneurial Efforts. Continued marketing initiatives are proposed to promote economic developments. Several years ago, property was acquired in southwestern Lakeville for a future new liquor store to improve revenues and sales opportunities.

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

Long-Term Financial Planning

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

A Capital Improvement Plan (CIP) is a flexible, five-year plan that identifies the City's infrastructure, development objectives and allocation of financial resources. It provides policy makers and the community with a strategic (documented) approach to implementation and administration of improvement projects. The City will invest \$183 million in transportation, utility, equipment, facilities and parks over the next five years to achieve program objectives.



As of December 31, 2019, the City of Lakeville had approximately \$120.125 million of debt outstanding. The City will issue approximately \$90 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.

- **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. Budgeted expenditure appropriations lapse at year-end. Supplementary appropriations can be carried forward to the following year if approved by the City Council.

- **Revenue Policies.** The City will project its annual revenues by a conservative objective and thorough analytical process. The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source. All existing and potential revenue sources will be reexamined annually. New sources of non-property-tax revenue should be actively explored at all times. Where appropriate and not contrary to accepted public policy or statutes, emphasis will be directed toward full cost recovery through user fees. User fees and cost allocation formulas will be updated periodically (annually, if needed). Ongoing, the City will review the full cost of activities supported by user fees to identify the impact of inflation and other factors. The fees along with the resulting net property tax costs will be reviewed with the City Council during the budget process. Sensitivity to market rates will also be considered in setting fees. Intergovernmental grant requests are subject to fiscal review before the application is submitted. This review is to ensure that the grants do not create an obligation for unfunded expenditures by the City relating to the grant's purpose and to provide an overall budgetary review of grant proposals.
- **Debt.** The City's debt policy provides guidance to ensure that long-term debt is utilized appropriately and in a fiscally prudent manner. Limiting long-term borrowing to capital improvements or other long-term projects which cannot, and appropriately should not, be financed from current revenues. Final maturity of bonds and notes should not exceed the expected useful life of the underlying project for which it is being issued. Where possible, the City will endeavor to pledge special assessments, State-aid or other non-tax revenues to debt service payments.

- **Investments.** The City's policy is to invest all available monies at competitive interest rates, coordinated with projections of the City's operating and program cash flow needs. Interest earnings will be distributed to the funds based on the average cash balances. Investments will take into consideration safety, liquidity and yield as well as complying with State regulations.
- **Fund Balance.** Fund balance or net position are terms used to define the difference between a fund's assets, deferred outflows of financial resources, liabilities and deferred inflows of financial resources. Fund balance is used in governmental fund types and net position is used in proprietary fund types and also the government-wide financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeville, Minnesota, for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This is the thirty-first consecutive year that the City of Lakeville has received this prestigious award.

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

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

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

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

Respectfully submitted,



Justin Miller
City Administrator



Jerilyn Erickson
Finance Director/Treasurer

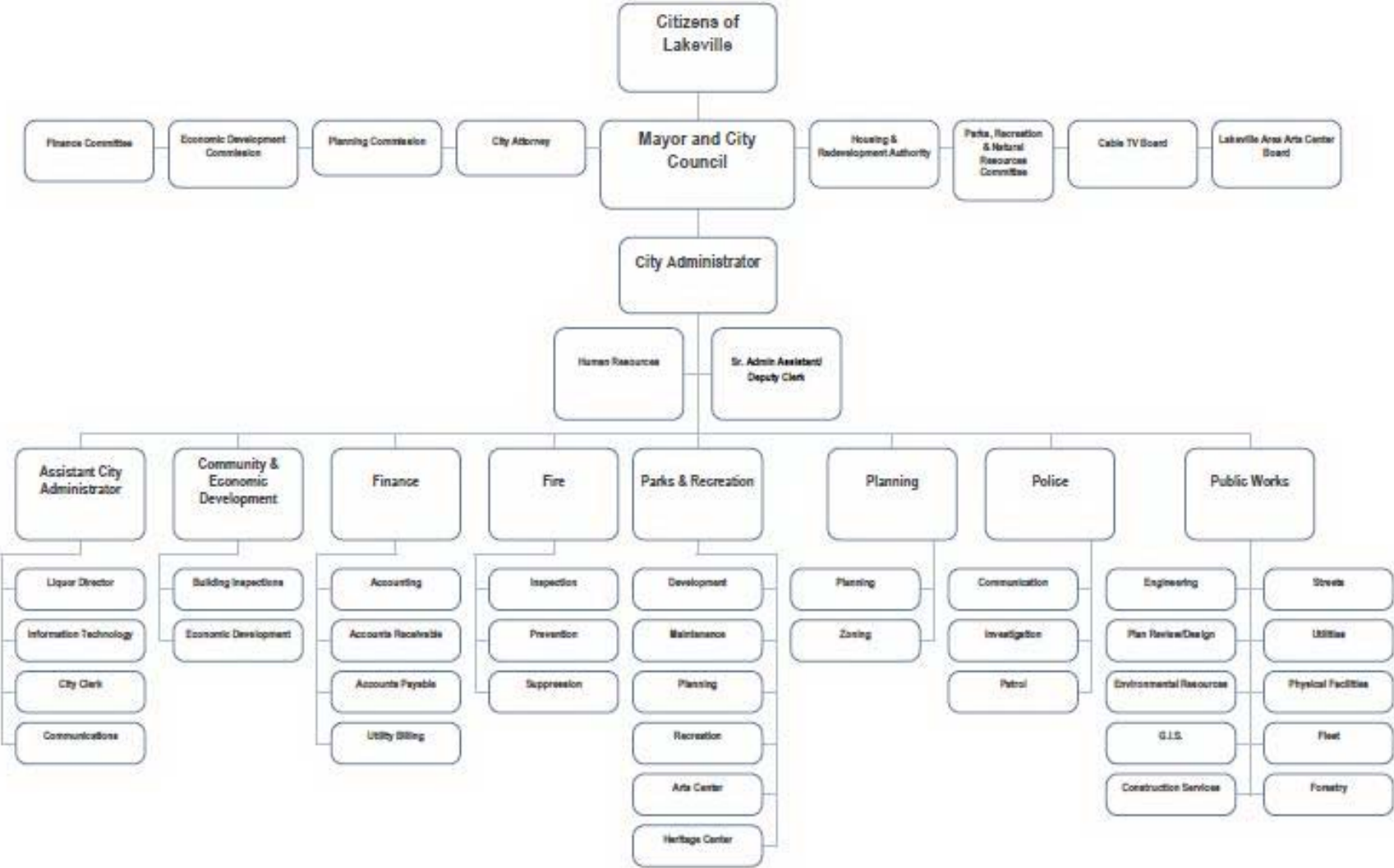
**CITY OF LAKEVILLE
ELECTED AND APPOINTED OFFICIALS
YEAR ENDED DECEMBER 31, 2019**

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

APPOINTED PERSONNEL

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

**CITY OF LAKEVILLE
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2019**



CITY OF LAKEVILLE
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2019



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lakeville
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council
City of Lakeville, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeville, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Lakeville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeville as of December 31, 2019, 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.

Emphasis of a Matter

During fiscal year ended December 31, 2019, the City adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle (see Note 23). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of net pension liability, schedule of the City's pension contributions, and the schedule of changes in net pension liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and the City Council
City of Lakeville, Minnesota

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2020, on our consideration of the City of Lakeville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Lakeville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakeville's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 5, 2020

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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, 2019. 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 \$393,647,227 (net position) at the close of the most recent fiscal year. Of this amount, \$39,320,393 (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 \$33,201,087 in 2019.
- The City's governmental funds reported combined ending fund balances of \$89,180,100. Of this total amount, \$51,922,614 or 58.2% 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 \$15,429,752 or 53.5% of total general fund expenditures of \$28,854,340.

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, 2019**

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 26 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, 2019**

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

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

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

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

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

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

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

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

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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 \$393,647,227 at December 31, 2019. By far the largest portion or 75.7% of net position is reflected in its net investment in capital assets (e.g. land, buildings and improvements, machinery and equipment, infrastructure, and construction in process) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 125,919,160	\$ 99,733,628	\$ 20,420,753	\$ 18,567,819	\$ 146,339,913	\$ 118,301,447
Capital assets	267,332,551	255,935,129	154,058,485	149,217,641	421,391,036	405,152,770
Total Assets	393,251,711	355,668,757	174,479,238	167,785,460	567,730,949	523,454,217
Deferred outflows of resources	7,959,018	11,126,536	256,813	460,775	8,215,831	11,587,311
Current and other liabilities	15,945,666	9,813,242	1,919,610	1,532,497	17,865,276	11,345,739
Other liabilities	138,361,225	140,024,833	13,758,197	13,573,208	152,119,422	153,598,041
Total Liabilities	154,306,891	149,838,075	15,677,807	15,105,705	169,984,698	164,943,780
Deferred inflows of resources	11,900,528	13,962,261	414,327	536,559	12,314,855	14,498,820
Net Position:						
Net Investment in Capital Assets	154,468,792	142,300,205	143,501,608	138,725,763	297,970,400	281,025,968
Restricted	56,356,434	45,267,313	-	-	56,356,434	45,267,313
Unrestricted	24,178,084	15,427,439	15,142,309	13,878,208	39,320,393	29,305,647
Total Net Position	\$ 235,003,310	\$ 202,994,957	\$ 158,643,917	\$ 152,603,971	\$ 393,647,227	\$ 355,598,928

The City's total restricted net position of \$56,356,434 comprises 14.3% of total net position at the close of the fiscal year ending December 31, 2019. These assets are subject to external restrictions on how they may be used.

The 2019 remaining balance of \$39,320,393 (10.0% 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 in the governmental activities increased a total of \$8,750,645 primarily due to higher than budgeted revenues and lower than budgeted expenditures during the year. Certain balances within unrestricted net position have internally imposed commitments or limitations, which may further limit the purpose for which such net position may be used.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Change in net position. The City's 2019 total net position during the current fiscal year increased by \$33,201,087 as shown in the following table. This increase is primarily attributed to economic conditions and increase in 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	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 20,610,432	\$ 15,891,372	\$ 30,504,938	\$ 28,889,578	\$ 51,115,370	\$ 44,780,950
Operating Grants and Contributions	4,613,988	5,498,819	650,372	64,456	5,264,360	5,563,275
Capital Grants and Contributions	21,464,103	9,438,559	7,240,758	4,075,854	28,704,861	13,514,413
General Revenues:						
Property Taxes	30,897,445	28,641,302	-	-	30,897,445	28,641,302
Unrestricted Investment Earnings	2,769,074	907,138	459,651	160,165	3,228,725	1,067,303
Gain on Sale of Capital Assets	-	-	-	1,601,334	-	1,601,334
Total Revenues	80,355,042	60,377,190	38,855,719	34,791,387	119,210,761	95,168,577
EXPENSES						
General Government	7,902,490	7,203,308	-	-	7,902,490	7,203,308
Public Safety	14,927,426	14,141,045	-	-	14,927,426	14,141,045
Public Works	21,015,480	22,336,416	-	-	21,015,480	22,336,416
Parks and Recreation	7,178,164	6,661,852	-	-	7,178,164	6,661,852
Interest on Long-Term Debt	3,332,465	3,468,814	-	-	3,332,465	3,468,814
Municipal Liquor	-	-	15,267,133	14,234,337	15,267,133	14,234,337
Utility	-	-	16,386,516	14,815,914	16,386,516	14,815,914
Total Expenses	54,356,025	53,811,435	31,653,649	29,050,251	86,009,674	82,861,686
CHANGE IN NET POSITION BEFORE TRANSFERS	25,999,017	6,565,755	7,202,070	5,741,136	33,201,087	12,306,891
Transfers and Contributions	1,162,124	(492,418)	(1,162,124)	492,418	-	-
CHANGE IN NET POSITION	27,161,141	6,073,337	6,039,946	6,233,554	33,201,087	12,306,891
Net Position - Beginning of Year	202,994,957	197,301,685	152,603,971	146,439,339	355,598,928	343,741,024
Prior Period Restatement for Implementation of GASB Standard (See Note 23)	4,847,212	(380,065)	-	(68,922)	4,847,212	(448,987)
Beginning of Year, as Restated	<u>207,842,169</u>	<u>196,921,620</u>	<u>152,603,971</u>	<u>146,370,417</u>	<u>360,446,140</u>	<u>343,292,037</u>
NET POSITION - END OF YEAR	\$ 235,003,310	\$ 202,994,957	\$ 158,643,917	\$ 152,603,971	\$ 393,647,227	\$ 355,598,928

Governmental activities. The governmental activities change in net position before transfers increased by \$25,999,017. The governmental revenue increase in charges for services is directly related to both an increase in economic, development and community. Operating grants decreased in 2019 in conjunction with the level of state-aid funded street maintenance and improvement projects compared to the prior year. Capital grants and contributions increased due a higher number of developer-installed assets reported during the 2019 than in 2018.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Revenues

The City's 2019 total revenues for governmental activities increased by \$19,977,852. Charges for services increased a total of \$4,719,060 primarily due to an increase in economic and community growth as evidenced by an increase in building permits, park dedication fees, and connection and area charges collected. A summary of the various increases is shown as follows:

	2019	2018	Increase / (Decrease)
<u>Charges for services</u>			
Licenses and building permit fees	\$ 4,492,109	\$ 3,899,604	\$ 592,505
Connection and area charges	7,087,279	5,568,939	1,518,340
Engineering fees - reconstruction projects	1,635,394	1,463,780	171,614
Park dedication fees	3,154,888	1,602,477	1,552,411
Other	4,240,762	3,356,572	884,190
Total charges for services	<u>\$ 20,610,432</u>	<u>\$ 15,891,372</u>	<u>\$ 4,719,060</u>

Operating grants and contributions experienced an overall decrease of \$884,831. The level of state-aid funded street maintenance and improvement projects decreased compared to the prior year. A summary of the various operating grants and contributions are shown as follows:

	2019	2018	Increase / (Decrease)
<u>Operating grants and contributions</u>			
State-aid for street maintenance	\$ 1,945,421	\$ 1,312,272	\$ 633,149
State-aid for street revenue bonds	734,358	1,176,682	(442,324)
County grant for joint road improvements	269,335	574,554	(305,219)
Federal street reconstruction bonds payment	-	58,743	(58,743)
Other grants, contributions and donations	1,664,874	2,376,568	(711,694)
Total Operating grants and contributions	<u>\$ 4,613,988</u>	<u>\$ 5,498,819</u>	<u>\$ (884,831)</u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Capital grants and contributions increase by \$12,025,544. Contributed infrastructure from private land developers increased \$7 million; the infrastructure consists of street, storm water, and park & trail capital assets. Special assessments increased by \$793,000 primarily due to two major street projects that were levied against the benefitting property owners in 2019. Other grants and contributions increased \$4 million due to multiple road projects that occurred in 2019 and involved other government agencies including Dakota County, City of Burnsville and Vermillion Watershed District. The summary of capital grants and contributions is shown as follows:

	<u>2019</u>	<u>2018</u>	Increase / (Decrease)
<u>Capital grants and contributions</u>			
Contributed infrastructure from developers	\$ 12,453,494	\$ 5,258,885	\$ 7,194,609
Special assessments	4,646,937	3,853,942	792,995
Other grants and contributions	4,302,383	264,539	4,037,844
PEG fees	61,289	61,193	96
Total capital grants and contributions	<u>\$ 21,464,103</u>	<u>\$ 9,438,559</u>	<u>\$ 12,025,544</u>

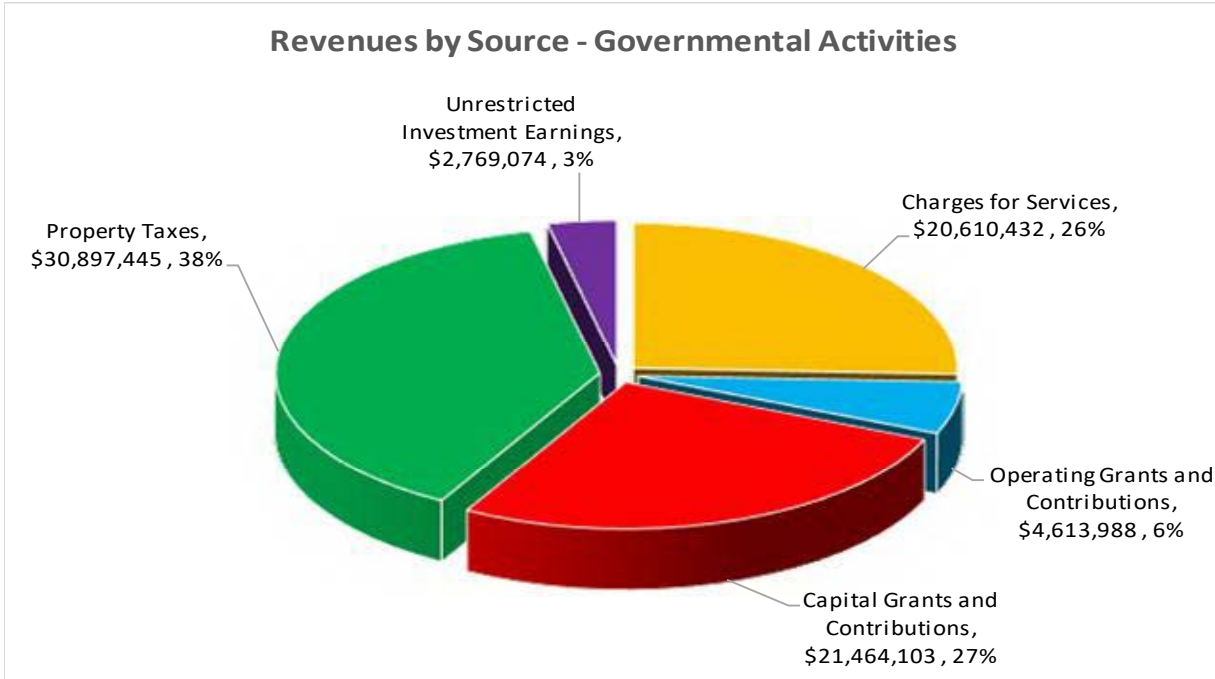
Property tax revenue increased \$2,256,143 or 7.9% primarily due to an increase in the overall tax levy.

Investment income earnings increased by \$1,861,936. The increase is the combination of increased earnings and changes in investment asset values which are inversely related to the changes in market rates. The increase is consistent with prevailing market conditions.

	<u>2019</u>	<u>2018</u>	Increase / (Decrease)
<u>General revenues</u>			
Property taxes	\$ 30,897,445	\$ 28,641,302	\$ 2,256,143
Investment income	2,769,074	907,138	1,861,936
Total general revenues	<u>\$ 33,666,519</u>	<u>\$ 29,548,440</u>	<u>\$ 4,118,079</u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

A summary of 2019 revenues by source for governmental activities is shown as follows:



Expenses

The City's 2019 total governmental activities expenses (before depreciation on capital assets and interest on long-term debt) decreased by \$98,609 or 0.3%. Total governmental activities expenses increased by \$544,590 or 1.0%, shown as follows:

	2019	2018	Increase / (Decrease)
<u>Governmental activities expenses</u>			
General government	\$ 7,489,476	\$ 6,846,135	\$ 643,341
Public safety	13,775,555	12,981,627	793,928
Public works	10,789,986	12,665,892	(1,875,906)
Parks and recreation	4,843,193	4,503,165	340,028
Total before depreciation and interest	<u>36,898,210</u>	<u>36,996,819</u>	<u>(98,609)</u>
Depreciation on capital assets	14,125,350	13,345,802	779,548
Interest on long-term debt	3,332,465	3,468,814	(136,349)
Total governmental activities expenses	<u><u>\$ 54,356,025</u></u>	<u><u>\$ 53,811,435</u></u>	<u><u>\$ 544,590</u></u>

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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

General government expenses increased by \$643,341 or 9.4%; which is primarily attributed to expenses incurred in the prior year (2018) and the elimination of the long-term receivable for the HRA capital lease with the Galaxie liquor store.

Public safety expenses increased by \$793,928 or 6.1%; primarily due to the overall increase in wages in benefits as well as miscellaneous operating costs.

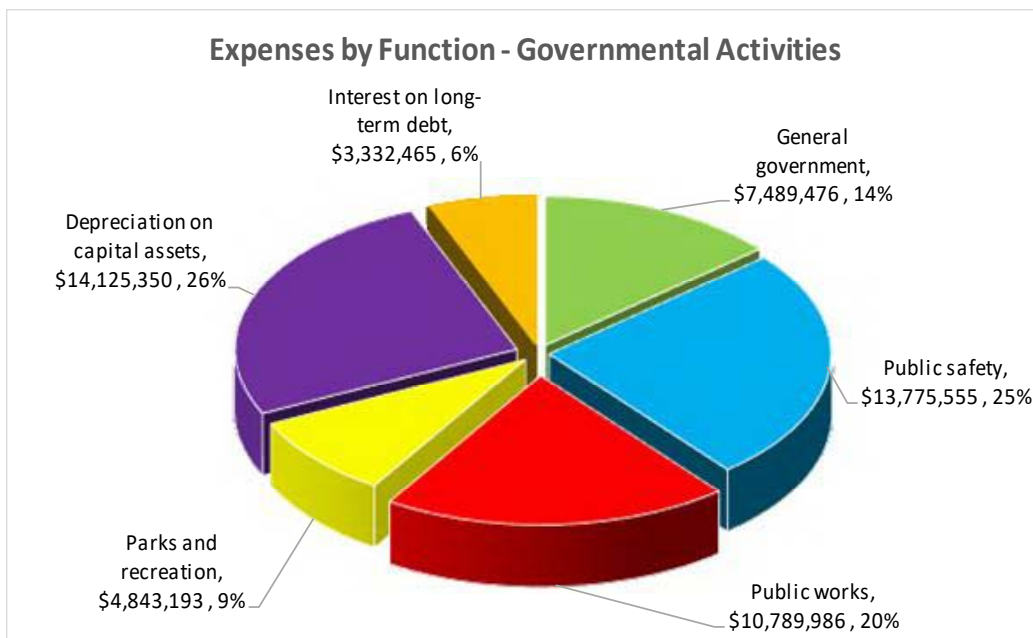
Public works expenses decreased by \$1,875,906 or 14.8%; primarily due to the prior year had a greater amount of expenditures related to an improvement project which was not considered a City asset.

Parks and recreation expenses increased \$340,028 or 7.6%; primarily due to additional park and trail maintenance on existing trails compared to the prior year.

Depreciation on capital assets increased by \$779,548 or 5.8%; primarily due to an increase in contributed infrastructure from development.

Interest on long-term debt decreased by \$136,349 or 3.9%; primarily due to scheduled debt payments.

A summary of 2019 expenses by function for governmental activities is shown as follows:



**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Business-type activities. Business-type activities increased the City's 2019 total net position by \$6,039,946. Key elements of the increase in net position along with a comparison of revenues, expenses, and changes in net position during fiscal years 2019 and 2018 are shown as follows:

	2019	2018	Increase / (Decrease)
Revenues			
Charges for services			
Liquor	\$ 16,288,986	\$ 15,276,433	\$ 1,012,553
Utility	14,215,952	13,613,145	602,807
Operating grants and contributions			
Liquor	6,453	13,421	(6,968)
Utility	643,919	51,035	592,884
Capital contributions			
Utility	7,240,758	4,075,854	3,164,904
Gain on disposal of capital assets	-	1,601,334	(1,601,334)
Investment earnings	459,651	160,165	299,486
Total revenues	<u>38,855,719</u>	<u>34,791,387</u>	<u>4,064,332</u>
Expenses			
Liquor	15,267,133	14,234,337	1,032,796
Utility	16,386,516	14,815,914	1,570,602
Total expenses	<u>31,653,649</u>	<u>29,050,251</u>	<u>2,603,398</u>
Change in net position before transfers	7,202,070	5,741,136	1,460,934
Transfers	<u>(1,162,124)</u>	<u>492,418</u>	<u>(1,654,542)</u>
Change in net position	6,039,946	6,233,554	(193,608)
Net position - beginning	152,603,971	146,439,339	6,164,632
Prior Period Restatement for Implementation of GASB Standard	-	(68,922)	68,922
Beginning of Year, as Restated	<u>152,603,971</u>	<u>146,370,417</u>	<u>6,233,554</u>
Net position - ending	<u>\$ 158,643,917</u>	<u>\$ 152,603,971</u>	<u>\$ 6,039,946</u>

The City's 2019 business-type total revenues increased by \$4,064,332 or 11.7%; the various revenue components are discussed in detail in the following paragraphs.

- The liquor fund 2019 charges for services increased due to sales volume. The 2019 cost of goods sold as a percentage of sales were 75.1%, compared to 75.1% in 2018.
- The overall utility revenue charges for services increased by \$602,807. This overall increase is represented by a water revenue decrease of \$403,956, sanitary sewer revenue increase of \$497,777, street light revenue increase of \$60,116, and environmental resources revenue increase of \$448,870. The decrease 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 customers as a result of community growth. The street light and environmental resources increases are due to an increase in customers and rate increases.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

- The utility fund experienced a total increase of \$3,164,904 in capital contributions. The majority of the increase is derived from water and sanitary sewer contributed from developer improvement projects (greater number of contributions during 2019). City improvement project infrastructure assets of \$927,970 were contributed to the utility fund which is within the net transfer amount of \$162,124 on the Statement of Activities. The total amount of contributed infrastructure assets received by the utility fund varies yearly.
- Investment earnings increased \$299,486. The increase is the combination of increased earnings and changes in investment asset values which are inversely related to the changes in market rates. The increase is consistent with prevailing market conditions.

The City's 2019 business-type total expenses increased by \$1,002,064 or 3.5% as follows:

	Increase (Decrease) from 2018		
	Liquor Fund	Utility Fund	Total
<u>Business-type activities expenses</u>			
Cost of Goods Sold	\$ 763,923	\$ -	\$ 763,923
Personnel services	51,706	287,704	339,410
Commodities	11,096	53,642	64,738
Other charges and services	221,728	844,363	1,066,091
Sanitary sewage treatment and disposal	-	156,420	156,420
Depreciation on capital assets	(15,518)	237,674	222,156
Interest, fiscal charges, bond premium (net)	157	(4,702)	(4,545)
Loss on Disposal of Capital Assets	(1,601,334)	(4,795)	(1,606,129)
Total Business-type Expenses	<u>\$ (568,242)</u>	<u>\$ 1,570,306</u>	<u>\$ 1,002,064</u>

- The liquor fund other charges and services increase of \$221,728 is primarily the result of additional rent payments from the sale and lease back of the Kenrick liquor store.
- The utility fund sanitary sewage treatment and disposal expenses increased by \$156,420 primarily due to the change in factors used by MCES in their pass through cost allocation to the City. The City's rate per million gallons increased 3.89% and the annual flow increased by 14.5%.

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.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$89,180,100. Of this amount, \$51,922,614 or 58.2% of this combined ending fund balance constitutes fund balance that is available for spending at the government's discretion. Nonspendable fund balances of \$748,231 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 \$21,651,076, (b) capital acquisition of \$14,474,362, and (c) other restricted purposes of \$383,817.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance was \$17,203,248, an increase from the prior year resulting from \$2,091,979 of revenues over expenditures, net transfers out of \$452,216, and a change in supplies inventory of \$132,957.

The general obligation improvement (debt service) fund balance increased by \$2,054,045 due to higher property tax levies and prepaid assessment revenue. The City levies the required property taxes and special assessments levied against benefited property owners to meet the bonded debt service requirements in the following year. The change in fund balance is subject to principal and interest requirements of existing debt and that of new debt issuance.

The municipal state-aid construction fund accounts for the City's municipal state aid financing. The activity of this fund fluctuates from year to year based on state aid allotments and projects completed. The fund balance increased \$1,345,668 due to receiving additional intergovernmental revenues for construction projects.

The improvement construction (capital projects) fund accounts for major infrastructure reconstruction projects that require debt issuance for financing purposes. The activity in this fund may fluctuate from year to year depending on the scope of the project. Large projects such as the interstate highway interchange and bridge reconstruction projects may take several years to complete. The fund balance increased by \$113,163 due to the completion of the 2018 and 2019 street reconstruction projects. Preliminary engineering costs associated with the 2020 street reconstruction project and future projects will be funded in part, by residual balances and transfers from debt services funds.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

General Fund Budgetary Highlights

With the exception of the general government facilities, information technology, street maintenance, recreation, and arts center, all other general fund departments expended their 2019 budget appropriations at or below the final adopted budget. A schedule of revenues, expenditures and changes in fund balances – budgetary comparison is disclosed in the required supplemental information section of this report. A summary of general fund revenues, expenditures, other financing sources (uses), variance with final budget, and net change in fund balance is as follows:

	Budget As Originally Adopted	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 21,327,427	\$ 21,327,427	\$ 21,493,905	\$ 166,478
Licenses and permits	2,390,498	2,448,498	3,808,132	1,359,634
Intergovernmental	989,590	1,032,137	1,219,201	187,064
Charges for services	2,710,833	2,742,233	3,420,724	678,491
Special assessments	-	-	2,755	2,755
Fines	346,000	346,000	354,292	8,292
Interest income	120,000	120,000	283,583	163,583
Change in value of investments	-	-	194,734	194,734
Donations	17,705	54,824	104,459	49,635
Miscellaneous	52,874	52,874	64,244	11,370
Total revenues	27,954,927	28,123,993	30,946,029	2,822,036
Expenditures				
Personnel services	21,422,872	21,467,669	21,445,846	(21,823)
Commodities	1,749,479	1,736,746	1,729,737	(7,009)
Other charges and services	5,545,092	5,806,238	5,641,893	(164,345)
Capital outlay	-	41,179	36,574	(4,605)
Other	79,466	79,466	-	(79,466)
Total expenditures	28,796,909	29,131,298	28,854,050	(277,248)
Other financing sources (uses)	136,482	(458,518)	(452,216)	6,302
Net change in fund balance	\$ (705,500)	\$ (1,465,823)	\$ 1,639,763	\$ 3,105,586

The 2019 actual general fund revenues exceeded the final budget by \$2,822,036 and expenditures were under final adopted budget by \$277,248. Other financing sources (uses) were under the final budget by \$6,302. The general fund actual net change in fund balance surpassed final budget by \$1,639,763.

The general fund budget was amended to reflect the increase in revenues from higher than forecasted building permits, additional contracted security services, and grants that were not originally anticipated. Expenditures were modified to reflect the change in commodities for additional salt purchased for inventory. Transfers to other funds were modified to provide additional funding for equipment replacement and a fiber infrastructure project.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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

- Property taxes were more than anticipated by \$166,478 due in part to better than anticipated collection rates and delinquent tax collections. All delinquent taxes are recorded in the General Fund and the other funds receive 100 percent of their current levy.
- Licenses and permits exceeded estimates by \$1,359,634 due to greater than anticipated building permit fees. The number of residential building permits budgeted were 350 compared to 521 actual. Permits for townhomes were budgeted at 50 units compared to 99 actual units.
- Intergovernmental revenues exceeded estimates by \$187,064 due to the timing of federal grants for public safety initiatives. CDBG grants for the DARTS senior busing and senior chores/maintenance program exceeded budget estimates.
- Charges for services experienced a variance of \$678,491 due to engineering-related services in connection with developer construction administration.
- Fines were above estimates by \$8,292.
- Interest income and the change in value of investments were above estimates by \$358,317 due to prevailing market conditions. The City's Management employs prudent investment practices and cash management techniques to maximize investment income while protecting the City's treasury.
- Donations and miscellaneous revenues experienced variances of \$49,635 and \$11,370, respectively.

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

- Personnel costs including benefits were \$21,823 below budget estimates due to vacant positions as a result of retirements, resignations, and delay in filling new positions.
- Commodities were \$7,009 below budget due to lower natural gas consumption.
- Other charges and services were \$164,345 below budget which is attributed to several factors. The police department had multiple projects that resulted in \$70,000 in savings. The streets department had a larger salt supply at the beginning of 2019 resulting in a lower cost in 2019. The parks department had multiple major maintenance projects come in at a lower cost due to city staff completing the work versus hiring outside contractors.
- Capital outlay was \$4,605 below budget. Savings from a delay in purchasing an inspection department vehicle were offset by an unanticipated purchase of a GPS receiver unit and related equipment by the engineering department.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Capital Asset and Debt Administration

Capital assets. The City's capital assets for governmental and business-type activities as of December 31, 2019 are \$421 million (net of accumulated depreciation). This amount represents an increase (including additions, deletions, and depreciation) of approximately \$16.0 million from 2018.

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	\$ 30,128,217	\$ 3,627,767	\$ 33,755,984
Historical treasures	100,000	-	100,000
Construction in process	1,912,755	30,203	1,942,958
Buildings and improvements	55,051,059	28,341,160	83,392,219
Machinery and equipment	25,767,614	3,675,948	29,443,562
Other improvements	10,144,883	-	10,144,883
Infrastructure			
Streets	185,733,608	-	185,733,608
Storm sewer	91,213,117	-	91,213,117
Parks	30,330,869	-	30,330,869
Environmental resources	-	63,142	63,142
Water	-	115,458,217	115,458,217
Sanitary sewer	-	77,899,055	77,899,055
Total Capital Assets	430,382,122	229,095,492	659,477,614
Less: Accumulated Depreciation	(163,049,571)	(75,037,007)	(238,086,578)
Total Capital Assets, Net	\$ 267,332,551	\$ 154,058,485	\$ 421,391,036

The City's 2020 adopted budget provides funding for \$40.1 million in infrastructure capital assets, public building improvements and upgrades, equipment capital assets such as vehicle replacements for public safety and public works, and technology equipment. Refer to Note 3 - *Capital Assets*, of the Notes to Basic Financial Statements for additional information.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Debt administration. At the end of the current fiscal year, the City of Lakeville had total bonded debt outstanding of \$120.125 million, which is a decrease of \$1.590 million compared to the prior year. The decrease is due to one new bond issuance totaling \$7.025 million and principal bond maturities.

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

The City's outstanding bonded obligation debt as of December 31, 2019 is shown as follows:

	Outstanding Debt			
	Bonds and Capital Leases Payable			Balance December 31
	Balance January 1	Issued	Redeemed	
Governmental Activities				
General obligation bonds				
Capital improvement	\$ 21,670,000	\$ -	\$ 1,215,000	\$ 20,455,000
Street reconstruction	12,885,000	-	1,230,000	11,655,000
G.O. improvement	56,650,000	6,295,000	3,790,000	59,155,000
State-aid street revenue	5,235,000	-	550,000	4,685,000
Water revenue	7,595,000	-	365,000	7,230,000
Tax increment	1,010,000	-	240,000	770,000
Arena revenue	170,000	-	170,000	-
HRA lease revenue	6,440,000	-	360,000	6,080,000
Total governmental activities	<u>111,655,000</u>	<u>6,295,000</u>	<u>7,920,000</u>	<u>110,030,000</u>
Business-Type Activities				
Water revenue	7,030,000	730,000	395,000	7,365,000
Sewer revenue	440,000	-	55,000	385,000
Street light revenue	335,000	-	30,000	305,000
Capital Lease Payable	2,255,000	-	215,000	2,040,000
Total business-type activities	<u>10,060,000</u>	<u>730,000</u>	<u>695,000</u>	<u>10,095,000</u>
Total bonds payable	<u>\$ 121,715,000</u>	<u>\$ 7,025,000</u>	<u>\$ 8,615,000</u>	<u>\$ 120,125,000</u>

Credit Rating

The City of Lakeville's general obligation bond rating as of December 31, 2019 is "Aa1" as rated by Moody's Investors Service. Moody's Investor Service credit report stated the rating was "*The Aa1 GOULT rating reflects the city's large and growing tax base located in the Twin Cities metropolitan area, above average resident income indices, and healthy financial profile. The rating balances these strengths against the City's above average leverage and fixed costs.*"

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total assessor's taxable market valuation. The City has \$30,120,459 of net bonded debt, which is subject to the \$221,221,020 current debt limitation, thereby resulting in a legal debt margin of \$191,100,561. Refer to the Statistical Section of this report for a detailed computation of the City's legal debt margin.

**CITY OF LAKEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Economic Conditions and Next Year's Budget

The City of Lakeville remains one of the top growth cities in the Minnesota twin city metro area. The trend for building permit activity for single family homes is steady, the building permits for single family homes increased from 478 in 2018 compared to 556 permits in 2019. In our opinion, the resurgence is due to several factors including, but not limited to, near historical low interest rates, low regional unemployment rate of 2.9%, improved personal income levels, reduced number of home foreclosures and increasing home values. The budget and five-year capital improvement plan are premised on the assumption growth will continue at a subdued level for the foreseeable future.

The adopted 2020 budget reflects a continuation of the program and service levels established by the City Council over the past several years. Several positions were also added to accommodate specific programs. The 2020 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.

BASIC FINANCIAL STATEMENTS

**CITY OF LAKEVILLE
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 99,103,436	\$ 13,607,357	\$ 112,710,793
Receivables	22,024,346	4,246,812	26,271,158
Internal balances	(257,109)	257,109	-
Inventories	312,695	2,299,475	2,612,170
Prepaid items	6,600	10,000	16,600
Restricted assets (temporarily)			
Investments held by trustee	616,405	-	616,405
Net pension asset - fire relief	4,112,787	-	4,112,787
Capital assets			
Nondepreciable	32,140,972	3,657,970	35,798,942
Depreciable, net	235,191,579	150,400,515	385,592,094
Total capital assets	<u>267,332,551</u>	<u>154,058,485</u>	<u>421,391,036</u>
Total assets	393,251,711	174,479,238	567,730,949
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	103,849	-	103,849
OPEB related deferments	190,963	35,111	226,074
Pension plan deferments - PERA	7,383,218	221,702	7,604,920
Pension plan deferments - fire relief	280,988	-	280,988
Total deferred outflows of resources	<u>7,959,018</u>	<u>256,813</u>	<u>8,215,831</u>
LIABILITIES			
Salaries, accounts, contracts, and deposits	14,078,932	1,794,896	15,873,828
Accrued interest	1,706,029	124,714	1,830,743
Unearned revenue	160,705	-	160,705
Noncurrent liabilities			
Net pension liability - PERA	13,105,350	2,204,287	15,309,637
Total OPEB Liability due within one year	43,162	7,935	51,097
Total OPEB Liability due in more than one year	1,001,347	184,108	1,185,455
Other long-term liabilities due within one year	11,166,789	1,020,377	12,187,166
Other long-term liabilities due in more than one year	113,044,577	10,341,490	123,386,067
Total liabilities	<u>154,306,891</u>	<u>15,677,807</u>	<u>169,984,698</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	92,266	-	92,266
OPEB related deferments	95,932	17,638	113,570
Pension plan deferments - PERA	10,678,586	396,689	11,075,275
Pension plan deferments - fire relief	1,033,744	-	1,033,744
Total deferred inflows of resources	<u>11,900,528</u>	<u>414,327</u>	<u>12,314,855</u>
NET POSITION			
Net investment in capital assets	154,468,792	143,501,608	297,970,400
Restricted for:			
Special purposes	130,278	-	130,278
Debt service	36,929,438	-	36,929,438
Capital acquisition	14,987,775	-	14,987,775
Public Safety	196,156	-	196,156
Fire relief pensions	4,112,787	-	4,112,787
Unrestricted	24,178,084	15,142,309	39,320,393
Total Net Position	<u>\$ 235,003,310</u>	<u>\$ 158,643,917</u>	<u>\$ 393,647,227</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

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
Primary Government:							
Governmental Activities:							
General government	\$ 7,902,490	\$ 6,506,302	97,964	\$ 116,750	\$ (1,181,474)	\$ -	\$ (1,181,474)
Public safety	14,927,426	838,664	1,168,857	-	(12,919,905)	-	(12,919,905)
Public works	21,015,480	9,166,886	3,142,430	21,234,628	12,528,464	-	12,528,464
Parks and recreation	7,178,164	4,098,580	204,737	112,725	(2,762,122)	-	(2,762,122)
Interest on long-term debt	3,332,465	-	-	-	(3,332,465)	-	(3,332,465)
Total-governmental activities	54,356,025	20,610,432	4,613,988	21,464,103	(7,667,502)	-	(7,667,502)
Business-Type Activities:							
Liquor	15,267,133	16,288,986	6,453	-	-	1,028,306	1,028,306
Utility	16,386,516	14,215,952	643,919	7,240,758	-	5,714,113	5,714,113
Total Business-Type Activities	31,653,649	30,504,938	650,372	7,240,758	-	6,742,419	6,742,419
Total Primary Government	\$ 86,009,674	\$ 51,115,370	\$ 5,264,360	\$ 28,704,861	(7,667,502)	6,742,419	(925,083)
General Revenues:							
Property taxes							
Investment income							
Transfers							
Total general revenues and transfers							
					30,897,445	-	30,897,445
					2,769,074	459,651	3,228,725
					1,162,124	(1,162,124)	-
					34,828,643	(702,473)	34,126,170
Change in Net Position					27,161,141	6,039,946	33,201,087
Net Position - Beginning of Year					202,994,957	152,603,971	355,598,928
Prior Period Restatement for Implementation of GASB Standard (See Note 23)					4,847,212	-	4,847,212
Beginning of Year, as Restated					207,842,169	152,603,971	360,446,140
Net Position - End of Year					\$ 235,003,310	\$ 158,643,917	\$ 393,647,227

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

ASSETS	General	Debt Service	Capital Projects		Nonmajor	Total
	Fund	G.O. Improvement	Municipal State-aid	Improvement Construction	Governmental Funds	Governmental Funds
Cash and investments	\$ 23,171,764	\$ 12,544,872	\$ 4,116,062	\$ 7,499,585	\$ 51,119,460	\$ 98,451,743
Investments held by trustee	-	-	-	-	616,405	616,405
Interest receivable	89,723	63,100	29,668	194	286,088	468,773
Taxes receivable	1,917,117	-	-	-	-	1,917,117
Accounts receivable	569,956	-	1,612,650	-	466,347	2,648,953
Advances to other funds	428,936	-	-	-	-	428,936
Special assessments receivable	120,528	16,121,740	-	95,805	646,641	16,984,714
Leases Receivable	-	-	-	-	2,040,000	2,040,000
Inventory	312,695	-	-	-	-	312,695
Prepaid items	6,600	-	-	-	-	6,600
Total Assets	\$ 26,617,319	\$ 28,729,712	\$ 5,758,380	\$ 7,595,584	\$ 55,174,941	\$ 123,875,936
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Salaries payable	\$ 884,026	\$ -	\$ -	\$ -	\$ 19,124	\$ 903,150
Accounts payable	555,547	-	3,716,192	271,559	1,139,361	5,682,659
Advances from other funds	-	-	-	-	428,936	428,936
Contracts payable	-	-	-	513,413	227,285	740,698
Deposits payable	6,632,410	-	-	-	111,975	6,744,385
Unearned revenue	160,659	-	-	-	43	160,702
	<u>8,232,642</u>	<u>-</u>	<u>3,716,192</u>	<u>784,972</u>	<u>1,926,724</u>	<u>14,660,530</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	419,333	-	-	-	-	419,333
Unavailable revenue - special assessments	762,096	16,072,849	-	95,638	645,390	17,575,973
Unavailable revenue - other	-	-	-	-	2,040,000	2,040,000
Total Deferred Inflows of Resources	1,181,429	16,072,849	-	95,638	2,685,390	20,035,306
FUND BALANCE						
Nonspendable	748,231	-	-	-	-	748,231
Restricted	175,590	12,656,863	2,042,188	6,337,742	15,296,872	36,509,255
Committed	100,000	-	-	377,232	35,694,657	36,171,889
Assigned	749,675	-	-	-	-	749,675
Unassigned	15,429,752	-	-	-	(428,702)	15,001,050
Total Fund Balance	17,203,248	12,656,863	2,042,188	6,714,974	50,562,827	89,180,100
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,617,319	\$ 28,729,712	\$ 5,758,380	\$ 7,595,584	\$ 55,174,941	\$ 123,875,936

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, 2019**

Total Fund Balances for Governmental Funds		\$ 89,180,100
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	\$ 430,382,122	
Less: Accumulated Depreciation	<u>(163,049,571)</u>	267,332,551
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.		
		4,112,787
Long-term liabilities are not payable with current financial resources and therefore, are not reported in the governmental funds.		
Bonds	(110,030,000)	
Accrued interest	(1,706,029)	
Loan	(1,897,014)	
Note Payable	(1,000,000)	
Unamortized bond premium	(8,302,665)	
Deferred charge on refunding	103,849	
Deferred gain on refunding	(92,266)	
Compensated absences	<u>(2,981,687)</u>	(125,905,812)
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	(13,105,350)	
Deferred inflows of resources	(11,712,330)	
Deferred outflows of resources	<u>7,664,206</u>	(17,153,474)
Total OPEB liabilities are not payable with current financial resources and, therefore, are not reported in the governmental funds.		
		(1,044,509)
OPEB related deferred outflows of resources are recorded only on the statement of net position.		
		190,963
OPEB related deferred inflows of resources are recorded only on the statement of net position.		
		(95,932)
Deferred inflows of resources related to unavailable revenue in governmental funds are susceptible to full accrual on the government-wide statements.		
		17,995,306
The City uses an internal service fund to charge the cost of insurance activities to individual funds. A portion of the assets and liabilities of the municipal reserves fund are included in governmental activities in the Statement of Net Position.		
		<u>391,328</u>
Total Net Position of Governmental Activities		<u>\$ 235,003,310</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, 2019

	General Fund	Debt Service	Capital Projects		Nonmajor Governmental Funds	Total Governmental Totals
		G.O. Improvement	Municipal State-aid	Improvement Construction		
REVENUE						
Property taxes	\$ 21,493,905	\$ 3,546,841	\$ -	\$ -	\$ 5,057,979	\$ 30,098,725
Tax increment	-	-	-	-	757,107	757,107
Licenses and permits	3,808,132	-	-	-	683,977	4,492,109
Intergovernmental	1,219,201	-	4,177,180	1,821,228	1,683,886	8,901,495
Charges for services	3,420,724	-	702,880	321,117	10,601,456	15,046,177
Special assessments	2,755	3,414,396	-	125,750	140,453	3,683,354
Fines	354,292	-	-	-	-	354,292
Interest Income	283,583	185,725	86,603	64,849	1,014,824	1,635,584
Change in Fair Value of Investments	194,734	133,731	62,356	19,480	723,189	1,133,490
Donations	104,459	-	-	-	107,510	211,969
Miscellaneous	64,244	-	-	-	443,264	507,508
Total Revenue	30,946,029	7,280,693	5,029,019	2,352,424	21,213,645	66,821,810
EXPENDITURES						
Current:						
General government	6,340,198	-	-	-	688,428	7,028,626
Public safety	13,496,719	-	-	-	-	13,496,719
Public works	4,802,149	-	-	-	-	4,802,149
Parks and recreation	4,178,410	-	-	-	-	4,178,410
Capital Outlay:						
General government	-	-	-	19	438,338	438,357
Public safety	-	-	-	-	669,739	669,739
Public works	16,329	-	2,921,891	10,335,698	3,832,328	17,106,246
Parks and recreation	20,245	-	-	-	2,672,158	2,692,403
Debt Service:						
Principal bond maturities	-	3,790,000	1,000,000	-	4,130,000	8,920,000
Interest on debt	-	1,990,706	-	-	1,887,058	3,877,764
Fiscal charges	-	26,264	-	-	18,165	44,429
Total Expenditures	28,854,050	5,806,970	3,921,891	10,335,717	14,336,214	63,254,842
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,091,979	1,473,723	1,107,128	(7,983,293)	6,877,431	3,566,968
OTHER FINANCE SOURCES (USES)						
Issuance of Bonds and Other Debt	-	77,860	-	6,217,140	-	6,295,000
Premium on Issued Debt	-	-	-	1,065,624	-	1,065,624
Proceeds from the Sale of Capital Assets	-	-	-	-	107,645	107,645
Transfers in from other funds	772,784	525,813	238,540	813,692	2,769,870	5,120,699
Transfers out to other funds	(1,225,000)	(23,351)	-	-	(1,732,254)	(2,980,605)
Total Other Finance Sources	(452,216)	580,322	238,540	8,096,456	1,145,261	9,608,363
NET CHANGE IN FUND BALANCES	1,639,763	2,054,045	1,345,668	113,163	8,022,692	13,175,331
FUND BALANCES						
Beginning of Year, as previously reported	15,696,442	10,602,818	696,520	1,754,599	42,540,135	71,290,514
Change in Supplies - Inventory	(132,957)	-	-	-	-	(132,957)
Restatement - change in accounting principle (see Note 23)	-	-	-	4,847,212	-	4,847,212
Beginning of Year, as restated	15,563,485	10,602,818	696,520	6,601,811	42,540,135	76,004,769
End of Year	\$ 17,203,248	\$ 12,656,863	\$ 2,042,188	\$ 6,714,974	\$ 50,562,827	\$ 89,180,100

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, 2019

Net Change in Fund Balances-Total Governmental Funds \$ 13,175,331

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	\$ 13,471,659	
Capital contributed by developer	12,453,494	
Depreciation expense	<u>(14,125,351)</u>	11,799,802

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.

(423,177)

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.

(132,957)

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, 2018	(16,990,110)	
Deferred inflows of resources - December 31, 2019	<u>17,995,306</u>	1,005,196

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 proceeds	(6,295,000)	
Bond and loan principal maturities	<u>8,920,000</u>	2,625,000

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	(13,154)	
Premium on bonds issued in the current year	(1,065,624)	
Amortization of deferred charge on refunding	(31,707)	
Amortization of deferred gain on refunding	13,738	
Amortization of debt premiums/discounts	<u>679,497</u>	(417,250)

In the statement of activities, certain operating expenses, severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (and amounts actually paid).

(329,499)

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.

(125,506)

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.

(15,799)

Change in Net Position of Governmental Activities \$ 27,161,141

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Totals	
CURRENT ASSETS				
Cash and investments	\$ 3,216,349	\$ 10,391,008	\$ 13,607,357	\$ 651,693
Interest receivable	9,866	78,280	88,146	1,136
Accounts receivable	4,005	4,154,661	4,158,666	3,649
Inventory	1,743,526	555,949	2,299,475	-
Prepaid expenses	-	10,000	10,000	-
Total current assets	<u>4,973,746</u>	<u>15,189,898</u>	<u>20,163,644</u>	<u>656,478</u>
NONCURRENT ASSETS				
Capital assets:				
Land	3,087,882	539,885	3,627,767	-
Construction in progress	-	30,203	30,203	-
Buildings and improvements	2,106,318	26,234,842	28,341,160	-
Machinery and equipment	462,559	3,213,389	3,675,948	-
Infrastructure	-	193,420,414	193,420,414	-
Accumulated depreciation	(456,735)	(74,580,272)	(75,037,007)	-
Net Capital Assets	<u>5,200,024</u>	<u>148,858,461</u>	<u>154,058,485</u>	<u>-</u>
Total noncurrent assets	<u>5,200,024</u>	<u>148,858,461</u>	<u>154,058,485</u>	<u>-</u>
Total assets	<u>10,173,770</u>	<u>164,048,359</u>	<u>174,222,129</u>	<u>656,478</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan deferrals - PERA	88,845	132,857	221,702	-
OPEB related deferrals	14,264	20,847	35,111	-
Total deferred outflows of resources	<u>103,109</u>	<u>153,704</u>	<u>256,813</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,276,879</u>	<u>\$ 164,202,063</u>	<u>\$ 174,478,942</u>	<u>\$ 656,478</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Salaries payable	\$ 66,789	\$ 90,144	\$ 156,933	\$ -
Accounts payable	713,015	877,798	1,590,813	8,040
Contracts payable	-	15,219	15,219	-
Accrued interest payable	-	124,714	124,714	-
Deposits payable	19,732	12,200	31,932	-
Accrued compensated absences	81,713	143,664	225,377	-
Total OPEB Liability due within one year	4,711	3,224	7,935	-
Long-term debt - current	230,000	565,000	795,000	-
Total current liabilities	<u>1,115,960</u>	<u>1,831,963</u>	<u>2,947,923</u>	<u>8,040</u>
NONCURRENT LIABILITIES				
Accrued compensated absences	84,039	135,885	219,924	-
Net pension liability - PERA	883,349	1,320,938	2,204,287	-
Total OPEB Liability	73,306	110,802	184,108	-
Long-term debt	1,810,000	8,311,566	10,121,566	-
Total noncurrent liabilities	<u>2,850,694</u>	<u>9,879,191</u>	<u>12,729,885</u>	<u>-</u>
Total liabilities	<u>3,966,654</u>	<u>11,711,154</u>	<u>15,677,808</u>	<u>8,040</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan deferrals - PERA	158,970	237,719	396,689	-
OPEB related deferrals	7,165	10,473	17,638	-
Total deferred inflows of resources	<u>166,135</u>	<u>248,192</u>	<u>414,327</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	3,160,024	140,341,584	143,501,608	-
Unrestricted	2,984,066	11,901,133	14,885,199	648,438
Total Net Position	<u>6,144,090</u>	<u>152,242,717</u>	<u>158,386,807</u>	<u>648,438</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 10,276,879</u>	<u>\$ 164,202,063</u>	<u>174,478,942</u>	<u>\$ 656,478</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:			257,110	
Net position of business-type activities			<u>\$ 158,643,917</u>	

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, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
SALES AND COST OF SALES				
Sales	\$ 16,288,986	\$ -	\$ 16,288,986	\$ -
Cost of sales	12,229,562	-	12,229,562	-
Gross profit	4,059,424	-	4,059,424	-
OPERATING REVENUE				
User Charges	-	13,943,364	13,943,364	553,142
Other	-	272,588	272,588	17,169
Total operating revenue	-	14,215,952	14,215,952	570,311
OPERATING EXPENSES				
Personnel services	1,650,487	2,487,253	4,137,740	-
Commodities	75,090	444,868	519,958	-
Other charges and services	1,239,427	4,319,424	5,558,851	491,083
Disposal charges	-	4,174,432	4,174,432	-
Depreciation	87,443	4,782,286	4,869,729	-
Total operating expenses	3,052,447	16,208,263	19,260,710	491,083
OPERATING INCOME (LOSS)	1,006,977	(1,992,311)	(985,334)	79,228
NONOPERATING REVENUE (EXPENSES)				
Intergovernmental - grants	6,453	643,919	650,372	-
Interest Income	63,138	205,623	268,761	848
Change in Fair Value of Investments	45,462	145,428	190,890	611
Interest, fiscal charges, bond premium (net)	-	(209,709)	(209,709)	-
Disposal of capital assets	-	(156)	(156)	-
Total Nonoperating Revenue (Expenses)	115,053	785,105	900,158	1,459
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,122,030	(1,207,206)	(85,176)	80,687
Contributed capital from developers	-	7,240,758	7,240,758	-
Contributed capital from governmental activities	-	927,970	927,970	-
Transfers from other funds	-	8,824	8,824	-
Transfers to other funds	(1,065,062)	(1,033,856)	(2,098,918)	(50,000)
Total Contributions and Transfers	(1,065,062)	7,143,696	6,078,634	(50,000)
CHANGE IN NET POSITION	56,968	5,936,490	5,993,458	30,687
NET POSITION				
Beginning of Year	6,087,122	146,306,227		617,751
Prior Period Restatement for Implementation of GASB Standard (See Note 24)	-	-		-
Beginning of Year, as Restated	6,087,122	146,306,227		617,751
End of Year	\$ 6,144,090	\$ 152,242,717		\$ 648,438

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

46,488
\$ 6,039,946

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Liquor	Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 16,271,058	\$ 13,523,342	\$ 29,794,400	\$ 578,775
Cash received from general service charges	-	-	-	(491,621)
Cash paid to suppliers	(13,804,310)	(8,457,495)	(22,261,805)	-
Cash paid to and for employees	(1,602,304)	(2,341,529)	(3,943,833)	-
Net Cash Provided (Used) by Operating Activities	<u>864,444</u>	<u>2,724,318</u>	<u>3,588,762</u>	<u>87,154</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental - grant	6,453	643,919	650,372	-
Transfers from other funds	-	8,824	8,824	-
Transfers to other funds	(1,065,062)	(1,033,856)	(2,098,918)	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,058,609)</u>	<u>(381,113)</u>	<u>(1,439,722)</u>	<u>(50,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(62,830)	(1,479,015)	(1,541,845)	-
Proceeds from sale of capital assets	-	(156)	(156)	-
Proceeds from Issuance of Capital Debt	-	855,543	855,543	-
Interest and fiscal charges	-	(275,788)	(275,788)	-
Principal maturities	(215,000)	(480,000)	(695,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(277,830)</u>	<u>(1,379,416)</u>	<u>(1,657,246)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	105,721	341,840	447,561	1,420
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(366,274)</u>	<u>1,305,629</u>	<u>939,355</u>	<u>38,574</u>
Cash and Cash Equivalents - Beginning of the Year	<u>3,582,623</u>	<u>9,085,379</u>	<u>12,668,002</u>	<u>613,119</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u><u>\$ 3,216,349</u></u>	<u><u>\$ 10,391,008</u></u>	<u><u>\$ 13,607,357</u></u>	<u><u>\$ 651,693</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,006,977	\$ (1,992,311)	\$ (985,334)	\$ 79,228
Adjustments:				
Depreciation expense	87,443	4,782,286	4,869,729	-
(Increase) decrease in assets and deferred outflows				
Accounts receivable	(2,629)	(689,510)	(692,139)	8,464
Inventory	(95,565)	(67,298)	(162,863)	-
Pension-related deferred outflows	88,778	115,184	203,962	-
Increase (decrease) in liabilities and deferred inflows				
Salaries payable	6,870	10,006	16,876	-
Accounts payable	(164,666)	548,527	383,861	(538)
Deposits payable	(15,299)	(3,100)	(18,399)	-
Accrued compensated absences	26,448	34,630	61,078	-
Net pension liability and related deferred inflows	(90,839)	(28,732)	(119,571)	-
Net OPEB obligation	16,926	14,636	31,562	-
Total adjustments				
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 864,444</u></u>	<u><u>\$ 2,724,318</u></u>	<u><u>\$ 3,588,762</u></u>	<u><u>\$ 87,154</u></u>
Supplemental schedule of noncash financing activities:				
The City assumes ownership of utility capital assets from governmental projects and land developers. Capital assets assumed were as follows:	<u><u>\$ -</u></u>	<u><u>\$ 8,168,728</u></u>	<u><u>\$ 8,168,728</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, 2019**

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	\$ 97,237
Accounts receivable	<u>768</u>
Total assets	<u>98,005</u>
LIABILITIES	
Accounts payable	<u>60,130</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 37,891</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2019**

	Custodial Fund
ADDITIONS	
Contributions	\$ 32,609
DEDUCTIONS	
Payments to vendors	15,700
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	16,909
Fiduciary net position - beginning of year	20,982
FIDUCIARY NET POSITION - END OF YEAR	\$ 37,891

See accompanying Notes to Basic Financial Statements.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Reporting Entity

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

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

Blended Component Unit

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

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

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

The HRA has not issued separate financial statements for the period ending December 31, 2019. Information of a nonfinancial matter regarding the HRA can be obtained at the City's Finance offices, located at 20195 Holyoke Avenue, Lakeville, Minnesota 55044.

C. Government-Wide Financial Statements

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

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

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

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

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

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

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

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

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

Other funds – The City reports the following other funds:

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

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

E. Measurement Focus and Basis of Accounting

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds:

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

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

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

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

Proprietary and Fiduciary Funds:

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

Proprietary and Fiduciary Funds (Continued):

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

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

F. Cash and Investments

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

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

G. Taxes Receivable

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

Taxes receivable include the following components:

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

Delinquent – amounts billed to property owners but not paid.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Special Assessments Receivable

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with State Statutes. The City usually adopts the assessment rolls when construction contracts will be awarded for the individual projects. The City is obligated for the payment of special assessment debt not covered through the collection of special assessments from property owners. Any obligation by the City would be paid by property taxes. Special assessments are collectable over a term of years generally consistent with the term of years of the related bond issue. Collection of annual special assessment installments (including interest) is administered by Dakota County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties. As of December 31, 2019, the special assessment delinquent receivable was \$137,056 in the governmental funds and \$27,123 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Unamortized Bond Premium and Bond Discount

In the governmental fund financial statements, bond premiums and discounts are recognized as other financing sources and uses, respectively in the current fiscal year. Bond discounts and bond premiums for the City's government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method. 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 street light bonds of 2016-2019. The bond premium is amortized over the term of the bonds using the straight-line method.

L. Restricted Assets

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

M. Capital Assets

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

Capital outlays are recorded as expenditures in the City's governmental fund financial statements, which use the modified accrual basis of accounting. Capital outlays that meet the City's capitalization criteria are reported in the government-wide Statement of Net Position and proprietary funds statement of net position, both of which use the full accrual basis of accounting. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalization value of assets constructed.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Continued)

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

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

N. Deferred Outflows/Inflows of Resources

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

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

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

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

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

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

P. Pensions

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

Q. Other Postemployment Benefits (OPEB) Obligation

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

R. Long-Term Obligations

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance

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

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

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

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

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

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

The City will endeavor to maintain an unrestricted (committed, assigned, and unassigned) fund balance in the General fund of an amount not less than 40% and not greater than 50% of the next year's budgeted expenditures of the General fund. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs. At December 31, 2019, the unrestricted fund balance of the General Fund was 50.2% of the subsequent year's budgeted expenditures. The City has opted to reduce fund balance with the 2020 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

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

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

Unrestricted net position – All other net position balances that does not meet the definition of “restricted” or “net investment in capital assets”.

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

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

- (i) Available cash on hand to cover the following objectives:
 - 1. Three months of operating cash
 - 2. Following year debt service payments
 - 3. Next year planned capital expenditures (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 expenditures.
- (iv) Net revenues not less than 125% of annual debt service on existing and planned debt.

U. Revenues and Expenditures/Expenses

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Revenues and Expenditures/Expenses (Continued)

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

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

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

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

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

V. Cash Flows

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 consist of the following:

Cash on hand	\$	13,650
Deposits		(751,752)
Investments		<u>114,162,537</u>
Total cash and investments	\$	<u><u>113,424,435</u></u>

The City’s cash and investments as of December 31, 2019 are presented in the financial statements as follows:

<u>Statement of Net Position</u>		
Cash and investments	\$	112,710,793
Temporarily restricted investments held by trustee		616,405
<u>Statement of Fiduciary Net Position</u>		
Cash and investments		<u>97,237</u>
Total cash and investments	\$	<u><u>113,424,435</u></u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

At year-end, the carrying amount of the City’s deposits was (\$751,752) while the balance on the bank records was \$-0-. At December 31, 2019, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City’s investments as of December 31, 2019 are as follows:

<u>Investment Type</u>	<u>Credit Risk</u>		<u>Total Value</u>	<u>Interest Risk - Maturity Duration in Years</u>		
	<u>Rating</u>	<u>Agency</u>		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Money market funds						
Minnesota Municipal (4M)	N/R	N/A	\$ 15,087,081	\$ -	\$ -	\$ -
First American Treasury Obligation	AAAm	S&P	616,406	-	-	-
Certificates of deposit	N/R	N/A	31,337,051	9,108,375	22,228,676	-
U.S. treasury securities	Aaa	N/A	749,925	-	749,925	-
U.S. government agencies	AA+	S&P	53,755,470	8,747,923	42,172,952	2,834,595
Municipal Bonds	Aaa	Moody's	300,060	300,060	-	-
Municipal Bonds	AAA	S&P	590,300	-	590,300	-
Municipal Bonds	Aa1	Moody's	3,726,013	2,103,516	859,504	762,993
Municipal Bonds	AA+	S&P	1,033,050	-	1,033,050	-
Municipal Bonds	Aa2	Moody's	3,517,990	507,115	3,010,875	-
Municipal Bonds	AA	S&P	250,033	250,033	-	-
Municipal Bonds	Aa3	Moody's	500,550	500,550	-	-
Municipal Bonds	AA-	S&P	1,620,353	357,294	1,263,059	-
Municipal Bonds	A1	Moody's	575,125	465,000	110,125	-
Total investments			<u>\$ 114,162,537</u>	<u>\$ 22,842,996</u>	<u>\$ 72,018,466</u>	<u>\$ 3,597,588</u>

N/R - Not rated

N/A - Not applicable

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows guidance under GASB Statement No. 79. The City's investment in the 4M Fund is measured at an amortized cost method that approximates fair value. The City's investment policy does not place any further limitations beyond the state statute requirements for the risk categories described below. Investments are subject to various risks, the following of which are considered the most significant;

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

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

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

As of December 31, 2019, the City's investment portfolio includes the following securities of single issuers exceeding 5%:

Federal Farm Credit Bank	20.95%
Federal Home Loan Bank	6.20%
Federal Home Loan Mortgage	11.44%

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Investments Policy

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

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

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

E. Fair Value Measurements

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

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

E. Fair Value Measurements (Continued)

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

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

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

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

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
First American Treasury Obligation	\$ 616,406	\$ -	\$ -	\$ 616,406
U.S. treasury securities	749,925	-	-	749,925
U.S. government securities	-	53,755,470	-	53,755,470
Certificates of deposit	-	31,337,051	-	31,337,051
Municipal bonds	-	12,616,604	-	12,616,604
	<u>\$ 1,366,331</u>	<u>\$ 97,709,125</u>	<u>\$ -</u>	99,075,456
Investments measured at amortized cost				<u>15,087,081</u>
Total				<u>\$ 114,162,537</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CAPITAL ASSETS

A summary of changes in governmental capital assets during the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 28,889,653	\$ 1,238,564	\$ -	\$ 30,128,217
Historical treasures	100,000	-	-	100,000
Construction in progress	951,736	1,446,365	(485,346)	1,912,755
Total Capital Assets, Not Being Depreciated	<u>29,941,389</u>	<u>2,684,929</u>	<u>(485,346)</u>	<u>32,140,972</u>
Capital Assets, Being Depreciated:				
Building and improvements	55,143,526	-	(92,467)	55,051,059
Machinery and equipment	24,935,626	1,321,937	(489,949)	25,767,614
Other improvements	9,760,538	467,930	(83,585)	10,144,883
Infrastructure				
Streets	176,102,512	12,846,336	(3,215,240)	185,733,608
Storm Sewer	83,516,837	7,800,454	(104,174)	91,213,117
Parks	29,021,159	1,309,710	-	30,330,869
Total Capital Assets, Being Depreciated	<u>378,480,198</u>	<u>23,746,367</u>	<u>(3,985,415)</u>	<u>398,241,150</u>
Accumulated Depreciation for:				
Buildings and improvements	(17,322,697)	(1,180,989)	22,621	(18,481,065)
Machinery and equipment	(14,313,425)	(2,035,345)	425,562	(15,923,208)
Other improvements	(3,837,147)	(484,493)	83,585	(4,238,055)
Infrastructure				
Streets	(80,970,525)	(7,263,199)	2,957,278	(85,276,446)
Storm Sewer	(21,456,416)	(2,055,241)	73,192	(23,438,465)
Parks	(14,586,248)	(1,106,084)	-	(15,692,332)
Total Accumulated Depreciation	<u>(152,486,458)</u>	<u>(14,125,351)</u>	<u>3,562,238</u>	<u>(163,049,571)</u>
Total Capital Assets, Being Depreciated, Net	<u>225,993,740</u>	<u>9,621,016</u>	<u>(423,177)</u>	<u>235,191,579</u>
Governmental Activities Capital Assets, Net	<u>\$ 255,935,129</u>	<u>\$ 12,305,945</u>	<u>\$ (908,523)</u>	<u>\$ 267,332,551</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 413,014
Public safety	1,151,871
Public works	10,225,494
Parks and recreation	2,334,971
Total depreciation expense	<u>\$ 14,125,350</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CAPITAL ASSETS (CONTINUED)

A summary of changes in business-type capital assets during the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,627,767	\$ -	\$ -	\$ 3,627,767
Construction in Progress	13,842	30,203	(13,842)	30,203
Total Capital Assets, Not Being Depreciated	3,641,609	30,203	(13,842)	3,657,970
Capital Assets, Being Depreciated:				
Buildings and improvements	28,241,679	99,481	-	28,341,160
Machinery and equipment	3,635,521	50,604	(10,177)	3,675,948
Infrastructure				
Environmental Resources	-	63,142	-	63,142
Water	109,695,944	5,798,671	(36,398)	115,458,217
Sanitary Sewer	74,220,172	3,683,222	(4,339)	77,899,055
Total Capital Assets, Being Depreciated	215,793,316	9,695,120	(50,914)	225,437,522
Accumulated Depreciation for:				
Buildings and improvements	(9,005,627)	(604,928)	-	(9,610,555)
Machinery and equipment	(2,097,335)	(354,214)	10,177	(2,441,372)
Infrastructure				
Environmental Resources	-	(1,233)	-	(1,233)
Water	(32,707,127)	(2,353,203)	35,490	(35,024,840)
Sanitary Sewer	(26,407,195)	(1,556,151)	4,339	(27,959,007)
Total Accumulated Depreciation	(70,217,284)	(4,869,729)	50,006	(75,037,007)
Total Capital Assets, Being Depreciated, Net	145,576,032	4,825,391	(908)	150,400,515
Business-Type Activities Capital Assets, Net	\$ 149,217,641	\$ 4,855,594	\$ (14,750)	\$ 154,058,485

Depreciation expense was charged to governmental functions as follows:

Business-Type Activities:	
Liquor fund	\$ 87,443
Utility fund	4,782,286
Total Depreciation Expense, Business-Type Activities	<u>\$ 4,869,729</u>

NOTE 4 OPERATING LEASES

Operating Lease (Ames Arena):

On December 1, 2006, the City (as lessor) entered into a joint powers agreement with the Lakeville Arenas (a Minnesota Joint Powers entity, as lessee), whereas the Lakeville Arenas is responsible for operations and maintenance of the Ames Arena. Lakeville Arenas shall pay all debt service requirements due on the Gross Revenue Recreation Facility Bonds of 1999 less payments received by Lakeville Hockey Association, Inc. (Boosters) towards debt service payments in accordance with the revised and restated gaming revenue agreement dated February 16, 1999. The agreement will remain in effect until August 1, 2019. The cost of the leased space is included in the total Ames ice arena cost of \$4,143,826, of which \$1,886,411 has been depreciated to date. These amounts are recorded in the City's capital assets. The final payment related to this agreement was made during 2018 and no further payments were made during 2019.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OPERATING LEASES (CONTINUED)

Operating Sublease (Hasse Arena):

On December 1, 2006, the City (as sublessor) entered into a joint powers agreement with the Lakeville Arenas (a Minnesota Joint Powers entity, as sublessee), whereas the Lakeville Arenas is responsible for operations and maintenance of the Hasse Arena. In addition, the joint powers agreement calls for Independent School District No. 194 to provide for one-half of all future ice arena lease payments to the City. Lease agreement payments coinciding with the bonded debt service schedule commencing February 1, 2007 will remain in effect until February 1, 2032. The 2019 lease revenue totaled \$292,100.

Operating Lease (Heritage Liquor Store):

The Heritage Liquor Store (located in Heritage Shopping Center) consists of 8,859 square feet of space at a monthly lease cost of \$11,812 for January through June and then \$12,550 per month thereafter, plus a proportionate share of real estate taxes, property insurance, special assessments, common area maintenance, and management fees. The lease had an original term of fifteen years and was subsequently renewed for an additional four years expiring June 30, 2019 and was subsequently renewed for three additional years expiring June 30, 2022. The fiscal year 2019 lease expense totaled \$146,174. The HRA owns the land and building of the Galaxie store.

Operating Lease (Kenrick Liquor Store):

The Kenrick Liquor Store (located off Kenrick Avenue) consists of 9,705 square feet of space at a monthly lease cost of \$15,366 plus a proportionate share of real estate taxes, property insurance, special assessments, common area maintenance, and management fees. The lease has an original term of twenty years ending April 30, 2039. The fiscal year 2019 lease expense totaled \$184,395. The following is a schedule by years of future minimum payments required under the lease as of December 31, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$ 184,395
2021	184,395
2022	184,395
2023	184,395
2024	197,303
2025-2029	1,000,294
2030-2034	1,070,170
2035-2039	1,144,996
Total	<u>\$ 4,150,343</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OPERATING LEASES (CONTINUED)

Operating Lease – Office Equipment

The City leased office equipment on March 18, 2019 at a monthly lease cost of \$3,558 for 60 months. The fiscal year 2019 lease expenditures totaled \$28,464. The following is a schedule of future minimum payments required under the lease as of December 31, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$ 42,696
2021	42,696
2022	42,696
2023	42,696
2024	14,232
Total	<u>\$ 185,016</u>

NOTE 5 LONG-TERM DEBT

A. Components of Long-Term Debt

General Obligation Bonds

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

Revenue Bonds

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

Governmental Activities

The Gross Revenue Recreation Facility Bonds, Series 1999, are supported primarily from revenues derived from ice arena operations and contributions from gaming revenues. The final debt payment was made on August 1, 2019

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

Revenue Bonds (Continued)

Governmental Activities (Continued)

The lease, consisting of land, building and equipment of the Hasse Arena located at 8525 215th Street West, requires the City to provide lease payments sufficient to pay when due, the principal and interest on the HRA Ice Arena Lease Revenue Refunding Bonds, Series 2016 (\$7,115,000 original amount issued), of which the first principal and interest payment was due in 2017. Title to the arena will transfer to the City upon completing the prescribed lease payments coinciding with the bonded debt service schedule commencing February 1, 2017 and maturing February 1, 2032. The cost of the leased space is included in the total Hasse ice arena cost of \$7,505,840, of which \$1,735,936 has been depreciated to date. These amounts are recorded in the HRA's capital assets.

Business-type Activities

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Term of Pledge	Revenue Pledged		Current Year	
				Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received	
Recreation Facility	Ice arena	Arena Revenues	2019	\$ -	\$ 179,180	\$ -	
Ice Arena Lease Revenue	Additional ice arena	Lease Revenues	2019 - 2032	7,685,050	579,600	292,100	
Utility - Water Revenue	Water infrastructure	Utility user fees	2019 - 2034	9,048,358	637,956	4,496,539	
Utility - Sewer Revenue	Sewer infrastructure	Utility user fees	2019 - 2025	436,350	71,575	6,795,837	
Water Connection Revenue	Water infrastructure	Connection charges	2019 - 2034	8,934,587	614,325	3,517,166	

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 2019, the City made no payments on this loan. As of December 31, 2019, 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 2019. The loans (both free of interest charge) will be discharged by the Metropolitan Council upon the conveyance of the properties to the highway authority at an undetermined future date.

Dakota County Loan Payable

During 2018, the City entered into a 3-year agreement with Dakota County, where as Dakota County delayed repayment of \$3,000,000 of project costs for the County Road 50 project. This loan requires annual payments of \$1,000,000 with no interest, of which the first installment was made during 2018 and final payment is due in 2020.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

Lease Revenue Liquor Enterprise Refunding Bonds, Series 2017A

On October 25, 2017, the City issued \$2,255,000 in HRA Lease Revenue Liquor Enterprise Refunding Bonds, Series 2017A. The proceeds of this issue were deposited with the Trustee in order to call and prepay the outstanding liquor revenue bonds of 2007. In exchange for the refunding of the existing liquor revenue bonds, the liquor fund conveyed related capital assets consisting of land and building to the HRA fund. The HRA then leased the building back to the liquor fund under a capital lease agreement, resulting in the capital assets being reported back in the liquor fund and the long-term debt being shown in the liquor fund as a capital lease. The lease terms include interest of between 2.0%-3.0% with payments totaling \$2,255,000 through 2027. The capital assets being leased had a total cost of \$2,522,470 and accumulated depreciation of \$612,777 at December 31 2019. Per governmental accounting standards the related long-term debt is not shown in both the governmental and business-type activities, therefore the long-term liability is included in business-type activities as a capital lease, as is noted in the table on page 69. This refunding resulted in an aggregate difference in debt service cash flows between the refunding debt and the refunded debt of \$305,074 as well as an economic net present value benefit of \$321,727 on the transaction.

General Obligation Bonds, Series 2019 A

On July 24, 2019, the City issued \$6,295,000 in General Obligation Street Reconstruction and Improvement Bonds, Series 2019 A. The proceeds of this issue will be used for street reconstruction and improvement projects. They carry interest that will vary from 4.0% to 5.0% with a final maturity of February 1, 2030. The debt service of these bonds will be made from special assessments and property tax levies. They carry a call provision on February 1, 2028.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

The City had the following long-term liabilities outstanding at December 31, 2019:

Description	Maturities	Interest Rates	Amount
PRIMARY GOVERNMENT			
Governmental Activities:			
General Obligation Bonds Payable:			
Capital improvement bonds	2019 - 2032	1.75% - 5.00%	\$ 20,455,000
Street reconstruction bonds	2019 - 2030	1.75% - 5.00%	11,655,000
G.O. Improvement bonds	2019 - 2038	1.40% - 5.00%	59,155,000
Tax increment bonds	2022	4.00% - 4.20%	770,000
State-aid street revenue bonds	2019 - 2036	1.25% - 5.00%	4,685,000
G.O. water revenue bonds	2034	2.00% - 5.00%	7,230,000
Total General Obligation Bonds			<u>103,950,000</u>
HRA lease revenue bonds			<u>6,080,000</u>
Total Governmental Activities			110,030,000
Business-Type Activities:			
Revenue Bonds			
Water revenue bonds	2034	1.50% - 5.00%	7,365,000
Sewer revenue bonds	2025	1.50% - 5.00%	385,000
Street light revenue bonds			<u>305,000</u>
Total Revenue Bonds			8,055,000
Capital Lease	2027	2.00% - 3.00%	<u>2,040,000</u>
Total Business-Type Activities			<u>10,095,000</u>
Total long-term bonded debt outstanding			<u><u>\$ 120,125,000</u></u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

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

Year Ending December 31,	Governmental		Business-Type		Total
	Principal	Interest	Principal	Interest	
2020	\$ 8,715,000	\$ 3,871,091	\$ 565,000	\$ 284,513	\$ 13,435,604
2021	9,160,000	3,534,045	655,000	261,038	13,610,083
2022	9,110,000	3,193,464	670,000	242,362	13,215,826
2023	9,140,000	2,832,805	685,000	215,738	12,873,543
2024	9,005,000	2,467,530	715,000	181,237	12,368,767
2025-2029	40,530,000	7,417,091	3,025,000	484,238	51,456,329
2030-2034	21,050,000	1,999,816	1,740,000	122,456	24,912,272
2035-2039	3,320,000	142,125	-	-	3,462,125
Total	<u>\$ 110,030,000</u>	<u>\$ 25,457,967</u>	<u>\$ 8,055,000</u>	<u>\$ 1,791,582</u>	<u>\$ 145,334,549</u>

Accrued Compensated Absences

Governmental Activities

The governmental funds accumulated liability for accrued PTO, vacation and vested sick pay (including applicable salary-related payments) as of December 31, 2019 is \$2,981,687. This amount is included in the noncurrent liabilities of the government-wide Statement of Net Position.

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

Business-Type Activities

The accumulated liability for accrued PTO, vacation, and vested sick pay for proprietary enterprise funds (including applicable salary-related payments) as of December 31, 2019 is \$445,301. 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, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Debt (Continued)

Unamortized Bond Premium and Discount

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

	Governmental	Business-Type
Unamortized bond premium	\$ 8,302,665	\$ 821,566

Liquor Capital Lease

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

Year Ending December 31,	Liquor Capital Lease	
	Principal	Interest
2020	\$ 230,000	\$ 54,200
2021	240,000	49,500
2022	245,000	43,425
2023	250,000	36,000
2024	260,000	28,350
2025-2027	815,000	37,125
Total	\$ 2,040,000	\$ 248,600

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2019 was as follows:

PRIMARY GOVERNMENT	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
Governmental Activities					
G.O. Improvement bonds	\$ 34,555,000	\$ -	\$ (2,445,000)	\$ 32,110,000	\$ 2,575,000
Other bonds	77,100,000	6,295,000	(5,475,000)	77,920,000	6,140,000
Total bonds	111,655,000	6,295,000	(7,920,000)	110,030,000	8,715,000
County note payable	2,000,000	-	(1,000,000)	1,000,000	1,000,000
Metropolitan Council loans	1,897,014	-	-	1,897,014	-
Total long-term debt	115,552,014	6,295,000	(8,920,000)	112,927,014	9,715,000
Accrued compensated absences	2,734,777	1,698,699	(1,451,789)	2,981,687	1,451,789
Unamortized bond premium/discount	7,916,538	1,065,624	(679,497)	8,302,665	-
Total Governmental Activities	126,203,329	9,059,323	(11,051,286)	124,211,366	11,166,789
Business-Type Activities:					
Utility - water revenue bonds	7,030,000	730,000	(395,000)	7,365,000	470,000
Utility - sewer revenue bonds	440,000	-	(55,000)	385,000	60,000
Utility - street light revenue bonds	335,000	-	(30,000)	305,000	35,000
Liquor - capital leases	2,255,000	-	(215,000)	2,040,000	230,000
Accrued compensated absences	384,223	282,883	(221,805)	445,301	225,377
Unamortized Bond Premiums	766,878	125,543	(70,855)	821,566	-
Total Business-Type Activities	11,211,101	1,138,426	(987,660)	11,361,867	1,020,377
Total Primary Government	\$ 137,414,430	\$ 10,197,749	\$ (12,038,946)	\$ 135,573,233	\$ 12,187,166

NOTE 6 NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets as of December 31, 2019 is calculated as follows:

	Governmental	Business-type	Total
Capital assets, net of depreciation	\$ 267,332,551	\$ 154,058,485	\$ 421,391,036
Less applicable:			
Bonds payable	(99,345,000)	(7,750,000)	(107,095,000)
Capital lease payable	-	(2,040,000)	(2,040,000)
Loan payable	(1,897,014)	-	(1,897,014)
Note payable	(1,000,000)	-	(1,000,000)
Unamortized bond premium / discount (net)	(7,559,496)	(766,877)	(8,326,373)
Unamortized deferred charge on refunding	103,849	-	103,849
Unamortized deferred gain on refunding	(92,266)	-	(92,266)
Unspent bond proceeds	1,490,530	-	1,490,530
Contracts Payable	(4,564,362)	-	(4,564,362)
Net Investment in capital assets	\$ 154,468,792	\$ 143,501,608	\$ 297,970,400

The City has \$10,990,000 in bonds and \$797,858 in unamortized bond premiums that are not included in the calculation above as they are not capital in nature.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 RESTRICTED NET POSITION

The government-wide Statement of Net Position reports restricted amounts in the net position section. These amounts represent assets and deferred outflows (less any related liabilities and deferred inflows) that have imposed restrictions placed on them 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:

	Governmental Activities	Business-type Activities	Total
<u>Restricted Net Position</u>			
Cash and investments	\$ 35,116,374	\$ -	\$ 35,116,374
Temporarily restricted			
Investments held by trustee	616,405	-	616,405
Net pension asset	4,112,787	-	4,112,787
Receivables	18,308,160	-	18,308,160
Less related liabilities	(1,797,292)	-	(1,797,292)
Total restricted net position	<u>\$ 56,356,434</u>	<u>\$ -</u>	<u>\$ 56,356,434</u>

NOTE 8 CONSTRUCTION COMMITMENTS

The City has outstanding construction and build projects as of December 31, 2019. 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>		
VonBank Lawn Care	\$ 52,549	\$ 56,126
Law Services	80,049	85,046
Police Department - cameras	134,272	537,088
Misc. street and trail repairs	1,030,612	55,477
Storm Sewer projects	-	48,342
CR50 project (185th St to Dodd Blvd)	4,526,148	5,225,625
2018 street reconstruction	239,378	322,557
2019 street reconstruction	8,981,047	161,558
Holyoke Water Tower	3,300,661	173,982
Sanitary Sewer Projects	-	55,614
Total governmental	<u>\$ 20,154,887</u>	<u>\$ 6,721,415</u>
<u>Projects</u>		
<u>Business-Type Activities</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Right of way - tree and stump removal	\$ -	\$ 22,828
Well rehabilitation	-	149,750
Total business-type	<u>\$ -</u>	<u>\$ 172,578</u>

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 FUND BALANCES

A summary of the City's governmental fund balance classifications at December 31, 2019 is as follows:

	General Fund	Debt Service		Capital Projects		Nonmajor	Total
		G.O. Improvement	Municipal State-aid	Improvement Construction			
Nonspendable							
Inventory	\$ 312,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,695
Prepaid Items	6,600	-	-	-	-	-	6,600
Advances to Other Funds	428,936	-	-	-	-	-	428,936
Total nonspendable	<u>748,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>748,231</u>
Restricted for:							
Forfeitures	175,590	-	-	-	-	-	175,590
Debt Service	-	12,656,863	-	-	-	8,994,213	21,651,076
Public improvements	-	-	2,042,188	6,337,742	-	-	8,379,930
Public safety equipment	-	-	-	-	-	20,566	20,566
Park development	-	-	-	-	-	6,094,432	6,094,432
Tax increment	-	-	-	-	-	57,383	57,383
Public communications	-	-	-	-	-	87,659	87,659
Arenas Reserve	-	-	-	-	-	10,090	10,090
Special Service District	-	-	-	-	-	32,529	32,529
Total Restricted	<u>175,590</u>	<u>12,656,863</u>	<u>2,042,188</u>	<u>6,337,742</u>	<u>15,296,872</u>	<u>36,509,255</u>	
Committed for:							
Compensated leave	100,000	-	-	-	-	-	100,000
Public improvements	-	-	-	377,232	-	-	377,232
Public buildings	-	-	-	-	-	1,233,811	1,233,811
Pavement management	-	-	-	-	-	1,786,069	1,786,069
Storm water infrastructure	-	-	-	-	-	8,982,575	8,982,575
Water trunk system	-	-	-	-	-	10,597,425	10,597,425
Sanitary sewer trunk system	-	-	-	-	-	9,320,341	9,320,341
Trail improvement	-	-	-	-	-	704,620	704,620
Park improvement	-	-	-	-	-	328,176	328,176
Capital acquisitions	-	-	-	-	-	1,605,375	1,605,375
Technology equipment	-	-	-	-	-	156,867	156,867
Public communications	-	-	-	-	-	966,003	966,003
Economic development	-	-	-	-	-	13,395	13,395
Total Committed	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>377,232</u>	<u>35,694,657</u>	<u>36,171,889</u>	
Assigned for:							
Subsequent year budget	749,675	-	-	-	-	-	749,675
Unassigned	<u>15,429,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(428,702)</u>	<u>15,001,050</u>	
Total	<u>\$ 17,203,248</u>	<u>\$ 12,656,863</u>	<u>\$ 2,042,188</u>	<u>\$ 6,714,974</u>	<u>\$ 50,562,827</u>	<u>\$ 89,180,100</u>	

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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	\$ 5,298,413	\$ -
Storm sewer	6,175,985	-
Parks	979,096	-
Water	-	3,979,617
Sanitary sewer	-	3,261,141
Total	<u>\$ 12,453,494</u>	<u>\$ 7,240,758</u>

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

<u>From Governmental Activities</u>	<u>Enterprise Utility Fund</u>
Infrastructure	
Water	\$ 914,056
Sanitary sewer	13,914
Total	<u>\$ 927,970</u>

NOTE 11 DEFICIT FUND BALANCES

The capital projects tax abatement fund had a deficit fund balance of (\$428,702) as of December 31, 2019 as a result of providing tax abatement assistance to retain the headquarters of a manufacturing facility within the City. It is anticipated that the deficit will be financed by future tax abatements collected after an existing Tax Increment Financing District in which the property is currently located will be decertified.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the capital projects fund tax abatement fund had a payable of \$428,936 to the general fund to finance a long-term cash deficit.

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:

n

Transfers From	General Fund	Debt Service	Capital Projects		Nonmajor Govntl. Funds	Enterprise	Total
		G.O. Improvement	Muni State-aid	Improv. Constr.		Utility	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 1,225,000	\$ -	\$ 1,225,000
G.O. Improvement Bonds	-	-	-	23,351	-	-	23,351
Nonmajor Govntl. Funds	80,866	-	238,540	790,341	617,108	5,399	1,732,254
Total	80,866	-	238,540	813,692	1,842,108	5,399	2,980,605
Enterprise - Liquor	164,875	-	-	-	896,762	3,425	1,065,062
Enterprise - Utility	477,043	525,813	-	-	31,000	-	1,033,856
Internal Service Fund	50,000	-	-	-	-	-	50,000
Total	<u>\$ 772,784</u>	<u>\$ 525,813</u>	<u>\$ 238,540</u>	<u>\$ 813,692</u>	<u>\$ 2,769,870</u>	<u>\$ 8,824</u>	5,129,523
	(1)	(2)	(3)	(4)	(5)(6)	(7)	
Less: Utility fund							(8,824)
Total governmental funds							<u>\$ 5,120,699</u>

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

Abbreviation key:

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

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

Fund	Amount	Description
Communications (SR)	\$ 80,866	Public communications and budgeted transfers
Liquor (Ent)	164,875	Budgeted transfers
Utility (Ent)	477,043	Budgeted transfers
Municipal Reserve (IS)	50,000	Budgeted transfers
Total	<u>\$ 772,784</u>	

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 13 INTERFUND TRANSFERS (CONTINUED)

(2) The total transfer to the debt service G.O. improvement fund was provided by the enterprise utility fund (\$525,813) related to the City improvements projects whereby user fees are pledged towards the improvement bonds debt service requirements.

(3) The total transfers to the capital projects municipal state-aid fund were provided to finance various road construction projects and were provided by the nonmajor capital project storm water infrastructure fund (\$238,540).

(4) The total transfer to the capital projects fund improvement construction of (\$813,692) was provided by the following governmental funds to finance various road construction projects:

From:	Amount
G.O. Improvement Bonds (DS)	\$ 23,351
Park Dedication (CP)	108,426
Storm Water Infrastructure (CP)	553,102
Water (CP)	128,813
Total improv. const.	\$ 813,692

(5) The total transfer to nonmajor governmental funds (\$1,842,108) was provided by the following governmental funds:

From:	Amount	Description
General fund	\$ 155,000	Technology (CP) for future improvements
General fund	150,000	Park Improvement (CP) for future park improvements identified in CIP
General fund	920,000	Equipment (CP) for future equipment acquisitions
Water (CP)	617,108	Water revenue (DS) for debt service requirements
Total other govt.	\$ 1,842,108	

(6) The total transfer to the nonmajor governmental funds was provided by the enterprise liquor fund (\$896,762) and the enterprise utility fund (\$31,000) to finance various equipment purchases.

(7) The total transfer to the enterprise utility fund was provided by the storm water infrastructure capital projects fund (\$5,399) and the enterprise liquor fund (\$3,425) for customer service billing overhead costs.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 JOINT POWERS DEBT COMMITMENT

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

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

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

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

This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. Plan Description (Continued)

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

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

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City. The City contributes a portion of the cost of current year premiums for eligible retired plan members and their spouses as well as the implicit rate subsidy described above. For fiscal year 2019, the City contributed \$13,009 in subsidized payments and implicit payments of \$37,860 to the plan. As of December 31, 2019, there were 7 retirees receiving health benefits from the City's health plans.

C. Total OPEB Liability

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

Actuarial Assumptions

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

<u>Valuation date:</u>	January 1, 2019
<u>Measurement date:</u>	January 1, 2019
<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 2018, decreasing to 5.00% over 5 years
Salary increases	3.00%
Discount rate	3.60% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with MP-2019 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Total OPEB Liability (Continued)

Discount Rate

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

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB Liability were as follows for 2019:

	Increase (Decrease) Total OPEB Liability (a)
Balances at 12/31/18	<u>\$ 1,061,792</u>
Changes for the Year:	
Service Cost	89,732
Interest	48,182
Differences Between Expected and Actual Experience	87,715
Contributions - Employer	-
Net Investment Income	-
Benefit Payments	(50,869)
Changes in Assumptions	<u>-</u>
Net Changes	<u>174,760</u>
Balances at 12/31/19	<u><u>\$ 1,236,552</u></u>

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

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Sensitivity of Total OPEB Liability

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

	1% Decrease (2.60)%	Discount Rate (3.60)%	1% Increase (4.60)%
Total OPEB Liability (Asset)	\$ 1,329,274	\$ 1,236,552	\$ 1,147,955

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25% decreasing to 4.00%) or 1-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)	\$ 1,083,633	\$ 1,236,552	\$ 1,416,362

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$102,921. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience Contributions After Measurement Date and Before the Reporting Date	\$ 174,977	\$ 113,570
Total	\$ 226,074	\$ 113,570

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

A total of \$51,097 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to postemployment benefits will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2020	\$ 7,694
2021	7,694
2022	7,694
2023	7,694
2024	7,694
Thereafter	22,937

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.

CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 Fund (GERF)
All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.
2. Public Employees Police and Fire Fund (PEPFF)
The PEPFF, 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 PEPFF also covers police officers and firefighters belonging to a local relief association 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. GERF 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 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary 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
DECEMBER 31, 2019**

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

B. Benefits Provided (Continued)

1. GERF Benefits (Continued)

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. 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. For 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. PEPFF 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 ten 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 ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For 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, 2019

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

C. Contributions

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the GERF for the year ended December 31, 2019 were \$896,894, which was equal to the required contribution as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$1,066,319. 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, 2019, the City reported a liability of \$9,028,491 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund during PERA's fiscal year ended June 30, 2019. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$280,654. The net pension liability was measured as of June 30, 2019, 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 proportion of the net pension liability was based on its respective contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

At June 30, 2019, the City's combined proportion was .1633%, an increase of .0001% from the June 30, 2018 measurement date.

City's Proportionate Share of the Net Pension Liability	\$	9,028,491
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		280,654
Total	<u>\$</u>	<u>9,309,145</u>

For the year ended December 31, 2019, the City recognized pension expense of \$1,266,408 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$26,128 as pension expenses (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, 2019, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 250,214	\$ -
Changes in Actuarial Assumptions	-	709,645
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	915,146
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	206,454	-
City Contributions Subsequent to the Measurement Date	451,398	-
Total	<u>\$ 908,066</u>	<u>\$ 1,624,791</u>

A total of \$451,398 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, 2020. 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
2020	\$ (350,244)
2021	(653,239)
2022	(179,189)
2023	14,549
2024	-
Thereafter	-

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

D. Pension Costs (Continued)

2. PEPFF Pension Costs

At December 31, 2019, the City reported a liability of \$6,281,146 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportion 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was .5900%, an increase of .0207% from the June 30, 2018 measurement date. The City also recognized \$79,650 for the year ended December 31, 2019, 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 PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$1,089,210 for its proportionate share of the PEPFF pension expense.

At December 31, 2019, the City reported its proportionate share of the PEPFF'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	\$ 266,691	\$ 956,058
Changes in Actuarial Assumptions	5,212,355	7,051,799
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	1,308,214
Changes in Proportion and Differences Between City		
Contributions and Proportionate Share of Contributions	659,551	134,413
City Contributions Subsequent to the Measurement Date	558,257	-
Total	<u>\$ 6,696,854</u>	<u>\$ 9,450,484</u>

A total of \$558,257 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

D. Pension Costs (Continued)

2. PEPFF Pension Costs (Continued)

Year Ending December 31,	Pension Expense Amount
2020	\$ (314,160)
2021	(754,075)
2022	(2,415,154)
2023	116,386
2024	55,116
Thereafter	-

For year ended December 31, 2019, the City recognized total pension expenses of \$2,355,618 for all of the plans in which it participates.

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for GERF and 1.00% per year for PEPFF.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

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

Police and Fire Fund

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular as is 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 below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	5.10%
International Equity	17	5.30%
Bonds	20	0.75%
Alternative Assets	25	5.90%
Cash	2	0.00%
Totals	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the GERF Net Pension Liability	\$ 14,842,353	\$ 9,028,491	\$ 4,227,992
PEPFF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 13,729,418	\$ 6,281,146	\$ 122

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

NOTE 18 DEFINED CONTRIBUTION PLAN

Council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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.

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 last three fiscal years were:

Year Ended, December 31,	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
2019	\$ 2,841	\$ 2,841	5%	5%	5%
2018	2,256	2,256	5%	5%	5%
2017	2,261	2,261	5%	5%	5%

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the plan covered 85 active firefighters and 17 vested terminated firefighters whose pension benefits are deferred.

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

B. Benefits Provided

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

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 \$379,598 to the plan on behalf of the Department for the year ended December 31, 2019, 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, 2019 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, 2019, the City reported a net pension liability (asset) of (\$4,112,787) for the plan. The net pension liability (asset) was measured as of December 31, 2019. 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, 2019.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2018	\$ 5,573,957	\$ 8,499,465	\$ (2,925,508)
Changes for the year:			
Service cost	319,546	-	319,546
Interest on pension liability (asset)	376,417	-	376,417
Difference between expected and actual economic experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	388,025	-	388,025
Contributions (employer)	-	-	-
Contributions (state)	-	379,598	(379,598)
Net investment income	-	1,904,143	(1,904,143)
Benefit payments	(204,935)	(204,935)	-
Administrative costs	-	(12,474)	12,474
Total net changes	<u>879,053</u>	<u>2,066,332</u>	<u>(1,187,279)</u>
Ending balance - December 31, 2018	<u>\$ 6,453,010</u>	<u>\$ 10,565,797</u>	<u>\$ (4,112,787)</u>

For the year ended December 31, 2019, the City recognized a reduction in pension expense of \$109,525.

At December 31, 2019, 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	\$ 280,988	\$ 91,604
Difference between expected and actual experience	-	159,743
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	782,397
City Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 280,988</u>	<u>\$ 1,033,744</u>

Deferred outflows of resources totaling \$0- related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

E. Actuarial Assumptions

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (221,330)
2021	(201,575)
2022	(79,157)
2023	(265,806)
2024	3,633
Thereafter	11,479

The total pension liability at December 31, 2019 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

Inflation	2.50% per year
Active Member Payroll Growth	2.50% per year
Investment Rate of Return	6.50%
20-Year Municipal Bond Yield	2.75%

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

<u>Asset Class</u>	<u>Allocation at Measurement Date</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic Equity	67.09 %	4.95%	7.45%
International Equity	5.07	5.24%	7.74%
Fixed Income	3.63	1.99%	4.49%
Real Estate and Alternatives	-	4.19%	6.69%
Cash and Equivalents	24.21	0.58%	3.08%
Totals	<u>100.00 %</u>		6.50%

F. Discount Rate

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

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Defined Benefit Plan	\$ (3,913,738)	\$ (4,112,787)	\$ (4,305,022)

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.

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.

**CITY OF LAKEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 22 TAX ABATEMENT

The City has three pay-as-you go tax increment financing districts with local businesses to promote economic development within the City. The City agrees pursuant to the authority granted in the TIF Act to abate real estate taxes based on the increased property value from improvements on the owned property. The agreements call for 95% of the property tax increments collected to be returned to the developers. The City will retain 5% for administrative fees for the periods of time specified in each agreement. For the year ended December 31, 2019, the City paid excess tax increment in the amount of \$278,644. No other commitments were made by the City as part of these agreements.

NOTE 23 NEW STANDARDS

During the year ended December 31, 2019, the City implemented the GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement resulted in beginning fund balance of the Improvement Construction Capital Projects fund and net position in governmental activities being increased by \$4,847,212.

NOTE 24 SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes				
General property taxes:				
Current	\$ 18,162,309	\$ 18,162,309	\$ 18,252,465	\$ 90,156
Delinquent	146,156	146,156	216,343	70,187
Fiscal Disparities	2,968,727	2,968,727	2,956,607	(12,120)
Mobile Home Tax	47,825	47,825	53,538	5,713
Gravel Tax	2,410	2,410	14,952	12,542
	<u>21,327,427</u>	<u>21,327,427</u>	<u>21,493,905</u>	<u>166,478</u>
Licenses and permits	<u>2,390,498</u>	<u>2,448,498</u>	<u>3,808,132</u>	<u>1,359,634</u>
Intergovernmental				
Market value homestead credit	-	-	4,052	4,052
State-aid police	464,005	464,005	501,485	37,480
State-aid fire	363,851	383,598	383,598	-
State-aid PERA	21,303	21,303	121,750	100,447
State police and fire grants	80,621	80,621	95,993	15,372
State other grants	200	23,000	22,350	(650)
Federal other grants	59,610	59,610	89,973	30,363
	<u>989,590</u>	<u>1,032,137</u>	<u>1,219,201</u>	<u>187,064</u>
Charges for services				
General government	309,645	309,645	379,770	70,125
Public safety	502,810	502,810	484,372	(18,438)
Public works	1,063,725	1,063,725	1,635,394	571,669
Parks and recreation	834,653	866,053	921,188	55,135
	<u>2,710,833</u>	<u>2,742,233</u>	<u>3,420,724</u>	<u>678,491</u>
Special assessments	<u>-</u>	<u>-</u>	<u>2,755</u>	<u>2,755</u>
Fines	<u>346,000</u>	<u>346,000</u>	<u>354,292</u>	<u>8,292</u>
Investment income				
Interest Income	120,000	120,000	283,583	163,583
Increase (Decrease in Fair Market Value)	-	-	194,734	194,734
	<u>120,000</u>	<u>120,000</u>	<u>478,317</u>	<u>358,317</u>
Donations	<u>17,705</u>	<u>54,824</u>	<u>104,459</u>	<u>49,635</u>
Miscellaneous	<u>52,874</u>	<u>52,874</u>	<u>64,244</u>	<u>11,370</u>
Total revenues	<u>27,954,927</u>	<u>28,123,993</u>	<u>30,946,029</u>	<u>2,822,036</u>

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES				
General government				
Mayor and council				
Personnel services	\$ 62,561	\$ 62,561	\$ 60,566	\$ (1,995)
Commodities	50	50	99	49
Other charges and services	50,639	58,521	58,362	(159)
Total mayor and council	<u>113,250</u>	<u>121,132</u>	<u>119,027</u>	<u>(2,105)</u>
Committees/commissions				
Personnel services	53,388	80,388	80,663	275
Commodities	1,630	1,630	2,191	561
Other charges and services	13,200	35,752	25,108	(10,644)
Total committees/commissions	<u>68,218</u>	<u>117,770</u>	<u>107,962</u>	<u>(9,808)</u>
City administration				
Personnel services	455,248	455,248	449,052	(6,196)
Commodities	1,600	1,600	293	(1,307)
Other charges and services	20,658	31,448	20,560	(10,888)
Total city administration	<u>477,506</u>	<u>488,296</u>	<u>469,905</u>	<u>(18,391)</u>
City clerk				
Personnel services	114,305	114,305	115,749	1,444
Commodities	300	300	300	-
Other charges and services	33,981	33,981	20,752	(13,229)
Total city clerk	<u>148,586</u>	<u>148,586</u>	<u>136,801</u>	<u>(11,785)</u>
Legal counsel				
Other charges and services	81,000	96,000	92,545	(3,455)
Planning				
Personnel services	538,195	538,195	529,936	(8,259)
Commodities	2,041	2,041	1,743	(298)
Other charges and services	40,279	40,279	31,153	(9,126)
Total planning	<u>580,515</u>	<u>580,515</u>	<u>562,832</u>	<u>(17,683)</u>
Community and economic development				
Personnel services	307,121	307,121	304,550	(2,571)
Commodities	250	250	193	(57)
Other charges and services	67,866	67,866	69,880	2,014
Total community and economic development	<u>375,237</u>	<u>375,237</u>	<u>374,623</u>	<u>(614)</u>
Inspections				
Personnel services	1,003,209	1,003,209	1,007,200	3,991
Commodities	13,792	13,792	10,258	(3,534)
Other charges and services	256,543	289,543	298,453	8,910
Capital Outlay	-	25,000	-	(25,000)
Total inspections	<u>1,273,544</u>	<u>1,331,544</u>	<u>1,315,911</u>	<u>(15,633)</u>

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General government (continued)				
General government facilities				
Personnel services	\$ 399,147	\$ 399,147	\$ 416,584	\$ 17,437
Commodities	22,174	22,174	22,172	(2)
Other charges and services	186,003	186,003	187,580	1,577
Total general government facilities	<u>607,324</u>	<u>607,324</u>	<u>626,336</u>	<u>19,012</u>
Finance				
Personnel services	716,653	716,653	706,841	(9,812)
Commodities	3,525	3,525	1,253	(2,272)
Other charges and services	84,251	84,251	84,966	715
Total finance	<u>804,429</u>	<u>804,429</u>	<u>793,060</u>	<u>(11,369)</u>
Information technology				
Personnel services	443,618	443,618	436,504	(7,114)
Commodities	4,425	4,425	5,613	1,188
Other charges and services	340,502	340,502	366,692	26,190
Total information systems	<u>788,545</u>	<u>788,545</u>	<u>808,809</u>	<u>20,264</u>
Human resources				
Personnel services	416,092	416,092	402,640	(13,452)
Commodities	3,865	3,865	4,145	280
Other charges and services	108,040	108,040	89,875	(18,165)
Total human resources	<u>527,997</u>	<u>527,997</u>	<u>496,660</u>	<u>(31,337)</u>
Insurance coverage				
Other charges and services	285,000	435,727	435,727	-
Total general government	<u>6,131,151</u>	<u>6,423,102</u>	<u>6,340,198</u>	<u>(82,904)</u>
Public safety				
Police				
Personnel services	9,083,175	9,056,175	9,053,312	(2,863)
Commodities	401,462	371,662	339,589	(32,073)
Other charges and services	2,143,651	2,133,451	2,063,336	(70,115)
Total police	<u>11,628,288</u>	<u>11,561,288</u>	<u>11,456,237</u>	<u>(105,051)</u>
Fire Protection				
Personnel services	1,609,135	1,628,882	1,612,767	(16,115)
Commodities	145,816	155,821	141,286	(14,535)
Other charges and services	279,986	279,986	286,429	6,443
Total fire protection	<u>2,034,937</u>	<u>2,064,689</u>	<u>2,040,482</u>	<u>(24,207)</u>
Total public safety	<u>13,663,225</u>	<u>13,625,977</u>	<u>13,496,719</u>	<u>(129,258)</u>

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Works				
Engineering				
Personnel services	\$ 769,706	\$ 769,706	\$ 779,160	\$ 9,454
Commodities	12,966	12,966	7,822	(5,144)
Other charges and services	99,085	99,085	73,101	(25,984)
Capital Outlay	-	-	16,329	16,329
Total engineering	<u>881,757</u>	<u>881,757</u>	<u>876,412</u>	<u>(5,345)</u>
Construction services				
Personnel services	552,065	552,065	490,045	(62,020)
Commodities	7,915	7,915	7,496	(419)
Other charges and services	13,890	13,890	10,699	(3,191)
Total construction services	<u>573,870</u>	<u>573,870</u>	<u>508,240</u>	<u>(65,630)</u>
Street maintenance				
Personnel services	2,183,894	2,183,894	2,282,840	98,946
Commodities	746,573	746,573	834,396	87,823
Other charges and services	358,150	358,150	316,590	(41,560)
Capital Outlay	-	10,929	-	(10,929)
Total street maintenance	<u>3,288,617</u>	<u>3,299,546</u>	<u>3,433,826</u>	<u>134,280</u>
Total public works	<u>4,744,244</u>	<u>4,755,173</u>	<u>4,818,478</u>	<u>63,305</u>
Parks and recreation				
Park maintenance				
Personnel services	1,925,115	1,925,115	1,895,861	(29,254)
Commodities	296,140	296,140	272,985	(23,155)
Other charges and services	523,708	523,708	492,533	(31,175)
Total park maintenance	<u>2,744,963</u>	<u>2,744,963</u>	<u>2,661,379</u>	<u>(83,584)</u>
Recreation				
Personnel services	419,055	419,055	411,217	(7,838)
Commodities	35,577	35,577	30,764	(4,813)
Other charges and services	290,505	290,505	303,512	13,007
Total recreation	<u>745,137</u>	<u>745,137</u>	<u>745,493</u>	<u>356</u>
Heritage center				
Personnel services	71,576	71,576	62,955	(8,621)
Commodities	9,358	9,358	6,424	(2,934)
Other charges and services	57,740	57,740	48,603	(9,137)
Total heritage center	<u>138,674</u>	<u>138,674</u>	<u>117,982</u>	<u>(20,692)</u>
Arts center				
Personnel services	299,614	324,664	347,404	22,740
Commodities	40,020	47,082	40,715	(6,367)
Other charges and services	210,415	241,810	265,437	23,627
Capital Outlay	-	5,250	20,245	14,995
Total arts center	<u>550,049</u>	<u>618,806</u>	<u>673,801</u>	<u>54,995</u>
Total parks and recreation	<u>4,178,823</u>	<u>4,247,580</u>	<u>4,198,655</u>	<u>(48,925)</u>
Other				
	<u>79,466</u>	<u>79,466</u>	<u>-</u>	<u>(79,466)</u>
Total expenditures	<u>28,796,909</u>	<u>29,131,298</u>	<u>28,854,050</u>	<u>(277,248)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(841,982)	(1,007,305)	2,091,979	3,099,284

(continued)

**CITY OF LAKEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGETARY COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCE SOURCES (USES)				
Transfers In From:				
Special Revenue - Communications Fund	\$ 80,866	\$ 80,866	\$ 80,866	\$ -
Enterprise - Liquor Fund	158,573	158,573	164,875	6,302
Enterprise - Utility Fund	477,043	477,043	477,043	-
Internal Service - Municipal Reserves Fund	50,000	50,000	50,000	-
Transfers Out To:				
Capital Projects - Technology Fund	-	(155,000)	(155,000)	-
Capital Projects - Park Improvement Fund	(150,000)	(150,000)	(150,000)	-
Capital Projects - Equipment Fund	(480,000)	(920,000)	(920,000)	-
Total Other Finance Sources (Uses)	<u>136,482</u>	<u>(458,518)</u>	<u>(452,216)</u>	<u>6,302</u>
NET CHANGE IN FUND BALANCES	<u>\$ (705,500)</u>	<u>\$ (1,465,823)</u>	1,639,763	<u>\$ 3,105,586</u>
FUND BALANCES				
Beginning of Year			15,696,442	
Change in Supplies - Inventory			<u>(132,957)</u>	
End of Year			<u>\$ 17,203,248</u>	

**CITY OF LAKEVILLE
GENERAL FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

A. Budgetary Information

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

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

**CITY OF LAKEVILLE
PERA – GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2019**

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

	Measurement Date				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
City's Proportion of the Net Pension Liability	0.1633%	0.1632%	0.1585%	0.1544%	0.1540%
City's Proportionate Share of the Net Pension Liability	\$ 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	280,654	297,059	127,203	-	-
Total	<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	\$ 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	77.53%	82.52%	99.07%	130.97%	88.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Four Fiscal Years***

	Fiscal Year Ended December 31,				
	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 896,894	\$ 847,485	\$ 791,612	\$ 741,919	\$ 705,189
Contributions in Relation to the Statutorily Required Contribution	(896,894)	(847,485)	(791,612)	(741,919)	(705,189)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 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%

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

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

**CITY OF LAKEVILLE
PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2019**

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

	Measurement Date				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
City's Proportion of the Net Pension Liability	0.5900%	0.5693%	0.5490%	0.5620%	0.5320%
City's Proportionate Share of the Net Pension Liability	\$ 6,281,146	\$ 6,068,152	\$ 7,412,153	\$ 22,554,038	\$ 6,044,765
City's Covered Payroll	\$ 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	100.63%	101.07%	131.53%	415.85%	124.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Four Fiscal Years***

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

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

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

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATE WIDE PLANS
DECEMBER 31, 2019

General Employees Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

- The mortality 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.

2017 Changes

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% 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 from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

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 was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATE WIDE PLANS
DECEMBER 31, 2019

General Employees Fund (Continued)

2015 Changes

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 increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

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.

Police and Fire Fund

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Actuarial Assumptions:

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

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% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% 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 3.0% 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% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

**CITY OF LAKEVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATE WIDE PLANS
DECEMBER 31, 2019**

Police and Fire Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions:

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

2015 Changes

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.50%, to a fixed rate of 2.50%.

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.

**CITY OF LAKEVILLE
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAKEVILLE FIRE RELIEF ASSOCIATION
DECEMBER 31, 2019**

	2019	2018	2017	2016	2015
Total Pension Liability (TPL)					
Service Cost	\$ 319,546	\$ 255,975	\$ 231,712	\$ 270,846	\$ 223,785
Interest	376,417	358,835	345,935	301,640	269,493
Differences Between Expected and Actual Experience	-	(57,139)	-	(201,242)	-
Changes of Assumptions	-	94,736	38,230	(161,264)	353,037
Changes of Benefit Terms	388,025	352,464	154,012	186,369	-
Benefit Payments, Including Member Contribution Refunds	(204,935)	(602,296)	(276,622)	(547,241)	(210,816)
Net Change in Total Pension Liability	879,053	402,575	493,267	(150,892)	635,499
Total Pension Liability - Beginning	5,573,957	5,171,382	4,678,115	4,829,007	4,193,508
Total Pension Liability - Ending (a)	6,453,010	5,573,957	5,171,382	4,678,115	4,829,007
Plan Fiduciary Net Position					
Municipal Contributions	-	-	-	-	-
State Contributions	379,598	367,701	351,635	348,276	338,889
Net Investment Income	1,904,143	(314,875)	1,175,892	551,474	39,474
Benefit Payments, including refunds of member contributions	(204,935)	(602,296)	(276,622)	(547,241)	(210,816)
Administrative Expenses	(12,474)	(12,042)	(11,579)	(9,817)	(11,292)
Other	-	-	-	-	(40)
Net Change in Fiduciary Net Position	2,066,332	(561,512)	1,239,326	342,692	156,215
Fiduciary Net Position - Beginning	8,499,465	9,060,977	7,821,651	7,478,959	7,322,744
Fiduciary Net Position - Ending (b)	10,565,797	8,499,465	9,060,977	7,821,651	7,478,959
Ending Net Pension Liability (Asset) (a-b)	<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)	163.73%	152.49%	175.21%	167.20%	154.88%
Covered Payroll	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

*Ten Years of Data Will Eventually Be Presented When Available

Schedule of Employer Contributions

	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>

*Ten Years of Data Will Eventually Be Presented When Available

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

CITY OF LAKEVILLE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2019

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

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

Valuation date: January 1, 2019
Measurement date: January 1, 2019

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 basis for differences between expected an experience and assumption changes.
Inflation	3.00%
Healthcare cost trend rate	6.25% for 2018, decreasing to 5.00% over 5
Salary increases	3.00%
Discount rate	3.60% (20-year municipal bond yield)
Mortality	RP-2014 White Collar Mortality Tables with I Generational Improvement Scale (with Blu adjustment for Police and Fire Personnel)

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.

Economic Development Fund

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

Downtown Special Service District Fund

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

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

Tax Increment Fund

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

State-aid Revenue Fund

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

Water Revenue Fund

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

Arena Revenue Fund

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

(continued)

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds (continued)

HRA Revenue Fund

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

General Obligation Debt Service Fund

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

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

Pavement Management Fund

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

Storm Water Infrastructure Fund

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

Water Fund

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

Sanitary Sewer Fund

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

Park Dedication Fund

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

Trail Improvement Fund

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

Park Improvement Fund

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

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.

(continued)

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

Equipment Fund

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

Technology Fund

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

Arenas Capital Reserve Fund

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

Capital Projects Building Fund

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

**CITY OF LAKEVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and investments	\$ 961,505	\$ 8,328,834	\$ 41,829,121	\$ 51,119,460
Investments held by trustee	-	616,405	-	616,405
Receivables:				
Interest receivable	3,361	47,835	234,892	286,088
Special assessments				
Unremitted	-	-	112	112
Delinquent	-	-	353	353
Deferred	-	305,828	138,237	444,065
Other	-	-	202,111	202,111
Accounts receivable	178,279	-	288,068	466,347
Leases receivable	-	2,040,000	-	2,040,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,143,145</u>	<u>\$ 11,338,902</u>	<u>\$ 42,692,894</u>	<u>\$ 55,174,941</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Salaries payable	\$ 19,124	\$ -	\$ -	\$ 19,124
Accounts payable	24,434	-	1,114,927	1,139,361
Advances from other funds	-	-	428,936	428,936
Contracts payable	-	-	227,285	227,285
Deposits payable	-	-	111,975	111,975
Unearned revenue	-	-	43	43
Total Liabilities	<u>43,558</u>	<u>-</u>	<u>1,883,166</u>	<u>1,926,724</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	-	304,689	340,701	645,390
Unavailable revenue - other	-	2,040,000	-	2,040,000
Total Deferred Inflows of Resources	<u>-</u>	<u>2,344,689</u>	<u>340,701</u>	<u>2,685,390</u>
FUND BALANCE				
Restricted	120,188	8,994,213	6,182,471	15,296,872
Committed	979,399	-	34,715,258	35,694,657
Unassigned	-	-	(428,702)	(428,702)
Total Fund Balance	<u>1,099,587</u>	<u>8,994,213</u>	<u>40,469,027</u>	<u>50,562,827</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,143,145</u>	<u>\$ 11,338,902</u>	<u>\$ 42,692,894</u>	<u>\$ 55,174,941</u>

**CITY OF LAKEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUE				
Property taxes:				
Current and delinquent	\$ -	\$ 3,530,979	\$ 1,527,000	\$ 5,057,979
Licenses and permits	683,977	-	-	683,977
Special assessments	-	48,702	91,751	140,453
Tax increment	-	436,307	320,800	757,107
Intergovernmental revenue:				
State-aid PERA	516	-	-	516
Municipal state-aid	-	734,358	119,999	854,357
Federal grants	-	-	64,316	64,316
County and local grants	31,758	-	732,939	764,697
Charges for services	61,289	292,100	10,248,067	10,601,456
Interest income	20,316	137,955	856,553	1,014,824
Change in fair value of investments	14,628	91,804	616,757	723,189
Donations	-	-	107,510	107,510
Miscellaneous	-	-	443,264	443,264
Total Revenue	<u>812,484</u>	<u>5,272,205</u>	<u>15,128,956</u>	<u>21,213,645</u>
EXPENDITURES				
Current:				
General government	688,428	-	-	688,428
Capital Outlay:				
General government	25,287	-	413,051	438,338
Public safety	-	-	669,739	669,739
Public works	-	-	3,832,328	3,832,328
Culture and recreation	-	-	2,672,158	2,672,158
Debt Service:				
Principal retirement	-	4,130,000	-	4,130,000
Interest on debt	-	1,887,058	-	1,887,058
Fiscal charges	-	18,165	-	18,165
Total Expenditures	<u>713,715</u>	<u>6,035,223</u>	<u>7,587,276</u>	<u>14,336,214</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	98,769	(763,018)	7,541,680	6,877,431
OTHER FINANCE SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	107,645	107,645
Transfers in from other funds	91,267	1,017,108	1,661,495	2,769,870
Transfers out to other funds	(80,866)	-	(1,651,388)	(1,732,254)
Total Other Finance Sources (Uses)	<u>10,401</u>	<u>1,017,108</u>	<u>117,752</u>	<u>1,145,261</u>
NET CHANGE IN FUND BALANCES	109,170	254,090	7,659,432	8,022,692
FUND BALANCES				
Beginning of Year	<u>990,417</u>	<u>8,740,123</u>	<u>32,809,595</u>	<u>42,540,135</u>
End of Year	<u>\$ 1,099,587</u>	<u>\$ 8,994,213</u>	<u>\$ 40,469,027</u>	<u>\$ 50,562,827</u>

**CITY OF LAKEVILLE
SPECIAL REVENUE FUNDS (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2019**

	<u>Communications</u>	<u>Economic Development</u>	<u>Downtown Special Service District</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 915,882	\$ 13,094	\$ 32,529	\$ 961,505
Interest receivable	3,060	301	-	3,361
Accounts receivable	178,279	-	-	178,279
	<u>178,279</u>	<u>-</u>	<u>-</u>	<u>178,279</u>
Total Assets	<u>\$ 1,097,221</u>	<u>\$ 13,395</u>	<u>\$ 32,529</u>	<u>\$ 1,143,145</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Salaries payable	\$ 19,124	\$ -	\$ -	\$ 19,124
Accounts payable	24,434	-	-	24,434
	<u>24,434</u>	<u>-</u>	<u>-</u>	<u>24,434</u>
Total Liabilities	43,558	-	-	43,558
FUND BALANCE				
Restricted	87,659	-	32,529	120,188
Committed	966,004	13,395	-	979,399
	<u>966,004</u>	<u>13,395</u>	<u>-</u>	<u>979,399</u>
Total Fund Balance	<u>1,053,663</u>	<u>13,395</u>	<u>32,529</u>	<u>1,099,587</u>
Total Liabilities and Fund Balance	<u>\$ 1,097,221</u>	<u>\$ 13,395</u>	<u>\$ 32,529</u>	<u>\$ 1,143,145</u>

**CITY OF LAKEVILLE
SPECIAL REVENUE FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	Communications	Economic Development	Downtown Special Service District	Totals
REVENUE				
Licenses and permits	\$ 683,977	\$ -	\$ -	\$ 683,977
Intergovernmental				
State-aid PERA	516	-	-	516
Other grants	31,758	-	-	31,758
Charges for services	61,289	-	-	61,289
Interest income	19,987	329	-	20,316
Change in fair value of investments	14,391	237	-	14,628
Total revenue	<u>811,918</u>	<u>566</u>	<u>-</u>	<u>812,484</u>
EXPENDITURES				
Current:				
General government	674,160	8,301	5,967	688,428
Capital outlay				
General government	25,287	-	-	25,287
Total expenditures	<u>699,447</u>	<u>8,301</u>	<u>5,967</u>	<u>713,715</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	112,471	(7,735)	(5,967)	98,769
OTHER FINANCE SOURCES (USES)				
Transfers In	91,267	-	-	91,267
Transfers Out	(80,866)	-	-	(80,866)
Total other finance sources (uses)	<u>10,401</u>	<u>-</u>	<u>-</u>	<u>10,401</u>
NET CHANGE IN FUND BALANCES	122,872	(7,735)	(5,967)	109,170
FUND BALANCES				
Beginning of Year	<u>930,791</u>	<u>21,130</u>	<u>38,496</u>	<u>990,417</u>
End of Year	<u>\$ 1,053,663</u>	<u>\$ 13,395</u>	<u>\$ 32,529</u>	<u>\$ 1,099,587</u>

**CITY OF LAKEVILLE
DEBT SERVICE FUNDS (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2019**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	Arena Revenue	HRA Revenue	General Obligation	
ASSETS							
Cash and investments	\$ 3,471,776	\$ 882,734	\$ -	\$ 9,470	\$ 494,529	\$ 3,470,325	\$ 8,328,834
Investments held by trustee	-	-	-	-	616,405	-	616,405
Interest receivable	24,801	6,451	-	1,045	767	14,771	47,835
Special assessments receivable	-	-	-	-	-	305,828	305,828
Leases receivable	-	-	-	-	2,040,000	-	2,040,000
Total Assets	\$ 3,496,577	\$ 889,185	\$ -	\$ 10,515	\$ 3,151,701	\$ 3,790,924	\$ 11,338,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Interest payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - special assessments	-	-	-	-	-	304,689	304,689
Unavailable revenue - leases	-	-	-	-	2,040,000	-	2,040,000
Total Deferred Inflows	-	-	-	-	2,040,000	304,689	2,344,689
FUND BALANCE							
Restricted for debt service	3,496,577	889,185	-	10,515	1,111,701	3,486,235	8,994,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,496,577	\$ 889,185	\$ -	\$ 10,515	\$ 3,151,701	\$ 3,790,924	\$ 11,338,902

**CITY OF LAKEVILLE
DEBT SERVICE FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	Bonds						Total
	Tax Increment	State-aid Revenue	Water Revenue	Arena Revenue	HRA Revenue	General Obligation	
REVENUE							
Property taxes							
Current and delinquent	\$ -	\$ -	\$ -	\$ -	\$ 292,100	\$ 3,238,879	\$ 3,530,979
Tax increment	436,307	-	-	-	-	-	436,307
Intergovernmental - State-aid	-	734,358	-	-	-	-	734,358
Charges for services	-	-	-	-	292,100	-	292,100
Special Assessments	-	-	-	-	-	48,702	48,702
Interest Income	69,872	14,534	-	2,274	13,557	37,718	137,955
Change in Fair Value of Investments	50,312	10,465	-	1,637	2,232	27,158	91,804
Donations	-	-	-	-	-	-	-
Total revenues	556,491	759,357	-	3,911	599,989	3,352,457	5,272,205
EXPENDITURES							
Debt Service:							
Principal bond maturities	240,000	550,000	365,000	170,000	360,000	2,445,000	4,130,000
Interest on debt	36,761	180,889	249,325	9,179	219,600	1,191,304	1,887,058
Fiscal charges	2,920	1,138	2,783	-	3,818	7,506	18,165
Total expenditures	279,681	732,027	617,108	179,179	583,418	3,643,810	6,035,223
DEFICIENCY OF REVENUE UNDER EXPENDITURES	276,810	27,330	(617,108)	(175,268)	16,571	(291,353)	(763,018)
OTHER FINANCE SOURCES							
Transfers from (to):							
Capital Projects - Water Fund	-	-	617,108	-	-	-	617,108
Enterprise - Liquor Fund	-	-	-	-	-	400,000	400,000
Total other finance sources (uses)	-	-	617,108	-	-	400,000	1,017,108
NET CHANGE IN FUND BALANCES	276,810	27,330	-	(175,268)	16,571	108,647	254,090
FUND BALANCES							
Beginning of Year	3,219,767	861,855	-	185,783	1,095,130	3,377,588	8,740,123
End of Year	<u>\$ 3,496,577</u>	<u>\$ 889,185</u>	<u>\$ -</u>	<u>\$ 10,515</u>	<u>\$ 1,111,701</u>	<u>\$ 3,486,235</u>	<u>\$ 8,994,213</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUND (NONMAJOR)
COMBINING BALANCE SHEET
DECEMBER 31, 2019**

	<u>Pavement Management</u>	<u>Storm Water Infrastructure</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Park Dedication</u>	<u>Trail Improvement</u>
ASSETS						
Cash and investments	\$ 1,821,217	\$ 8,826,518	\$ 11,569,291	\$ 9,380,377	\$ 6,150,574	\$ 697,432
Interest receivable	9,698	55,026	50,506	51,939	35,121	5,437
Accounts receivable	-	222,000	-	-	-	1,752
Special assessments:						
Unremitted	112	-	-	-	-	-
Delinquent	353	-	-	-	-	-
Deferred	-	5,126	80,989	52,122	-	-
Other	-	63,372	99,911	38,828	-	-
Total Assets	<u>\$ 1,831,380</u>	<u>\$ 9,172,042</u>	<u>\$ 11,800,697</u>	<u>\$ 9,523,266</u>	<u>\$ 6,185,695</u>	<u>\$ 704,621</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 25,853	\$ 104,105	\$ 840,521	\$ -	\$ 91,220	\$ -
Advances from other funds	-	-	-	-	-	-
Contracts payable	19,104	16,863	181,852	-	-	-
Deposits payable	-	-	-	111,975	-	-
Unearned revenue	-	-	-	-	43	-
Total liabilities	44,957	120,968	1,022,373	111,975	91,263	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - special assessments	353	68,499	180,899	90,950	-	-
FUND BALANCE						
Restricted	-	-	-	-	6,094,432	-
Committed	1,786,070	8,982,575	10,597,425	9,320,341	-	704,621
Unassigned	-	-	-	-	-	-
Total fund balance	<u>1,786,070</u>	<u>8,982,575</u>	<u>10,597,425</u>	<u>9,320,341</u>	<u>6,094,432</u>	<u>704,621</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,831,380</u>	<u>\$ 9,172,042</u>	<u>\$ 11,800,697</u>	<u>\$ 9,523,266</u>	<u>\$ 6,185,695</u>	<u>\$ 704,621</u>

Park Improvement	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 337,422	\$ 57,019	\$ -	\$ 1,574,408	\$ 156,815	\$ 10,088	\$ 1,247,960	\$ 41,829,121
954	364	234	17,639	49	2	7,923	234,892
-	-	-	64,316	-	-	-	288,068
-	-	-	-	-	-	-	112
-	-	-	-	-	-	-	353
-	-	-	-	-	-	-	138,237
-	-	-	-	-	-	-	202,111
<u>\$ 338,376</u>	<u>\$ 57,383</u>	<u>\$ 234</u>	<u>\$ 1,656,363</u>	<u>\$ 156,864</u>	<u>\$ 10,090</u>	<u>\$ 1,255,883</u>	<u>\$ 42,692,894</u>
\$ 10,200	\$ -	\$ -	\$ 20,955	\$ -	\$ -	\$ 22,073	\$ 1,114,927
-	-	428,936	-	-	-	-	428,936
-	-	-	9,466	-	-	-	227,285
-	-	-	-	-	-	-	111,975
-	-	-	-	-	-	-	43
10,200	-	428,936	30,421	-	-	22,073	1,883,166
-	-	-	-	-	-	-	340,701
-	57,383	-	20,566	-	10,090	-	6,182,471
328,176	-	-	1,605,376	156,864	-	1,233,810	34,715,258
-	-	(428,702)	-	-	-	-	(428,702)
<u>328,176</u>	<u>57,383</u>	<u>(428,702)</u>	<u>1,625,942</u>	<u>156,864</u>	<u>10,090</u>	<u>1,233,810</u>	<u>40,469,027</u>
<u>\$ 338,376</u>	<u>\$ 57,383</u>	<u>\$ 234</u>	<u>\$ 1,656,363</u>	<u>\$ 156,864</u>	<u>\$ 10,090</u>	<u>\$ 1,255,883</u>	<u>\$ 42,692,894</u>

**CITY OF LAKEVILLE
CAPITAL PROJECTS FUNDS (NONMAJOR)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	Pavement Management	Storm Water Infrastructure	Water	Sanitary Sewer	Park Dedication	Trail Improvement
REVENUE						
Property taxes						
Current	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-	-
Intergovernmental:						
Municipal state-aid	119,999	-	-	-	-	-
Federal grants	-	-	-	-	-	-
County and local grants	269,335	276,351	-	-	9,634	169,091
Charges for services	5,900	2,372,051	3,517,166	1,198,062	3,154,888	-
Special assessments	111	198	32,200	59,242	-	-
Interest income	34,092	194,078	219,189	192,157	120,035	22,429
Change in fair value of investments	24,548	139,745	157,826	138,362	86,431	16,150
Donations	836	-	-	-	64,863	-
Miscellaneous	-	-	-	-	3,900	-
Total revenues	<u>1,554,821</u>	<u>2,982,423</u>	<u>3,926,381</u>	<u>1,587,823</u>	<u>3,439,751</u>	<u>207,670</u>
EXPENDITURES						
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,059,044	920,382	1,020,613	119,291	-	-
Parks and recreation	-	-	-	-	1,646,691	565,782
Total expenditures	<u>1,059,044</u>	<u>920,382</u>	<u>1,020,613</u>	<u>119,291</u>	<u>1,646,691</u>	<u>565,782</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	495,777	2,062,041	2,905,768	1,468,532	1,793,060	(358,112)
OTHER FINANCE SOURCES (USES)						
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-
Transfers from (to):						
General Fund	-	-	-	-	-	-
Debt Service - Water Revenue Bonds	-	-	(617,108)	-	-	-
Capital Projects - State Aid Construction	-	(238,540)	(128,813)	-	-	-
Capital Projects - Improvement Construction	-	(553,102)	-	-	(108,426)	-
Enterprise - Liquor Fund	-	-	-	-	-	-
Enterprise - Utility Fund	-	(5,399)	-	-	-	-
Total other finance sources (uses)	<u>-</u>	<u>(797,041)</u>	<u>(745,921)</u>	<u>-</u>	<u>(108,426)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	495,777	1,265,000	2,159,847	1,468,532	1,684,634	(358,112)
FUND BALANCES						
Beginning of Year	<u>1,290,293</u>	<u>7,717,575</u>	<u>8,437,578</u>	<u>7,851,809</u>	<u>4,409,798</u>	<u>1,062,733</u>
End of Year	<u>\$ 1,786,070</u>	<u>\$ 8,982,575</u>	<u>\$ 10,597,425</u>	<u>\$ 9,320,341</u>	<u>\$ 6,094,432</u>	<u>\$ 704,621</u>

Park Improvement	Tax Increment	Tax Abatement	Equipment	Technology	Arenas Capital Reserve	Building	Totals
\$ 175,000	\$ -	\$ -	\$ 252,000	\$ -	\$ -	\$ -	\$ 1,527,000
-	320,800	-	-	-	-	-	320,800
-	-	-	-	-	-	-	119,999
-	-	-	64,316	-	-	-	64,316
-	-	-	-	-	-	8,528	732,939
-	-	-	-	-	-	-	10,248,067
-	-	-	-	-	-	-	91,751
6,848	803	-	35,416	1,084	52	30,370	856,553
4,931	577	-	25,501	780	38	21,868	616,757
-	-	-	20,566	-	10,000	11,245	107,510
25,664	-	-	2,015	-	-	411,685	443,264
<u>212,443</u>	<u>322,180</u>	<u>-</u>	<u>399,814</u>	<u>1,864</u>	<u>10,090</u>	<u>483,696</u>	<u>15,128,956</u>
-	292,369	13,125	32,485	-	-	75,072	413,051
-	-	-	456,412	-	-	213,327	669,739
-	-	-	532,394	-	-	180,604	3,832,328
184,413	-	-	176,722	-	-	98,550	2,672,158
<u>184,413</u>	<u>292,369</u>	<u>13,125</u>	<u>1,198,013</u>	<u>-</u>	<u>-</u>	<u>567,553</u>	<u>7,587,276</u>
28,030	29,811	(13,125)	(798,199)	1,864	10,090	(83,857)	7,541,680
-	-	-	107,500	-	-	145	107,645
150,000	-	-	920,000	155,000	-	-	1,225,000
-	-	-	-	-	-	-	(617,108)
-	-	-	-	-	-	-	(367,353)
-	-	-	-	-	-	-	(661,528)
-	-	-	405,495	-	-	-	405,495
-	-	-	31,000	-	-	-	25,601
<u>150,000</u>	<u>-</u>	<u>-</u>	<u>1,463,995</u>	<u>155,000</u>	<u>-</u>	<u>145</u>	<u>117,752</u>
178,030	29,811	(13,125)	665,796	156,864	10,090	(83,712)	7,659,432
<u>150,146</u>	<u>27,572</u>	<u>(415,577)</u>	<u>960,146</u>	<u>-</u>	<u>-</u>	<u>1,317,522</u>	<u>32,809,595</u>
<u>\$ 328,176</u>	<u>\$ 57,383</u>	<u>\$ (428,702)</u>	<u>\$ 1,625,942</u>	<u>\$ 156,864</u>	<u>\$ 10,090</u>	<u>\$ 1,233,810</u>	<u>\$ 40,469,027</u>

**CITY OF LAKEVILLE
COMMUNICATIONS – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 687,840	\$ 687,840	\$ 683,977	\$ (3,863)
Intergovernmental:				
State-aid PERA	516	516	516	-
Other grants	-	91,258	31,758	(59,500)
Charges for services	57,948	57,948	61,289	3,341
Interest income	3,601	3,601	19,987	16,386
Change in fair value of investments	(1,543)	(1,543)	14,391	15,934
	<u>748,362</u>	<u>839,620</u>	<u>811,918</u>	<u>(27,702)</u>
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Personnel	461,880	461,880	457,681	(4,199)
Commodities	14,900	14,900	8,171	(6,729)
Other charges and services	310,530	377,467	208,308	(169,159)
Capital outlay	59,500	59,500	25,287	(34,213)
	<u>846,810</u>	<u>913,747</u>	<u>699,447</u>	<u>(214,300)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(98,448)</u>	<u>(74,127)</u>	<u>112,471</u>	<u>186,598</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Liquor Funds	98,770	98,770	91,267	(7,503)
Utility Funds	41,472	41,472	-	(41,472)
Transfers out to:				
General Fund	(80,866)	(80,866)	(80,866)	-
	<u>59,376</u>	<u>59,376</u>	<u>10,401</u>	<u>(48,975)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (39,072)</u>	<u>\$ (14,751)</u>	<u>122,872</u>	<u>\$ 137,623</u>
FUND BALANCES				
Beginning of year			<u>930,791</u>	
End of year			<u>\$ 1,053,663</u>	

**CITY OF LAKEVILLE
ECONOMIC DEVELOPMENT – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	\$ 179	\$ 179	\$ 329	\$ 150
Change in fair value of investments	-	-	237	237
	<u>179</u>	<u>179</u>	<u>566</u>	<u>387</u>
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Other charges and services	<u>12,800</u>	<u>12,800</u>	<u>8,301</u>	<u>(4,499)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,621)</u>	<u>\$ (12,621)</u>	<u>(7,735)</u>	<u>\$ 4,886</u>
FUND BALANCE				
Beginning of year			<u>21,130</u>	
End of year			<u>\$ 13,395</u>	

**CITY OF LAKEVILLE
DOWNTOWN SPECIAL SERVICE DISTRICT – SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 13,750	\$ 13,750	\$ -	\$ (13,750)
EXPENDITURES - GENERAL GOVERNMENT				
Current:				
Personnel	10,000	10,000	-	(10,000)
Other charges and services	<u>22,680</u>	<u>22,680</u>	<u>5,967</u>	<u>(16,713)</u>
Total expenditures - general government	<u>32,680</u>	<u>32,680</u>	<u>5,967</u>	<u>(26,713)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (18,930)</u>	<u>\$ (18,930)</u>	(5,967)	<u>\$ 12,963</u>
FUND BALANCE				
Beginning of year			<u>38,496</u>	
End of year			<u>\$ 32,529</u>	

SUPPLEMENTARY INFORMATION

**CITY OF LAKEVILLE
SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS
YEAR ENDED DECEMBER 31, 2019**

	Outstanding January 1	Issued	Redeemed	Outstanding December 31
Governmental Activities:				
General obligation bonds	\$ 34,555,000	\$ -	\$ 2,445,000	\$ 32,110,000
G.O. improvement bonds	56,650,000	6,295,000	3,790,000	59,155,000
Tax increment bonds	1,010,000	-	240,000	770,000
State-aid street revenue bonds	5,235,000	-	550,000	4,685,000
G.O. water revenue bonds	7,595,000	-	365,000	7,230,000
Arena revenue bonds	170,000	-	170,000	-
HRA lease revenue bonds	6,440,000	-	360,000	6,080,000
Total governmental activity bonds	<u>111,655,000</u>	<u>6,295,000</u>	<u>7,920,000</u>	<u>110,030,000</u>
Business-type Activities:				
Liquor revenue capital lease	2,255,000	-	215,000	2,040,000
Water revenue bonds	7,030,000	730,000	395,000	7,365,000
Sewer revenue bonds	440,000	-	55,000	385,000
Street light revenue bonds	335,000	-	30,000	305,000
Total business-type activity bonds	<u>10,060,000</u>	<u>730,000</u>	<u>695,000</u>	<u>10,095,000</u>
Total bonded indebtedness	<u>\$ 121,715,000</u>	<u>\$ 7,025,000</u>	<u>\$ 8,615,000</u>	<u>\$ 120,125,000</u>

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Maturity</u>		<u>Annual Interest</u>
	<u>Date</u>	<u>Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Interest</u>
General Obligation Bonds:					
Capital Improvement Refunding Bonds of 2012 B					
(Central Maintenance Facility)	8/15/12				
Principal and interest		4.00	2/1/20	\$ 670,000	\$ 316,530
Principal and interest		4.00	2/1/21	750,000	288,150
Principal and interest (call provision date)		3.00	2/1/22	770,000	261,600
Principal and interest		3.00	2/1/23	810,000	237,900
Principal and interest		3.00	2/1/24	865,000	212,775
Principal and interest		3.00	2/1/25	930,000	185,850
Principal and interest		3.00	2/1/26	1,040,000	156,300
Principal and interest		3.00	2/1/27	1,070,000	124,650
Principal and interest		3.00	2/1/28	1,125,000	91,725
Principal and interest		3.00	2/1/29	1,200,000	56,850
Principal and interest		3.00	2/1/30	1,295,000	19,425
Total				<u>10,525,000</u>	<u>1,951,755</u>
Capital Improvement Refunding Bonds of 2014 B					
	8/20/14				
Principal and interest		5.00	2/1/20	605,000	371,988
Principal and interest		1.75	2/1/21	635,000	351,306
Principal and interest		5.00	2/1/22	640,000	329,750
Principal and interest		5.00	2/1/23	670,000	297,000
Principal and interest (call provision date)		5.00	2/1/24	700,000	262,750
Principal and interest		4.00	2/1/25	735,000	230,550
Principal and interest		4.00	2/1/26	765,000	200,550
Principal and interest		4.00	2/1/27	790,000	169,450
Principal and interest		4.00	2/1/28	815,000	139,388
Principal and interest		3.50	2/1/29	845,000	110,338
Principal and interest		3.50	2/1/30	875,000	80,238
Principal and interest		3.50	2/1/31	910,000	49,000
Principal and interest		3.50	2/1/32	945,000	16,536
Total				<u>9,930,000</u>	<u>2,608,844</u>
Street Reconstruction Refunding Bonds of 2012 B					
	8/15/12				
Principal and interest		4.00	2/1/20	805,000	184,650
Principal and interest		4.00	2/1/21	835,000	151,850
Principal and interest (call provision date)		3.00	2/1/22	850,000	122,400
Principal and interest		3.00	2/1/23	880,000	96,450
Principal and interest		3.00	2/1/24	905,000	69,675
Principal and interest		3.00	2/1/25	935,000	42,075
Principal and interest		3.00	2/1/26	935,000	14,025
Total				<u>6,145,000</u>	<u>681,125</u>

(continued)

**CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
General Obligation Bonds (continued):					
Street Reconstruction Refunding Bonds of 2014 B					
	8/20/14				
Principal and interest		5.00	2/1/20	\$ 145,000	\$ 46,988
Principal and interest		1.75	2/1/21	155,000	42,006
Principal and interest		5.00	2/1/22	160,000	36,650
Principal and interest		5.00	2/1/23	170,000	28,400
Principal and interest (call provision date)		5.00	2/1/24	175,000	19,775
Principal and interest		4.00	2/1/25	190,000	11,600
Principal and interest		4.00	2/1/26	195,000	3,900
Total				<u>1,190,000</u>	<u>189,319</u>
Street Reconstruction Bonds of 2017 A					
	9/8/17				
Principal and interest		5.00	2/1/20	130,000	60,750
Principal and interest		5.00	2/1/21	135,000	54,125
Principal and interest		5.00	2/1/22	140,000	47,250
Principal and interest		5.00	2/1/23	150,000	40,000
Principal and interest		5.00	2/1/24	155,000	32,375
Principal and interest		5.00	2/1/25	170,000	24,250
Principal and interest (call provision date)		5.00	2/1/26	175,000	15,625
Principal and interest		3.00	2/1/27	185,000	8,475
Principal and interest		3.00	2/1/28	190,000	2,850
Total				<u>1,430,000</u>	<u>285,700</u>
Street Reconstruction Refunding Bonds of 2018 B					
	8/16/18				
Principal and interest		3.00	2/1/20	220,000	108,650
Principal and interest		3.00	2/1/21	230,000	101,900
Principal and interest		3.00	2/1/22	230,000	95,000
Principal and interest		3.00	2/1/23	240,000	87,950
Principal and interest		3.00	2/1/24	250,000	80,600
Principal and interest		5.00	2/1/25	255,000	70,475
Principal and interest		5.00	2/1/26	270,000	57,350
Principal and Interest (call provision date)		5.00	2/1/27	280,000	43,600
Principal and interest		4.00	2/1/28	295,000	30,700
Principal and interest		4.00	2/1/29	305,000	18,700
Principal and interest		4.00	2/1/30	315,000	6,300
Total				<u>2,890,000</u>	<u>701,225</u>
Total General Obligation Bonds				<u>\$ 32,110,000</u>	<u>\$ 6,417,968</u>

(continued)

**CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019**

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds:					
Improvement Refunding Bonds of 2009 B					
Principal and interest	12/30/09	3.00	2/1/20	\$ 155,000	\$ 2,325
Total				<u>155,000</u>	<u>2,325</u>
Improvement Bonds of 2011 A					
Principal and interest	12/1/11	2.10	2/1/20	190,000	22,163
Principal and interest (call provision date)		2.25	2/1/21	195,000	17,974
Principal and interest		2.60	2/1/22	50,000	15,130
Principal and interest		2.60	2/1/23	50,000	13,830
Principal and interest		3.10	2/1/24	50,000	12,530
Principal and interest		3.10	2/1/25	45,000	11,183
Principal and interest		3.10	2/1/26	45,000	9,788
Principal and interest		3.10	2/1/27	45,000	8,393
Principal and interest		3.50	2/1/28	45,000	6,998
Principal and interest		3.50	2/1/29	45,000	5,513
Principal and interest		3.50	2/1/30	45,000	3,938
Principal and interest		3.50	2/1/31	45,000	2,363
Principal and interest		3.50	2/1/32	45,000	788
Total				<u>895,000</u>	<u>130,591</u>
Improvement Bonds of 2012 A					
Principal and interest	8/15/12	3.00	2/1/20	555,000	105,250
Principal and interest		3.00	2/1/21	565,000	88,450
Principal and interest (call provision date)		3.00	2/1/22	565,000	71,500
Principal and interest		4.00	2/1/23	575,000	51,525
Principal and interest		4.00	2/1/24	135,000	37,325
Principal and interest		3.00	2/1/25	130,000	32,675
Principal and interest		3.00	2/1/26	130,000	28,775
Principal and interest		3.00	2/1/27	130,000	24,875
Principal and interest		3.00	2/1/28	130,000	20,975
Principal and interest		3.00	2/1/29	130,000	17,075
Principal and interest		3.00	2/1/30	125,000	13,250
Principal and interest		3.00	2/1/31	125,000	9,500
Principal and interest		3.00	2/1/32	125,000	5,750
Principal and interest		3.10	2/1/33	125,000	1,938
Total				<u>3,545,000</u>	<u>508,863</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Maturity</u>		<u>Annual Interest</u>
			<u>Date</u>	<u>Amount</u>	
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2013 A					
	8/15/13				
Principal and interest		2.00	2/1/20	\$ 375,000	\$ 81,800
Principal and interest		2.25	2/1/21	380,000	73,775
Principal and interest		2.50	2/1/22	380,000	64,750
Principal and interest (call provision date)		2.75	2/1/23	385,000	54,706
Principal and interest		2.75	2/1/24	395,000	43,981
Principal and interest		3.50	2/1/25	100,000	36,800
Principal and interest		3.50	2/1/26	100,000	33,300
Principal and interest		3.50	2/1/27	100,000	29,800
Principal and interest		3.75	2/1/28	100,000	26,175
Principal and interest		3.75	2/1/29	100,000	22,425
Principal and interest		3.75	2/1/30	100,000	18,675
Principal and interest		4.00	2/1/31	105,000	14,700
Principal and interest		4.00	2/1/32	105,000	10,500
Principal and interest		4.00	2/1/33	105,000	6,300
Principal and interest		4.00	2/1/34	105,000	2,100
Total				<u>2,935,000</u>	<u>519,787</u>
Improvement Bonds of 2014 A					
	8/20/14				
Principal and interest		3.00	2/1/20	710,000	198,275
Principal and interest		3.00	2/1/21	730,000	176,675
Principal and interest		4.00	2/1/22	745,000	150,825
Principal and interest		4.00	2/1/23	775,000	120,425
Principal and interest (call provision date)		4.00	2/1/24	800,000	88,925
Principal and interest		4.00	2/1/25	825,000	56,425
Principal and interest		3.00	2/1/26	120,000	38,125
Principal and interest		3.00	2/1/27	120,000	34,525
Principal and interest		3.50	2/1/28	120,000	30,625
Principal and interest		3.50	2/1/29	120,000	26,425
Principal and interest		3.50	2/1/30	120,000	22,225
Principal and interest		3.50	2/1/31	115,000	18,113
Principal and interest		3.50	2/1/32	115,000	14,088
Principal and interest		3.50	2/1/33	115,000	10,063
Principal and interest		3.50	2/1/34	115,000	6,038
Principal and interest		3.50	2/1/35	115,000	2,013
Total				<u>5,760,000</u>	<u>993,790</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Maturity</u>		<u>Annual Interest</u>
	<u>Date</u>	<u>Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Interest</u>
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2015 A					
	8/20/15				
Principal and interest		1.75	2/1/20	\$ 505,000	\$ 385,469
Principal and interest		5.00	2/1/21	510,000	368,300
Principal and interest		5.00	2/1/22	530,000	342,300
Principal and interest		5.00	2/1/23	545,000	315,425
Principal and interest		2.50	2/1/24	570,000	294,675
Principal and interest (call provision date)		5.00	2/1/25	580,000	273,050
Principal and interest		5.00	2/1/26	605,000	243,425
Principal and interest		4.00	2/1/27	580,000	216,700
Principal and interest		4.00	2/1/28	590,000	193,300
Principal and interest		3.00	2/1/29	610,000	172,350
Principal and interest		3.13	2/1/30	630,000	153,356
Principal and interest		3.25	2/1/31	640,000	133,113
Principal and interest		3.38	2/1/32	655,000	111,659
Principal and interest		3.38	2/1/33	675,000	89,216
Principal and interest		3.50	2/1/34	690,000	65,750
Principal and interest		3.50	2/1/35	705,000	41,338
Principal and interest		4.00	2/1/36	725,000	14,500
Total				<u>10,345,000</u>	<u>3,413,926</u>
Improvement Bonds of 2016 B					
	7/21/16				
Principal and interest		5.00	2/1/20	825,000	445,969
Principal and interest		1.50	2/1/21	855,000	418,931
Principal and interest		2.00	2/1/22	855,000	403,969
Principal and interest		5.00	2/1/23	860,000	373,919
Principal and interest		5.00	2/1/24	890,000	330,169
Principal and interest (call provision date)		5.00	2/1/25	920,000	284,919
Principal and interest		3.00	2/1/26	950,000	247,669
Principal and interest		2.00	2/1/27	970,000	223,719
Principal and interest		2.00	2/1/28	970,000	204,319
Principal and interest		3.00	2/1/29	980,000	179,919
Principal and interest		3.00	2/1/30	995,000	150,294
Principal and interest		3.00	2/1/31	1,010,000	120,219
Principal and interest		3.00	2/1/32	1,035,000	89,544
Principal and interest		3.00	2/1/33	1,045,000	58,344
Principal and interest		3.13	2/1/34	570,000	33,762
Principal and interest		3.13	2/1/35	265,000	20,715
Principal and interest		3.25	2/1/36	255,000	12,431
Principal and interest		3.25	2/1/37	255,000	4,144
Total				<u>14,505,000</u>	<u>3,602,955</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Improvement Bonds (continued):					
Improvement Bonds of 2017 A					
	9/7/17				
Principal and interest		5.00	2/1/20	\$ 580,000	\$ 287,431
Principal and interest		5.00	2/1/21	600,000	257,931
Principal and interest		5.00	2/1/22	625,000	227,306
Principal and interest		5.00	2/1/23	645,000	195,556
Principal and interest		5.00	2/1/24	670,000	162,681
Principal and interest		5.00	2/1/25	695,000	128,556
Principal and interest (call provision date)		5.00	2/1/26	720,000	93,181
Principal and interest		3.00	2/1/27	745,000	64,006
Principal and interest		3.00	2/1/28	765,000	41,356
Principal and interest		3.00	2/1/29	110,000	28,231
Principal and interest		3.00	2/1/30	110,000	24,931
Principal and interest		3.00	2/1/31	105,000	21,706
Principal and interest		3.00	2/1/32	105,000	18,556
Principal and interest		3.00	2/1/33	100,000	15,481
Principal and interest		3.00	2/1/34	95,000	12,556
Principal and interest		3.00	2/1/35	95,000	9,706
Principal and interest		3.125	2/1/36	90,000	6,875
Principal and interest		3.125	2/1/37	90,000	4,063
Total		3.125	2/1/38	<u>85,000</u>	<u>1,332</u>
				<u>7,030,000</u>	<u>1,601,441</u>
Improvement Bonds of 2018 A					
	7/25/18				
Principal and interest		5.00	2/1/20	690,000	314,550
Principal and interest		5.00	2/1/21	700,000	279,800
Principal and interest		5.00	2/1/22	715,000	244,425
Principal and interest		5.00	2/1/23	740,000	217,300
Principal and interest		5.00	2/1/24	745,000	189,425
Principal and interest		5.00	2/1/25	770,000	151,550
Principal and interest		5.00	2/1/26	795,000	112,425
Principal and interest (call provision date)		3.00	2/1/27	825,000	71,925
Principal and interest		3.00	2/1/28	855,000	38,475
Principal and interest		3.00	2/1/29	855,000	12,825
Total				<u>7,690,000</u>	<u>1,632,700</u>
Improvement Bonds of 2019 A					
	7/24/19				
Principal and interest		5.00	2/1/20	-	306,700
Principal and interest		5.00	2/1/21	575,000	286,475
Principal and interest		5.00	2/1/22	575,000	257,725
Principal and interest		5.00	2/1/23	585,000	228,725
Principal and interest		5.00	2/1/24	600,000	199,100
Principal and interest		5.00	2/1/25	615,000	168,725
Principal and interest		5.00	2/1/26	635,000	137,475
Principal and interest		5.00	2/1/27	655,000	105,225
Principal and interest (call provision date)		5.00	2/1/28	665,000	72,225
Principal and interest		4.00	2/1/29	690,000	41,800
Principal and interest		4.00	2/1/30	700,000	14,000
				<u>6,295,000</u>	<u>1,818,175</u>
Total G.O. Improvement Bonds				<u><u>\$ 59,155,000</u></u>	<u><u>\$ 14,224,553</u></u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
State-aid Street Revenue Bonds:					
State-aid Street Refunding Bonds of 2010 A					
Principal and interest	1/1/10	4.00	4/1/20	\$ 305,000	\$ 6,100
Total				<u>305,000</u>	<u>6,100</u>
State-aid Street Refunding Bonds of 2011 B					
Principal and interest	12/1/11	2.15	4/1/20	75,000	2,526
Principal and interest		2.15	4/1/21	80,000	860
Total				<u>155,000</u>	<u>3,386</u>
State-aid Street Bonds of 2015 A					
Principal and interest	8/20/15	1.75	4/1/20	180,000	156,719
Principal and interest		5.00	4/1/21	185,000	150,519
Principal and interest		5.00	4/1/22	190,000	141,144
Principal and interest		5.00	4/1/23	200,000	131,394
Principal and interest		2.50	4/1/24	210,000	123,769
Principal and interest (call provision date)		5.00	4/1/25	215,000	115,769
Principal and interest		5.00	4/1/26	230,000	104,644
Principal and interest		4.00	4/1/27	240,000	94,094
Principal and interest		4.00	4/1/28	250,000	84,294
Principal and interest		3.00	4/1/29	260,000	75,394
Principal and interest		3.13	4/1/30	265,000	67,353
Principal and interest		3.25	4/1/31	275,000	58,744
Principal and interest		3.38	4/1/32	285,000	49,466
Principal and interest		3.38	4/1/33	295,000	39,678
Principal and interest		3.50	4/1/34	305,000	29,363
Principal and interest		3.50	4/1/35	315,000	18,513
Principal and interest		4.00	4/1/36	325,000	6,500
Total				<u>4,225,000</u>	<u>1,447,357</u>
Total State-aid Street Revenue Bonds				<u>\$ 4,685,000</u>	<u>\$ 1,456,843</u>
HRA Lease Revenue Bonds:					
HRA Ice Arena Lease Revenue Refunding Bonds of 2016					
Principal and interest	9/22/16	3.00	2/1/20	\$ 370,000	\$ 208,650
Principal and interest		3.00	2/1/21	385,000	197,325
Principal and interest		3.00	2/1/22	405,000	185,475
Principal and interest		3.00	2/1/23	420,000	173,100
Principal and interest		3.00	2/1/24	425,000	160,425
Principal and interest		3.00	2/1/25	440,000	147,450
Principal and interest (call provision date)		3.00	2/1/26	455,000	134,025
Principal and interest		4.00	2/1/27	475,000	117,700
Principal and interest		4.00	2/1/28	490,000	98,400
Principal and interest		4.00	2/1/29	515,000	78,300
Principal and interest		4.00	2/1/30	540,000	57,200
Principal and interest		4.00	2/1/31	565,000	35,100
Principal and interest		4.00	2/1/32	595,000	11,900
Total				<u>6,080,000</u>	<u>1,605,050</u>
Total HRA Lease Revenue Bonds				<u>\$ 6,080,000</u>	<u>\$ 1,605,050</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
G.O. Water Revenue Bonds:					
G.O. Water Revenue Bonds of 2016 A					
	2/25/16				
Principal and interest		5.00	2/1/20	\$ 380,000	\$ 230,700
Principal and interest		5.00	2/1/21	400,000	211,187
Principal and interest		5.00	2/1/22	420,000	190,700
Principal and interest		5.00	2/1/23	440,000	169,200
Principal and interest (call provision date)		5.00	2/1/24	465,000	146,575
Principal and interest		5.00	2/1/25	490,000	130,050
Principal and interest		2.00	2/1/26	495,000	120,200
Principal and interest		2.00	2/1/27	475,000	110,500
Principal and interest		2.125	2/1/28	480,000	100,650
Principal and interest		3.00	2/1/29	495,000	88,125
Principal and interest		3.00	2/1/30	505,000	73,125
Principal and interest		3.00	2/1/31	520,000	57,750
Principal and interest		3.00	2/1/32	540,000	41,850
Principal and interest		3.00	2/1/33	555,000	25,425
Principal and interest		3.00	2/1/34	570,000	8,550
Total				<u>7,230,000</u>	<u>1,704,587</u>
Total Water Revenue Bonds				<u>\$ 7,230,000</u>	<u>\$ 1,704,587</u>
Tax Increment Refunding					
Bonds of 2007 A					
Principal and interest		4.125	2/1/20	\$ 245,000	\$ 26,908
Principal and interest		4.125	2/1/21	260,000	16,493
Principal and interest		4.20	2/1/22	265,000	5,565
Total Tax Increment Bonds				<u>770,000</u>	<u>48,966</u>
Total Governmental Activity Bonds				<u>\$ 110,030,000</u>	<u>\$ 25,457,967</u>
Business-Type Activity Bonds:					
Water Revenue Bonds of 2016 B					
	7/21/16				
Principal and interest		5.00	2/1/20	\$ 365,000	\$ 169,588
Principal and interest		5.00	2/1/21	380,000	157,613
Principal and interest		5.00	2/1/22	385,000	150,913
Principal and interest		5.00	2/1/23	390,000	137,313
Principal and interest		5.00	2/1/24	410,000	117,313
Principal and interest (call provision date)		5.00	2/1/25	430,000	96,313
Principal and interest		5.00	2/1/26	450,000	78,813
Principal and interest		5.00	2/1/27	310,000	68,963
Principal and interest		5.00	2/1/28	315,000	62,713
Principal and interest		5.00	2/1/29	325,000	54,688
Principal and interest		5.00	2/1/30	335,000	44,788
Principal and interest		5.00	2/1/31	345,000	34,588
Principal and interest		5.00	2/1/32	355,000	24,088
Principal and interest		5.00	2/1/33	365,000	13,288
Principal and interest		5.00	2/1/34	250,000	3,905
Total				<u>5,410,000</u>	<u>1,214,887</u>
Sewer Revenue Bonds of 2016 B					
	7/21/16				
Principal and interest		5.00	2/1/20	60,000	13,700
Principal and interest		5.00	2/1/21	60,000	11,750
Principal and interest		5.00	2/1/22	65,000	10,650
Principal and interest		5.00	2/1/23	65,000	8,375
Principal and interest		5.00	2/1/24	65,000	5,125
Principal and interest (call provision date)		5.00	2/1/25	70,000	1,750
Total				<u>385,000</u>	<u>51,350</u>

(continued)

CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019

	Issue Date	Interest Rate	Principal Maturity		Annual Interest
			Date	Amount	
Business-Type Activity Bonds (continued):					
Lease Revenue Liquor Enterprise Refunding Bonds of 2017 (Galaxie Store)					
Principal and interest		2.00	2/1/20	\$ 230,000	\$ 54,200
Principal and interest		2.00	2/1/21	240,000	49,500
Principal and interest		3.00	2/1/22	245,000	43,425
Principal and interest		3.00	2/1/23	250,000	36,000
Principal and interest		3.00	2/1/24	260,000	28,350
Principal and Interest (call provision date)		3.00	2/1/25	265,000	20,475
Principal and interest		3.00	2/1/26	270,000	12,450
Principal and interest		3.00	2/1/27	280,000	4,200
Total				<u>2,040,000</u>	<u>248,600</u>
Water Improvement Bonds of 2017 A					
	9/7/17				
Principal and interest		5.00	2/1/20	70,000	33,150
Principal and interest		5.00	2/1/21	75,000	29,525
Principal and interest		5.00	2/1/22	80,000	25,650
Principal and interest		5.00	2/1/23	80,000	21,650
Principal and interest		5.00	2/1/24	85,000	17,525
Principal and interest		5.00	2/1/25	90,000	13,150
Principal and interest (call provision date)		5.00	2/1/26	95,000	8,525
Principal and interest		3.00	2/1/27	100,000	4,650
Principal and interest		3.00	2/1/28	105,000	1,574
Total				<u>780,000</u>	<u>155,399</u>
Street Lights Improvement Bonds of 2017 A					
	9/7/17				
Principal and interest		5.00	2/1/20	35,000	14,375
Principal and interest		5.00	2/1/21	40,000	12,500
Principal and interest		5.00	2/1/22	40,000	10,500
Principal and interest		5.00	2/1/23	45,000	8,375
Principal and interest		5.00	2/1/24	45,000	6,125
Principal and interest		5.00	2/1/25	50,000	3,750
Principal and interest		5.00	2/1/26	50,000	1,249
Total				<u>305,000</u>	<u>56,874</u>
Water Improvement Bonds of 2018 A					
	7/25/18				
Principal and interest		5.00	2/1/20	35,000	18,275
Principal and interest		5.00	2/1/21	40,000	16,400
Principal and interest		5.00	2/1/22	40,000	14,400
Principal and interest		5.00	2/1/23	40,000	12,900
Principal and interest		5.00	2/1/24	45,000	11,275
Principal and interest		5.00	2/1/25	45,000	9,025
Principal and interest		5.00	2/1/26	45,000	6,775
Principal and interest (call provision date)		5.00	2/1/27	50,000	4,400
Principal and interest		3.00	2/1/28	50,000	2,400
Principal and interest		3.00	2/1/29	55,000	824
Total				<u>445,000</u>	<u>96,674</u>

(continued)

**CITY OF LAKEVILLE
SCHEDULE OF BONDED INDEBTEDNESS AND ANNUAL INTEREST PAYABLE
DECEMBER 31, 2019**

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Maturity</u>		<u>Annual Interest</u>
			<u>Date</u>	<u>Amount</u>	
Business-Type Activity Bonds (continued)					
Water Improvement Bonds of 2019 A					
	7/24/19				
Principal and interest		5.00	2/1/20	\$ -	\$ 35,425
Principal and interest		5.00	2/1/21	60,000	33,250
Principal and interest		5.00	2/1/22	60,000	30,249
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	1,799
				<u>730,000</u>	<u>216,398</u>
Total Business-Type Bonds				<u>\$ 10,095,000</u>	<u>\$ 2,040,182</u>
Total Bonded Indebtedness and Annual Interest Payable				<u>\$ 120,125,000</u>	<u>\$ 27,498,149</u>

**CITY OF LAKEVILLE
COMBINED SCHEDULE OF BONDED INDEBTEDNESS
DECEMBER 31, 2019**

	Interest Rates %	Issue Date	Call Date	Maturity Date
Governmental Activities:				
General Obligation Bonds:				
Capital Improvement Refunding Bonds of 2012 B	2.00 - 4.00	8/15/12	2/1/22	2/1/30
Capital Improvement Refunding Bonds of 2014 B	1.75 - 5.00	8/20/14	2/1/24	2/1/32
Street Reconstruction Refunding Bonds of 2012 B	2.00 - 4.00	8/15/12	2/1/22	2/1/26
Street Reconstruction Refunding Bonds of 2014 B	1.75 - 5.00	8/20/14	2/1/24	2/1/26
Street Reconstruction Refunding Bonds of 2017 A	3.00 - 5.00	9/7/17	2/1/26	2/1/28
Street Reconstruction Refunding Bonds of 2018 B	3.00 - 5.00	8/16/18	2/1/27	2/1/30
Total General Obligation Bonds				
G.O. Improvement Bonds:				
Improvement Bonds of 2008 A	2.70 - 3.75	10/1/08	N/A	2/1/19
Improvement Refunding Bonds of 2009 B	2.00 - 3.00	12/30/09	N/A	2/1/20
Improvement Bonds of 2011 A	0.50 - 3.50	12/1/11	2/1/21	2/1/32
Improvement Bonds of 2012 A	2.00 - 4.00	8/15/12	2/1/22	2/1/33
Improvement Bonds of 2013 A	2.00 - 4.00	8/15/13	2/1/23	2/1/34
Improvement Bonds of 2014 A	2.00 - 3.50	8/20/14	2/1/24	2/1/35
Improvement Bonds of 2015 A	1.75 - 5.00	8/20/15	2/1/25	2/1/36
Improvement Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/37
Improvement Bonds of 2017 A	3.00 - 5.00	7/17/07	2/1/26	2/1/38
Improvement Bonds of 2018 A	3.00 - 5.00	7/25/18	2/1/27	2/1/29
Improvement Bonds of 2019 A	4.00 - 5.00	7/24/19	2/1/28	2/1/30
Total G.O. Improvement Bonds				
Tax Increment Bonds:				
Tax-Increment Refunding Bonds of 2007 A	4.00 - 4.20	2/1/07	2/1/16	2/1/22
Total Tax-Increment Bonds				
State-aid Street Revenue Bonds:				
State-aid Street Refunding Bonds of 2010 A	2.00 - 4.00	1/1/10	N/A	4/1/20
State-aid Street Refunding Bonds of 2011 B	0.50 - 2.15	12/1/11	N/A	4/1/21
State-aid Street Bonds of 2015 A	1.75 - 5.00	8/20/15	2/1/25	2/1/36
Total State-aid Street Revenue Bonds				
Water Revenue Bonds:				
G.O. Water Revenue Bonds of 2016 A	2.00 - 5.00	2/25/16	2/1/24	2/1/34
Total Water Revenue Bonds				
Arena Revenue Bonds:				
Gross Revenue Recreation Facility Bonds of 1999	5.30 - 5.40	4/1/99	N/A	8/1/19
Total Arena Revenue Bonds				
HRA Lease Revenue Bonds:				
HRA Ice Arena Lease Revenue Bonds of 2016	2.00 - 4.00	9/22/16	2/1/26	2/1/32
Total HRA Lease Revenue Bonds				
Total Governmental Activity Bonds				
Business-type Activity:				
Lease Revenue Liquor Bonds of 2017	2.00 - 3.00	11/8/17	2/1/25	2/1/27
Water Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/34
Sewer Revenue Bonds of 2016 B	1.50 - 5.00	7/21/16	2/1/25	2/1/25
Water Revenue Bonds of 2017 A	3.00 - 5.00	9/7/17	2/1/26	2/1/28
Street Lights Revenue Bonds of 2017 A	5.00	9/7/17	n/a	2/1/26
Water Revenue Bonds of 2018 A	2.50 - 5.00	7/25/18	2/1/27	2/1/29
Water Revenue Bonds of 2019 A	4.00 - 5.00	7/24/19	2/1/28	2/1/30
Total Business-type Activity Bonds				
Total Bonded Indebtedness				

Bonds				Due in 2020	
Authorized	Issued	Retired	Outstanding	Principal	Interest
\$ 12,765,000	\$ 12,765,000	\$ 2,240,000	\$ 10,525,000	\$ 670,000	\$ 316,550
11,065,000	11,065,000	1,135,000	9,930,000	605,000	371,988
9,685,000	9,685,000	3,540,000	6,145,000	805,000	184,650
1,595,000	1,595,000	405,000	1,190,000	145,000	46,988
1,530,000	1,530,000	100,000	1,430,000	130,000	60,750
3,115,000	3,115,000	225,000	2,890,000	220,000	108,650
<u>39,755,000</u>	<u>39,755,000</u>	<u>7,645,000</u>	<u>32,110,000</u>	<u>2,575,000</u>	<u>1,089,576</u>
620,000	620,000	620,000	-	-	-
4,250,000	4,250,000	4,095,000	155,000	155,000	2,325
2,385,000	2,385,000	1,490,000	895,000	190,000	22,163
6,805,000	6,805,000	3,260,000	3,545,000	555,000	105,250
4,685,000	4,685,000	1,750,000	2,935,000	375,000	81,800
8,520,000	8,520,000	2,760,000	5,760,000	710,000	198,275
11,815,000	11,815,000	1,470,000	10,345,000	505,000	385,469
15,680,000	15,680,000	1,175,000	14,505,000	825,000	445,969
7,465,000	7,465,000	435,000	7,030,000	580,000	287,431
7,690,000	7,690,000	-	7,690,000	690,000	314,550
6,295,000	6,295,000	-	6,295,000	-	306,700
<u>76,210,000</u>	<u>76,210,000</u>	<u>17,055,000</u>	<u>59,155,000</u>	<u>4,585,000</u>	<u>2,149,932</u>
2,265,000	2,265,000	1,495,000	770,000	245,000	26,908
<u>2,265,000</u>	<u>2,265,000</u>	<u>1,495,000</u>	<u>770,000</u>	<u>245,000</u>	<u>26,908</u>
2,680,000	2,680,000	2,375,000	305,000	305,000	6,100
665,000	665,000	510,000	155,000	75,000	2,526
4,730,000	4,730,000	505,000	4,225,000	180,000	156,719
<u>8,075,000</u>	<u>8,075,000</u>	<u>3,390,000</u>	<u>4,685,000</u>	<u>560,000</u>	<u>165,345</u>
8,280,000	8,280,000	1,050,000	7,230,000	380,000	230,700
<u>8,280,000</u>	<u>8,280,000</u>	<u>1,050,000</u>	<u>7,230,000</u>	<u>380,000</u>	<u>230,700</u>
1,250,000	1,250,000	1,250,000	-	-	-
<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,115,000	7,115,000	1,035,000	6,080,000	370,000	208,650
<u>7,115,000</u>	<u>7,115,000</u>	<u>1,035,000</u>	<u>6,080,000</u>	<u>370,000</u>	<u>208,650</u>
<u>142,950,000</u>	<u>142,950,000</u>	<u>32,920,000</u>	<u>110,030,000</u>	<u>8,715,000</u>	<u>3,871,111</u>
2,255,000	2,255,000	215,000	2,040,000	230,000	54,200
6,075,000	6,075,000	665,000	5,410,000	365,000	169,588
495,000	495,000	110,000	385,000	60,000	13,700
835,000	835,000	55,000	780,000	70,000	33,150
335,000	335,000	30,000	305,000	35,000	14,375
445,000	445,000	-	445,000	35,000	18,275
730,000	730,000	-	730,000	-	35,426
<u>11,170,000</u>	<u>11,170,000</u>	<u>1,075,000</u>	<u>10,095,000</u>	<u>795,000</u>	<u>338,714</u>
<u>\$ 154,120,000</u>	<u>\$ 154,120,000</u>	<u>\$ 33,995,000</u>	<u>\$ 120,125,000</u>	<u>\$ 9,510,000</u>	<u>\$ 4,209,825</u>

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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	139
<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	151
<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	157
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<i>Ratio of Total Debt by Type</i>	
<i>Ratio of Net Bonded Debt Outstanding</i>	
<i>Direct and Overlapping Governmental Debt</i>	
<i>Legal Debt Margin</i>	
<i>Pledged Revenue Coverage</i>	
Demographic and Economic Information	161
<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	164
<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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 119,249,751	\$ 120,485,858	\$ 125,051,058	\$ 129,599,494
Restricted	10,027,737	16,474,815	17,403,167	17,645,944
Unrestricted	<u>2,324,315</u>	<u>(5,970,712)</u>	<u>(1,923,495)</u>	<u>2,511,935</u>
Total Governmental Activities Net Position	<u>\$ 131,601,803</u>	<u>\$ 130,989,961</u>	<u>\$ 140,530,730</u>	<u>\$ 149,757,373</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 101,893,442	\$ 100,390,175	\$ 102,009,893	\$ 105,055,746
Restricted	295,133	325,750	325,750	324,125
Unrestricted	<u>16,363,211</u>	<u>16,666,856</u>	<u>15,658,140</u>	<u>13,704,281</u>
Total Business-Type Activities Net Position	<u>\$ 118,551,786</u>	<u>\$ 117,382,781</u>	<u>\$ 117,993,783</u>	<u>\$ 119,084,152</u>
Primary Government:				
Net Investment in Capital Assets	\$ 221,143,193	\$ 220,876,033	\$ 227,060,951	\$ 234,655,240
Restricted	10,322,870	16,800,565	17,728,917	17,970,069
Unrestricted	<u>18,687,526</u>	<u>10,696,144</u>	<u>13,734,645</u>	<u>16,216,216</u>
Total Primary Government Net Position	<u>\$ 250,153,589</u>	<u>\$ 248,372,742</u>	<u>\$ 258,524,513</u>	<u>\$ 268,841,525</u>

(1)

Notes:

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

2014	2015	2016	2017	2018	2019
\$ 135,673,737	\$ 141,868,136	\$ 149,196,480	\$ 144,581,700	\$ 142,300,205	\$ 154,468,792
19,913,014	33,860,946	35,860,604	46,683,603	45,267,313	56,356,434
5,874,237	(4,929,168)	4,277,626	6,036,382	15,427,439	24,178,084
<u>\$ 161,460,988</u>	<u>\$ 170,799,914</u>	<u>\$ 189,334,710</u>	<u>\$ 197,301,685</u>	<u>\$ 202,994,957</u>	<u>\$ 235,003,310</u>
\$ 109,535,106	\$ 116,288,771	\$ 129,086,090	\$ 135,324,120	\$ 138,725,763	\$ 143,501,608
324,125	323,875	323,875	323,875	-	-
11,318,290	8,420,410	9,757,400	10,791,344	13,878,208	15,142,309
<u>\$ 121,177,521</u>	<u>\$ 125,033,056</u>	<u>\$ 139,167,365</u>	<u>\$ 146,439,339</u>	<u>\$ 152,603,971</u>	<u>\$ 158,643,917</u>
\$ 245,208,843	\$ 258,156,907	\$ 278,282,570	\$ 279,905,820	\$ 281,025,968	\$ 297,970,400
20,237,139	34,184,821	36,184,479	47,007,478	45,267,313	56,356,434
17,192,527	3,491,242	14,035,026	16,827,726	29,305,647	39,320,393
<u>\$ 282,638,509</u>	<u>\$ 295,832,970</u>	<u>\$ 328,502,075</u>	<u>\$ 343,741,024</u>	<u>\$ 355,598,928</u>	<u>\$ 393,647,227</u>
	(2)			(3)	(4)

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

	2010	2011	2012	2013
Expenses:				
General government	\$ 5,248,677	\$ 5,134,169	\$ 5,258,319	\$ 5,363,354
Public safety	10,858,447	11,068,287	11,202,018	11,784,109
Public works	12,197,868	13,778,800	10,849,213	11,241,434
Parks and recreation	4,775,015	4,796,035	4,780,666	5,154,919
Interest on long-term debt	3,740,076	4,383,684	3,496,878	3,864,333
Total expenses	<u>36,820,083</u>	<u>39,160,975</u>	<u>35,587,094</u>	<u>37,408,149</u>
Program Revenues:				
Charges for Services:				
General government	1,834,856	2,108,396	2,736,653	3,061,568
Public safety	654,226	746,207	714,587	686,130
Public works	1,967,309	2,313,334	3,588,062	4,481,445
Parks and recreation	1,555,560	1,299,364	2,087,640	2,231,757
Operating Grants and Contributions				
General government	42,661	37,970	40,359	60,076
Public safety	846,553	649,253	698,949	902,783
Public works	1,399,661	1,451,359	1,396,560	1,295,018
Parks and recreation	30,144	160,852	100,315	59,653
Capital Grants and Contributions				
General government	-	-	91,735	195,693
Public safety	21,576	26,325	19,530	-
Public works	3,025,905	2,906,106	5,569,732	6,350,827
Parks and recreation	267,360	297,245	370,237	1,296,764
Total program revenues	<u>11,645,811</u>	<u>11,996,411</u>	<u>17,414,359</u>	<u>20,621,714</u>
Net Revenue (Expense):				
General government	(3,371,160)	(2,987,803)	(2,389,572)	(2,046,017)
Public safety	(9,336,092)	(9,646,502)	(9,768,952)	(10,195,196)
Public works	(5,804,993)	(7,108,001)	(294,859)	885,856
Parks and recreation	(2,921,951)	(3,038,574)	(2,222,474)	(1,566,745)
Interest on long-term debt	(3,740,076)	(4,383,684)	(3,496,878)	(3,864,333)
Total net (expense) revenue	<u>(25,174,272)</u>	<u>(27,164,564)</u>	<u>(18,172,735)</u>	<u>(16,786,435)</u>
General Revenues and Other Changes in Net Position:				
Property taxes	24,369,009	24,207,406	24,221,741	23,947,968
Investment earnings (charges)	340,336	280,364	176,409	(28,949)
Gain on sale of capital assets	-	-	214,004	-
Transfers in (out)	613,780	2,692,671	3,101,350	2,094,059
Total general revenues and other (net)	<u>25,323,125</u>	<u>27,180,441</u>	<u>27,713,504</u>	<u>26,013,078</u>
Change in Net Position:				
Governmental Activities	<u>\$ 148,853</u>	<u>\$ 15,877</u>	<u>\$ 9,540,769</u>	<u>\$ 9,226,643</u>

(1)

Notes:

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

	2014	2015	2016	2017	2018	2019
\$	6,051,985	\$ 5,893,261	\$ 8,028,316	\$ 4,579,478	\$ 7,203,308	\$ 7,902,490
	11,807,183	12,236,411	16,369,670	14,250,572	14,141,045	14,927,426
	14,776,390	15,365,976	17,711,240	18,944,454	22,336,416	21,015,480
	5,202,168	5,762,890	5,626,149	6,645,057	6,661,852	7,178,164
	3,665,421	3,296,665	3,930,168	3,268,426	3,468,814	3,332,465
	<u>41,503,147</u>	<u>42,555,203</u>	<u>51,665,543</u>	<u>47,687,987</u>	<u>53,811,435</u>	<u>54,356,025</u>
	3,219,644	3,730,342	4,094,298	4,348,910	5,584,036	6,506,302
	660,910	926,168	954,395	934,444	1,059,236	838,664
	5,280,338	8,311,017	8,401,512	7,081,317	6,792,249	9,166,886
	2,808,885	3,699,025	3,685,202	2,369,615	2,455,851	4,098,580
	5,399	7,132	772,998	68,095	23,772	97,964
	825,434	980,310	989,342	1,061,252	1,149,691	1,168,857
	3,665,373	4,145,806	4,942,834	1,382,380	4,313,934	3,142,430
	66,575	186,118	91,869	55,300	11,422	204,737
	2,762,609	77,006	138,593	62,101	61,193	116,750
	-	-	8,500	-	-	-
	6,892,230	12,702,266	23,604,519	13,018,689	9,183,039	21,234,628
	436,107	1,004,480	2,932,612	182,387	194,327	112,725
	<u>26,623,504</u>	<u>35,769,670</u>	<u>50,616,674</u>	<u>30,564,490</u>	<u>30,828,750</u>	<u>46,688,523</u>
	(64,333)	(2,078,781)	(3,022,427)	(100,372)	(1,534,307)	(1,181,474)
	(10,320,839)	(10,329,933)	(14,417,433)	(12,254,876)	(11,932,118)	(12,919,905)
	1,061,551	9,793,113	19,237,625	2,537,932	(2,047,194)	12,528,464
	(1,890,601)	(873,267)	1,083,534	(4,037,755)	(4,000,252)	(2,762,122)
	(3,665,421)	(3,296,665)	(3,930,168)	(3,268,426)	(3,468,814)	(3,332,465)
	<u>(14,879,643)</u>	<u>(6,785,533)</u>	<u>(1,048,869)</u>	<u>(17,123,497)</u>	<u>(22,982,685)</u>	<u>(7,667,502)</u>
	24,465,333	25,338,778	26,173,822	27,317,169	28,641,302	30,897,445
	552,444	368,232	388,672	597,513	907,138	2,769,074
	-	-	-	-	-	-
	1,565,481	(1,549,881)	(6,978,829)	(2,824,210)	(492,418)	1,162,124
	<u>26,583,258</u>	<u>24,157,129</u>	<u>19,583,665</u>	<u>25,090,472</u>	<u>29,056,022</u>	<u>34,828,643</u>
\$	<u>11,703,615</u>	<u>\$ 17,371,596</u>	<u>\$ 18,534,796</u>	<u>\$ 7,966,975</u>	<u>\$ 6,073,337</u>	<u>\$ 27,161,141</u>
		(2)			(3)	(4)

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

	2010	2011	2012	2013
Expenses:				
Liquor	\$ 13,575,521	\$ 13,265,645	\$ 13,773,286	\$ 13,906,263
Utility	9,903,296	10,401,650	10,365,651	10,863,625
Total expenses	<u>23,478,817</u>	<u>23,667,295</u>	<u>24,138,937</u>	<u>24,769,888</u>
Program Revenues:				
Charges for Services:				
Liquor	14,763,552	14,373,261	15,220,064	15,381,124
Utility	7,432,391	8,866,345	9,542,284	9,126,838
Operating Grants and Contributions				
Liquor	3,762	3,762	3,762	3,762
Utility	3,264	59,707	103,525	69,968
Capital Grants and Contributions				
Liquor	17,050	-	-	-
Utility	999,716	1,129,764	2,903,043	3,414,738
Total program revenues	<u>23,219,735</u>	<u>24,432,839</u>	<u>27,772,678</u>	<u>27,996,430</u>
Net Revenue (Expense):				
Liquor	1,208,843	1,111,378	1,450,540	1,478,623
Utility	(1,467,925)	(345,834)	2,183,201	1,747,919
Total net (expense) revenue	<u>(259,082)</u>	<u>765,544</u>	<u>3,633,741</u>	<u>3,226,542</u>
General Revenues and Other Changes in Net Position:				
Investment income (charges)	150,632	130,403	78,611	(42,114)
Disposal of capital assets	-	-	-	-
Transfers in (out)	(613,780)	(2,692,671)	(3,101,350)	(2,094,059)
Total general revenues and other (net)	<u>(463,148)</u>	<u>(2,562,268)</u>	<u>(3,022,739)</u>	<u>(2,136,173)</u>
Change in Net Position:				
Business-type Activities	<u>\$ (722,230)</u>	<u>\$ (1,796,724)</u>	<u>\$ 611,002</u>	<u>\$ 1,090,369</u>
		(1)		

Notes:

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

2014	2015	2016	2017	2018	2019
\$ 13,577,019	\$ 12,852,980	\$ 13,268,419	\$ 13,638,043	\$ 14,234,337	\$ 15,267,133
11,462,552	11,946,778	13,558,839	14,138,885	14,815,914	16,386,516
<u>25,039,571</u>	<u>24,799,758</u>	<u>26,827,258</u>	<u>27,776,928</u>	<u>29,050,251</u>	<u>31,653,649</u>
14,883,858	13,611,294	14,130,830	14,583,514	15,276,433	16,288,986
9,296,118	9,216,463	10,692,185	12,585,450	13,613,145	14,215,952
3,762	3,762	3,762	6,716	13,421	6,453
112,181	85,754	111,572	166,227	51,035	643,919
-	-	-	-	-	-
4,252,192	6,009,075	8,973,280	4,791,313	4,075,854	7,240,758
<u>28,548,111</u>	<u>28,926,348</u>	<u>33,911,629</u>	<u>32,133,220</u>	<u>33,029,888</u>	<u>38,396,068</u>
1,310,601	762,076	866,173	952,187	1,055,517	1,028,306
2,197,939	3,364,514	6,218,198	3,404,105	2,924,120	5,714,113
<u>3,508,540</u>	<u>4,126,590</u>	<u>7,084,371</u>	<u>4,356,292</u>	<u>3,979,637</u>	<u>6,742,419</u>
150,310	52,461	71,109	91,472	160,165	459,651
-	-	-	-	1,601,334	-
(1,565,481)	1,549,881	6,978,829	2,824,210	492,418	(1,162,124)
<u>(1,415,171)</u>	<u>1,602,342</u>	<u>7,049,938</u>	<u>2,915,682</u>	<u>2,253,917</u>	<u>(702,473)</u>
\$ <u>2,093,369</u>	\$ <u>5,728,932</u>	\$ <u>14,134,309</u>	\$ <u>7,271,974</u>	\$ <u>6,233,554</u>	\$ <u>6,039,946</u>
	(2)			(3)	(4)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:				
Governmental activities	\$ 36,820,083	\$ 39,160,975	\$ 35,587,094	\$ 37,408,149
Business-type activities	23,478,817	23,667,295	24,138,937	24,769,888
Total expenses	<u>60,298,900</u>	<u>62,828,270</u>	<u>59,726,031</u>	<u>62,178,037</u>
Program Revenues:				
Governmental activities	11,645,811	11,996,411	17,414,359	20,621,714
Business-type activities	23,219,735	24,432,839	27,772,678	27,996,430
Total program revenues	<u>34,865,546</u>	<u>36,429,250</u>	<u>45,187,037</u>	<u>48,618,144</u>
Net Revenue (Expense):				
Governmental activities	(25,174,272)	(27,164,564)	(18,172,735)	(16,786,435)
Business-type activities	(259,082)	765,544	3,633,741	3,226,542
Total net (expense) revenue	<u>(25,433,354)</u>	<u>(26,399,020)</u>	<u>(14,538,994)</u>	<u>(13,559,893)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities	25,323,125	27,180,441	27,713,504	26,013,078
Business-type activities	(463,148)	(2,562,268)	(3,022,739)	(2,136,173)
Total general revenues and other (net)	<u>24,859,977</u>	<u>24,618,173</u>	<u>24,690,765</u>	<u>23,876,905</u>
Change in Net Position:				
Governmental activities	148,853	15,877	9,540,769	9,226,643
Business-type activities	(722,230)	(1,796,724)	611,002	1,090,369
Total change in net position	<u>\$ (573,377)</u>	<u>\$ (1,780,847)</u>	<u>\$ 10,151,771</u>	<u>\$ 10,317,012</u>
		(1)		

Note:

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

2014	2015	2016	2017	2018	2019
\$ 41,503,147	\$ 42,555,203	\$ 51,665,543	\$ 47,687,987	\$ 53,811,435	\$ 54,356,025
25,039,571	24,799,758	26,827,258	27,776,928	29,050,251	31,653,649
<u>66,542,718</u>	<u>67,354,961</u>	<u>78,492,801</u>	<u>75,464,915</u>	<u>82,861,686</u>	<u>86,009,674</u>
26,623,504	35,769,670	50,616,674	30,564,490	30,828,750	46,688,523
28,548,111	28,926,348	33,911,629	32,133,220	33,029,888	38,396,068
<u>55,171,615</u>	<u>64,696,018</u>	<u>84,528,303</u>	<u>62,697,710</u>	<u>63,858,638</u>	<u>85,084,591</u>
(14,879,643)	(6,785,533)	(1,048,869)	(17,123,497)	(22,982,685)	(7,667,502)
3,508,540	4,126,590	7,084,371	4,356,292	3,979,637	6,742,419
<u>(11,371,103)</u>	<u>(2,658,943)</u>	<u>6,035,502</u>	<u>(12,767,205)</u>	<u>(19,003,048)</u>	<u>(925,083)</u>
26,583,258	24,157,129	19,583,665	25,090,472	29,056,022	34,828,643
(1,415,171)	1,602,342	7,049,938	2,915,682	2,253,917	(702,473)
<u>25,168,087</u>	<u>25,759,471</u>	<u>26,633,603</u>	<u>28,006,154</u>	<u>31,309,939</u>	<u>34,126,170</u>
11,703,615	17,371,596	18,534,796	7,966,975	6,073,337	27,161,141
2,093,369	5,728,932	14,134,309	7,271,974	6,233,554	6,039,946
<u>\$ 13,796,984</u>	<u>\$ 23,100,528</u>	<u>\$ 32,669,105</u>	<u>\$ 15,238,949</u>	<u>\$ 12,306,891</u>	<u>\$ 33,201,087</u>
	(2)			(3)	(4)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:				
Reserved	\$ 10,726	\$ -	\$ -	\$ -
Unreserved	9,385,202	-	-	-
Nonspendable	-	384,329	256,476	126,014
Restricted	-	-	-	-
Committed	-	-	-	45,000
Assigned	-	519,146	620,725	-
Unassigned	-	9,644,863	10,614,574	9,495,546
Total general fund	<u>9,395,928</u>	<u>10,548,338</u>	<u>11,491,775</u>	<u>9,666,560</u>
All Other Governmental Funds:				
Reserved	11,060,144	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	1,444,846	-	-	-
Capital Project Funds	15,384,343	-	-	-
Nonspendable	-	75	-	-
Restricted	-	14,744,057	38,587,037	38,716,666
Committed	-	9,989,221	11,861,800	16,620,820
Unassigned	-	(112,102)	(233,910)	(221,630)
Total all other governmental funds	<u>27,889,333</u>	<u>24,621,251</u>	<u>50,214,927</u>	<u>55,115,856</u>
Total Governmental Funds:				
Reserved	11,070,870	-	-	-
Unreserved, Reported in:	26,214,391	-	-	-
Nonspendable	-	384,404	256,476	126,014
Restricted	-	14,744,057	38,587,037	38,716,666
Committed	-	9,989,221	11,861,800	16,665,820
Assigned	-	519,146	620,725	-
Unassigned	-	9,532,761	10,380,664	9,273,916
Total governmental funds	<u>\$ 37,285,261</u>	<u>\$ 35,169,589</u>	<u>\$ 61,706,702</u>	<u>\$ 64,782,416</u>
All governmental funds percentage change	23.3%	-5.7%	75.5%	5.0%

Note: The implementation of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Type Definitions, in fiscal year 2011, resulted in significant change in the City's fund balance classifications. Information prior to 2011 has not been restated.

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
221,704	447,284	695,830	914,375	876,394	748,231
-	-	-	-	-	175,590
45,000	45,000	-	-	-	100,000
-	-	1,478,522	741,864	705,500	749,675
10,805,065	11,882,644	12,902,148	13,613,203	14,011,567	15,429,752
11,071,769	12,374,928	15,076,500	15,269,442	15,593,461	17,203,248
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
169	-	-	-	11,630	-
44,319,872	35,659,756	37,947,697	29,887,820	25,773,762	36,333,665
17,154,096	17,937,431	21,651,118	26,519,559	30,327,238	36,071,889
(632,035)	(3,492,389)	(726,681)	(876,594)	(415,577)	(428,702)
60,842,102	50,104,798	58,872,134	55,530,785	55,697,053	71,976,852
-	-	-	-	-	-
-	-	-	-	-	-
221,873	447,284	695,830	914,375	888,024	748,231
44,319,872	35,659,756	37,947,697	29,887,820	25,773,762	36,509,255
17,199,096	17,982,431	21,651,118	26,519,559	30,327,238	36,171,889
-	-	1,478,522	741,864	705,500	749,675
10,173,030	8,390,255	12,175,467	12,736,609	13,595,990	15,001,050
<u>\$ 71,913,871</u>	<u>\$ 62,479,726</u>	<u>\$ 73,948,634</u>	<u>\$ 70,800,227</u>	<u>\$ 71,290,514</u>	<u>\$ 89,180,100</u>
11.0%	-13.1%	18.4%	-4.3%	0.7%	25.1%

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

	2010	2011	2012	2013
Revenues:				
Property taxes and tax increment	\$ 24,435,538	\$ 24,057,622	\$ 24,453,849	\$ 23,981,375
Licenses and permits	1,565,028	1,820,408	2,429,951	2,727,494
Intergovernmental	4,242,195	2,622,487	2,291,376	3,534,512
Charges for services	4,002,246	3,938,204	5,833,776	6,925,867
Special assessments	573,301	622,799	1,132,126	1,143,349
Investment income (charges)	337,788	270,378	174,358	(28,008)
Donations	155,477	269,762	207,391	265,953
Miscellaneous	732,816	731,763	871,798	885,323
Total Revenues	<u>36,044,389</u>	<u>34,333,423</u>	<u>37,394,625</u>	<u>39,435,865</u>
Expenditures:				
General government	4,687,662	4,493,368	4,572,777	4,774,775
Public safety	9,337,884	9,755,251	9,844,232	10,113,958
Public works	3,593,862	3,019,293	3,245,103	3,766,665
Parks and recreation	3,038,433	3,047,906	3,050,782	3,206,004
Capital outlay	4,611,659	10,345,908	12,413,360	12,523,103
Debt Service:				
Principal retirement	7,337,338	7,689,182	7,642,027	5,825,000
Interest on debt	3,945,265	3,633,285	3,358,324	3,948,740
Fiscal charges	61,222	78,143	173,072	26,351
Total Expenditures	<u>36,613,325</u>	<u>42,062,336</u>	<u>44,299,677</u>	<u>44,184,596</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(568,936)</u>	<u>(7,728,913)</u>	<u>(6,905,052)</u>	<u>(4,748,731)</u>
Other Financing Sources (Uses):				
Transfers in	5,740,982	5,324,043	6,699,447	7,094,079
Transfers out	(5,046,945)	(2,524,276)	(2,839,332)	(4,857,921)
Bond, note, loan and lease proceeds	2,680,000	4,265,000	29,255,000	4,685,000
Payment on refunded bonds called	(7,955,000)	-	(1,830,000)	-
Premium on bonds issued	99,322	-	1,957,050	78,287
Sale of capital assets	540,067	-	200,000	825,000
Total Other Financing Sources (Uses)	<u>(3,941,574)</u>	<u>7,064,767</u>	<u>33,442,165</u>	<u>7,824,445</u>
Net Change in Fund Balances	<u>\$ (4,510,510)</u>	<u>\$ (664,146)</u>	<u>\$ 26,537,113</u>	<u>\$ 3,075,714</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>32.9%</u>	<u>31.6%</u>	<u>32.2%</u>	<u>28.6%</u>

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

	2014	2015	2016	2017	2018	2019
\$	24,524,709	\$ 25,215,734	\$ 26,131,569	\$ 27,401,195	\$ 28,612,384	\$ 30,855,832
	2,836,555	3,325,293	3,706,567	3,988,189	3,899,604	4,492,109
	4,979,156	5,232,193	9,043,356	3,771,886	5,090,762	8,901,495
	8,405,492	12,443,152	13,289,708	10,016,017	11,828,549	15,046,177
	1,636,267	1,736,905	2,308,223	2,812,587	3,139,103	3,683,354
	548,842	366,555	387,604	597,513	907,138	2,769,074
	242,627	356,446	550,255	238,383	309,970	211,969
	3,411,579	1,155,073	2,828,177	846,035	835,986	861,800
	<u>46,585,227</u>	<u>49,831,351</u>	<u>58,245,459</u>	<u>49,671,805</u>	<u>54,623,496</u>	<u>66,821,810</u>
	5,690,230	5,226,864	5,783,013	6,424,260	6,656,824	7,028,626
	10,305,450	10,892,071	11,513,170	12,775,807	13,061,572	13,496,719
	3,805,470	3,856,984	4,245,072	9,786,321	4,741,200	4,802,149
	3,330,488	3,532,376	3,497,041	5,222,503	3,998,735	4,178,410
	21,420,875	31,649,447	37,938,823	11,995,449	25,065,276	20,906,745
	5,995,000	7,385,000	5,935,000	6,885,000	10,420,000	8,920,000
	3,700,590	3,735,120	3,970,010	3,881,179	3,948,999	3,877,764
	176,789	33,071	327,052	129,158	96,729	44,429
	<u>54,424,892</u>	<u>66,310,933</u>	<u>73,209,181</u>	<u>57,099,677</u>	<u>67,989,335</u>	<u>63,254,842</u>
	<u>(7,839,665)</u>	<u>(16,479,582)</u>	<u>(14,963,722)</u>	<u>(7,427,872)</u>	<u>(13,365,839)</u>	<u>3,566,968</u>
	3,489,225	6,883,879	5,179,668	8,355,474	6,038,479	5,120,699
	(1,644,624)	(4,928,951)	(3,222,237)	(6,661,840)	(4,167,132)	(2,980,605)
	21,180,000	16,545,000	31,075,000	11,987,171	13,805,000	6,295,000
	(10,035,000)	(12,460,000)	(9,535,000)	(11,368,146)	(3,320,000)	-
	1,981,519	1,005,509	2,626,731	1,309,907	1,005,336	1,065,624
	-	-	-	516,380	530,734	107,645
	<u>14,971,120</u>	<u>7,045,437</u>	<u>26,124,162</u>	<u>4,138,946</u>	<u>13,892,417</u>	<u>9,608,363</u>
\$	<u>7,131,455</u>	<u>(9,434,145)</u>	<u>11,160,440</u>	<u>(3,288,926)</u>	<u>526,578</u>	<u>13,175,331</u>
	<u>25.3%</u>	<u>25.6%</u>	<u>19.6%</u>	<u>22.6%</u>	<u>26.9%</u>	<u>25.7%</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>2010</u>	<u>2011</u>	<u>2012</u>
<u>Taxable Net Tax Capacity Valuation of Taxable Property</u>			
Tax capacity value	\$ 65,235,789	\$ 61,005,594	\$ 57,583,990
Less:			
Captured tax increment tax capacity	(1,998,923)	(904,389)	(862,243)
Contributions to fiscal disparities pool	(5,623,626)	(5,845,456)	(5,591,597)
Plus:			
Distribution from fiscal disparities pool	<u>7,429,875</u>	<u>7,807,412</u>	<u>7,194,884</u>
Total taxable net tax capacity	<u>\$ 65,043,115</u>	<u>\$ 62,063,161</u>	<u>\$ 58,325,034</u>
<u>Taxable Net Tax Capacity Valuation by Class of Property</u>			
Homestead residential	\$ 48,558,421	\$ 44,951,025	\$ 41,780,807
Commercial/industrial, public utility, and personal property	14,626,593	15,226,802	14,711,893
Non-homestead residential/apartments	1,127,962	1,271,776	1,265,526
Agriculture and seasonal/recreational	<u>730,139</u>	<u>613,558</u>	<u>566,808</u>
Total taxable net tax capacity	<u>\$ 65,043,115</u>	<u>\$ 62,063,161</u>	<u>\$ 58,325,034</u>
Assessor's taxable market valuation	<u>\$ 5,736,602,200</u>	<u>\$ 5,356,855,900</u>	<u>\$ 5,030,003,164</u>
Taxable net tax capacity as a percentage of assessor's taxable market value	<u>1.134%</u>	<u>1.159%</u>	<u>1.160%</u>
Direct tax capacity rate	<u>36.624%</u>	<u>38.250%</u>	<u>39.051%</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.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	54,853,225	\$ 57,174,306	\$ 62,811,855	\$ 65,634,896	\$ 69,887,094	\$ 75,422,344	\$ 82,737,259
	(863,946)	(861,019)	(446,760)	(497,171)	(596,348)	(609,048)	(774,382)
	(5,494,207)	(5,439,491)	(5,481,001)	(5,411,614)	(5,524,685)	(5,828,030)	(6,190,357)
	<u>6,825,229</u>	<u>6,316,073</u>	<u>6,323,361</u>	<u>6,635,572</u>	<u>7,139,972</u>	<u>7,672,379</u>	<u>8,151,580</u>
\$	<u>55,320,301</u>	<u>57,189,869</u>	<u>63,207,455</u>	<u>66,361,683</u>	<u>70,906,033</u>	<u>76,657,645</u>	<u>83,924,100</u>
\$	38,983,401	\$ 41,029,548	\$ 46,374,248	\$ 49,048,168	\$ 52,427,026	\$ 57,017,144	\$ 63,032,149
	14,351,101	13,833,973	14,223,709	14,754,095	15,842,447	16,870,980	17,893,911
	1,311,388	1,468,225	1,629,527	1,656,581	1,736,856	1,938,329	2,206,240
	<u>674,411</u>	<u>858,123</u>	<u>979,971</u>	<u>902,839</u>	<u>899,704</u>	<u>831,192</u>	<u>791,800</u>
\$	<u>55,320,301</u>	<u>57,189,869</u>	<u>63,207,455</u>	<u>66,361,683</u>	<u>70,906,033</u>	<u>76,657,645</u>	<u>83,924,100</u>
\$	<u>4,767,475,321</u>	<u>4,995,818,217</u>	<u>5,553,395,148</u>	<u>5,825,279,418</u>	<u>6,201,221,856</u>	<u>6,702,242,762</u>	<u>7,374,033,988</u>
	<u>1.160%</u>	<u>1.145%</u>	<u>1.138%</u>	<u>1.139%</u>	<u>1.143%</u>	<u>1.144%</u>	<u>1.138%</u>
	<u>41.234%</u>	<u>40.696%</u>	<u>38.948%</u>	<u>38.669%</u>	<u>37.510%</u>	<u>36.419%</u>	<u>35.607%</u>

**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	
					Dakota County		School District			Special Districts Levy (Tax Capacity-based)	Tax Capacity - based	Market Value-based
	General Levy (Tax Capacity-based)		Referendum Levy (Market Value-based)	Debt Service	General Levy (Tax Capacity-based)	Referendum Levy (Market Value-based)	Ind. School District	General Levy (Tax Capacity-based)	Referendum Levy (Market Value-based)			
	Operating	Debt Service								Total		
2010	28.066%	8.558%	36.624%	0.00738%	27.269%	0.00501%	192	53.452%	0.14742%	4.987%	122.332%	0.15981%
							194	27.714%	0.18363%		96.594%	0.19602%
							196	25.391%	0.22268%		94.271%	0.23507%
2011	30.904%	7.346%	38.250%	0.00803%	29.149%	0.00537%	192	52.157%	0.14558%	5.199%	124.755%	0.15898%
							194	32.138%	0.19241%		104.736%	0.20581%
							196	26.959%	0.22601%		99.557%	0.23941%
2012	31.122%	7.929%	39.051%	0.00784%	31.426%	0.00551%	192	55.308%	0.14005%	5.562%	131.347%	0.15340%
							194	32.061%	0.18932%		108.100%	0.20267%
							196	28.440%	0.22131%		104.479%	0.23466%
2013	32.206%	9.028%	41.234%	0.00843%	33.421%	-	192	57.226%	0.15065%	5.884%	137.765%	0.15908%
							194	33.535%	0.19955%		114.074%	0.20798%
							196	27.956%	0.23542%		108.495%	0.24385%
2014	32.045%	8.651%	40.696%	0.00678%	31.827%	-	192	56.326%	0.11117%	5.538%	134.387%	0.11795%
							194	33.048%	0.25954%		111.109%	0.26632%
							196	27.606%	0.25809%		105.667%	0.26487%
2015	30.605%	8.343%	38.948%	-	29.633%	-	192	53.474%	0.11550%	5.033%	127.088%	0.11550%
							194	31.459%	0.24871%		105.073%	0.24871%
							196	23.271%	0.25484%		96.885%	0.25484%
2016	30.455%	8.214%	38.669%	-	28.570%	-	192	57.584%	0.19065%	5.063%	129.886%	0.19065%
							194	35.319%	0.27898%		107.621%	0.27898%
							196	24.317%	0.26999%		96.619%	0.26999%
2017	29.342%	8.168%	37.510%	-	28.004%	-	192	54.269%	0.18481%	4.907%	124.690%	0.18481%
							194	32.914%	0.25441%		103.335%	0.25441%
							196	23.336%	0.27380%		93.757%	0.27380%
2018	29.305%	7.114%	36.419%	-	26.580%	-	192	52.825%	0.18495%	4.307%	120.131%	0.18495%
							194	32.992%	0.26835%		100.298%	0.26835%
							196	21.352%	0.26715%		88.658%	0.26715%
2019	27.192%	8.415%	35.607%	-	25.386%	-	192	51.401%	0.18968%	4.227%	116.621%	0.18968%
							194	32.535%	0.26992%		97.755%	0.26992%
							196	20.613%	0.26162%		85.833%	0.26162%

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.

**CITY OF LAKEVILLE
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2010**

<u>Principal Property Taxpayer</u>	<u>Type of Business</u>	<u>2019</u>			<u>2010</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>
Minnegasco, Inc.	Utility	\$ 469,086	1	0.6%			
Southfork Apartments LLC	Apartments	453,999	2	0.5%	\$ 191,100	9	0.3%
Dakota Electric Association	Utility	404,454	3	0.5%	310,076	3	0.5%
Lakeville 2004, LLC	Commercial	321,488	4	0.4%	333,532	1	0.5%
Inland Argonne Village, LLC	Retail	295,896	5	0.4%	259,673	4	0.4%
Fulford Group, LLC	Agriculture	291,324	6	0.4%			
Heritage Commons, LLC	Retail	274,908	7	0.3%	327,592	2	0.5%
Hy-Vee Inc.	Commercial	273,790	8	0.3%			
Walker Highview Hills, LLC	Apartments	264,041	9	0.3%	220,599	8	0.3%
Xcel Energy	Utility	255,582	10	0.3%			
Target Corporation	Retail				256,414	5	0.4%
LFT Real Estate Company Inc.	Real Estate				248,628	6	0.4%
FR/CAL Interstate South LLC	Real Estate				226,950	7	0.3%
Muller Family Theaters of Lakeville	Commercial				190,496	10	0.3%
Total principal taxpayers		3,304,568		4.0%	2,565,060		3.9%
All other taxpayers		<u>79,432,691</u>		<u>96.0%</u>	<u>62,670,729</u>		<u>96.1%</u>
Total City of Lakeville taxpayers		<u>\$ 82,737,259</u>		<u>100.0%</u>	<u>\$ 65,235,789</u>		<u>100.0%</u>

Source: Dakota County Auditor and Treasurer's Office.

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

<u>Fiscal Year</u>		<u>Total Tax Levy for Fiscal Year (2)</u>	<u>Collection of Current Year's Levy</u>		<u>Collection of Prior Year Levy (4)</u>	<u>Total Collections</u>	<u>Percentage of Total Collections To Tax Levy Certified</u>
			<u>Amount (3)</u>	<u>Percent</u>			
2010	(1)	\$ 24,041,653	\$ 22,982,110	95.59%	\$ 261,764	\$ 23,243,874	96.68%
2011	(1)	24,036,652	22,837,484	95.01%	346,739	23,184,223	96.45%
2012		23,126,960	23,050,840	99.67%	(5,927)	23,044,913	99.65%
2013		23,079,185	22,848,820	99.00%	230,365	23,079,185	100.00%
2014		23,657,996	23,541,510	99.51%	116,486	23,657,996	100.00%
2015		24,728,549	24,568,028	99.35%	160,521	24,728,549	100.00%
2016		25,679,619	25,566,236	99.56%	113,383	25,679,619	100.00%
2017		26,679,614	26,534,636	99.46%	135,882	26,670,518	99.97%
2018		28,001,550	27,857,045	99.48%	144,505	28,001,550	100.00%
2019		29,948,890	29,815,159	99.55%	-	29,815,159	99.55%

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

<u>Fiscal Year</u>	<u>As a</u>	
	<u>MVHC Loss Amount</u>	<u>Percentage of Tax Levy Certified</u>
2010	\$ 731,494	3.04%
2011	\$ 835,005	3.61%
2012	\$ -	-
2013	\$ -	-
2014	\$ -	-
2015	\$ -	-
2016	\$ -	-
2017	\$ -	-
2018	\$ -	-
2019	\$ -	-

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

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

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>				<u>Business-type</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>Capital Leases</u>	<u>Metropolitan Council Loan</u>	<u>Activity Revenue Bond</u>				
2010	\$ 79,746,332	\$ 10,821,019	\$ 104,752	\$ 1,466,300	\$ 3,714,661	\$ 95,853,064	\$ 55,954	3.8	\$ 1,713
2011	76,815,712	10,539,074	97,027	1,159,843	3,568,128	92,179,784	56,534	3.5	1,631
2012	100,480,497	8,572,129	-	1,159,843	3,416,595	113,629,064	57,048	4.0	1,992
2013	99,408,395	8,360,184	-	1,159,843	3,255,062	112,183,484	57,789	3.8	1,941
2014	106,516,778	8,133,239	-	1,159,843	3,088,529	118,898,389	59,361	3.8	2,003
2015	104,062,522	7,886,294	-	1,159,843	2,911,996	116,020,655	59,991	3.6	1,934
2016	121,958,354	7,781,645	-	1,159,843	9,952,577	140,852,419	60,965	4.2	2,310
2017	113,666,228	9,672,448	-	1,897,014	8,258,468	133,494,158	61,993	3.7	2,153
2018	112,553,287	9,273,251	-	1,897,014	8,571,877	132,295,429	64,334	3.4	2,056
2019	111,718,611	8,654,054	-	1,897,014	8,876,565	131,146,244	65,831	N/A	1,992

Source:

(1) Metropolitan Council as of April 1 (except for 2010 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>
2010	\$ 79,746,332	\$ 29,460,000	\$ 6,527,316	\$ 43,759,016	\$ 65,043,115	67.28%	55,954	\$ 782
2011	76,815,712	28,305,000	5,663,237	42,847,475	62,063,161	69.04%	56,534	758
2012	100,480,497	29,550,000	29,084,558	41,845,939	58,325,034	71.75%	57,048	734
2013	99,408,395	30,710,000	28,416,302	40,282,093	55,320,301	72.82%	57,789	697
2014	106,516,778	35,640,000	31,852,035	39,024,743	57,189,869	68.24%	59,361	657
2015	104,062,522	44,340,000	18,541,682	41,180,840	63,207,455	65.15%	59,991	686
2016	121,958,354	64,845,000	15,928,687	41,184,667	66,361,683	62.06%	60,965	676
2017	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

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, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u> (2)	<u>Debt Applicable to Taxable Net Tax Capacity in the City</u>	
		<u>Percentage</u> (2)	<u>Amount</u>
Overlapping Debt (1)			
Independent School District #194	\$ 114,301,513	70.60%	\$ 80,696,868
Independent School District #192	172,005,000	18.70%	32,164,935
Independent School District #196	143,850,000	7.00%	10,069,500
<u>Special District</u>			
Metropolitan Council	267,860,000	3.10%	<u>4,536,200</u>
Total overlapping debt			127,467,503
Direct Debt			
City of Lakeville bonded debt	120,372,665	100.00%	<u>120,372,665</u>
Total direct and overlapping debt			<u>\$ 247,840,168</u>

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

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>
2010	\$ 5,736,602,200	\$ 172,098,066	\$ 57,282,684	\$ 114,815,382	33.28%
2011	5,356,855,900	160,705,677	45,546,763	115,158,914	28.34%
2012	5,030,003,164	150,900,095	42,575,442	108,324,653	28.21%
2013	4,767,475,321	143,024,260	40,993,698	102,030,562	28.66%
2014	4,995,818,217	149,874,547	37,837,965	112,036,582	25.25%
2015	5,553,395,148	166,601,854	36,323,318	130,278,536	21.80%
2016	5,825,279,418	174,758,383	34,776,313	139,982,070	19.90%
2017	6,201,221,856	186,036,656	32,593,536	153,443,120	17.52%
2018	6,702,242,762	201,067,283	32,676,212	168,391,071	16.25%
2019	7,374,033,988	221,221,020	30,120,459	191,100,561	13.62%

Legal Debt Margin Calculation:

Fiscal Year 2019

Assessor's taxable market valuation		<u>\$ 7,374,033,988</u>
Legal debt limit:		
3% of Assessor's taxable market valuation		\$ 221,221,020
Amount of debt applicable to legal debt limit:		
Gross bonded debt	\$ 120,125,000	
Less debt payable from sources other than taxes:		
G.O. Improvement bonds	\$ 59,155,000	
Tax increment bonds	770,000	
State-aid street revenue bonds	4,685,000	
Water connection revenue bonds	7,230,000	
HRA lease revenue	5,870,000	
Water revenue bonds	7,365,000	
Street Light revenue bonds	305,000	
Sewer revenue bonds	<u>385,000</u>	<u>(85,765,000)</u>
Debt payable from taxes		34,360,000
Less debt service monies available to pay principal and interest		<u>(4,239,541)</u>
Net bonded debt applicable to debt limit		<u>30,120,459</u> <u>30,120,459</u>
Legal debt margin		<u>\$ 191,100,561</u>

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

Source: Dakota County Auditor and Treasurer's Office.

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

Fiscal Year	Gross (1) Revenues	Operating Expenses	Net Revenue Available For Debt Service	Requirements (2)		Total	Times Coverage
				Principal	Interest		
2010	\$ 7,380,163	\$ 4,749,304	\$ 2,630,859	\$ 1,685,000	\$ 998,751	\$ 2,683,751	0.98
2011	8,146,497	4,307,467	3,839,030	1,635,000	937,952	2,572,952	1.49
2012	9,608,620	4,296,022	5,312,598	3,115,000	832,499	3,947,499	1.35
2013	9,425,862	4,549,736	4,876,126	1,395,000	731,755	2,126,755	2.29
2014	9,181,527	4,942,276	4,239,251	1,415,000	674,644	2,089,644	2.03
2015	9,283,053	4,948,633	4,334,420	2,670,000	594,489	3,264,489	1.33
2016	10,530,436	5,389,869	5,140,567	595,000	652,577	1,247,577	4.12
2017	12,234,365	5,193,095	7,041,270	1,005,000	690,010	1,695,010	4.15
2018	8,361,880	3,099,485	5,262,395	865,000	513,715	1,378,715	3.82
2019	8,610,576	3,156,154	5,454,422	895,000	478,105	1,373,105	3.97

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 Valuation</u>
					<u>Single</u>	<u>Multiple</u>	<u>Total</u>	
2010	55,954	0.33%	\$ 2,519,161	\$ 45,022	138	2	140	\$ 38,718,000
2011	56,534	1.04%	2,617,468	46,299	122	8	130	39,251,000
2012	57,048	0.91%	2,843,672	49,847	280	12	292	87,495,000
2013	57,789	1.30%	2,929,151	50,687	374	24	398	126,096,000
2014	59,361	2.72%	3,097,279	52,177	319	29	348	115,496,000
2015	59,991	1.06%	3,222,117	53,710	366	54	420	125,929,000
2016	60,965	1.62%	3,351,551	54,975	403	62	465	139,008,000
2017	61,993	1.69%	3,573,153	57,638	487	44	531	160,520,000
2018	64,334	3.78%	3,901,921	60,651	478	49	527	159,251,000
2019	65,831	2.33%	N/A	N/A	556	64	620	180,622,000

Annual percentage
increase average last
ten fiscal years 1.68%

Labor Force and Unemployment Rate (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>
2010	30,782	6.0%	230,247	6.6%	6.9%	9.4%
2011	31,237	4.8%	232,257	5.2%	5.7%	8.5%
*2012	31,221	4.5%	231,902	4.9%	5.4%	7.6%
*2013	32,879	3.6%	230,160	4.0%	4.6%	6.5%
*2014	33,493	2.9%	231,538	3.2%	3.6%	5.4%
*2015	33,876	2.7%	234,299	3.1%	3.7%	4.8%
*2016	33,793	3.0%	232,091	3.4%	4.1%	4.5%
*2017	34,911	2.5%	239,356	2.7%	3.3%	4.1%
*2018	35,758	2.4%	240,195	2.7%	3.2%	3.7%
*2019	36,610	2.7%	242,855	2.9%	3.5%	3.4%

Source:

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

(2) U.S. Department of Commerce Bureau of Economic Analysis as of December 31, 2019.

* Not seasonally adjusted, information is not available.

(3) City of Lakeville Inspections Department.

N/A - Not available.

**CITY OF LAKEVILLE
PRINCIPAL EMPLOYERS
FISCAL YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2010**

<u>Principal Employer</u> (1)	<u>Product/Service</u>	<u>2019</u>			<u>2010</u>		
		<u>Employees</u>	<u>Rank</u>	<u>%</u>	<u>Employees</u>	<u>Rank</u>	<u>%</u>
Independent School District #194	Elementary & secondary schools	1,211	1	3.3%	1,596	1	5.2%
Hearthside Food Solutions	Food service contractors	556	2	1.5%	750	2	2.4%
Treehouse Brands	Breakfast cereal products	550	3	1.5%	515	3	1.7%
Schmitt & Sons	School and charter bus service	454	4	1.2%			
Post Consumer Brands	Cereal production	417	5	1.1%	200	7	0.6%
BTD Manufacturing	Metal manufacturing	359	6	1.0%			
Menasha Corporation	Corrugated & solid fiber box mfg.	306	7	0.8%	194	8	0.6%
City of Lakeville (2)	City government	231	8	0.6%	201	6	0.7%
FedEx Freight	Ground distribution	228	9	0.6%			
Imperial Plastics, Inc	Plastics material & resin mfg.	215	10	0.6%	285	5	0.9%
Despatch Industries, Inc.	Industrial furnace & oven mfg.				300	4	1.0%
Image Trend	Software development				141	9	0.5%
Verified Credentials, Inc	Security background services				106	10	0.3%
Total principal employers		<u>4,527</u>		<u>12.4%</u>	<u>4,288</u>		<u>13.9%</u>
All other employers		<u>32,083</u>		<u>87.6%</u>	<u>26,494</u>		<u>86.1%</u>
Total City of Lakeville civilian labor force (3)		<u><u>36,610</u></u>		<u><u>100.0%</u></u>	<u><u>30,782</u></u>		<u><u>100.0%</u></u>

Source:

- (1) Telephone survey of individual employers, 2019
- (2) As of December 31, 2019 (full-time equivalent).
- (3) MN Department of Employment and Economic Development (DEED) as of December 31, 2019.

**CITY OF LAKEVILLE
COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED
YEARS 2019 AND 2018**

NEW BUILDING PERMITS 2019 AND 2018 (in excess of \$500,000)

<u>BUSINESS</u>	<u>PRODUCT/SERVICE</u>	<u>VALUATION (1)</u>
Park Nicollet	Medical clinic	\$ 8,158,000
U-Haul	Storage facility	7,500,000
Hampton Inn & Suites	Hotel	7,000,000
QA1	Automotive parts manufacturing	6,886,000
Schneiderman's Furniture	Retail furniture store	5,100,000
Compeer Financial	Financial services	4,700,000
Lee Lake Storage	Storage Facility	4,203,000
Wings Financial Credit Union	Financial services	2,700,000
Aldi	Grocery store	2,100,000
Hy-Vee Fast & Fresh	Gas & convenience store	1,500,000
Glori	Multi-tenant industrial building	1,400,000
Polytek Surface Coatings	Floor coatings installation	1,358,000
O'Reillys Auto Parts	Retail	932,000
Springs at Lakeville	Rental townhomes	918,000
Advanced Oral Surgery	Medical	850,000
Valvoline Oil Change	Automotive	800,000
Reliable Mini Storage	Self-storage facility	525,000

EXPANSION OR REMODEL BUILDING PERMITS 2019 AND 2018 (in excess of \$500,000)

<u>BUSINESS</u>	<u>PRODUCT/SERVICE</u>	<u>VALUATION (1)</u>
Recycle Minnesota (LSI)	Recycling facility	\$ 2,487,000
MotoPrimo	Motorsports retail	2,290,000
HomeGoods	Retail	1,373,000
HOBO	Carwash chemical manufacture	1,205,000
Ridgecrest Lakeville	Multi-tenant retail	900,000
YMCA	Daycare & preschool	800,000
Northland Collision	Auto repair	775,000
Coldwell Banker Burnet	Real estate sales	700,000
SBF Commercial Holdings	Event space	661,000
Miller Hartwig Insurance	Insurance	644,000
Lakeville Liquor	Commercial additions (2)	570,000
Gander Outdoors	Outdoor retail	526,000
Menasha	Packaging manufacturing	500,000

Notes:

(1) Valuation excludes land and personal property.

Source: City of Lakeville Inspections Department.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
City administration	2.5	2.5	2.5	2.4	2.8	3.0	3.0	3.0	3.0	3.0
Communications	4.0	4.0	4.0	4.0	4.0	4.0	3.9	4.5	5.2	5.2
City clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	6.4	6.0	7.0	7.0	7.0	6.6	6.7	7.0	7.0	6.7
Information Technology	3.0	3.0	3.0	2.9	3.0	3.0	3.1	3.8	4.0	4.0
Human resources	2.8	2.8	2.8	2.8	2.8	3.2	4.0	4.0	4.0	4.0
Planning	3.0	3.0	3.0	2.8	3.5	3.5	3.5	4.2	4.5	4.5
Community and economic development	2.5	2.5	2.5	2.5	2.4	2.5	2.5	2.4	2.5	2.5
Protective inspection	8.0	8.0	7.0	7.0	7.0	7.6	8.0	8.4	9.0	9.1
General government buildings	3.0	3.0	3.0	3.0	3.0	3.0	4.6	5.5	6.0	6.2
Total general government	<u>36.2</u>	<u>35.8</u>	<u>35.8</u>	<u>35.4</u>	<u>36.5</u>	<u>37.4</u>	<u>40.2</u>	<u>43.8</u>	<u>46.2</u>	<u>46.2</u>
Public safety										
Police officers (sworn)	51.5	51.9	53.0	50.2	54.0	52.8	54.7	54.6	57.0	56.2
Police administration	10.8	11.3	12.2	11.5	11.8	12.5	13.4	14.8	13.1	13.6
Fire (excluding volunteer firefighters)	4.6	4.6	4.6	4.6	4.6	5.3	5.5	5.4	5.6	5.6
Total public safety	<u>66.9</u>	<u>67.8</u>	<u>69.8</u>	<u>66.3</u>	<u>70.4</u>	<u>70.6</u>	<u>73.6</u>	<u>74.8</u>	<u>75.7</u>	<u>75.4</u>
Public works										
Engineering	9.0	6.8	7.0	6.0	6.0	6.4	6.6	7.6	7.3	7.5
Construction Services	-	-	-	-	2.0	3.9	3.7	3.3	4.0	4.3
Street maintenance	19.0	19.0	19.3	19.3	21.0	20.4	21.6	21.7	21.9	22.1
Total public works	<u>28.0</u>	<u>25.8</u>	<u>26.3</u>	<u>25.3</u>	<u>29.0</u>	<u>30.7</u>	<u>31.9</u>	<u>32.6</u>	<u>33.2</u>	<u>33.9</u>
Parks and recreation										
Park maintenance	15.0	15.0	15.0	15.0	15.0	14.8	14.0	15.1	16.4	16.0
Recreation	4.7	4.7	4.7	5.6	5.6	5.5	5.8	6.5	6.4	6.5
Arts center	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.8	3.7
Total parks and recreation	<u>23.4</u>	<u>23.4</u>	<u>23.4</u>	<u>24.3</u>	<u>24.3</u>	<u>24.0</u>	<u>23.5</u>	<u>25.2</u>	<u>26.6</u>	<u>26.2</u>
Total governmental activities	<u>154.5</u>	<u>152.8</u>	<u>155.3</u>	<u>151.3</u>	<u>160.2</u>	<u>162.7</u>	<u>169.2</u>	<u>176.4</u>	<u>181.7</u>	<u>181.7</u>
Liquor	25.7	25.8	25.7	24.9	26.3	24.4	25.3	26.1	26.0	26.1
Utility	18.0	20.0	20.0	20.0	21.0	21.6	21.3	23.1	24.3	23.4
Total business-type activities	<u>43.7</u>	<u>45.8</u>	<u>45.7</u>	<u>44.9</u>	<u>47.3</u>	<u>46.0</u>	<u>46.6</u>	<u>49.2</u>	<u>50.3</u>	<u>49.5</u>
Total employees	<u>198.2</u>	<u>198.6</u>	<u>201.0</u>	<u>196.2</u>	<u>207.5</u>	<u>208.7</u>	<u>215.8</u>	<u>225.6</u>	<u>232.0</u>	<u>231.2</u>

Source: City of Lakeville Human Resources Department.

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

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Number of registered voters	32,617	N/A	32,200	N/A	36,571	N/A	41,124	N/A	41,693	N/A
Number of final plats approved	10	12	14	15	16	23	19	20	25	16
Number of building permits issued	1,421	1,467	2,349	1,647	3,852	2,030	1,889	1,829	1,875	4,260
Valuation of building permits issued (in millions)	\$ 49	\$ 77	\$ 119	\$ 142	\$ 139	\$ 183	\$ 218	\$ 248	\$ 234	\$ 276
Public safety										
Total calls for service	38,723	33,883	38,895	33,328	35,980	47,072	47,724	38,036	43,268	46,006
Traffic stops	12,310	9,210	11,426	8,251	10,531	17,681	18,239	15,680	18,412	18,700
Non-traffic related calls	26,413	24,673	27,469	25,077	25,449	29,391	29,485	22,356	24,856	27,306
Number of volunteer firefighters	74	83	77	79	80	83	85	86	82	88
Number of annual fire calls	1,189	1,262	1,208	1,062	1,103	1,192	1,347	1,477	1,500	1,694
Public works										
City street miles added	1.0	1.4	2.6	2.8	4.5	4.5	17.0	3.1	3.6	7.5
Parks and recreation										
Park acres mowed	427	429	429	430	430	430	430	430	430	430
Park facility reservations taken	661	655	717	888	958	1,024	742	551	562	580
Program activity registrations taken	8,369	9,051	9,850	9,310	9,627	9,231	8,141	6,294	6,490	7,510
Liquor										
Annual sales (in millions)	\$ 14.7	\$ 14.4	\$ 15.2	\$ 15.4	\$ 14.9	\$ 13.6	\$ 14.1	\$ 14.6	\$ 16.9	\$ 16.4
Utility (in millions of gallons)										
Water (average daily consumption)	4.8	5.7	6.7	5.9	5.5	5.2	5.5	5.8	5.8	5.2
Sanitary sewer (1) (average daily treatment)	3.3	3.3	3.4	3.4	3.4	3.2	3.4	3.4	3.5	3.5

Notes:

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

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

Source: Various City of Lakeville Departments.

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

Function (1)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works										
City streets (miles)	259.0	260.0	261.4	264.0	266.8	271.3	288.3	291.4	295.0	302.5
Parks and recreation										
Acres of parks, conservation areas, and greenways	1,579	1,586	1,590	1,590	1,590	1,590	1,600	1,600	1,600	1,677
Parks	58	59	59	59	59	59	60	60	61	61
Conservation areas	18	18	20	20	20	20	20	20	20	20
Trails and sidewalks - paved (miles)	97	98	99	103	107	109	110	111	117	118
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)	96	97	97	97	97	96	96	96	97	97
Courts (basketball, volleyball, tennis, pickleball)	39	38	38	38	38	38	38	43	43	43
Playgrounds	41	42	42	42	43	43	44	44	46	46
Swimming beaches	3	3	3	3	3	3	3	3	3	2
Liquor										
Number of on-sale stores owned	2	2	2	2	2	2	2	2	1	1
Number of on-sale stores leased	1	1	1	1	1	1	1	1	2	2
Utility										
Water										
Water mains (miles)	311	313	313	321	321	321	321	346	350	358
Fire hydrants	3,386	3,434	3,434	3,572	3,572	3,572	3,572	3,818	3,885	3,969
Wells	17	17	17	17	17	17	18	18	19	19
Water Towers	5	5	5	5	5	5	5	6	6	6
Sanitary sewer										
Sanitary sewer mains (miles)	259	261	261	261	261	261	261	261	264	270
Sanitary sewer lift stations	19	19	19	20	20	20	20	20	20	20

Notes:

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

Source: Various City of Lakeville Departments.