



Annual Comprehensive Financial Report 2022

City of
BURNSVILLE, MINNESOTA

For The Year Ended December 31, 2022

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CITY OF BURNSVILLE, MINNESOTA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Year Ended December 31, 2022

Prepared by:
Department of Finance

CITY OF BURNSVILLE, MINNESOTA

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June 14, 2023

City Council and Residents
City of Burnsville
100 Civic Center Parkway
Burnsville, Minnesota 55337

To the Mayor, City Council and Residents of the City of Burnsville:

Minnesota Statutes require all cities to issue an annual report on the city's financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, the City hereby issues the Annual Comprehensive Financial Report of the City of Burnsville, Minnesota (the City) for the year ended December 31, 2022. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, the Minnesota Office of the State Auditor, and the City Code.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, statistical tables, etc., rests with the management of the City of Burnsville. Management assumes full responsibility for the completeness and reliability of the information contained in this report.

The City's management has established a system of internal controls designed to protect the City's assets and to provide reliable financial information. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich, & Company, P.A. and an unmodified ("clean") opinion has been issued. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the City

The City is a southern second-tier suburb of Minneapolis and St. Paul, Minnesota. It was incorporated in 1964 and covers 27 square miles. With a population of 64,627, Burnsville is the third largest city in Dakota County, ninth largest suburb in the Twin Cities metro area, and the fourteenth largest city in the State of Minnesota.

The City is a Plan B statutory city with a City Council / City Manager form of government. The City Council consists of a Mayor and four Council Members elected at-large. All policy and legislative decisions are the responsibility of the Council.

The Council delegates administrative duties to the City Manager. The City Manager is responsible for hiring and managing City staff.

A strong emphasis has been placed on the City Council's Governance Model. The City Council has adopted a fundamentally different approach to governing by focusing on policy, instead of the details of organizational management. This initiative begins with establishing a broad framework of vision, values and strategic priorities. The Council governs through strategic leadership and by articulating a collective community vision.

The City provides a full range of services including police protection, a full-time fire department, street and park maintenance and construction, protection of environmental resources, recreation opportunities, city planning, licensing, permits, inspections, and code enforcement. The City operates a water & sanitary sewer utility, a storm sewer utility, a sidewalk/trail snowplowing system, a street lighting system, a youth center, a 9-hole golf course, an ice arena, and a performing arts center. The Council has adopted six strategic priorities. The strategic priorities are safety, community engagement, community vibrancy, sustainability, infrastructure, and organizational culture. The City is committed to delivering quality services at an affordable price. The City Council has directed the City staff to provide services to the community through a clearly defined goal, or Vision that states:

Burnsville is a vibrant city, boldly leading, welcoming to all.

The City adopts an annual budget for its general fund, grant fund, infrastructure trust capital projects fund, improvement construction capital projects fund and facilities capital projects fund and ten non-major governmental funds.

In accordance with GASB pronouncements, the City's financial statements include all funds, departments of the City (the primary government), and its component unit. The component unit, included in the City's reporting entity, the Burnsville Economic Development Authority (EDA), has been included because the City has operational responsibility of the EDA. As a result of applying the entity definition criteria of the GASB, the EDA has been included in the City's financial statements as a blended component unit.

The Black Dog Lake Water Management Organization, Dakota Communications Center (DCC), Dakota County Drug Task Force, I-35W Solutions Alliance, and Minnesota Valley Transit Authority (MVTA) are jointly governed organizations and have been excluded from the financial statements.

The City Manager must prepare estimates for an annual budget and submit them to the Council for approval. The budget is prepared and approved at the fund and function level. The City's budget process begins with a review of the City's financial management plan which is the document that provides the framework for financial decision making. The City Council aligns its department budget appropriations with the City Council strategic priorities. The annual budget includes financial plans for each budgeted fund projecting revenues and expenses for the next five years.

The Council is required to adopt a maximum tax levy and a preliminary budget by September 30th. The City Council discusses the proposed budget at Council work sessions in November. The final budget for the coming year must be adopted no later than December 31st of each year. After the budget is adopted the City Manager has the authority to reallocate resources between departments within funds; however, changes to the total budgeted expenditures require approval by the City Council.

Local Economy

The City's tax base is balanced between residential and commercial property. Total market value has fluctuated over the past 10 years consistent with the state-wide and nation-wide trend in the housing market. The total taxable market value has increased 59.9 percent over the past ten years from \$4.8 billion in 2013 to \$7.7 billion in 2022. In the five years 2018-2022, the market value growth averaged 5.7 percent per year. Burnsville continues to monitor valuation trends.

Property value growth consists of both growth from valuation increases on existing properties and growth due to new construction and remodeling. After a phase of rapid and extensive development, the City continues to grow but has attained many of its development objectives. Burnsville is now considered over 98% developed, however, the City continues to promote development and redevelopment.

There are 25,696 housing units in Burnsville and about 68% are owner occupied. Just over 65% of the City's housing stock was constructed between 1970 and 1990. The City is proactively addressing the needs for redevelopment and housing maintenance as the City ages to continue to maintain the City's healthy property value growth.

In December 2022, over 35,635 of the city's residents were in the labor force and the average unemployment rate for 2022 was 2.5%, which was lower than the rate for the metro area estimated at 2.6% for the same period. Burnsville is a connected community providing a variety of services and experiences to more than 64,000 residents, 2,700 businesses, thousands of annual visitors and 290 city staff and teammates.

Burnsville is home to a section of Murphy-Hanrehan Park Reserve, Buck Hill, part of the Minnesota Valley National Wildlife Refuge and The Ames Performing Art Center. In addition, Burnsville's downtown area is called Heart of the City with urban-style retail and condominiums. Plus, Burnsville Transit Station serves as the hub and headquarters of the Minnesota Valley Transit Authority.

Burnsville is a community where residents feel safe and welcome to be themselves, visitors find a place they want to come back to again and again, businesses are positioned for success and city staff and team members find meaningful work and opportunities to grow and evolve.

Long-term Financial Planning

The City faces the financial and redevelopment challenges associated with a mature city. Protecting property values of an aging housing stock will become increasingly important to city homeowners as well as maintaining the tax base of the city. The City's property maintenance code enforcement is helping to improve the quality of residences and businesses throughout the community. Slower growth and reduced state government aid have kept pressure on City budgets. Fortunately, the City is well positioned to deal with these challenges because of the broad diversification of the tax base and long-term financial planning. The City has adopted a financial management plan that clearly establishes low tax rates, infrastructure investment, and good standing within the financial community as top priorities. Furthermore, the City has forged partnerships throughout the community that will ensure a coordinated community-wide approach to addressing the challenges and opportunities of the future.

Infrastructure replacement costs will likely consume an increasing portion of the budget. The City has limited room for new construction on undeveloped land, and an aging infrastructure. This combination of limited new tax base and increased demand for enhanced maintenance and replacement of infrastructure (roads, water and sewer utilities and additional storm water improvements) presents the most significant set of financial challenges for the City of Burnsville in the City's history. Numerous strategic steps have been taken to improve the City government's responsiveness to these and other anticipated community needs.

Among the most significant steps taken to date has been the commitment by the City Council to allocate a portion of the general property tax levy to the Infrastructure Trust Fund. In addition, the City Council made a commitment to set utility rates to fund system depreciation for adequate maintenance and replacement of the water and sewer utilities and storm water improvements. These steps have placed the City in a proactive stance for preserving the value of the community's nearly \$500 million capital asset investment. The City prepares annual 5-year capital improvements plan for addition and replacement of the City's infrastructure.

The Council has dedicated franchise fee revenue as a funding source for the long-term capital plan to invest in improving the City's aging facilities. The City Council identified long-term funding needs to maintain, improve and replace the City's existing facilities. In 2014, the City completed a facility study to identify the City's 20-year facility needs. In 2015, the City established the Facilities Capital Fund to centralize facility capital projects and funding sources. In 2016, the City implemented gas and electric utility franchise fees and the City Council has directed these franchise fees to fund facilities capital projects. In 2020, these utility franchise fees were increased and will continue to support facilities capital projects.

The City prepares multi-year financial plans for each of its funds. The plans are updated each year and are included in the annual budget. These plans include projections of revenues, expenditures, fund balance and cash balance for a minimum of five years as well as a comparison to historical actual results and the current budget. A narrative describes the fund, background, sources and uses of funds, assumptions, and challenges for the future. These plans form the foundation for making budget decisions for the City's resources.

The City Council approved a 2023 budget that called for a total increase in tax levy of 14.5%. The adopted 2023 budget addresses fundamental community needs, including maintaining established basic service levels, increasing staffing to match service levels, and long-term infrastructure replacement.

Relevant Financial Policies

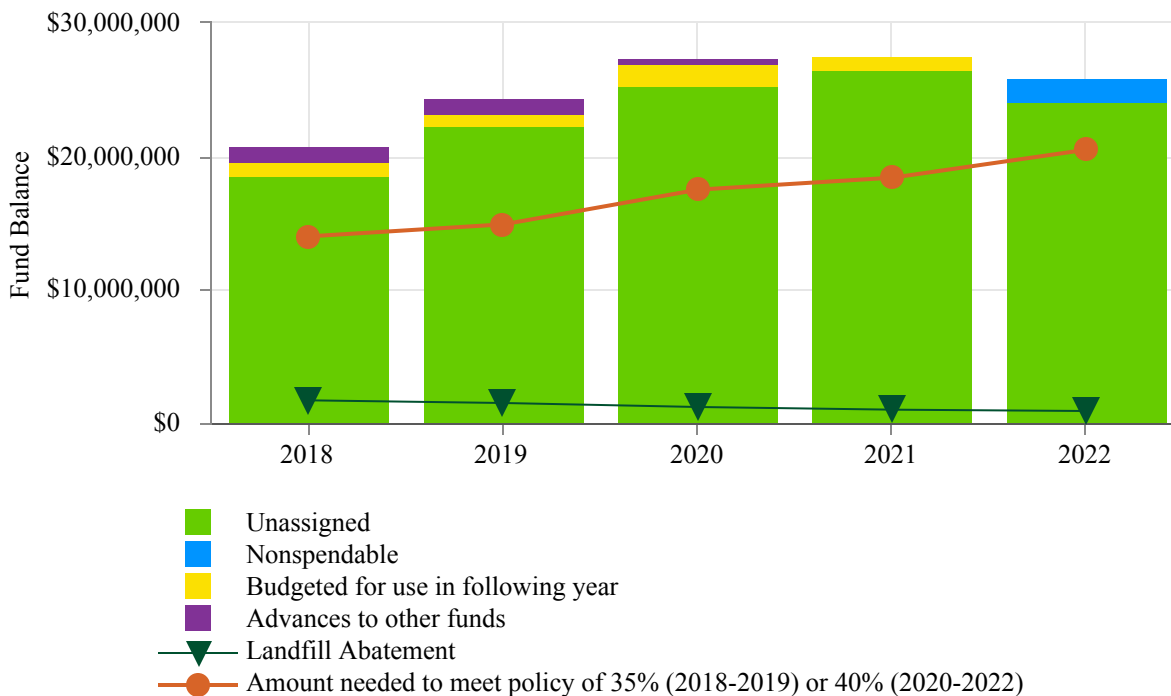
The City has a Financial Management Plan that serves two main purposes. It draws together, in a single document, the City's major financial policies. Also, the plan establishes principles to guide both staff and Council members to make consistent and informed financial decisions. The plan establishes City policy in the following areas:

- revenue management
- cash and investments
- fund balance/net position
- operating budget and compensation philosophy
- capital improvements plan
- Infrastructure Trust Fund
- Economic Development Authority Fund
- Facilities Capital Fund
- debt management
- accounting, auditing and financial reporting
- risk management

Fund Balances

It is important for the financial stability of the City to maintain reserve funds for unanticipated expenditures or unforeseen emergencies, as well as to provide adequate working capital for current operating needs to avoid short-term borrowing. The City's financial management plan states that the fund balances in the General and Special Revenue Funds will be maintained at a target level of 40-50% of the operating budget; however, this could fluctuate with each year's budget objectives and appropriations such as large capital expenditures and variation in the collection of revenues. The fund balance policy was updated in 2020 with the target fund balance levels. Prior to 2020, a minimum fund balance policy for the General Fund was set at 35% of the operating budget. The balance in the general fund is currently higher than the target level. The financial management plan directs that the use of one-time revenues be used for one-time expenditures.

General Fund - Fund Balance Policy



Major Initiatives

The City completed a utility rate study in 2020 to evaluate the City's base charges and rate structure to provide an appropriate balance between stability of base costs while still maintaining a high level of ground water conservation and equity. The new utility rate structure was implemented in 2021. The goal is to provide sufficient revenue to each utility for current and future operations, infrastructure, and capital improvements by modifying the existing rates as needed to fairly distribute the costs of service among different users.

The City completed an organizational analysis in 2022 to evaluate staffing recommended to maintain current levels of service to the community. A number of additional positions were identified in the analysis and implementation is planned over the course of three years beginning in 2023.

The Council has embarked on a long-term capital plan to invest in improving the City's aging facilities. The first phase of construction was completed in 2018. It includes a comprehensive renovation of the police station facilities, covered vehicle storage for police vehicles, a redesigned City Hall entrance, community room renovations, additional conference room space and Americans with Disabilities Act (ADA) compliance improvements. The City completed Phase II of the facilities plan in 2022 with the construction of Fire Station I at Newton Ave in the Pinnacle Park area.

The City's Northwest River Quadrant along the Minnesota River (MRQ) is the city's largest area for future development and redevelopment. The City has been preparing for the long-term future development of this 1,700 acre area for several years. The City has received special legislation from the State for Tax Increment Financing (TIF) districts in this area. Street improvements and soil remediation in the area continued in 2022. The City estimates future construction value for this area will exceed \$1.0 billion. Construction improvements will happen over the next 10-15 years. Major roadway improvements include the Cliff Road at I-35W South Ramp Improvement Project, which is a city led project that reconstructs the existing thru-stop (T) intersection at the intersection of I-35W Southbound Ramp and Cliff Road W (CSAH 32) to a roundabout approximately 200 feet south. The project extends Cliff Road W (CSAH 32) to provide improved access and mobility to the adjacent industrial area generating high volumes of freight and commuter traffic immediately adjacent to the I-35W corridor. The immediate need for this project is to remedy the existing inadequate sight lines and speed reduction distance for high speed traffic exiting the freeway, primarily heavy commercial trucks accessing the industrial area. This city-led project is being completed in partnership with Dakota County and MnDOT. The total estimated project cost of the Cliff Road at I-35W South Ramp Improvement Project is \$6.5 million. The City has secured \$3 million in funding from federal and state grants. The remainder will be funded by City of Burnsville and Dakota County.

Additionally, in December of 2018 the City Council adopted the Center Village Vision redevelopment plan to address the evolving County Road 42 retail corridor and the Burnsville Center. The plan outlines short, mid- and long-range goals for redevelopment of the retail area west of I-35W, south of McAndrews Road, east of Burnhaven Drive and north of Southcross Drive - including the Burnsville Center. It is meant to help guide future policy decisions and spark reinvestment into the area. The plan envisions new neighborhoods and housing mixed with retail uses; as well as other uses such as parks, hotels, clinics, co-sharing work places, start-up offices, brew pubs and maker spaces. The Center Village Vision Plan was developed through a collaborative effort with the consultant and their team of industry experts, along with City representatives, area stakeholders and property owners. The plan calls for a future mixed-use pedestrian friendly area. In 2019 the City began working on a Traffic Study which was led by a consultant and involved city, county and state staff serving in a technical advisory capacity to identify issues, concerns, potential roadway improvements and traffic capacity in the area. This Traffic Study was made possible through a Department of Employment and Economic Development (DEED) Host grant. The Traffic Study was adopted by the City Council in 2020. The City also completed an Alternative Urban Area-wide Review (AUAR) to examine redevelopment scenarios and plan for mitigation related to environmental impacts. The AUAR for the Center Village funded in part by the Dakota County Redevelopment Incentive Grant program. For three years the City actively pursued special legislation from the State to consider the area as a Tax Increment Financing (TIF) district area. The area, particularly the mall, has seen a decline in foot traffic, mass vacancies and obsolete building types. In 2021 the City was successful in obtaining special legislation to consider the Burnsville Center properties and adjacent right of way as Redevelopment TIF eligible. In 2021 the City proactively changed the land use and zoning north of County Road 42 and south of McAndrews to Mixed Use to support implementation strategies outlined in the Center Village Vision and Economic Development Strategic Priorities. The City of Burnsville, in partnership with Dakota County, applied for a MnDOT Transportation Economic Development (TED) grant for construction of a new exit ramp from southbound I-35W under County State Aid Highway (CSAH) 42 to Buck Hill Road. The project was selected and will be awarded \$3.1 million in TED grant funding. The total project cost is estimated to be about \$5 million. The City has begun predesign work for a future Aldrich Road connection and new I35W exit ramp to improve access within the Burnsville Center properties.

Awards & Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burnsville for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the 27th consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current ACFR continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to GFOA to determine its eligibility for another certificate.

We want to express our appreciation to the entire staff of the Finance Department for their work in preparing this report and assistance provided during the audit. We also wish to express our appreciation to the Mayor, members of the City Council, and the City Manager for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Elissa Ryan".

Elissa Ryan
Deputy Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Burnsville
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF BURNSVILLE, MINNESOTA

CITY COUNCIL AND OTHER OFFICIALS

City Council:

Term Expires:

Mayor	Elizabeth Kautz	December 31, 2024
Councilmember	Dan Gustafson	December 31, 2024
Councilmember	Dan Kealey	December 31, 2026
Councilmember	Cara Schulz	December 31, 2024
Councilmember	Vince Workman	December 31, 2026

City Manager Gregg Lindberg

City Clerk Macheal Brooks

LEADERSHIP TEAM AND PEOPLE MANAGERS

The City of Burnsville strives to recognize the potential for leadership at all levels in the organization. However the demands and complexity of local government services require that lines of accountability exist for organizational performance, as delegated by the City Manager.

Leadership Team

The first level of responsibility lies with this group of employees who assist the City Manager with overall guidance of the organization:

- Deputy City Manager
- Chief Financial Officer
- Public Works Director
- Fire Chief
- Police Chief
- Community Development Director
- Human Resources Director
- Information Technology Director
- Communications & Community Engagement Director
- Parks, Recreation, & Facilities Director
- City Clerk

Senior Managers

The next level of responsibility lies with the senior managers of service areas:

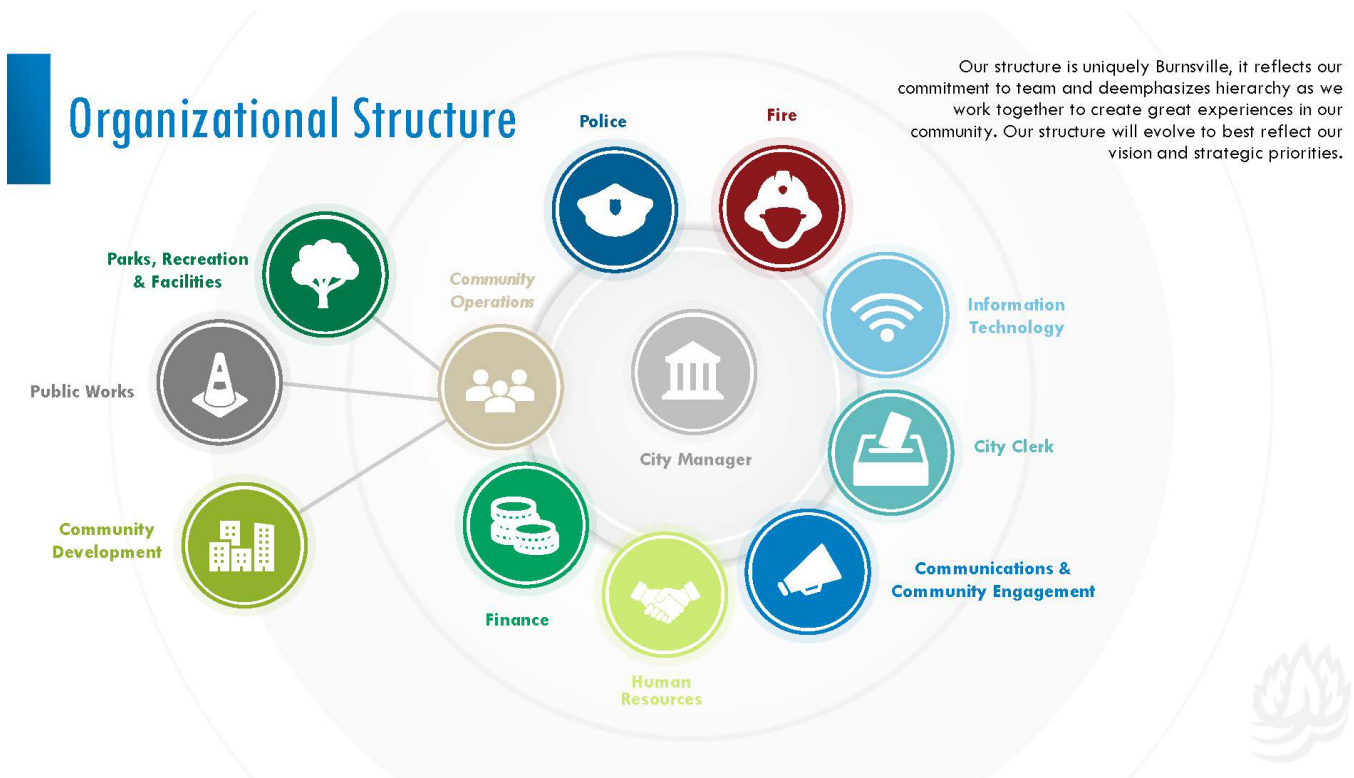
- City Engineer
- Assistant Public Works Director
- Police Captains (three)
- Assistant Fire Chiefs (three)
- Deputy Chief Financial Officer
- Assistant Human Resources Director
- Organizational Development and Strategic Initiatives Manager
- Recreation & Facilities Superintendent
- Assistant Community Development Director
- Building Official
- Licensing and Code Enforcement Coordinator

People Managers

The next level of responsibility lies with the direct supervisors of front-line employees and service providers throughout the organization.

CITY OF BURNSVILLE, MINNESOTA

ORGANIZATION OF CITY SERVICES



ORGANIZATIONAL MODEL

The City of Burnsville is organized at the direction of the City Manager. As Chief Executive Officer, the Manager is the sole employee of the City Council. The current organizational configuration is non-traditional and has been described as a “molecular model” which seeks to emphasize the relationship of work groups while de-emphasizing hierarchy. The organizational arrangement illustrated above is fluid and can change at the discretion of the City Manager. This current structure is the result of a gradual evolution over the life of the City and will continue to evolve as the needs of the community change.

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jadlyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Burnsville, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burnsville, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and budgeted major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 to the basic financial statements, in fiscal 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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 RSI 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.

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.
Minneapolis, Minnesota
June 14, 2023

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Management's Discussion and Analysis

As management of the City of Burnsville, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the basic financial statements. Amounts presented in the narrative of this Management's Discussion and Analysis have been rounded to the nearest thousand.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$272,987,000 (net position). Of this amount, \$49,128,000 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors; \$17,448,000 is restricted for specific purposes (restricted net position); and \$206,411,000 represents the net investment in capital assets.
- The City's total net position increased by \$7,516,000 excluding the prior period adjustment reported in the current year as discussed below. The increase is a combination of surpluses and deficits, and includes park dedication funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,935,000, an increase of \$6,943,000 in comparison with the prior year. A number of factors contributed to this increase. Park dedication fees related to development were \$4,159,000. The balance is a result of the net effect of budget surpluses and deficits.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,213,000, or 53% of total budgeted 2023 general fund expenditures and transfers.
- A prior period adjustment, increasing equity by \$1,194,000 was recorded in the governmental activities on the government-wide statements. This change was related to the City's inventory of capitalized assets and the related useful lives. Prior year comparative amounts have not been restated.
- During the year ended December 31, 2022, the City implemented GASB Statement No. 87, Leases. The implementation of this new GASB statement in the current year resulted in the City reporting a new lease receivable and deferred inflows of resources. Also, adjustments to capital assets and long-term liabilities were made, but did not require a restatement of net position in the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other 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 private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows 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.

The *statement of activities* presents information showing how the government'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, culture and recreation, conservation of natural resources, and economic development. The business-type activities of the City include water and sewer, storm water, performing arts center, ice arena, golf course, and street lighting.

The government-wide financial statements can be found on pages 32-33 of this report.

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 two categories: governmental funds and proprietary 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 six individual major 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, the grants special revenue fund, the general obligation improvement bonds debt service fund, the infrastructure trust capital projects fund, the improvement construction capital projects fund, and the facilities capital projects fund. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund, grant fund, infrastructure trust capital projects fund, improvement construction capital projects fund and facilities capital projects fund and ten non-major governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements may be found on pages 34-39 of this report.

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 City uses enterprise funds to account for its water and sewer, storm water, performing arts center, ice arena, golf course, and street lighting operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for compensated absences and dental self insurance. Because these services predominantly benefits governmental rather than business-type functions, they have been included within *governmental 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 the water and sewer, storm water, and Ames center (performing arts center) operations, all three of which are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. Additionally, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 43-78 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and related notes. The required supplementary information can be found on page 79-88 of this report.

Other information. The combining statements and schedules referred to earlier in connection with nonmajor governmental, enterprise, and internal service funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules may be found on pages 90-114 of this report.

Further, a statistical section has been included as part of the Annual Comprehensive Financial Report (ACFR) to facilitate additional analysis and is the third and final section of the report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$272,987,000 at the close of the most recent fiscal year.

The largest portion of the City's net position (76 percent) reflects the City's investment in capital assets (e.g., land, permanent easements, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, 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.

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$49,128,000) may be used to meet the government's ongoing obligations to residents and creditors.

City of Burnsville's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$103,275,108	\$ 79,496,321	\$ 33,480,296	\$ 29,407,700	\$136,755,404	\$108,904,021
Capital assets, net	155,174,976	152,167,620	123,708,154	125,487,987	278,883,130	277,655,607
Total assets	258,450,084	231,663,941	157,188,450	154,895,687	415,638,534	386,559,628
Total deferred outflows						
of resources	46,221,767	25,117,433	773,649	981,781	46,995,416	26,099,214
Long-term liabilities	127,693,189	77,540,864	26,607,759	24,137,905	154,300,948	101,678,769
Other liabilities	15,803,731	13,650,693	1,580,000	1,822,990	17,383,731	15,473,683
Total liabilities	143,496,920	91,191,557	28,187,759	25,960,895	171,684,679	117,152,452
Total deferred inflows						
of resources	17,769,274	30,072,738	192,871	1,155,825	17,962,145	31,228,563
Net position:						
Net investment in						
capital assets	118,138,873	118,184,855	99,364,372	102,988,125	206,410,807	208,080,337
Restricted	17,448,211	16,740,952	—	—	17,448,211	16,740,952
Unrestricted	7,818,573	591,272	30,217,097	25,772,623	49,128,108	39,456,538
Total net position*	<u>\$143,405,657</u>	<u>\$135,517,079</u>	<u>\$129,581,469</u>	<u>\$128,760,748</u>	<u>\$272,987,126</u>	<u>\$264,277,827</u>

* The City implemented a change in accounting principle and prior period adjustment for the year ended December 31, 2022 that required a restatement of beginning net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2021 and beginning net position on January 1, 2022. See Note I.E.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, for both the government as a whole as well as for its separate business-type activities.

There was an increase in net position in the governmental activities of \$6,695,000 and an increase of \$821,000 in business-type activities, for a net total increase of \$7,516,000 in net position. This change in net position reflects changes in deferred outflows of resources, deferred inflows of resources, and long-term liabilities as a result in the City's participation in defined benefit plans. Liabilities reported for the City's other post-employment benefits (OPEB) plan increased in 2022 due to changes in actuarial assumptions. Current and other assets and deferred inflows increased due to implementation of the new lease standard.

The total net investment in capital assets for the City is not the sum of the Governmental Activities and Business-type Activities. For certain capital related debt activity the capital asset is recorded in the business-type activities and the debt is in the governmental activities. This is combined for the government wide total activities.

City of Burnsville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 12,222,434	\$ 9,422,226	\$ 28,110,567	\$ 26,463,073	\$ 40,333,001	\$ 35,885,299
Operating grants and contributions	6,217,950	5,906,437	143,468	1,859,616	6,361,418	7,766,053
Capital grants and contributions	13,088,700	9,259,847	1,602,859	1,639,089	14,691,559	10,898,936
General revenues:						
Property taxes	41,303,580	39,305,483	—	—	41,303,580	39,305,483
Other taxes	6,178,098	6,070,804	—	—	6,178,098	6,070,804
Grants and contributions not restricted to specific programs	2,788,716	9,004	—	—	2,788,716	9,004
Unrestricted investment earnings (charges)	(3,138,002)	(535,066)	310,769	120,036	(2,827,233)	(415,030)
Total revenues	<u>78,661,476</u>	<u>69,438,735</u>	<u>30,167,663</u>	<u>30,081,814</u>	<u>108,829,139</u>	<u>99,520,549</u>
Expenses:						
General government	11,061,187	8,366,829	—	—	11,061,187	8,366,829
Public safety	33,903,053	25,215,845	—	—	33,903,053	25,215,845
Public works and parks	19,687,730	19,479,051	—	—	19,687,730	19,479,051
Culture and recreation	1,399,057	1,118,846	—	—	1,399,057	1,118,846
Conservation of natural resources	1,332,858	1,452,729	—	—	1,332,858	1,452,729
Economic development	3,173,721	727,005	—	—	3,173,721	727,005
Interest on long-term debt	1,170,232	1,246,843	—	—	1,170,232	1,246,843
Water and sewer	—	—	19,675,040	18,812,106	19,675,040	18,812,106
Storm water	—	—	4,610,749	4,590,763	4,610,749	4,590,763
Performing arts center	—	—	2,579,667	2,233,683	2,579,667	2,233,683
Ice arena	—	—	1,514,688	1,370,543	1,514,688	1,370,543
Golf course	—	—	411,006	361,360	411,006	361,360
Street lighting	—	—	794,369	656,699	794,369	656,699
Total expenses	<u>71,727,838</u>	<u>57,607,148</u>	<u>29,585,519</u>	<u>28,025,154</u>	<u>101,313,357</u>	<u>85,632,302</u>
Increase (decrease) in net position before transfers	6,933,638	11,831,587	582,144	2,056,660	7,515,782	13,888,247
Transfers	(238,577)	248,988	238,577	(248,988)	—	—
Increase (decrease) in net position	<u>6,695,061</u>	<u>12,080,575</u>	<u>820,721</u>	<u>1,807,672</u>	<u>7,515,782</u>	<u>13,888,247</u>
Net position on January 1, as restated	136,710,596	123,436,504	128,760,748	126,953,076	265,471,344	250,389,580
Net position on December 31	<u>\$143,405,657</u>	<u>\$135,517,079</u>	<u>\$129,581,469</u>	<u>\$128,760,748</u>	<u>\$272,987,126</u>	<u>\$264,277,827</u>

* The City implemented a change in accounting principle and prior period adjustment for the year ended December 31, 2022 that required a restatement of beginning net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2021 and beginning net position on January 1, 2022. See Note I.E.

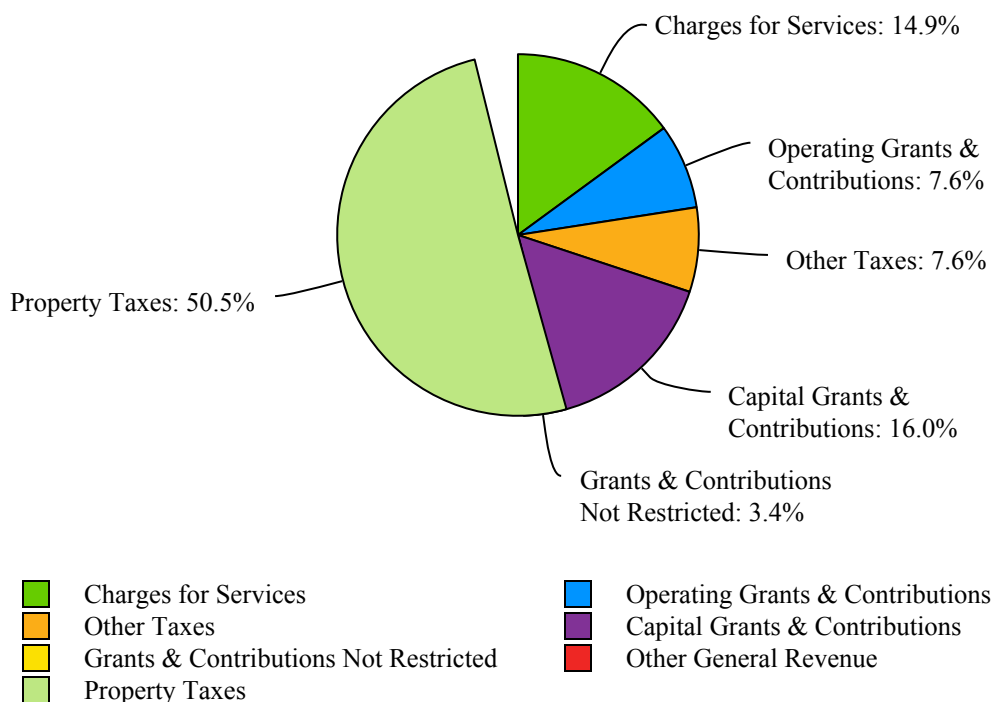
The increase in overall net position is a combination of many surpluses and deficits, and are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities resulted in an increase of the City’s net position by \$6,695,000 in 2022, while the increase in total net position was \$7,516,000.

Revenues increased in total by \$9,223,000, or 13%, primarily due to increases in capital grants and contributions of \$3,829,000, property taxes of \$1,998,000, increases in charges for services totaling \$2,800,000, and increases in grants and contributions not restricted to specific programs of \$2,780,000. These increases were offset by a decrease in unrestricted investment earnings of \$2,603,000. Expenses increased in total by \$14,121,000, or 25% in 2022. Key elements of these changes follow:

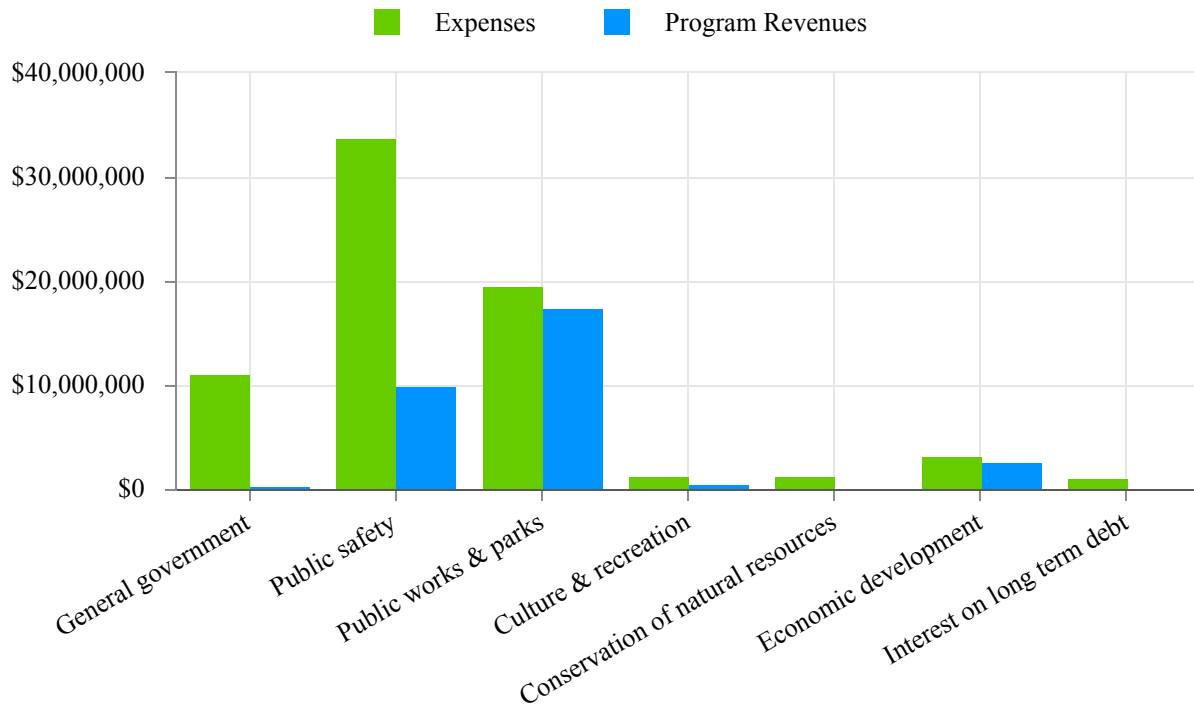
- Property taxes increased during 2022 due to a 4.8% increase in the levy.
- Grants and contributions not restricted to specific programs revenue increased due to grants and aid the City received from various sources. American Rescue Plan Act federal relief aid recognized in 2022 was the largest at \$2,000,000.
- Capital grants and contributions increased due to park dedication fee revenue.
- Charges for services increased due to development related revenue.
- Unrestricted investment earnings decreased due to market conditions and a rising interest rate environment at the end of 2022.
- Revenues across other categories remained flat.
- Expenses increased by \$13,828,000 or 40%, for 2022 in general government, public safety, and economic development. A majority of the increase was due to the City's contributions to regional road construction and economic development. Generally, changes in other expenses closely paralleled budgeted amounts across functions.

Revenues by Source - Governmental Activities*



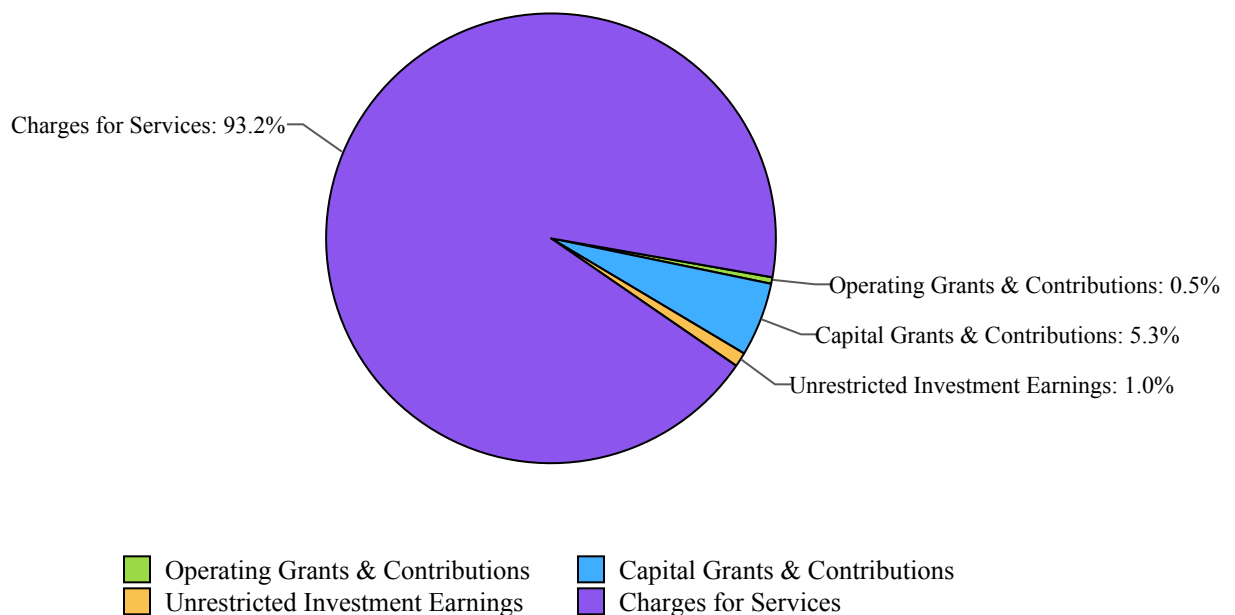
*This pie chart shows positive revenue sources. The open space represents negative Other General Revenue of (4.0)%.

Expenses and Program Revenues - Governmental Activities

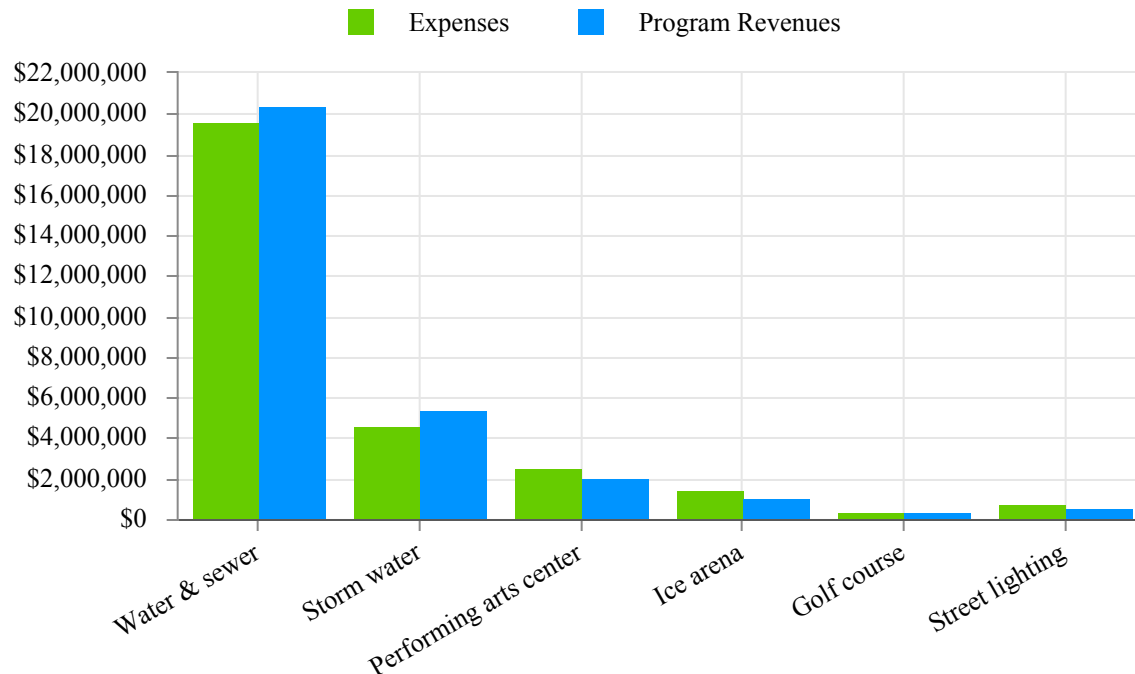


Business-type activities. Business-type activities increased the City's net position by \$821,000 in 2022, while the increase in total net position was \$7,516,000. The 2022 net position of the business-type activities remained level.

Revenues by Source - Business-Type Activities



Expenses and Program Revenues - Business-Type Activities



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.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,935,000, an increase of \$6,943,000 in comparison with the prior year. Approximately 81% of this balance constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted and nonspendable* to indicate that it is not available for new spending because it has already been obligated for specific purposes (\$11,159,000).

The general fund is the chief operating fund of the City. At the end of 2022, unassigned fund balance of the general fund was \$24,213,000, while total fund balance was \$26,928,000. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47% of total general fund 2023 budgeted expenditures and transfers, while total fund balance represents 53% of that same amount.

The fund balance of the City's general fund decreased by \$1,701,000 during the current fiscal year. Overall revenues increased by \$2,054,000, due to an increase in intergovernmental revenue of \$2,225,000, including \$2,000,000 million in America Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) funding in 2022 used largely to offset public safety expenditures. Decreases to net change in fair value of investments increased by \$3,143,000 from 2021. Transfers from other funds decreased by \$185,000 in 2022. Expenditures increased by \$3,503,000 and were lower than expected across most departments. The largest increase was \$2,101,000 for increases in personnel expenditures. Transfers to other funds decreased by \$160,000 for 2022 as budgeted.

The Grant Special Revenue Fund had an increase in fund balance of \$63,000 during 2022. This increase is the result of interest revenue received on federal grant funds.

The General Obligation Improvement Bond fund had a decrease in fund balance of \$94,000. Total fund balance was \$4,285,000 and \$4,379,000 as of December 31, 2022 and 2021 respectively. The entire fund balance is restricted for the

payment of debt service. The decrease is the result of revenues collected for debt service offset by the timing of scheduled retirement of bonds.

The Infrastructure Trust Capital Fund had an increase in fund balance of \$3,450,000. This increase is the result of issuing bonds and property tax and intergovernmental revenue offset by the timing of projects.

The Improvement Construction Fund had an increase in fund balance of \$503,000. This increase results from issuing bonds in 2022 to offset 2021 and 2022 activity. Bonds were not issued in 2021.

The Facilities Capital Projects fund had an increase in fund balance of \$1,110,000 during 2022. This change in fund balance is the result of the timing difference between the collection of franchise fee revenue offset by the timing of projects.

Proprietary funds. The City's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective major enterprise funds at the end of the year were \$18,130,000 for the Water and Sewer fund, \$7,796,000 for the Storm Water fund, and \$3,222,000 for the Ames Center fund. The total change in net position of the major enterprise funds were \$638,000 for the Water and Sewer fund, \$1,088,000 for the Storm Water fund and \$(487,000) for the Ames Center fund.

The increase in the Water and Sewer fund net position was mainly due to capital contributions - connection charges in 2022. Modest increases for charges for services because of an increase in water and sanitary sewer rates for 2022 were matched by an increase in operating expenses. Connection charges, which are dependent on new construction, were \$907,000.

The increase in the Storm Water fund net position was mainly due to capital contributions - from others. Operating revenues increased slightly pursuant to a small increase in rates for 2022. Operating expenses increased during 2022 for increased maintenance and rehabilitation costs. Capital contributions - from others increased by \$357,000.

The decrease in net position of the Ames Center fund was mainly due to planned decreases in intergovernmental revenue, host fee revenue, and transfers in from other funds. Operating revenues and operating expenses increased during 2022 as the number of shows increased to meet demand as the economy recovers from the pandemic.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were a net increase of \$282,000 for expenditures for the fiscal year. The difference between the original budget and final amended budget for revenue was a net increase of \$182,000.

Generally, the amendments to the budget were relatively minor individually and were for changes in expenditures due to new revenue sources such as grants and donations that occur throughout the year or projects that were carried forward from the previous year.

Actual revenues were more than budgeted amounts in 2022 by \$1,032,000. Revenues across many categories were more than budgeted amounts for 2022, due to the conservative budgeting efforts amidst unknown recovery from the COVID-19 pandemic. Actual revenues exceeded budget due to the continued pandemic recovery in 2022. License and permit revenue exceeded budget by \$618,000. Development exceeded expectations in 2022. Charges for services revenues were \$1,289,000 more than budget, due to host fee revenue. Another factor contributing to the change in revenue was the net change in the fair value of investments in 2022 of (\$4,040,000). The City does not budget for the increase or decrease in fair market value of investments. Property tax revenues were \$248,000 more than budget. The City had budgeted for unpaid taxes due to economic pressures on taxpayers, however we did not experience the change in delinquent taxes that was anticipated. Intergovernmental revenues exceeded budgeted amounts in 2022 by \$2,243,000. The City had initially budgeted for ARPA funds through a transfer from the Grant Fund, but recorded revenue directly into the General fund. The decrease of \$2,000,000 in budgeted transfers in is offset by the increase in budgeted intergovernmental revenue due to how the ARPA funds were ultimately recorded.

Actual expenditures were 1% below budgeted expenditures in total. Total budget savings in the general fund were \$576,000. Budget savings were spread throughout many departments, with the largest savings coming from the administration, human

resources, information technology, and planning departments. Savings were largely due to open full-time and seasonal positions in those departments.

General Fund budget to actual information can be found on page 38 and page 94.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$278,883,000 (net of accumulated depreciation/amortization). This investment in capital assets includes land, permanent easements, buildings, infrastructure and improvements, equipment and vehicles, leased equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 0.4 percent (2.0 percent increase for governmental activities and a 1.4 percent decrease for business-type activities).

Other than routine infrastructure repairs and replacements, the City's major capital asset events during the current fiscal year included expenditures for a new fire truck, trails, and water treatment plant electrical improvements.

City of Burnsville's Capital Assets (net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 21,378,922	\$ 21,274,622	\$ 3,237,899	\$ 3,237,899	\$ 24,616,821	\$ 24,512,521
Permanent easements	4,912,181	3,488,887	4,596,387	4,349,809	9,508,568	7,838,696
Buildings	36,042,223	37,075,064	23,370,727	24,278,247	59,412,950	61,353,311
Infrastructure and improvements	77,488,753	76,692,695	89,908,046	90,316,338	167,396,799	167,009,033
Equipment and vehicles	13,029,877	13,338,589	2,536,546	2,745,232	15,566,423	16,083,821
Leased equipment	229,622	—	—	—	229,622	—
Construction in progress	2,093,398	297,763	58,549	560,462	2,151,947	858,225
Total	<u>\$155,174,976</u>	<u>\$152,167,620</u>	<u>\$123,708,154</u>	<u>\$125,487,987</u>	<u>\$278,883,130</u>	<u>\$277,655,607</u>

Additional information on the City's capital assets can be found in note III.C.

Long-term debt. At the end of the current fiscal year, the City had total bonds, certificates of indebtedness, notes, and leases outstanding of \$68,548,000.

City of Burnsville's Outstanding Debt						
	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 21,880,000	\$ 23,030,000	\$ —	\$ —	\$ 21,880,000	\$ 23,030,000
General obligation certificates of indebtedness	1,020,000	—	—	—	1,020,000	—
G.O. Tax increment bonds	1,205,000	1,475,000	—	—	1,205,000	1,475,000
G.O. Tax abatement bonds	10,905,000	12,845,000	—	—	10,905,000	12,845,000
General obligation improvement bonds	10,680,000	7,870,000	—	—	10,680,000	7,870,000
General obligation revenue bonds	—	—	15,690,000	14,195,000	15,690,000	14,195,000
General obligation revenue notes	—	—	6,967,000	7,195,319	6,967,000	7,195,319
Lease liability	201,352	—	—	—	201,352	—
Total	\$ 45,891,352	\$ 45,220,000	\$ 22,657,000	\$ 21,390,319	\$ 68,548,352	\$ 66,610,319

The City's total debt increased by \$1,938,000 during the current fiscal year. The increase was the result of debt issuance partially offset by scheduled retirement of principal.

The City received a "AAA" rating, the highest possible, from Standard and Poor's Rating Services for general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total estimated market value of taxable property in the city. The current debt limitation for the City is \$232,002,000, which is significantly in excess of the City's general obligation debt applicable to the limit of \$21,880,000.

Additional information on the City's long-term debt can be found in note III.E.

Economic Factors and Next Year's Budgets and Rates

The City has completed comprehensive 5-year financial plans for all budgeted funds. These plans provide a future perspective to today's decision making. The projections provide an estimate of future fund balances, tax needs for the current service level and the impact that the 2023 budget decisions are projected to have on future years. The City also has a Financial Management Plan that provides policy guidelines for decision making.

The City generally plans to maintain services at the 2022 levels with a 14.5% increase in the property tax levy for 2023. The City plans to increase staffing levels over multiple years to better match the level of services provided. The City Council adopted a general operating and debt budget of \$86.3 million for fiscal year 2023, a 7.3% increase from the 2022 budget. The 2023 budget for the enterprise funds is \$35.3 million compared to \$33.0 million for 2022.

- Significant budget changes worth noting for 2023 general operating budget as originally adopted include:
 - Implementation of the first year of the Organization Analysis with an increase in staffing levels of 19 full time equivalent positions.
 - Implementation of an enhanced total rewards non-compensation benefits packages for employees.
 - Expanded organizational development initiatives and investment in diversity and inclusion efforts.
 - Maintained funding for infrastructure and parks
 - Issuance of bonds and related debt service payments for the special assessment portion of street projects.
- The 2023 enterprise fund budget changes include the following:

- Capital improvements in the Water and Sewer and Storm water funds include rehabilitation and maintenance of utility infrastructure as part of the City's street projects and other storm water management projects across the City.
- Issuance of bonds and related debt service payments for the water and sewer portion of the street reconstruction program.
- The December 2022 unemployment rate for the City was 2.7 percent, which compares favorably with the state's unemployment rate of 3.2 percent and the national unemployment rate of 3.3 percent.
- The City had a 15.5 percent increase in tax base from 2022 to 2023. Estimated taxable market value was \$7.7 billion in 2022.

In 1996, the City Council recognized that the City was nearly fully developed and resources would be required in the future to replace aging infrastructure. In response to this challenge, the City created the Infrastructure Trust Fund, which essentially charges infrastructure depreciation to existing taxpayers, who are wearing out the system, instead of leaving the full replacement cost to the next generation of taxpayers.

The City has been instituting an increase in the rates charged for the various utilities as part of a multi-year plan to raise sufficient reserve balances in order to fully cover system depreciation, thereby allowing for adequate replacement of aging infrastructure. The City contracted to complete a comprehensive utility rate study for the water and sewer and storm water utility funds. The rate study results are considered revenue neutral and are designed only to generate enough revenue needed to maintain adequate fund balances. Pursuant to the rate study, it was determined that rate increases for 2023 (2.5% for water service, 5.5% for sewer service, and 2.0% for storm water rates) were necessary to meet operating and capital replacement needs. A rate increase of 3.0% in 2023 was necessary for the Street Lighting Fund to meet operating and capital replacement needs.

Requests for Information

This financial report is designed to provide a general overview of the City'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 addressed to the City of Burnsville Finance Department, 100 Civic Center Parkway, Burnsville, MN 55337.

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Basic Financial Statements



City of Burnsville
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 69,372,847	\$ 26,498,557	\$ 95,871,404
Receivables (net)	23,484,914	6,839,887	30,324,801
Due from other governments	10,417,347	99,901	10,517,248
Prepaid items	—	41,951	41,951
Capital assets:			
Land	21,378,922	3,237,899	24,616,821
Permanent easements	4,912,181	4,596,387	9,508,568
Construction in progress	2,093,398	58,549	2,151,947
Buildings	54,099,568	44,090,419	98,189,987
Infrastructure and improvements	201,947,541	189,817,511	391,765,052
Equipment and vehicles	33,011,290	7,899,609	40,910,899
Leased equipment	428,657	—	428,657
	317,871,557	249,700,374	567,571,931
Less accumulated depreciation/amortization	(162,696,581)	(125,992,220)	(288,688,801)
Net capital assets	155,174,976	123,708,154	278,883,130
Total assets	258,450,084	157,188,450	415,638,534
Deferred Outflows of resources			
Deferred outflows of resources - other post-employment benefits	6,211,866	—	6,211,866
Deferred outflows of resources - pensions	40,009,901	773,649	40,783,550
Total deferred outflows of resources	46,221,767	773,649	46,995,416
Total assets and deferred outflows of resources	\$ 304,671,851	\$ 157,962,099	\$ 462,633,950
Liabilities			
Accounts payable	\$ 2,497,400	\$ 942,803	\$ 3,440,203
Salaries and other compensation payable	2,034,019	7,744	2,041,763
Accrued interest	92,894	68,962	161,856
Contracts payable	832,518	501,088	1,333,606
Due to other governments	285,884	5,085	290,969
Unearned revenue	6,260,966	—	6,260,966
Customer and other deposits	3,800,050	54,318	3,854,368
Noncurrent liabilities:			
Due within one year	5,752,838	2,622,455	8,375,293
Due in more than one year	121,940,351	23,985,304	145,925,655
Total liabilities	143,496,920	28,187,759	171,684,679
Deferred Inflows of resources			
Deferred inflows of resources - other post-employment benefits	3,729,712	—	3,729,712
Deferred inflows of resources - pensions	1,262,359	33,500	1,295,859
Deferred inflows of resources - lease revenue for subsequent years	12,777,203	159,371	12,936,574
Total deferred inflows of resources	17,769,274	192,871	17,962,145
Net Position			
Net investment in capital assets	118,138,873	99,364,372	206,410,807
Restricted			
Debt service	12,143,523	—	12,143,523
Landfill abatement	1,192,052	—	1,192,052
State-funded street projects	4,112,636	—	4,112,636
Unrestricted	7,818,573	30,217,097	49,128,108
Total net position	143,405,657	129,581,469	272,987,126
Total liabilities, deferred inflows of resources and net position	\$ 304,671,851	\$ 157,962,099	\$ 462,633,950

The notes to the financial statements are an integral part of the statement.

**City of Burnsville
Statement of Activities
For the Year Ended December 31, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 11,061,187	\$ 414,016	\$ 42,490	\$ —	\$ (10,604,681)	\$ —	\$ (10,604,681)
Public safety	33,903,053	8,109,894	1,974,701	—	(23,818,458)	—	(23,818,458)
Public works and parks	19,687,730	3,299,502	1,166,724	13,088,700	(2,132,804)	—	(2,132,804)
Culture and recreation	1,399,057	396,457	121,669	—	(880,931)	—	(880,931)
Conservation of natural resources	1,332,858	2,565	275,004	—	(1,055,289)	—	(1,055,289)
Economic development	3,173,721	—	2,637,362	—	(536,359)	—	(536,359)
Interest on long-term debt	1,170,232	—	—	—	(1,170,232)	—	(1,170,232)
Total governmental activities	<u>71,727,838</u>	<u>12,222,434</u>	<u>6,217,950</u>	<u>13,088,700</u>	<u>(40,198,754)</u>	<u>—</u>	<u>(40,198,754)</u>
Business-Type Activities:							
Water and sewer	19,675,040	19,355,318	6,195	1,016,200	—	702,673	702,673
Storm water	4,610,749	4,659,188	134,520	586,659	—	769,618	769,618
Performing arts center	2,579,667	2,044,668	—	—	—	(534,999)	(534,999)
Ice arena	1,514,688	1,066,645	2,065	—	—	(445,978)	(445,978)
Golf course	411,006	396,623	688	—	—	(13,695)	(13,695)
Street lighting	794,369	588,125	—	—	—	(206,244)	(206,244)
Total business-type activities	<u>29,585,519</u>	<u>28,110,567</u>	<u>143,468</u>	<u>1,602,859</u>	<u>—</u>	<u>271,375</u>	<u>271,375</u>
Total governmental and business-type activities	<u>\$101,313,357</u>	<u>\$ 40,333,001</u>	<u>\$ 6,361,418</u>	<u>\$ 14,691,559</u>	<u>(40,198,754)</u>	<u>271,375</u>	<u>(39,927,379)</u>
General Revenues:							
Property taxes					41,303,580	—	41,303,580
Lodging tax					338,254	—	338,254
Franchise taxes					5,839,844	—	5,839,844
Grants and contributions not restricted to specific programs					2,788,716	—	2,788,716
Unrestricted investment earnings (charges)					(3,138,002)	310,769	(2,827,233)
Transfers					(238,577)	238,577	—
Total general revenues and transfers					<u>46,893,815</u>	<u>549,346</u>	<u>47,443,161</u>
Change in Net Position					<u>6,695,061</u>	<u>820,721</u>	<u>7,515,782</u>
Net Position - Beginning, as restated Note I.E.					<u>136,710,596</u>	<u>128,760,748</u>	<u>265,471,344</u>
Net Position - Ending					<u>\$ 143,405,657</u>	<u>\$129,581,469</u>	<u>\$272,987,126</u>

The notes to the financial statements are an integral part of the statement.

**City of Burnsville
Balance Sheet
Governmental Funds
December 31, 2022**

	General	Grant Fund	GO Improvement Bonds	Infrastructure Trust (ITF) Capital Fund	Improvement Construction Capital Fund	Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets								
Cash, cash equivalents, and investments	\$ 27,210,488	\$ 6,344,551	\$ 4,252,075	\$ 4,756,350	\$ 2,404	\$ 6,362,848	\$ 17,052,870	\$ 65,981,586
Receivables, net of allowance for uncollectible amounts:								
Property taxes	261,443	—	—	28,596	—	—	61,921	351,960
Special assessments	76,368	—	5,717,814	—	115,653	—	—	5,909,835
Mortgages receivable	—	—	—	—	—	—	130,420	130,420
Accrued interest	435,167	—	—	—	—	—	28	435,195
Accounts receivable	1,930,286	—	—	—	—	1,336,204	247,068	3,513,558
Leases receivable	13,141,608	—	—	—	—	—	—	13,141,608
Due from other funds	1,115,000	—	—	—	—	—	—	1,115,000
Due from other governments	1,982,674	—	32,895	4,298,909	1,781,996	310	2,320,563	10,417,347
Advances to other funds	1,822,469	—	—	—	—	—	—	1,822,469
Total Assets	<u>\$ 47,975,503</u>	<u>\$ 6,344,551</u>	<u>\$ 10,002,784</u>	<u>\$ 9,083,855</u>	<u>\$ 1,900,053</u>	<u>\$ 7,699,362</u>	<u>\$ 19,812,870</u>	<u>\$102,818,978</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	\$ 886,085	\$ —	\$ —	\$ —	\$ 189,816	\$ 111,030	\$ 1,305,173	\$ 2,492,104
Salaries and other compensation payable	2,034,019	—	—	—	—	—	—	2,034,019
Contracts payable	—	—	—	—	466,339	141,995	224,184	832,518
Due to other funds	—	—	—	—	1,115,000	—	—	1,115,000
Due to other governments	129,691	—	—	—	137,232	—	18,961	285,884
Unearned revenue	—	6,260,966	—	—	—	—	—	6,260,966
Customer and other deposits	3,793,849	—	—	—	—	—	6,201	3,800,050
Advances from other funds	—	—	—	—	—	—	1,822,469	1,822,469
Total Liabilities	<u>6,843,644</u>	<u>6,260,966</u>	<u>—</u>	<u>—</u>	<u>1,908,387</u>	<u>253,025</u>	<u>3,376,988</u>	<u>18,643,010</u>
Deferred Inflows of Resources:								
Unavailable revenue - property taxes	261,443	—	—	28,596	—	—	61,921	351,960
Unavailable revenue - special assessments	—	—	5,717,814	—	115,653	—	—	5,833,467
Unavailable revenue - long-term receivable	—	—	—	4,112,636	—	—	—	4,112,636
Lease revenue for subsequent years	12,777,203	—	—	—	—	—	—	12,777,203
Unavailable revenue - other revenue	1,165,277	—	—	—	—	—	—	1,165,277
Total Deferred Inflows of Resources	<u>14,203,923</u>	<u>—</u>	<u>5,717,814</u>	<u>4,141,232</u>	<u>115,653</u>	<u>—</u>	<u>61,921</u>	<u>24,240,543</u>
Fund Balances:								
Nonspendable	1,822,469	—	—	—	—	—	130,420	1,952,889
Restricted	892,437	—	4,284,970	—	—	420,259	3,608,759	9,206,425
Committed	—	83,585	—	4,942,623	—	7,026,078	2,471,760	14,524,046
Assigned	—	—	—	—	—	—	11,813,857	11,813,857
Unassigned	24,213,030	—	—	—	(123,987)	—	(1,650,835)	22,438,208
Total Fund Balances	<u>26,927,936</u>	<u>83,585</u>	<u>4,284,970</u>	<u>4,942,623</u>	<u>(123,987)</u>	<u>7,446,337</u>	<u>16,373,961</u>	<u>59,935,425</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,975,503</u>	<u>\$ 6,344,551</u>	<u>\$ 10,002,784</u>	<u>\$ 9,083,855</u>	<u>\$ 1,900,053</u>	<u>\$ 7,699,362</u>	<u>\$ 19,812,870</u>	<u>\$102,818,978</u>

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
December 31, 2022

Total governmental fund balances	\$	59,935,425
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets		317,871,557
Accumulated depreciation/amortization		(162,696,581)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Receivables, primarily special assessments and Municipal State Aid (MSA) funding		11,463,340
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The internal service fund is used by management to charge the costs of compensated absences and dental self insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Cash		3,391,261
Accrued compensated absences		(3,929,210)
Dental self insurance		(2,958)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Total other post-employment benefit obligations payable		(11,223,178)
Net pension liability		(63,708,767)
Bonds payable, net of unamortized discounts and premiums		(48,630,682)
Lease liability		(201,352)
Accrued interest payable		(92,894)

Governmental funds do not report long-term amounts related to pensions and OPEB

Deferred outflows of resources - OPEB		6,211,866
Deferred inflows of resources - OPEB		(3,729,712)
Deferred outflows of resources - pensions		40,009,901
Deferred inflows of resources - pensions		(1,262,359)

Net position of governmental activities	\$	143,405,657
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The notes to the financial statements are an integral part of the statement.

City of Burnsville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Grant Fund	GO Improvement Bonds	Infrastructure Trust (ITF) Capital Fund	Improvement Construction Capital Fund	Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 30,929,189	\$ —	\$ 198	\$ 3,224,305	\$ —	\$ 229	\$ 6,989,890	\$ 41,143,811
Special assessments	5,493	—	1,449,425	—	271,285	—	—	1,726,203
Licenses and permits	3,091,208	—	—	—	—	—	2,565	3,093,773
Other taxes	338,254	—	—	—	—	5,201,782	638,062	6,178,098
Intergovernmental revenue	4,246,370	—	—	1,604,015	4,224,547	—	3,220,586	13,295,518
Charges for services	7,379,616	—	—	—	—	—	298,797	7,678,413
Fines and forfeits	203,466	—	—	—	—	—	1,500	204,966
Interest on investments (charges)	440,314	62,567	62,985	44,129	(48,128)	86,621	208,137	856,625
Net change in fair value of investments	(4,040,241)	—	—	—	—	—	—	(4,040,241)
Miscellaneous revenue	1,469,526	—	—	—	10,000	35,573	4,272,559	5,787,658
Total Revenues	<u>44,063,195</u>	<u>62,567</u>	<u>1,512,608</u>	<u>4,872,449</u>	<u>4,457,704</u>	<u>5,324,205</u>	<u>15,632,096</u>	<u>75,924,824</u>
Expenditures								
Current:								
General government	7,657,550	—	—	—	—	—	1,521,015	9,178,565
Public safety	27,680,906	—	—	—	—	—	2,256,431	29,937,337
Public works and parks	7,295,984	—	—	—	—	—	732,502	8,028,486
Culture and recreation	1,147,212	—	—	—	—	—	65,619	1,212,831
Conservation of natural resources	686,533	—	—	—	—	—	548,312	1,234,845
Economic development	381,435	—	—	—	—	—	2,775,529	3,156,964
Capital outlay:								
General government	—	—	—	—	—	839,576	273,886	1,113,462
Public safety	—	—	—	—	—	928,396	—	928,396
Public works and parks	—	—	—	—	—	329,088	2,081,883	2,410,971
Culture and recreation	—	—	—	—	—	309,638	—	309,638
Infrastructure	—	—	—	4,097,893	5,616,728	—	1,822,468	11,537,089
Debt service:								
Principal	45,028	—	1,340,000	—	—	45,733	3,496,544	4,927,305
Interest	260	—	266,163	—	—	118	1,057,276	1,323,817
Fiscal agent fees	—	—	2,196	—	—	—	8,708	10,904
Bond issuance costs	—	—	—	—	70,626	—	16,630	87,256
Total Expenditures	<u>44,894,908</u>	<u>—</u>	<u>1,608,359</u>	<u>4,097,893</u>	<u>5,687,354</u>	<u>2,452,549</u>	<u>16,656,803</u>	<u>75,397,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(831,713)</u>	<u>62,567</u>	<u>(95,751)</u>	<u>774,556</u>	<u>(1,229,650)</u>	<u>2,871,656</u>	<u>(1,024,707)</u>	<u>526,958</u>
Other Financing Sources (Uses)								
Bonds issued	—	—	—	2,700,000	1,450,000	—	1,020,000	5,170,000
Premium on bonds issued	—	—	1,402	—	282,933	—	96,630	380,965
Leases issued	—	—	—	—	—	—	273,886	273,886
Sale of capital assets	—	—	—	—	—	—	42,621	42,621
Transfers in	—	—	—	—	—	95,200	3,204,303	3,299,503
Transfers out	(869,558)	—	—	(25,000)	—	(1,856,405)	—	(2,750,963)
Total other financing sources (uses)	<u>(869,558)</u>	<u>—</u>	<u>1,402</u>	<u>2,675,000</u>	<u>1,732,933</u>	<u>(1,761,205)</u>	<u>4,637,440</u>	<u>6,416,012</u>
Net Change in Fund Balances	<u>(1,701,271)</u>	<u>62,567</u>	<u>(94,349)</u>	<u>3,449,556</u>	<u>503,283</u>	<u>1,110,451</u>	<u>3,612,733</u>	<u>6,942,970</u>
Fund Balances - Beginning	<u>28,629,207</u>	<u>21,018</u>	<u>4,379,319</u>	<u>1,493,067</u>	<u>(627,270)</u>	<u>6,335,886</u>	<u>12,761,228</u>	<u>52,992,455</u>
Fund Balances - Ending	<u>\$ 26,927,936</u>	<u>\$ 83,585</u>	<u>\$ 4,284,970</u>	<u>\$ 4,942,623</u>	<u>\$ (123,987)</u>	<u>\$ 7,446,337</u>	<u>\$ 16,373,961</u>	<u>\$ 59,935,425</u>

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2022

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

Net change in fund balances - total governmental funds	\$ 6,942,970
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay	11,022,181
Depreciation/amortization expense	(8,816,192)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	
Net book value of capital assets disposed	(80,951)
Transfers of capital assets to business-type activities	(787,117)
Donations of capital assets	321,147
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,780,587
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued:	
Issuance of debt, including discounts and premiums	(5,550,965)
Lease financing	(273,886)
Principal repayments:	
General obligation debt	4,700,000
Leases	227,305
Amortization of premiums and discounts	274,339
Some expenses reported in the statement of activities do not provide or do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest expense	(22,594)
Net other post-employment benefit obligations expense	(958,065)
Pension expense	(2,120,820)
The internal service fund is used by management to charge the costs of compensated absences and dental self insurance to individual funds.	(8,492)
The investment earnings of internal service funds is reported with governmental activities.	45,614
Change in net position of governmental activities	\$ 6,695,061

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 30,681,156	\$ 30,681,156	\$ 30,929,189	\$ 248,033
Special assessments	8,700	8,700	5,493	(3,207)
Licenses and permits	2,438,198	2,473,198	3,091,208	618,010
Other taxes	285,000	285,000	338,254	53,254
Intergovernmental revenue	1,938,176	2,003,058	4,246,370	2,243,312
Charges for services	6,090,416	6,090,416	7,379,616	1,289,200
Fines and forfeits	195,170	195,170	203,466	8,296
Interest on investments	325,880	325,880	440,314	114,434
Net change in fair value of investments	—	—	(4,040,241)	(4,040,241)
Miscellaneous revenue	886,551	968,257	1,469,526	501,269
Total Revenues	<u>42,849,247</u>	<u>43,030,835</u>	<u>44,063,195</u>	<u>1,032,360</u>
Expenditures				
Current:				
General government	8,066,861	8,151,779	7,657,550	494,229
Public safety	27,222,716	27,373,315	27,680,906	(307,591)
Public works and parks	7,398,243	7,473,678	7,295,984	177,694
Culture & recreation	1,178,428	1,192,928	1,147,212	45,716
Conservation of natural resources	845,415	802,153	686,533	115,620
Economic development	476,891	476,891	381,435	95,456
Debt Service:				
Principal	—	—	45,028	(45,028)
Interest	—	—	260	(260)
Total Expenditures	<u>45,188,554</u>	<u>45,470,744</u>	<u>44,894,908</u>	<u>575,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,339,307)	(2,439,909)	(831,713)	1,608,196
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	—	(2,000,000)
Transfers out	(869,558)	(869,558)	(869,558)	—
Total other financing sources (uses)	<u>1,130,442</u>	<u>1,130,442</u>	<u>(869,558)</u>	<u>(2,000,000)</u>
Net Change in Fund Balances	(1,208,865)	(1,309,467)	(1,701,271)	(391,804)
Fund Balances - Beginning	28,629,207	28,629,207	28,629,207	—
Fund Balances - Ending	<u>\$ 27,420,342</u>	<u>\$ 27,319,740</u>	<u>\$ 26,927,936</u>	<u>\$ (391,804)</u>

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Grant Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenue	\$ 4,018,991	\$ 4,018,991	\$ —	\$ (4,018,991)
Interest on investments	400	400	62,567	62,167
Total Revenues	<u>4,019,391</u>	<u>4,019,391</u>	<u>62,567</u>	<u>(3,956,824)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,019,391	4,019,391	62,567	(3,956,824)
Other Financing Sources				
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>—</u>	<u>2,000,000</u>
Net Change in Fund Balances	2,019,391	2,019,391	62,567	(1,956,824)
Fund Balances - Beginning	21,018	21,018	21,018	—
Fund Balances - Ending	<u>\$ 2,040,409</u>	<u>\$ 2,040,409</u>	<u>\$ 83,585</u>	<u>\$ (1,956,824)</u>

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Storm Water	Ames Center	Other Enterprise Funds	Total	
Assets						
Current Assets:						
Cash, cash equivalents and investments	\$ 15,542,208	\$ 6,785,955	\$ 2,476,592	\$ 1,693,802	\$ 26,498,557	\$ 3,391,261
Special assessments receivable:						
Delinquent	18,065	12,193	—	—	30,258	—
Deferred, current portion	10,698	16,379	—	—	27,077	—
Accounts receivable	4,074,087	853,842	908,815	145,100	5,981,844	2,338
Leases receivable	6,543	—	—	—	6,543	—
Due from other governments	61,801	38,100	—	—	99,901	—
Prepaid items	—	—	41,951	—	41,951	—
Total Current Assets	19,713,402	7,706,469	3,427,358	1,838,902	32,686,131	3,393,599
Noncurrent Assets:						
Deferred special assessments receivable, less current portion	145,670	488,039	—	—	633,709	—
Leases receivable, less current portion	160,456	—	—	—	160,456	—
Capital Assets:						
Land	319,892	2,160,687	—	757,320	3,237,899	—
Permanent easements	1,902,052	2,694,335	—	—	4,596,387	—
Construction in progress	58,549	—	—	—	58,549	—
Buildings	20,735,701	—	20,364,622	2,990,096	44,090,419	—
Infrastructure and improvements	110,355,164	69,718,407	419,265	9,324,675	189,817,511	—
Equipment and vehicles	5,013,609	1,495,236	652,705	738,059	7,899,609	—
Less accumulated depreciation	(69,188,537)	(40,937,738)	(7,599,315)	(8,266,630)	(125,992,220)	—
Total capital assets (net of accumulated depreciation)	69,196,430	35,130,927	13,837,277	5,543,520	123,708,154	—
Total Noncurrent Assets	69,502,556	35,618,966	13,837,277	5,543,520	124,502,319	—
Total Assets	89,215,958	43,325,435	17,264,635	7,382,422	157,188,450	3,393,599
Deferred Outflows of Resources						
Deferred outflows of resources - pensions	464,189	103,153	—	206,307	773,649	—
Liabilities						
Current Liabilities:						
Current maturities of long term debt	2,582,000	—	—	—	2,582,000	—
Salaries and other compensation payable	5,873	1,871	—	—	7,744	—
Accrued compensated absences, current portion	22,133	7,378	—	10,944	40,455	392,920
Accounts payable	422,296	102,773	205,046	212,688	942,803	5,296
Accrued interest	68,962	—	—	—	68,962	—
Contracts payable	285,713	211,865	—	3,510	501,088	—
Due to other governments	—	3,380	—	1,705	5,085	—
Customer and other deposits	41,969	984	—	11,365	54,318	—
Total Current Liabilities	3,428,946	328,251	205,046	240,212	4,202,455	398,216
Noncurrent Liabilities:						
General obligation bonds payable, less current maturities	21,264,204	—	—	—	21,264,204	—
Accrued compensated absences, net of current portion	199,198	66,402	—	98,499	364,099	3,536,290
Net pension liability	1,414,201	314,267	—	628,533	2,357,001	—
Total Noncurrent Liabilities	22,877,603	380,669	—	727,032	23,985,304	3,536,290
Total Liabilities	26,306,549	708,920	205,046	967,244	28,187,759	3,934,506
Deferred Inflows of Resources						
Deferred inflows of resources - pensions	20,100	4,467	—	8,933	33,500	—
Deferred inflows of resources - lease revenue for subsequent years	159,371	—	—	—	159,371	—
Total Deferred Inflows of Resources	179,471	4,467	—	8,933	192,871	—
Net Position						
Net investment in capital assets	45,064,513	34,919,062	13,837,277	5,543,520	99,364,372	—
Unrestricted	18,129,614	7,796,139	3,222,312	1,069,032	30,217,097	(540,907)
Total Net Position	\$ 63,194,127	\$ 42,715,201	\$17,059,589	\$ 6,612,552	\$ 129,581,469	\$ (540,907)

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Storm Water	Ames Center	Other Enterprise Funds	Total	
Operating Revenues						
Charges for services	\$ 19,227,464	\$ 4,626,016	\$ 1,879,668	\$ 2,048,393	\$ 27,781,541	\$ 592,928
Operating Expenses						
Personnel services	4,822,279	1,347,161	—	1,003,208	7,172,648	409,146
Contracted labor	—	—	1,138,588	—	1,138,588	—
Sanitary sewer disposal costs	5,289,980	—	—	—	5,289,980	—
Repairs and maintenance	2,099,770	903,190	65,113	398,721	3,466,794	—
Utilities	1,185,430	87,568	103,725	586,396	1,963,119	—
Other operating expenses	2,493,676	728,206	690,211	203,720	4,115,813	192,274
Depreciation	3,275,370	1,525,437	582,030	528,018	5,910,855	—
Total Operating Expenses	19,166,505	4,591,562	2,579,667	2,720,063	29,057,797	601,420
Operating Income (Loss)	60,959	34,454	(699,999)	(671,670)	(1,276,256)	(8,492)
Nonoperating Revenues (Expenses)						
Intergovernmental	6,195	134,520	—	2,753	143,468	—
Investment earnings	163,252	85,057	37,337	25,123	310,769	45,614
Other income	127,854	33,172	165,000	3,000	329,026	—
Loss on disposal of capital assets	(9,526)	(19,187)	—	—	(28,713)	—
Interest expense	(499,009)	—	—	—	(499,009)	—
Total Nonoperating Revenues (Expenses)	(211,234)	233,562	202,337	30,876	255,541	45,614
Income (Loss) Before Contributions and Transfers	(150,275)	268,016	(497,662)	(640,794)	(1,020,715)	37,122
Capital Contributions and Transfers						
Capital contributions - connection charges	907,130	—	—	—	907,130	—
Capital contributions - from other funds	235,719	317,483	10,800	223,115	787,117	—
Capital contributions - from others	109,070	586,659	—	—	695,729	—
Transfers out	(463,915)	(84,625)	—	—	(548,540)	—
Total Capital Contributions and Transfers	788,004	819,517	10,800	223,115	1,841,436	—
Change in Net Position	637,729	1,087,533	(486,862)	(417,679)	820,721	37,122
Total Net Position - Beginning	62,556,398	41,627,668	17,546,451	7,030,231	128,760,748	(578,029)
Total Net Position - Ending	\$ 63,194,127	\$ 42,715,201	\$ 17,059,589	\$ 6,612,552	\$ 129,581,469	\$ (540,907)

The notes to the financial statements are an integral part of the statement.

City of Burnsville
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water and Sewer	Storm Water	Ames Center	Other Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 18,963,824	\$ 4,657,077	\$ 1,892,391	\$ 2,099,638	\$ 27,612,930	\$ —
Receipts from interfund services provided	—	—	—	—	—	593,376
Payments to suppliers	(11,287,764)	(1,762,237)	(2,119,969)	(1,076,587)	(16,246,557)	(198,934)
Payments to employees	(4,684,717)	(1,333,082)	—	(945,556)	(6,963,355)	(298,685)
Net cash provided (used) by operating activities	2,991,343	1,561,758	(227,578)	77,495	4,403,018	95,757
Cash Flows from Noncapital Financing Activities						
Grants and host fees	16,419	275,137	165,000	5,753	462,309	—
Transfers out	(463,915)	(84,625)	—	—	(548,540)	—
Net cash provided (used) by noncapital financing activities	(447,496)	190,512	165,000	5,753	(86,231)	—
Cash Flows from Capital and Related Financing Activities						
Receipts from connection charges	907,130	—	—	—	907,130	—
Purchase or construction of capital assets	(2,066,906)	(407,119)	(39,836)	(163,028)	(2,676,889)	—
Principal payments on bonds and notes payable	(2,512,000)	—	—	—	(2,512,000)	—
Proceeds from sale of bonds and notes	4,023,115	—	—	—	4,023,115	—
Interest paid on bonds and notes	(644,692)	—	—	—	(644,692)	—
Net cash provided (used) by capital and related financing activities	(293,353)	(407,119)	(39,836)	(163,028)	(903,336)	—
Cash Flows from Investing Activities						
Investment earnings	163,252	85,057	37,337	25,123	310,769	45,614
Net Increase (Decrease) in Cash and Cash Equivalents	2,413,746	1,430,208	(65,077)	(54,657)	3,724,220	141,371
Cash and Cash Equivalents						
Beginning	13,128,462	5,355,747	2,541,669	1,748,459	22,774,337	3,249,890
Ending	<u>\$ 15,542,208</u>	<u>\$ 6,785,955</u>	<u>\$ 2,476,592</u>	<u>\$ 1,693,802</u>	<u>\$ 26,498,557</u>	<u>\$ 3,391,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 60,959	\$ 34,454	\$ (699,999)	\$ (671,670)	\$ (1,276,256)	\$ (8,492)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	3,275,370	1,525,437	582,030	528,018	5,910,855	—
(Increase) decrease in assets:						
Receivables	(407,802)	(42,477)	12,723	44,253	(393,303)	448
Due from other governments	(16,316)	73,298	—	—	56,982	—
Prepays	—	—	(1,870)	—	(1,870)	—
(Increase) decrease in deferred outflows of resources:						
Pensions	124,880	27,751	—	55,501	208,132	—
(Decrease) increase in liabilities:						
Salaries and accrued compensated absences	21,724	(11,663)	—	6,170	16,231	110,461
Accounts payable	70,657	(1,830)	(120,462)	111,342	59,707	(6,660)
Contracts payable	(284,545)	(30,902)	—	922	(314,525)	—
Due to other governments	(5,020)	(10,541)	—	(18)	(15,579)	—
Customer deposits	1,107	240	—	6,996	8,343	—
Net pension liability	664,353	147,634	—	295,268	1,107,255	—
(Decrease) increase in deferred inflows of resources:						
Pensions	(673,395)	(149,643)	—	(299,287)	(1,122,325)	—
Leases receivable in subsequent years	159,371	—	—	—	159,371	—
Net cash provided (used) by operating activities	<u>\$ 2,991,343</u>	<u>\$ 1,561,758</u>	<u>\$ (227,578)</u>	<u>\$ 77,495</u>	<u>\$ 4,403,018</u>	<u>\$ 95,757</u>
Noncash investing, capital, and financing activities						
Capital assets contributed from other funds	\$ 235,719	\$ 317,483	\$ 10,800	\$ 223,115	\$ 787,117	\$ —
Capital assets contributed from others	\$ 109,070	\$ 586,659	\$ —	—	\$ 695,729	—
Lease revenue over lease receivable payments	\$ 7,628	\$ —	\$ —	\$ —	\$ 7,628	\$ —
(Loss) on disposal of capital assets	<u>\$ (9,526)</u>	<u>\$ (19,187)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (28,713)</u>	<u>\$ —</u>

The notes to the financial statements are an integral part of the statement.

CITY OF BURNSVILLE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Burnsville, Minnesota (the City) operates under Optional Plan B as defined in the Statutes of the State of Minnesota. Under this plan, the City is governed by a City Council composed of an elected mayor and four elected trustees or council members. The City Council exercises legislative authority and determines all matters of policy. The City Manager, who is appointed by the City Council, is responsible for the proper administration of all affairs relating to the City.

Generally accepted accounting principles in the United States of America require that these financial statements present the City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity using the blended method because of its operational significance and financial relationship with the City.

Blended component unit

Economic Development Authority (EDA) - The EDA is governed by a five-member council composed of the City Council. Although it is legally separate from the City, the EDA is reported as if it were part of the primary government (blended) because the City has operational responsibility for the EDA. The EDA activity is reported in the EDA Special Revenue Fund, the Tax Increment Bonds Debt Service Fund, the EDA Lease Revenue Bonds Debt Service Fund, and the Tax Increment Capital Projects Fund. Financial information can be obtained at the City's offices, located at 100 Civic Center Parkway, Burnsville, Minnesota 55337.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The operating grants and contributions column includes operating specific and discretionary grants while the capital grants and contributions includes capital specific grants and contributions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Depreciation/amortization expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized when it is measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, other post-employment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund. The principal sources of revenue are property taxes, intergovernmental revenue, licenses and permits, and charges for municipal services. Expenditures are for general government, public safety, public works and parks, culture and recreation, conservation of resources, and other functions. A plan of financial operations is set forth each year in the form of the annual budget adopted by the City Council.

The *Grant Special Revenue Fund* was established in 1996 to account for the revenues and expenditures related to federal and state financial assistance programs.

The *General Obligation Improvement Bonds Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on general obligation improvement bonds.

The *Infrastructure Trust Capital Projects Fund* accounts for property tax and state aid revenue, and the expenditure of these funds for the purpose of replacing streets and park facilities.

The *Improvement Construction Capital Projects Fund* accounts for the receipt and disbursement of bond proceeds or other sources obtained to finance improvements which are to be paid for wholly or in part from special assessments levied against benefited property.

The Facilities Capital Projects Fund was established in 2015 to account for the receipt and disbursement of bond proceeds, transfers from other funds and other sources obtained to finance facilities replacement and improvements.

The City reports the following major enterprise funds:

The *Water and Sewer Fund* accounts for the operation of the City's water and sewer system.

The *Storm Water Fund* accounts for the operation of the City's storm water system.

The *Ames Center Fund* accounts for the operation and maintenance of the City's performing arts center.

Additionally, the City reports the following fund type:

The *Internal Service Fund* accounts for the activity related to providing goods and services to other departments of the City on a cost-reimbursement basis. The City utilizes a Compensated Absences Internal Service Fund and Dental Insurance Internal Service Fund in managing City operations.

In addition, the City reports the following non-major governmental funds:

The *Special Revenue Funds* account for the proceeds from special tax levies and other dedicated revenues to be used for a particular purpose. The City's special revenue funds include:

- *Cable Franchise Fee Fund* - Established in 2001 to account for the revenues from franchise fees received from cable television. Revenues are committed for the purpose of City communications.
- *Forfeiture Fund* - Established in 1992 to account for money received from the court system and fund balance is committed for police operations.
- *Youth Center Fund* - Established in 1998 to account for revenue from the contributions, grants, user fees, and transfers from the General Fund used to operate THE GARAGE, a city youth center.
- *Economic Development Authority (EDA) Fund* - Established in 2002 to account for revenues received from EDA tax levy for the purpose of funding development needs.
- *Sustainability Fund* - Established in 2004 to account for the revenue from county grants to operate the Burnsville, Eagan, Lakeville and Apple Valley partnership for promoting recycling.
- *Forestry Fund* - Established in 2011 to account for the revenues received from a tax levy and expenditures associated with preparing for and managing a potential infestation of the Emerald Ash Borer for the City.

The Debt Service Funds account for the payment of principal and interest on debt of the City. The debt is retired from the receipts of ad valorem taxes, special assessment levies established for that purpose, and state tax credits. The City's debt service funds include:

- *General Obligation Bonds Fund* - Accounts for the accumulation of resources for the payment of general obligation bonds or other general indebtedness and interest thereon.
- *General Obligation Tax Abatement Bonds Fund* - Accounts for the accumulation of resources for payment of principal and interest on general obligation tax abatement bonds.
- *EDA Lease Revenue Bonds Fund* - Accounts for the resources accumulated and payments made for principal and interest on EDA lease revenue bonds.

- *Tax Increment Bonds Fund* - Accounts for the resources accumulated and payments made for principal and interest on general obligation tax increment bonds

The Capital Projects Funds account for the financial resources used in the acquisition or construction of major capital expenditures, excluding those financed by Enterprise funds. The City's capital projects funds include:

- *Information Technology (I.T.) Capital Fund* - Established in 2007 to account for capital purchases of information technology equipment and software development. The resources will be provided by an allocation of proceeds from the issuance of Certificates of Indebtedness and transfers from other funds.
- *Equipment and Vehicle Fund* - Established in 2002 to account for capital purchases of equipment and vehicles replacement and improvements. The resources will be provided by issuance of Certificates of Indebtedness, sale of existing equipment, and transfers from other funds.
- *Tax Increment Fund* - Accounts for the proceeds of General Obligation Tax Increment Bonds and for the expenditure of these funds to finance certain construction projects within the Tax Increment Financing Districts.
- *Parks Capital Fund* - Established in 1980 to account for revenues and expenditures for the purchase and maintenance of city parks.
- *Street Revolving Construction Fund* - Established in 2004 to account for revenues and expenditures for street rehabilitation projects, major street maintenance projects, and small traffic control issues.

In addition, the City reports the following non-major enterprise funds:

The *Ice Arena Fund* accounts for the operation and maintenance of the city-owned ice arena.

The *Golf Course Fund* accounts for the operation of the municipal golf course, Birnamwood Golf Course.

The *Street Lighting Utility Fund* accounts for the operation, maintenance, and replacement of the City's street lighting system.

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 revenues of the City's proprietary and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION

1. Deposits and investments

State statutes authorize the City to invest in certain investments, including obligations of the U.S. Treasury and U.S. agencies, State and local government securities, commercial paper rated A-1+ by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, and repurchase agreements.

Investments are generally stated at fair value, except for short-term highly liquid debt instruments (including commercial paper, bankers' acceptance, U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less, the 4M Fund, and money market mutual funds, which are reported at amortized cost.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note III. for the City's recurring fair value measurements as of December 31, 2022.

A majority of the investments of the City are maintained in a pooled account. The earnings on the pooled investments are allocated to the funds on a systemic basis. Restricted cash and cash equivalents are maintained in established escrow accounts and earnings from such investments are allocated directly to the respective funds in which the assets are held. Investment income is accrued at the balance sheet date.

For purposes of the Statement of Cash Flows, the City considers cash and cash equivalents to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. In addition, each fund's equity in the City's pooled account is considered to be a cash equivalent because the fund can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are considered current and are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes are set by the City Council, with the levy certified to the County, which acts as collection agent, in December prior to the year collectible. Such taxes represent a lien on the property on January 1 of the year collectible. Taxes are payable by the property owners in two installments by the fifteenth day of May and October. The County generally remits the taxes collected to the City in July and December.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances are based on historical experience of collectability.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

4. Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund type statement of net position. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate historical cost for the initial reporting of these assets through backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using as appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Major outlays for capital assets and improvements, including infrastructure assets, are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Land, permanent easements, and construction in progress are not depreciated/amortized.

Pursuant to GASB 51, in the case of initial capitalization of intangible assets, the City chose to include such items regardless of their acquisition date. The City elected not to report permanent easements acquired in years prior to 2010 under the provision of GASB 51. The City elected to report permanent easements acquired in the year 2010 and going forward.

Capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Other improvements	10-40
Equipment and vehicles (including software)	3-25
Infrastructure	30-50
Leased equipment	2-5

5. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Under certain conditions, employees are compensated upon termination of employment for their accumulated unpaid vacation and sick pay benefits up to a maximum number of hours.

Accumulated vacation and sick leave is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide and proprietary fund financial statements. The compensated absences internal service fund reports the governmental funds' liability for compensated absences on the accrual basis.

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. 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, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions and other post-employment benefits (OPEB) standards reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, net collective difference between projected and actual earnings on pension plan investments, changes in proportion, and from contributions to the plans subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under modified accrual basis of accounting, and therefore is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, special assessments, long-term receivable, and other revenues not collected within 60 days of year end. 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 enterprise funds Statement of Net Position. The deferred inflows of resources related to pensions and OPEB results from differences between expected and actual experience, changes of assumptions, net collective difference between projected and actual earnings on pension plan investments, and changes in proportion. These amounts are deferred and amortized as required under pension and OPEB standards.

The City also reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables in the government-wide Statement of Net Position, governmental funds balance sheet, and enterprise funds Statement of Net Position. These amounts are deferred and amortized in a systematic and rational manner over the term of the lease.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA's fiduciary net position have been determined on

the same basis as they are reported by the PERA. 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 benefit terms. Investments are reported at fair value.

9. Fund balances

For financial reporting in the fund financial statements, governmental funds report fund balances that are nonspendable and spendable. Nonspendable balances by nature cannot be spent by the government (i.e., prepaids, inventories, long-term receivables, etc.) Spendable balances are further classified by the relative strength of the constraints that control how amounts can be spent. Those classifications are:

Restricted - constraint imposed for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed - constraint imposed for a specific purpose determined by formal action (resolution) of the City Council, the highest level of decision making authority. The council resolution must be approved no later than the close of the reporting period. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution). Commitments apply to fund balance that are not otherwise nonspendable or restricted.

Assigned - constraint imposed for a specific purpose by the intent of the City Council or an official to which the City Council has delegated authority to assign specific amounts. Pursuant to the City Council Fund Balance Policy, the City Manager and/or his/her designee are authorized to assign fund balance that reflects the City's intended use of those funds.

Unassigned - fund balance that has not been reported in any other classification. The General fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.

When both restricted and unrestricted resources are available for use, the City will first use restricted resources, then use unrestricted resources as they are needed.

When any combination of committed, assigned, or unassigned resources are available for use, the City will use committed resources first, then assigned, then unassigned resources as they are needed.

10. Use of estimates

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

11. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

E. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

1. Change in Accounting Principle

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of this new GASB statement in the current year resulted in the City reporting a new lease receivable and deferred inflows of resources. Also, adjustments to capital assets and long-term liabilities were made, but did not require a restatement of net position in the current year.

2. Prior Period Adjustment

A prior period adjustment, increasing equity by \$1,193,517 was recorded in the governmental activities on the government-wide statements. This change was related to the City's inventory of capitalized assets and the related useful lives. Prior year comparative amounts have not been restated.

The details of the restatement are as follows:

	Governmental Activities
Net position - beginning, as previously reported	\$ 135,517,079
Prior period adjustment	
Capital Asset, permanent easement	1,193,517
Net position - beginning, restated	<u>\$ 136,710,596</u>

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds and the Tax Increment Capital Projects fund, which are not budgeted. The expenditures for unbudgeted capital projects funds are approved by the City Council for acquisitions or purchases as required. Formal budgetary integration is not employed for the debt service funds and other capital projects funds because effective budgetary control is achieved through general obligation bond indenture provisions. All annual appropriations lapse at fiscal year-end.

According to state law, the City Council adopts the proposed property tax levy on or before September 15. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

In accordance with truth in taxation legislation, the City Council holds public hearing to obtain taxpayer comments. The budget is legally enacted through passage of a resolution after the truth in taxation public meeting.

Revisions that alter the total expenditures of any fund must be approved by the City Council. Individual line items may overspend budgeted amounts without Council approval as long as the actual fund expenditures do not exceed the total budgeted fund expenditures.

Budgetary control for the General Fund is maintained over expenditures at the function or activity level (i.e., general government, public safety, public works and parks, and culture and recreation.) Additional information for departments or divisions by category is maintained as required by City policy. Budgetary control for the budgeted Special Revenue and Capital Projects Funds is maintained at the fund level.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2022, expenditures exceeded appropriations in the following funds:

Improvement Construction Fund - Over-expenditures of \$(433,255) were offset by grant revenues.

Youth Center Fund - Over-expenditures of \$(2,619) were offset by grant revenues.

EDA Fund - Over-expenditures of \$(1,957,973) were offset by grant revenues.

C. DEFICIT FUND BALANCES / NET POSITION

The Improvement Construction Capital Projects Fund had a deficit fund balance of \$(123,987) as of December 31, 2022. It is anticipated that the deficit will be financed by future project revenues.

The Tax Increment Capital Projects Fund had a deficit fund balance of \$(1,650,835) as of December 31, 2022. It is anticipated that the deficit will be financed by future revenues.

The Compensated Absences Internal Service Fund had a deficit net position balance of \$(689,063) as of December 31, 2022. It is anticipated that the deficit will be financed through future charges for services and interest income.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Components of Cash and Investments

Cash and Investments at year-end consist of the following:

Deposits	\$	2,044,052
Investments		93,823,502
Cash on hand		3,850
	\$	<u>95,871,404</u>

Deposits and investments as described above appear in the financial statements as follows:

Primary Government:

Statement of net position -

Cash, cash equivalents, and investments	<u>\$ 95,871,404</u>
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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 and the City's investment policy require that the City's deposits be protected by federal depository insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

At year-end, the carrying amount of the City's deposits was \$2,044,052 and the bank deposit balances were \$2,906,123. The City's deposits at December 31, 2022, consisting of checking accounts and certificates of deposit, were entirely covered by insurance or by collateral held by the City's custodial bank in the City's name.

Investments

At year-end, the City's investment balances were as follows:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years		Total
	Rating	Agency		Less than 1	1 to 10	
U.S. Treasury Securities	NR	N/A	Level 2	\$ 869,371	\$ —	\$ 869,371
U.S. Agency Securities	Aaa	Moody's	Level 2	5,270,772	20,674,120	25,944,892
U.S. Agency Securities	AA	S&P	Level 2	984,030	3,689,700	4,673,730
Municipal Bonds	AAA	Moody's	Level 2	—	2,465,205	2,465,205
	AAA	S&P	Level 2	—	1,401,355	1,401,355
	AA	Moody's	Level 2	1,284,058	16,120,006	17,404,064
	AA	S&P	Level 2	1,795,844	996,841	2,792,685
	BBB	S&P	Level 2	—	562,376	562,376
Certificates of Deposit	NR	N/A	Level 2	4,600,086	4,930,326	9,530,412
Money market mutual funds						
Allspring Government	AAAm	S&P	Level 1	27,651,679	—	27,651,679
Ehlers TD Ameritrade	NR	N/A	Level 1	6,160	—	6,160
Ehlers Pershing	AAAm	S&P	Level 1	404,830	—	404,830
4M Fund	NR	N/A	N/A	116,743	—	116,743
Total investments				<u>\$42,983,573</u>	<u>\$50,839,929</u>	<u>\$93,823,502</u>

NR - Not Rated

N/A - Not Applicable

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's investment policy requires securities to be held by a third-party custodian.

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits the types of investments that may be purchased

consistent with those defined and restricted by Minnesota State Statutes. Investments allowed include U.S. Treasury obligations, U.S. Government Agency obligations with a liquid market, State and local government securities, certificates of deposit, bankers' acceptances, commercial paper with highest tier rating, repurchase agreements, money market mutual funds, and local government investment pools.

The City's investment with the 4M fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated external investment pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is valued at amortized cost. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the liquid class; the redemption notice period is fourteen days for the plus class.

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

The City's investment policy requires a diversified investment portfolio to avoid the risk of loss resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. No more than eighty-five percent of the total portfolio may be invested in U.S. Government Agency securities with a liquid market and no more than fifty percent of the total portfolio may be invested in the following instruments at one time:

- Commercial paper (limit \$1,000,000 per issuer)
- Negotiable certificates of deposit
- Banker's acceptances
- Any other obligation that does not bear the full faith and credit of the United States Government or which is not fully collateralized or insured.

At year end, the following investments include 5 percent or more in securities of a single issuer:

<u>Issuer</u>	<u>% of Total Portfolio</u>
FHLB-Federal Home Loan Bank	15.55%
FFCB-Federal Farm Credit Bank	7.76%
FHLMC-Federal Home Loan Mortgage Corp	5.28%

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 period for which an interest rate is fixed, the greater the risk.) In accordance with the City's investment policy, interest rate risk is minimized by limiting the average maturity of the portfolio and structuring the investment portfolio so that securities mature to meet anticipated cash flow requirements. No more than 75 percent of the portfolio may be invested beyond three years, and the weighted average maturity of the portfolio may never exceed seven years. At least 25 percent of the portfolio shall be invested in overnight instruments or marketable securities which can be sold on one day's notice. Unless matched to a specific cash flow, the City's investment policy generally limits investments to securities maturing in 10 years or less or in accordance with state and local statutes and ordinances.

B. RECEIVABLES

Receivables as of December 31, 2022 for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities

	General	G.O. Improvement Bonds	Infrastructure Trust Fund	Improvement Construction	Facilities Capital Projects	Nonmajor Funds	Internal Service Funds	Governmental Activities Total
Receivables:								
Interest	\$ 435,167	\$ —	\$ —	\$ —	\$ —	\$ 28	\$ —	\$ 435,195
Taxes	335,858	—	35,514	—	—	67,904	—	439,276
Accounts	6,630,773	—	—	—	1,336,204	247,068	2,338	8,216,383
Mortgages	—	—	—	—	—	130,420	—	130,420
Leases	13,141,608	—	—	—	—	—	—	13,141,608
Special assessments	76,368	5,717,814	—	115,653	—	—	—	5,909,835
Gross receivables	20,619,774	5,717,814	35,514	115,653	1,336,204	445,420	2,338	28,272,717
Less: allowance for uncollectibles	(4,774,902)	—	(6,918)	—	—	(5,983)	—	(4,787,803)
Net total receivables	<u>\$15,844,872</u>	<u>\$ 5,717,814</u>	<u>\$ 28,596</u>	<u>\$ 115,653</u>	<u>\$1,336,204</u>	<u>\$439,437</u>	<u>\$ 2,338</u>	<u>\$ 23,484,914</u>

Business - Type Activities

	Water and Sewer	Storm Water	Ames Center	Nonmajor Funds	Business - Type Activities Total	Grand Total of All Funds
Receivables:						
Interest	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 435,195
Taxes	—	—	—	—	—	439,276
Accounts	4,074,087	853,842	908,815	145,100	5,981,844	14,198,227
Mortgages	—	—	—	—	—	130,420
Leases	166,999	—	—	—	166,999	13,308,607
Special assessments	174,433	516,611	—	—	691,044	6,600,879
Gross receivables	4,415,519	1,370,453	908,815	145,100	6,839,887	35,112,604
Less: allowance for uncollectibles	—	—	—	—	—	(4,787,803)
Net total receivables	<u>\$ 4,415,519</u>	<u>\$ 1,370,453</u>	<u>\$ 908,815</u>	<u>\$ 145,100</u>	<u>\$ 6,839,887</u>	<u>\$ 30,324,801</u>

Governmental funds report *deferred inflows of resources* in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable	\$ 351,960
Special assessments not yet due	5,833,467
Intergovernmental revenue	4,112,636
Charges for services	1,165,277
Leases revenue for subsequent years	12,777,203
	<u>\$ 24,240,543</u>

Mortgage Receivable

The City has entered into mortgage receivable agreements for home rehabilitation loans. The loans are reporting using a rate ranging from two to three percent with a final maturity in 2042. During the current year, the City received principal and interest payments on these loans of \$1,766.

Lease Receivable

The City has entered into lease receivable agreements for cell tower rental space and fiber on City property. The leases are reported using an incremental rate ranging from 0.4 to 18 percent with a final maturity in 2054. During the current year, the City received principal and interest payments on these leases of \$725,054.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Governmental activities						
	Beginning Balance	Change in Accounting Principle	Prior Period Adjustment	Increases	Decreases	Transfers and Completed Construction	Ending Balance
Capital assets not being depreciated/amortized:							
Land	\$ 21,274,622	\$ —	\$ —	\$ 104,300	\$ —	\$ —	\$ 21,378,922
Permanent easements	3,488,887	—	1,193,517	229,777	—	—	4,912,181
Construction in progress	297,763	—	—	1,943,464	—	(147,829)	2,093,398
Total capital assets not being depreciated/amortized	25,061,272	—	1,193,517	2,277,541	—	(147,829)	28,384,501
Capital assets being depreciated/amortized:							
Buildings	54,116,433	—	—	298,514	(315,379)	—	54,099,568
Infrastructure and improvements	199,147,914	—	—	6,473,711	(3,029,992)	(644,092)	201,947,541
Equipment and vehicles	31,825,888	—	—	2,019,676	(839,078)	4,804	33,011,290
Leased equipment	—	154,771	—	273,886	—	—	428,657
Total capital assets being depreciated/amortized	285,090,235	154,771	—	9,065,787	(4,184,449)	(639,288)	289,487,056
Less accumulated depreciation/amortization for:							
Buildings	(17,041,369)	—	—	(1,331,355)	315,379	—	(18,057,345)
Infrastructure and improvements	(122,455,219)	—	—	(5,033,561)	3,029,992	—	(124,458,788)
Equipment and vehicles	(18,487,299)	—	—	(2,252,241)	758,127	—	(19,981,413)
Leased equipment	—	—	—	(199,035)	—	—	(199,035)
Total accumulated depreciation/amortization	(157,983,887)	—	—	(8,816,192)	4,103,498	—	(162,696,581)
Total capital assets being depreciated/amortized, net	127,106,348	154,771	—	249,595	(80,951)	(639,288)	126,790,475
Governmental activities capital assets, net	<u>\$152,167,620</u>	<u>\$ 154,771</u>	<u>\$ 1,193,517</u>	<u>\$ 2,527,136</u>	<u>\$ (80,951)</u>	<u>\$ (787,117)</u>	<u>\$155,174,976</u>

Business-type activities					
	Beginning Balance	Increases	Decreases	Transfers and Completed Construction	Ending Balance
Capital assets not being depreciated:					
Land	\$ 3,237,899	\$ —	\$ —	\$ —	\$ 3,237,899
Permanent easements	4,349,809	246,578	—	—	4,596,387
Construction in progress	560,462	966,218	—	(1,468,131)	58,549
Total capital assets not being depreciated	8,148,170	1,212,796	—	(1,468,131)	7,892,835
Capital assets being depreciated:					
Buildings	44,060,066	30,353	—	—	44,090,419
Infrastructure and improvements	185,769,901	1,897,648	(94,486)	2,244,448	189,817,511
Equipment and vehicles	7,716,844	231,821	(59,856)	10,800	7,899,609
Total capital assets being depreciated	237,546,811	2,159,822	(154,342)	2,255,248	241,807,539
Less accumulated depreciation for:					
Buildings	(19,781,819)	(937,873)	—	—	(20,719,692)
Infrastructure and improvements	(95,453,563)	(4,521,675)	65,773	—	(99,909,465)
Equipment and vehicles	(4,971,612)	(451,307)	59,856	—	(5,363,063)
Total accumulated depreciation	(120,206,994)	(5,910,855)	125,629	—	(125,992,220)
Total capital assets being depreciated, net	117,339,817	(3,751,033)	(28,713)	2,255,248	115,815,319
Business-type activities capital assets, net	\$ 125,487,987	\$ (2,538,237)	\$ (28,713)	\$ 787,117	\$ 123,708,154

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$	832,459
Public safety		1,784,124
Public works and parks		6,154,395
Culture and recreation		567
Conservation of natural resources		44,647
	\$	<u>8,816,192</u>

Business-type activities:

Water and sewer	\$	3,275,370
Storm water		1,525,437
Ames center		582,030
Ice arena		403,735
Golf course		23,779
Street lighting		100,504
	\$	<u>5,910,855</u>

Construction Commitments

The City had the following commitments on uncompleted construction contracts at December 31:

	2022
Improvement Construction Fund	\$ 831,107
Facilities Fund	663,364
Forestry Fund (non major govt)	98,790
Parks Capital Fund (non major govt)	519,716
Water and Sewer Fund	203,633
Storm Water Fund	27,986
Golf (non major ent)	1,965
Street Lighting (non major ent)	3,414
	<u>\$ 2,349,975</u>

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	
General	Improvement Construction	\$ 1,115,000 (a)

(a) Temporary loans between funds to cover negative cash balances.

The composition of interfund advances as of December 31, 2022, is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	
General	Tax Increment Capital Projects (non major govt)	\$ 1,822,469 (a)

(a) Loans between funds to cover negative cash balances.

The 2022 interfund transfers are as follows:

Transfers Out:	Transfers In:		
	Facilities Capital Projects (a)	Nonmajor Governmental (a)(b)(c)	Total
General fund	\$ —	\$ 869,558	\$ 869,558
Infrastructure Trust	—	25,000	25,000
Facilities Capital Projects	—	1,856,405	1,856,405
Water and sewer	71,400	392,515	463,915
Storm water	23,800	60,825	84,625
Total:	\$ 95,200	\$ 3,204,303	\$ 3,299,503

Transfers were used for the following:

- (a) Funding for capital improvement projects
- (b) Debt service obligations
- (c) Funding for operations

E. LONG-TERM DEBT

General Obligation Bonds - Two issues of general obligation bonds totaling \$21,880,000 are outstanding at December 31, 2022 and are backed by the full faith and credit of the City. Total original issue amount was \$25,610,000. The bonds bear interest at rates ranging from 2% to 4% and mature in varying annual amounts ranging from \$470,000 to \$1,005,000, with final payments due in the year ending 2030. The bonds were issued to finance (a) renovations to City Hall and the City Police facilities, and (b) construction of new Fire Station. The interest and principal payments are accounted for in the Debt Service Funds.

General Obligation Certificates of Indebtedness - One issue of general obligation certificate of indebtedness totaling \$1,020,000 is outstanding at December 31, 2022. Total original issue amount was \$1,020,000. The certificates bear interest at a rate of 5.00% and mature in varying annual amounts ranging from \$80,000 to \$140,000, with final payments due in the year ending 2032. The interest and principal payments are accounted for in the Debt Service Funds.

General Obligation Tax Increment Bonds - One issue of general obligation tax increment bonds totaling \$1,205,000 is outstanding at December 31, 2022. Total original issue amount was \$4,920,000. The bonds bear interest at a rate of 2.00% and mature in varying annual amounts ranging from \$185,000 to \$1,660,000, with final payments due in the year ending 2027. The interest and principal payments are accounted for in the Debt Service Funds.

General Obligation Tax Abatement Bonds - Three issues of tax abatement bonds totaling \$10,905,000 are outstanding at December 31, 2022. Total original issue amount was \$17,900,000. The bonds bear interest at rates ranging from 2.00% to 4.00% and mature in varying annual amounts ranging from \$35,000 to \$1,855,000, with final payments due in the year ending 2029. The bonds were issued to finance (a) a current refunding of the December 20, 2019 through December 20, 2030 maturities of the Burnsville Economic Development Authority's (EDA) Lease Revenue Bonds, Series 2010A, (b) improvements to the ice arena roof, and (c) the crossover refunding of the February 1, 2019 through the February 1, 2028 maturities of the G.O. Tax Abatement Bonds, Series 2008A. The interest and principal payments are accounted for in the Debt Service Funds.

General Obligation Improvement Bonds - Various issues of general obligation improvement bonds totaling \$10,680,000 are outstanding at December 31, 2022. Total original issue amount was \$19,185,000. The interest and principal payments on these bonds are accounted for in the Debt Service Funds and Enterprise Funds. These issues are secured by the full faith and credit of the City. A significant portion of the debt is to be repaid by the enterprise funds and from the collection of special assessments. Delinquent special assessments receivable at December 31, 2022 were \$10,709. These bonds bear interest at rates of 1.65% to 5.00% and mature in varying annual amounts ranging from \$20,000 to \$350,000, with the final payments due in the year ending 2038.

General Obligation Revenue Bonds - Eleven issues of general obligation revenue bonds totaling \$15,690,000 are outstanding at December 31, 2022. Original issue amount was \$27,820,000. The bonds are accounted for in the Enterprise Funds. The bonds bear interest rates of 1.65% to 5.00% and mature in varying annual amounts ranging from \$90,000 to \$675,000, with final payments due in the year ending 2038. The bond resolutions authorizing the issuance of the bonds contain various restrictions and requirements.

General Obligation Taxable Utility Revenue Notes - Two issues of general obligation taxable utility revenue notes totaling \$6,967,000 were outstanding at December 31, 2022. These notes were issued through a general obligation loan agreement with the Minnesota Public Facilities Authority. The original authorized amount was \$10,067,167. The notes were issued to finance the City's water meter replacement project and for the reconditioning of the seven million gallon Heather Hills drinking water reservoir. These notes are drawn down on a reimbursement basis. During the year, \$183,681 of the Note was drawn down and there is no remaining available balance. The notes are accounted for in the Enterprise Funds. The notes bear an interest rate of 1.268% and 1.394% and mature in varying annual amounts ranging from \$103,197 to \$350,000, with final payments due in the year ending 2040. The resolution authorizing the issuance of the notes contains various restrictions and requirements.

Annual debt service requirements for bonds to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 4,765,000	\$ 1,351,726	\$ 2,582,000	\$ 626,218
2024	5,115,000	1,260,928	2,548,000	585,857
2025	4,950,000	1,099,215	2,393,000	503,370
2026	4,915,000	945,318	1,904,000	422,872
2027	3,885,000	786,203	1,975,000	357,945
2028-2032	12,185,000	2,416,800	6,961,000	1,015,751
2033-2037	6,505,000	839,250	3,521,000	317,613
2038-2040	3,370,000	128,700	773,000	19,085
Total	<u>\$ 45,690,000</u>	<u>\$ 8,828,140</u>	<u>\$ 22,657,000</u>	<u>\$ 3,848,711</u>

Lease Liability

The City has obtained the use of certain equipment through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note III.C. to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund, the Facilities Fund and the I.T. Capital Fund. The agreement is secured by the original property. The lessor may repossess the property and seek full recovery of the losses upon default. The City currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Computer Equipment - general	1.7717 %	4/1/2022	11/1/2023	\$ 137,343
Multi-function print/scan/copy devices	0.3100 %	8/1/2020	8/1/2024	64,009
Total				<u>\$ 201,352</u>

Annual debt service requirements for leases to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2023	\$ 182,496	\$ 947
2024	18,856	14
Total	<u>\$ 201,352</u>	<u>\$ 961</u>

Long-term liability activity for the year was as follows:

	Beginning Balance	Change in Accounting Principle*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:						
G.O. bonds	\$ 23,030,000	\$ —	\$ —	\$ (1,150,000)	\$21,880,000	\$ 1,200,000
G.O. certificates of indebtedness	—	—	1,020,000	—	1,020,000	—
G.O. tax increment bonds	1,475,000	—	—	(270,000)	1,205,000	275,000
G.O. tax abatement bonds	12,845,000	—	—	(1,940,000)	10,905,000	1,990,000
G.O. improvement bonds	7,870,000	—	4,150,000	(1,340,000)	10,680,000	1,300,000
Subtotal	45,220,000	—	5,170,000	(4,700,000)	45,690,000	4,765,000
Deferred amounts for issuance						
premiums (discounts)	2,834,056	—	380,965	(274,339)	2,940,682	—
Total bonds and notes	48,054,056	—	5,550,965	(4,974,339)	48,630,682	4,765,000
Lease liability	—	154,771	273,886	(227,305)	201,352	182,496
Compensated absences	3,818,749	—	409,147	(298,686)	3,929,210	392,920
Total other post-employment						
benefits liability	10,295,245	—	1,370,487	(442,554)	11,223,178	412,422
Net pension liability	15,372,814	—	51,880,917	(3,544,964)	63,708,767	—
Governmental activities -						
long-term liabilities	<u>\$ 77,540,864</u>	<u>\$ 154,771</u>	<u>\$59,485,402</u>	<u>\$ (9,487,848)</u>	<u>\$127,693,189</u>	<u>\$ 5,752,838</u>
Business-type activities:						
G.O. revenue bonds	\$ 14,195,000	\$ —	\$ 3,595,000	\$ (2,100,000)	\$15,690,000	\$ 2,165,000
G.O. revenue notes	7,195,319	—	183,681	(412,000)	6,967,000	417,000
Subtotal	21,390,319	—	3,778,681	(2,512,000)	22,657,000	2,582,000
Deferred amounts for issuance						
premiums (discounts)	1,109,543	—	244,434	(164,773)	1,189,204	—
Total bonds and notes	22,499,862	—	4,023,115	(2,676,773)	23,846,204	2,582,000
Compensated absences	388,297	—	49,035	(32,778)	404,554	40,455
Net pension liability	1,249,746	—	1,274,593	(167,338)	2,357,001	—
Business-type activities -						
long-term liabilities	<u>\$ 24,137,905</u>	<u>\$ —</u>	<u>\$ 5,346,743</u>	<u>\$ (2,876,889)</u>	<u>\$26,607,759</u>	<u>\$ 2,622,455</u>

* The change in accounting principle was for new lease standard requirements in the current year.

Tax Abatement Bonds were issued to finance the construction of the Ames Center Building and renovation and improvements at the Burnsville Ice Center, which are accounted for in the business-type activities.

Compensated absences for the governmental activities are generally liquidated by the Compensated Absences Internal Service Fund. Accordingly, compensated absences reported for the internal service fund are included as part of the above totals for governmental activities.

Other post-employment benefits for the governmental activities are generally liquidated by the General Fund, which is accounted for in the governmental activities.

Pension liabilities for the governmental and business-type activities are generally liquidated by the respective fund. This includes the General, special revenue, Water and Sewer, Storm Water, Ice Arena and Golf Course Funds.

The City participates in two state-wide, cost-sharing, multi-employer defined benefit pension plans administered by the PERA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended December 31, 2022:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA - GERF	\$ 15,713,347	\$ 5,157,658	\$ 223,336	\$ 2,498,203
PERA - PEPFF	50,352,421	35,625,892	1,072,523	4,143,875
Total - all pensions	<u>\$ 66,065,768</u>	<u>\$ 40,783,550</u>	<u>\$ 1,295,859</u>	<u>\$ 6,642,078</u>

Legal Debt Margin - As of December 31, 2022, the general obligation debt issued by the City did not exceed its legal debt margin. The legal debt limit applies to the City's general obligation tax levy bonds and excludes improvement and revenue-supported bonds.

Following is the computation of legal debt margin as of December 31, 2022:

Estimated market value of taxable property	<u>\$ 7,733,407,321</u>
Debt limit - 3% of market value of taxable property	\$ 232,002,220
Debt applicable to debt limit	
General obligation bonds outstanding	21,880,000
Less amount set aside for repayment of general obligation debt	<u>(304,817)</u>
Total net debt applicable to debt limit	<u>21,575,183</u>
Legal debt margin	<u>\$ 210,427,037</u>

Arbitrage Rebate - The Tax Reform Act of 1986 requires the governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. The rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. In the opinion of management, any obligation would be immaterial.

Tax Increment Financing Districts - The City (EDA) is the administering authority for the Development Districts and Tax Increment Financing (TIF) Districts as follows:

Renewal and Renovation TIF District No. 7 is a Soils Deficiency District pursuant to a Special Law (2008 Minnesota Laws, Chapter 154, Article 9, Sections 21 and 25(b)). The district was established in 2012 for the purpose of enabling redevelopment of certain property within the Minnesota River Quadrant (MRQ) Project Area. There were no bonds issued or outstanding at December 31, 2022.

Current tax capacity	\$ 307,707
Original tax capacity	<u>(170,787)</u>
Captured tax capacity	<u>\$ 136,920</u>
Retained by authority	\$ 84,991
Shared with other tax districts	\$ 51,929

TIF District No. 9 is an Economic Development District established June 2019, pursuant to M.S. 469.174 Subd. 12, to facilitate the development of an 81,000 square foot high-tech flex industrial facility in the City. The maximum duration of this district is 8 years after the first receipt of tax increment. First receipt was in 2021 and the District will decertify in 2029, or when all obligations are satisfied. There were no bonds issued or outstanding at December 31, 2022.

Current tax capacity	\$ 70,514
Original tax capacity	(22,816)
Captured tax capacity	<u>\$ 47,698</u>
Retained by authority	\$ 29,609
Shared with other tax districts	\$ 18,089

Development District No. 1 - In 1995 the City approved a modified development program for Development District Nos. 1 and 2, and amended the plans for TIF Districts Nos. 1 (Decertified in 2010), 2, and 2-1 (Decertified in 1998), resulting in a Restated Development Program for Development District No. 1. This action expanded the project area of the districts, allowing the use of excess increment generated within the TIF districts to meet economic development, redevelopment, and infrastructure needs throughout the entire city. In 2000, the City amended and restated the development program for Development District No. 1 and the TIF plans for TIF Districts No. 1 and 2 in order to clarify expenditures to date, and to authorize additional expenditures needed to meet the continuing development and redevelopment needs of the development district.

Bonds and notes:	Issued	Redeemed	Balance
G.O. Tax Increment Bonds, Series 1997B	\$ 3,775,000	\$ 3,775,000	\$ —
G.O. Taxable Tax Increment Bonds, Series 1997C	1,230,000	1,230,000	—
G.O. Tax Increment Bonds, Series 2007B	4,945,000	4,945,000	—
G.O. Taxable Tax Increment Bonds, Series 2008B	3,350,000	3,350,000	—
G.O. Tax Increment Bonds, Series 2012A	4,920,000	3,715,000	1,205,000
Totals	<u>\$ 18,220,000</u>	<u>\$ 17,015,000</u>	<u>\$ 1,205,000</u>

Conduit Debt Obligations - From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The City has also provided financial assistance in the public interest through the issuance of Housing Revenue Bonds for multifamily housing projects, Health Care Revenue Bonds for hospital and clinic facilities, and Pollution Control Revenue Bonds for an electric generating plant. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City or the State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there were three series of the limited-obligation revenue bonds outstanding. The aggregate principal amount payable for the one series of Housing Revenue Bonds issued after January 1, 1996 was \$5.1 million. The aggregate principal amount payable for the two series issued prior to January 1, 1996 could not be determined; however, their original issue amounts totaled \$12.8 million as follows:

	(In millions)
Industrial Revenue Bonds (1)	\$ 5.7
Housing Revenue Bonds (1)	\$ 7.1

F. REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Utility Revenue Bonds, Series 2012B	Water & Sewer	Water & Sewer Utility Charges	100 %	2012-2027	\$ 1,046,300	\$ 234,000	\$ 19,227,464
G.O. Utility Revenue Bonds, Series 2013A	Water & Sewer	Water & Sewer Utility Charges	100 %	2013-2023	\$ 257,500	\$ 265,000	\$ 19,227,464
G.O. Utility Revenue Bonds, Series 2014A	Water & Sewer	Water & Sewer Utility Charges	100 %	2014-2024	\$ 556,988	\$ 281,444	\$ 19,227,464
G.O. Utility Revenue Bonds, Series 2015A	Water & Sewer	Water & Sewer Utility Charges	100 %	2015-2025	\$ 767,000	\$ 254,000	\$ 19,227,464
G.O. Utility Revenue Bonds, Series 2016B	Water & Sewer	Water & Sewer Utility Charges	100 %	2016-2031	\$ 1,117,555	\$ 126,780	\$ 19,227,464
G.O. Taxable Water Revenue Notes, Series 2016	Water & Sewer	Water & Sewer Utility Charges	100 %	2017-2036	\$ 4,951,769	\$ 353,915	\$ 19,227,464
G.O. Bonds, Series 2017A	Water & Sewer	Water & Sewer Utility Charges	100 %	2017-2032	\$ 3,999,122	\$ 396,762	\$ 19,227,464
G.O. Utility Bonds, Series 2018A	Water & Sewer	Water & Sewer Utility Charges	100 %	2018-2028	\$ 1,681,350	\$ 278,050	\$ 19,227,464
G.O. Utility Revenue & Refunding Bonds, Series 2019A	Water & Sewer	Water & Sewer Utility Charges	100 %	2019-2029	\$ 4,320,500	\$ 753,750	\$ 19,227,464
G.O. Taxable Water Revenue Notes, Series 2020	Water & Sewer	Water & Sewer Utility Charges	100 %	2020-2040	\$ 2,794,031	\$ 153,247	\$ 19,227,464
G.O. Utility Revenue Bonds, Series 2022A	Water & Sewer	Water & Sewer Utility Charges	100 %	2023-2038	\$ 5,013,596	\$ —	\$ 19,227,464

G. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description - The City provides post-employment benefits to certain eligible employees through the City's OPEB plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - 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. Per state statutes, the City is also required to contribute towards the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

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 until the retiree reaches Medicare eligibility, 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.

Contributions - The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$412,422.

Membership - Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	34
Active plan members	288
Total members	<u>322</u>

Total OPEB Liability of the City - The City's total OPEB liability of \$11,223,178 as of year-end was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.31 %
20-year municipal bond yield	4.31 %
Inflation rate	2.25 %
Healthcare trend rate	7.50 % grading to 4.50% over 7 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the SOA Pub-2010 mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

Changes in the Total OPEB Liability -

	<u>Total OPEB Liability</u>
Beginning balance - January 1, 2022	\$ 10,295,245
Changes for the year	
Service cost	595,039
Interest	240,417
Changes of benefit terms	38,714
Changes of assumptions	(2,645,404)
Differences between expected and actual experience	3,111,589
Benefit payments	(412,422)
Total net changes	<u>927,933</u>
Ending balance - December 31, 2022	<u>\$ 11,223,178</u>

Benefit changes since the prior measurement date include the following:

- The City has increased its contribution amount for disabled retirees.

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.25 percent to 4.31 percent.
- The inflation rate was changed from 2.50 percent to 2.25 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.31 %	4.31 %	5.31 %
Total OPEB liability	\$ 12,548,733	\$ 11,223,178	\$ 10,084,770

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB healthcare trend rate	6.5% decreasing to 3.50% over 7 years	7.5% decreasing to 4.50% over 7 years	8.5 % decreasing to 5.50% over 7 years
Total OPEB liability	\$ 9,915,315	\$ 11,223,178	\$ 12,772,549

OPEB Expense and Related Deferred Outflows and Deferred Inflows of Resources - For the current year ended, the City recognized OPEB expense of \$1,370,487. As of year-end, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,130,070	\$ 1,270,074
Changes in assumptions	2,081,796	2,459,638
	<u>\$ 6,211,866</u>	<u>\$ 3,729,712</u>

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

Year Ended December 31,	OPEB Expense Amount
2023	\$ 496,317
2024	496,317
2025	496,317
2026	496,321
2027	349,397
Thereafter	147,485
	<u>\$ 2,482,154</u>

H. NET POSITION/FUND BALANCE CLASSIFICATION

The government-wide Statement of Net Position at December 31, 2022 includes the City's net investment in capital assets calculated as follows:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Capital assets			
Nondepreciable/nonamortizable	\$ 28,384,501	\$ 7,892,835	\$ 36,277,336
Depreciable, net of accumulated depreciation/amortization	126,790,475	115,815,319	242,605,794
Less: capital related long-term debt outstanding	(37,643,844)	(23,846,204)	(72,582,486)
Less capital related accounts/contracts payable	(832,518)	(497,578)	(1,330,096)
Add unspent bond proceeds	1,440,259	—	1,440,259
Total net investment in capital assets	<u>\$ 118,138,873</u>	<u>\$ 99,364,372</u>	<u>\$ 206,410,807</u>

The total net investment in capital assets for the City is not the sum of the Governmental Activities and Business-type Activities. For certain capital related debt activity the capital asset is recorded in the business-type activities and the debt is in the governmental activities. This is combined for the government wide total activities.

At December 31, 2022, a summary of the governmental fund balance classifications are as follows:

	General	Grant	GO Improvement Bonds	Infrastructure Trust	Facilities Capital Projects	Other Governmental	Total
Nonspendable							
Advances to other funds	\$ 1,822,469	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,822,469
Mortgages receivable	—	—	—	—	—	130,420	130,420
Total Nonspendable	\$ 1,822,469	\$ —	\$ —	\$ —	\$ —	\$ 130,420	\$ 1,952,889
Restricted for:							
Landfill abatement	\$ 892,437	\$ —	\$ —	\$ —	\$ —	\$ 299,615	\$ 1,192,052
Debt service	—	—	4,284,970	—	—	2,202,314	6,487,284
Facilities capital	—	—	—	—	420,259	—	420,259
Equipment	—	—	—	—	—	1,106,830	1,106,830
Total Restricted	\$ 892,437	\$ —	\$ 4,284,970	\$ —	\$ 420,259	\$ 3,608,759	\$ 9,206,425
Committed to:							
Capital Projects	\$ —	\$ —	\$ —	\$ 4,942,623	\$ —	\$ —	\$ 4,942,623
Facilities	—	—	—	—	7,026,078	—	7,026,078
Cable	—	—	—	—	—	510,998	510,998
Forfeitures	—	—	—	—	—	40,431	40,431
Community development	—	83,585	—	—	—	—	83,585
Youth	—	—	—	—	—	9,622	9,622
Economic development	—	—	—	—	—	907,088	907,088
Sustainability	—	—	—	—	—	46,821	46,821
Forestry	—	—	—	—	—	956,800	956,800
Total Committed	\$ —	\$ 83,585	\$ —	\$ 4,942,623	\$ 7,026,078	\$ 2,471,760	\$ 14,524,046
Assigned to:							
IT equipment & software development	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,537,232	\$ 1,537,232
Equipment & vehicles	—	—	—	—	—	1,751,453	1,751,453
Parks capital improvements	—	—	—	—	—	7,626,928	7,626,928
Street maintenance	—	—	—	—	—	898,244	898,244
Total Assigned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,813,857	\$ 11,813,857

Minimum Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the minimum fund balance for the General Fund. The policy establishes that the City will strive to maintain a General Fund Balance of 40 percent of the subsequent year's General Fund operating budget. At December 31, 2022, the fund balance of the General Fund was 53 percent of the subsequent year's budgeted use of funds.

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance policies through the League of Minnesota Cities Insurance Trust. The blanket policy includes coverage for buildings, personal property, contractors, and miscellaneous equipment, crime, employee performance bonds, autos, and general liability.

General liability coverage amounts to \$2,000,000 per occurrence (and aggregate), with a \$50,000 per occurrence, and a \$300,000 aggregate deductible. The City retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City has established an internal service fund to account for and finance its self-insured risk of loss for the respective employee dental insurance plan. Under this plan the internal service fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

The City makes premium payments that include both employer and employee contributions to the internal service fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class plus the administrative charges.

City claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in balance of dental claim liabilities for the past two years were as follows:

	Balance - Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance - End of Year
2022	\$ 6,586	\$ 180,795	\$ 187,030	\$ 351
2021	\$ 4,646	\$ 169,238	\$ 167,298	\$ 6,586

B. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

General Litigation - There are several lawsuits pending in which the City is involved. City management estimates that the potential claims against the City which are not covered by insurance would not materially affect the financial statement of the City.

C. JOINTLY GOVERNED ORGANIZATIONS

The following are jointly governed organizations and are not included in the City's financial statements. The City is not obligated, in any manner, for the debt of the following organizations:

Dakota Communications Center (DCC) - The DCC was established through a joint powers agreement with 11 municipalities and Dakota County. Its purpose is to establish, operate, and maintain a 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 of member cities and Dakota County. The members appoint the DCC's Board of Directors, which shall consist of an elected official from each member city and Dakota County. Each member may also designate one elected official as an alternate director. The Board of Directors approves the annual operating and capital budgets, and the member fees and assessments. Pursuant to the joint powers agreement, members are required to provide DCC their pro rata share of cost of operations and maintenance, and capital projects.

Information regarding the DCC can be obtained from the website www.mn-dcc.org/stats.asp or by contacting the City of Lakeville, 20195 Holyoke Avenue, Lakeville, MN 55044-9177.

Black Dog Water Management Organization (Black Dog WMO) - This organization was established through a joint powers agreement with four other cities. Its purpose is to regulate water storage and run off, improve water quality, and prevent flooding and erosion from surface flows within the watershed. The member cities appoint the Black Dog WMO's board, approve budgets, and contribute management fees (\$110,297 for the City in 2022). The Black Dog WMO is not fiscally dependent on the City. Financial information for Black Dog WMO can be obtained at the City's offices.

I-35W Solutions Alliance (Alliance) - This Alliance was established through a joint powers agreement with six other municipalities as well as Dakota County and the Hennepin County Rail Authority. Its purpose is to achieve an understanding among its members, the legislature, the governor, other governmental units, and members of the public to achieve a balanced solution to transportation congestion currently existent in the I-35W corridor. The Alliance is not fiscally dependent on the City. The Alliance does not issue audited financial statements, however financial information can be obtained at the City's offices.

Dakota County Drug Task Force (Task Force) - The Task Force was established through a joint powers agreement with 12 other municipalities and Dakota County. Its purpose is to coordinate efforts to apprehend and prosecute drug offenders within the members' jurisdictions. The members appoint the Task Force's board and donate police officers and equipment. The Task Force is not fiscally dependent on the City. The audited financial statements for the Task Force may be obtained from the City of Eagan offices, located at 3830 Pilot Knob Road, Eagan, Minnesota 55122.

Minnesota Valley Transit Authority (MVTA) - The MVTA was established through a joint powers agreement with six other cities to provide public transit service. The member cities appoint the authority's board. The MVTA is not fiscally dependent on the City. The audited financial statements for MVTA are available at the MVTA offices, located at 100 East Highway 13, Burnsville, Minnesota 55337.

D. RETIREMENT AND DEFERRED COMPENSATION PLANS

1. Defined Benefit Pension Plans - State-Wide

a. Plan Descriptions

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (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.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated plan members are covered by Social Security.

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 local relief associations that elected to merge with and transfer assets and administration to the 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.

GERF Benefits

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 the 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 a Coordinated Plan member is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent 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.

Benefits increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, 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.

PEPFF Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1 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. 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.

c. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

GERF Contributions

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in calendar year 2022 and the City was required to contribute 7.5 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2022 were \$1,138,709. The City's contributions were equal to the required contributions as set by state statute.

PEPFF Contributions

Police and Fire members were required to contribute 11.8 percent of their annual covered salary in calendar year 2022 and the City was required to contribute 17.70 percent for Police/Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022 were \$2,581,708. The City's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

GERF Pension Costs

At December 31, 2022, the City reported a liability of \$15,713,347 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. The State of Minnesota is considered a non-employer contributing entity and the State of Minnesota's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$460,631. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2022, the City's proportionate share was 0.1984 percent at the end of the measurement period and 0.1951 percent for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 15,713,347
State of Minnesota's proportionate share of the net pension liability associated with the City	460,631
	<u>\$ 16,173,978</u>

For the year ended December 31, 2022, the City recognized pension expense of \$2,429,374 for its proportionate share of the GERF's pension expense. In addition, the City recognized \$68,829 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 131,250	\$ 164,194
Changes in actuarial assumptions	3,498,852	59,142
Net collective difference between projected and actual investment earnings	327,113	—
Changes in proportion	623,206	—
Contributions paid to the PERA subsequent to the measurement date	577,237	—
	<u>\$ 5,157,658</u>	<u>\$ 223,336</u>

The \$577,237 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2023	\$ 1,741,636
2024	1,626,642
2025	(432,230)
2026	1,421,037
	<u>\$ 4,357,085</u>

PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$50,352,421 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportion was 1.1571 percent at the end of the measurement period and 1.0741 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the PEPFF in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048 whichever is earlier. The \$9 million in supplemental state aid will continue until the PEPFF is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$3,717,177 for its proportionate share of the PEPFF's pension expense. The City recognized \$426,698 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the PEPFF pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$104,138 for the year ended December 31, 2022, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 50,352,421
State of Minnesota's proportionate share of the net pension liability associated with the City	2,199,767
	<u>\$ 52,552,188</u>

At December 31, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,999,395	\$ —
Changes in actuarial assumptions	28,886,858	299,681
Net collective differences between projected and actual investment earnings	1,628,064	—
Changes in proportion	780,281	772,842
Contributions paid to the PERA subsequent to the measurement date	1,331,294	—
	<u>\$ 35,625,892</u>	<u>\$ 1,072,523</u>

The \$1,331,294 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2023	\$ 6,552,415
2024	6,437,270
2025	5,745,620
2026	10,190,560
2027	4,296,210
	<u>\$ 33,222,075</u>

e. Long-term Expected Return on Investments

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10%
International equity	16.5 %	5.30%
Fixed Income	25.0 %	0.75%
Private markets	25.0 %	5.90%
Total	100.0 %	

f. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020, adopted by the Board, and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions occurred in 2022:

1. GERF

Changes in actuarial assumptions

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

2. PEPFF

Changes in actuarial assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50 percent to 5.4 percent.

g. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

h. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	GERF		PEPFF	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease in Discount Rate	5.5 %	\$ 24,820,052	4.4 %	\$ 76,201,931
Current Discount Rate	6.5 %	15,713,347	5.4 %	50,352,421
1% Increase in Discount Rate	7.5 %	8,244,441	6.4 %	29,454,640

i. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plans

Two 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 percent of salary which is matched by the elected official's employer. 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 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Burnsville during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rates
\$1,380	\$1,380	5.0%	5.0%	5.0%

E. SOLAR GARDEN ENERGY PURCHASE COMMITMENTS

During 2017-2020, the City entered in several subscription agreements with community solar garden operators to purchase the right to receive bill credits associated with energy production of the solar community garden projects. The solar capacity and energy is produced at installations constructed and interconnected with the distribution facilities of Northern States Power Company d/b/a Xcel Energy. The solar project is operational and the City receives bill credits against its monthly retail electrical bill from Xcel. The term of the agreement is set to match the term of the power purchase agreement between Xcel Energy and each solar garden operator of 25 years from the date of commercial operations. Commercial operations commenced in 2019 for a majority of the projects.

CITY OF BURNSVILLE, MINNESOTA

Required Supplementary Information

OTHER POST-EMPLOYMENT BENEFITS PLAN

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIO

YEAR ENDED DECEMBER 31, 2022

(LAST TEN YEARS)*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability					
Service Cost	\$ 305,355	\$ 359,135	\$ 451,077	\$ 667,586	\$ 595,039
Interest	172,004	270,481	258,977	254,173	240,417
Change of benefit terms	—	—	—	—	38,714
Changes of assumptions	354,359	552,343	2,426,165	(139,074)	(2,645,404)
Differences between expected and actual experience	967,952	425,177	1,046,705	(1,632,952)	3,111,589
Benefit payments	(231,297)	(314,956)	(356,826)	(350,574)	(412,422)
Net changes in total OPEB liability	<u>1,568,373</u>	<u>1,292,180</u>	<u>3,826,098</u>	<u>(1,200,841)</u>	<u>927,933</u>
Total OPEB liability - beginning of year	<u>4,809,435</u>	<u>6,377,808</u>	<u>7,669,988</u>	<u>11,496,086</u>	<u>10,295,245</u>
Total OPEB liability - end of year	<u>\$ 6,377,808</u>	<u>\$ 7,669,988</u>	<u>\$ 11,496,086</u>	<u>\$ 10,295,245</u>	<u>\$ 11,223,178</u>
Covered employee payroll	<u>\$21,765,682</u>	<u>\$23,331,280</u>	<u>\$25,227,939</u>	<u>\$28,193,700</u>	<u>\$30,685,134</u>
Total OPEB liability as a percentage of covered employee payroll	<u>29.3 %</u>	<u>32.9 %</u>	<u>45.6 %</u>	<u>36.5 %</u>	<u>36.6 %</u>

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2018.

The City has not established a trust fund to finance GASB Statement No. 75 related benefits.

CITY OF BURNSVILLE, MINNESOTA**Required Supplementary Information****DEFINED BENEFIT PENSION PLANS****GERF/PEPFF RETIREMENT FUNDS****SCHEDULE OF CITY CONTRIBUTIONS****(LAST TEN YEARS)*****Public Employees General Employees Retirement Fund (GERF):**

Fiscal Year Ending	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	(a)	(b)	(a-b)	(d)	(b/d)
December 31, 2015	\$ 826,678	\$ 826,678	\$ —	\$ 11,022,307	7.5 %
December 31, 2016	827,245	827,245	—	11,030,299	7.5 %
December 31, 2017	848,499	848,499	—	11,313,288	7.5 %
December 31, 2018	892,984	892,984	—	11,906,448	7.5 %
December 31, 2019	946,691	946,691	—	12,622,473	7.5 %
December 31, 2020	1,017,619	1,017,619	—	13,568,206	7.5 %
December 31, 2021	1,085,798	1,085,798	—	14,477,796	7.5 %
December 31, 2022	1,138,709	1,138,709	—	15,182,839	7.5 %

Public Employees Police and Fire Fund (PEPFF):

Fiscal Year Ending	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	(a)	(b)	(a-b)	(d)	(b/d)
December 31, 2015	\$ 1,811,456	\$ 1,811,456	\$ —	\$ 11,181,833	16.20 %
December 31, 2016	1,792,322	1,792,322	—	11,063,712	16.20 %
December 31, 2017	1,903,312	1,903,312	—	11,748,845	16.20 %
December 31, 2018	2,005,044	2,005,044	—	12,376,817	16.20 %
December 31, 2019	2,124,192	2,124,192	—	12,532,112	16.95 %
December 31, 2020	2,274,706	2,274,706	—	12,851,440	17.70 %
December 31, 2021	2,443,834	2,443,834	—	13,806,979	17.70 %
December 31, 2022	2,581,708	2,581,708	—	14,585,891	17.70 %

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF BURNSVILLE, MINNESOTA

Required Supplementary Information

DEFINED BENEFIT PENSION PLANS

GERF RETIREMENT FUND

**SCHEDULE OF CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
(LAST TEN YEARS)***

Public Employees General Employees Retirement Fund (GERF):

GERF Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Proportionate Share of the Net Pension Liability and the Employer's Share of the State of Minnesota's Share of the Net Pension Liability (a+b)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.18 %	\$ 9,328,533	\$ —	\$ 9,328,533	\$10,581,137	88.2 %	78.2 %
June 30, 2016	0.18 %	14,704,422	192,082	14,896,504	11,239,458	130.8 %	68.9 %
June 30, 2017	0.17 %	11,095,277	139,516	11,234,793	11,186,096	99.2 %	75.9 %
June 30, 2018	0.17 %	9,641,712	316,264	9,957,976	11,683,592	82.5 %	79.5 %
June 30, 2019	0.17 %	9,459,736	293,987	9,753,723	12,108,826	78.1 %	80.2 %
June 30, 2020	0.18 %	11,007,659	339,506	11,347,165	13,094,239	84.1 %	79.1 %
June 30, 2021	0.20 %	8,331,645	254,484	8,586,129	14,031,355	59.4 %	87.0 %
June 30, 2022	0.20 %	15,713,347	460,631	16,173,978	14,827,328	106.0 %	76.7 %

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF BURNSVILLE, MINNESOTA

Required Supplementary Information

DEFINED BENEFIT PENSION PLANS

PEPFF RETIREMENT FUND

**SCHEDULE OF CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
(LAST TEN YEARS)***

Public Employees Police and Fire Fund (PEPFF):

PEPFF Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Proportionate Share of the Net Pension Liability and the Employer's Share of the State of Minnesota's Share of the Net Pension Liability (a+b)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	1.15 %	\$ 13,066,691	\$ —	\$ 13,066,691	\$10,530,271	124.1 %	86.6 %
June 30, 2016	1.17 %	46,994,268	—	46,994,268	11,279,611	416.6 %	63.9 %
June 30, 2017	1.11 %	14,918,815	—	14,918,815	11,345,319	131.5 %	85.4 %
June 30, 2018	1.16 %	12,317,506	—	12,317,506	12,178,923	101.1 %	88.8 %
June 30, 2019	1.19 %	12,699,627	—	12,699,627	12,579,661	101.0 %	89.3 %
June 30, 2020	1.11 %	14,690,305	346,060	15,036,365	12,571,579	116.9 %	87.2 %
June 30, 2021	1.07 %	8,290,915	372,740	8,663,655	13,262,120	62.5 %	93.7 %
June 30, 2022	1.16 %	50,352,421	2,199,767	52,552,188	14,056,712	358.2 %	70.5 %

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF BURNSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2022

GENERAL EMPLOYEES RETIREMENT FUND (GERF)

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes

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.

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.0 percent for vested deferred member liability, and 3.0 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years, to 1.0 percent per year through 2044, and 2.5 percent per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035, and 2.5 percent per year thereafter, to 1.0 percent per year for all years.

- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- 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 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement 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 \$6.0 million, which meets the special funding situation definition, was due September 2015.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030, and 2.5 percent per year thereafter, to 1.0 percent per year through 2035, and 2.5 percent per year thereafter.

PUBLIC EMPLOYEES POLICE AND FIRE FUND (PEPFF)

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The mortality 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 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and nonvested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent 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 percent 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 percent to 60 percent.
- 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 post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate changed from 5.60 percent to 7.50 percent.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037, and 2.5 percent thereafter, to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate changed from 7.9 percent to 5.6 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 Changes

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030, and 2.5 percent per year thereafter, to 1.0 percent per year through 2037, and 2.5 percent per year thereafter.

OTHER POST-EMPLOYMENT BENEFIT PLAN

2022 Changes

Changes in Benefits:

- The City has increased its contribution amounts for disabled retirees.

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.25 percent to 4.31 percent.
- The inflation rate was changed from 2.50 percent to 2.25 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

2021 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.12 percent to 2.25 percent.
- The healthcare trend rate was changed from 8.0 percent to 7.5 percent.

2020 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.26 percent to 2.12 percent.
- The healthcare trend rate was changed from 7.5 percent to 8.0 percent.
- The mortality rates were changed from RPH-2018 mortality tables based on scale MP-2018 to SOA Pub 2010 mortality tables based on scale MP-2020.

2019 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.11 percent to 3.26 percent
- The healthcare trend rate was changed from 8.00 percent to 7.50 percent.

2018 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.00 percent to 4.11 percent.

Combining and Individual Fund Statements and Schedules



City of Burnsville
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds					
	Cable Franchise Fee	Forfeiture	Youth Center	Economic Development Authority	Sustainability	Forestry
Assets						
Cash, cash equivalents and investments	\$ 315,965	\$ 48,257	\$ 10,150	\$ 944,479	\$ 194,692	\$ 945,012
Receivables, net of allowance for uncollectible amounts:						
Property taxes	—	—	—	2,570	—	3,252
Mortgages	—	—	—	130,420	—	—
Accrued interest	—	—	—	—	—	—
Accounts receivable	230,784	—	—	1,646	—	—
Due from other governments	—	—	13,250	1,078,443	154,222	14,450
Total Assets	<u>\$ 546,749</u>	<u>\$ 48,257</u>	<u>\$ 23,400</u>	<u>\$ 2,157,558</u>	<u>\$ 348,914</u>	<u>\$ 962,714</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 35,751	\$ 1,625	\$ 528	\$ 1,117,480	\$ 2,478	\$ —
Contracts payable	—	—	—	—	—	2,662
Due to other governments	—	—	13,250	—	—	—
Customer and other deposits	—	6,201	—	—	—	—
Advances from other funds	—	—	—	—	—	—
Total Liabilities	<u>35,751</u>	<u>7,826</u>	<u>13,778</u>	<u>1,117,480</u>	<u>2,478</u>	<u>2,662</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	—	—	—	2,570	—	3,252
Fund Balances						
Nonspendable	—	—	—	130,420	—	—
Restricted	—	—	—	—	299,615	—
Committed	510,998	40,431	9,622	907,088	46,821	956,800
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	<u>510,998</u>	<u>40,431</u>	<u>9,622</u>	<u>1,037,508</u>	<u>346,436</u>	<u>956,800</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 546,749</u>	<u>\$ 48,257</u>	<u>\$ 23,400</u>	<u>\$ 2,157,558</u>	<u>\$ 348,914</u>	<u>\$ 962,714</u>

Debt Service Funds				Capital Projects Funds					Total Nonmajor Governmental Funds
G.O. Bonds	Tax Abatement Bonds	EDA Lease Revenue Bonds	Tax Increment Bonds	I.T. Capital Fund	Equipment & Vehicle	Tax Increment	Parks Capital	Street Revolving Construction	
\$286,712	\$ 508,599	\$126,899	\$1,125,848	\$1,546,920	\$2,773,099	\$ 176,085	\$ 7,163,935	\$ 886,218	\$ 17,052,870
2,563	14,869	4,589	411	2,571	18,498	—	12,598	—	61,921
—	—	—	—	—	—	—	—	—	130,420
—	—	—	—	—	28	—	—	—	28
—	—	—	—	—	14,638	—	—	—	247,068
18,105	102,578	28,755	4,818	19,685	113,630	—	760,601	12,026	2,320,563
<u>\$307,380</u>	<u>\$ 626,046</u>	<u>\$160,243</u>	<u>\$1,131,077</u>	<u>\$1,569,176</u>	<u>\$2,919,893</u>	<u>\$ 176,085</u>	<u>\$ 7,937,134</u>	<u>\$ 898,244</u>	<u>\$ 19,812,870</u>
\$ —	\$ —	\$ —	\$ —	\$ 29,373	\$ 43,023	\$ —	\$ 74,915	\$ —	\$ 1,305,173
—	—	—	—	—	—	—	221,522	—	224,184
—	—	—	—	—	89	4,451	1,171	—	18,961
—	—	—	—	—	—	—	—	—	6,201
—	—	—	—	—	—	1,822,469	—	—	1,822,469
—	—	—	—	29,373	43,112	1,826,920	297,608	—	3,376,988
<u>2,563</u>	<u>14,869</u>	<u>4,589</u>	<u>411</u>	<u>2,571</u>	<u>18,498</u>	<u>—</u>	<u>12,598</u>	<u>—</u>	<u>61,921</u>
—	—	—	—	—	—	—	—	—	130,420
304,817	611,177	155,654	1,130,666	—	1,106,830	—	—	—	3,608,759
—	—	—	—	—	—	—	—	—	2,471,760
—	—	—	—	1,537,232	1,751,453	—	7,626,928	898,244	11,813,857
—	—	—	—	—	—	(1,650,835)	—	—	(1,650,835)
<u>304,817</u>	<u>611,177</u>	<u>155,654</u>	<u>1,130,666</u>	<u>1,537,232</u>	<u>2,858,283</u>	<u>(1,650,835)</u>	<u>7,626,928</u>	<u>898,244</u>	<u>16,373,961</u>
<u>\$307,380</u>	<u>\$ 626,046</u>	<u>\$160,243</u>	<u>\$1,131,077</u>	<u>\$1,569,176</u>	<u>\$2,919,893</u>	<u>\$ 176,085</u>	<u>\$ 7,937,134</u>	<u>\$ 898,244</u>	<u>\$ 19,812,870</u>

City of Burnsville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Special Revenue Funds					
	Cable Franchise Fee	Forfeiture	Youth Center	Economic Development Authority	Sustainability	Forestry
Revenues						
Property taxes (charges)	\$ —	\$ —	\$ —	\$ 297,228	\$ —	\$ 247,464
Licenses and permits	—	—	—	—	—	2,565
Other taxes	638,062	—	—	—	—	—
Intergovernmental revenue	—	—	61,856	2,633,595	275,004	—
Charges for services	286,771	—	—	—	—	—
Fines and forfeits	—	1,500	—	—	—	—
Interest on investments	6,619	685	126	14,670	3,979	11,912
Miscellaneous revenue	3,801	—	—	3,767	—	—
Total Revenues	935,253	2,185	61,982	2,949,260	278,983	261,941
Expenditures						
Current:						
General government	1,142,356	—	—	—	—	—
Public safety	—	2,863	—	—	—	—
Public works and parks	—	—	—	—	—	—
Culture and recreation	—	—	65,619	—	—	—
Conservation of natural resources	—	—	—	—	367,800	180,512
Economic development	—	—	—	2,769,345	—	—
Capital outlay:						
General government	—	—	—	—	—	—
Public works and parks	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—
Debt service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Fiscal agent fees	—	—	—	—	—	—
Bond Issuance costs	—	—	—	—	—	—
Total Expenditures	1,142,356	2,863	65,619	2,769,345	367,800	180,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,103)	(678)	(3,637)	179,915	(88,817)	81,429
Other Financing Sources						
Bonds issued	—	—	—	—	—	—
Premium on bonds issued	—	—	—	—	—	—
Leases issued	—	—	—	—	—	—
Sale of capital assets	—	—	—	—	—	—
Transfers in	—	—	10,000	—	104,058	—
Total other financing sources	—	—	10,000	—	104,058	—
Net Change in Fund Balances	(207,103)	(678)	6,363	179,915	15,241	81,429
Fund Balances - Beginning	718,101	41,109	3,259	857,593	331,195	875,371
Fund Balances - Ending	\$ 510,998	\$ 40,431	\$ 9,622	\$ 1,037,508	\$ 346,436	\$ 956,800

Debt Service Funds				Capital Projects Funds					Total Nonmajor Governmental Funds
G.O. Bonds	Tax Abatement Bonds	EDA Lease Revenue Bonds	Tax Increment Bonds	I.T. Capital Fund	Equipment & Vehicle	Tax Increment	Parks Capital	Street Revolving Construction	
\$ 312,612	\$ 1,800,476	\$ 504,832	\$ 57,610	\$ 342,119	\$1,976,488	\$ (516)	\$ 1,451,577	\$ —	\$ 6,989,890
—	—	—	—	—	—	—	—	—	2,565
—	—	—	—	—	—	—	—	—	638,062
—	—	—	—	—	—	—	250,131	—	3,220,586
—	—	—	—	—	—	—	—	12,026	298,797
—	—	—	—	—	—	—	—	—	1,500
9,935	13,732	3,257	14,182	20,690	28,543	2,675	62,290	14,842	208,137
—	—	—	—	—	16,720	—	4,248,271	—	4,272,559
<u>322,547</u>	<u>1,814,208</u>	<u>508,089</u>	<u>71,792</u>	<u>362,809</u>	<u>2,021,751</u>	<u>2,159</u>	<u>6,012,269</u>	<u>26,868</u>	<u>15,632,096</u>
—	—	—	—	291,096	87,563	—	—	—	1,521,015
—	—	—	—	—	2,253,568	—	—	—	2,256,431
—	—	—	—	—	262,538	—	—	469,964	732,502
—	—	—	—	—	—	—	—	—	65,619
—	—	—	—	—	—	—	—	—	548,312
—	—	—	—	—	—	6,184	—	—	2,775,529
—	—	—	—	273,886	—	—	—	—	273,886
—	—	—	—	—	98,402	—	1,983,481	—	2,081,883
—	—	—	—	—	—	1,822,468	—	—	1,822,468
1,420,000	1,575,000	365,000	—	136,544	—	—	—	—	3,496,544
732,790	201,675	121,200	—	1,611	—	—	—	—	1,057,276
5,252	950	304	2,202	—	—	—	—	—	8,708
—	—	—	—	—	16,630	—	—	—	16,630
<u>2,158,042</u>	<u>1,777,625</u>	<u>486,504</u>	<u>2,202</u>	<u>703,137</u>	<u>2,718,701</u>	<u>1,828,652</u>	<u>1,983,481</u>	<u>469,964</u>	<u>16,656,803</u>
<u>(1,835,495)</u>	<u>36,583</u>	<u>21,585</u>	<u>69,590</u>	<u>(340,328)</u>	<u>(696,950)</u>	<u>(1,826,493)</u>	<u>4,028,788</u>	<u>(443,096)</u>	<u>(1,024,707)</u>
—	—	—	—	—	1,020,000	—	—	—	1,020,000
—	—	—	—	—	96,630	—	—	—	96,630
—	—	—	—	273,886	—	—	—	—	273,886
—	—	—	—	—	42,621	—	—	—	42,621
1,856,405	—	—	—	191,890	383,500	—	—	658,450	3,204,303
<u>1,856,405</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>465,776</u>	<u>1,542,751</u>	<u>—</u>	<u>—</u>	<u>658,450</u>	<u>4,637,440</u>
20,910	36,583	21,585	69,590	125,448	845,801	(1,826,493)	4,028,788	215,354	3,612,733
283,907	574,594	134,069	1,061,076	1,411,784	2,012,482	175,658	3,598,140	682,890	12,761,228
<u>\$ 304,817</u>	<u>\$ 611,177</u>	<u>\$ 155,654</u>	<u>\$1,130,666</u>	<u>\$1,537,232</u>	<u>\$2,858,283</u>	<u>\$(1,650,835)</u>	<u>\$ 7,626,928</u>	<u>\$ 898,244</u>	<u>\$ 16,373,961</u>

City of Burnsville
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 30,681,156	\$ 30,681,156	\$ 30,929,189	\$ 248,033
Special assessments	8,700	8,700	5,493	(3,207)
Licenses and permits	2,438,198	2,473,198	3,091,208	618,010
Other taxes	285,000	285,000	338,254	53,254
Intergovernmental revenue	1,938,176	2,003,058	4,246,370	2,243,312
Charges for services	6,090,416	6,090,416	7,379,616	1,289,200
Fines and forfeits	195,170	195,170	203,466	8,296
Interest on investments	325,880	325,880	440,314	114,434
Net change in fair value of investments	—	—	(4,040,241)	(4,040,241)
Miscellaneous revenue	886,551	968,257	1,469,526	501,269
Total Revenues	42,849,247	43,030,835	44,063,195	1,032,360
Expenditures				
Current:				
General government:				
Mayor and council	161,100	177,180	150,261	26,919
Manager and administration	1,003,953	1,003,953	815,244	188,709
Communications	281,281	281,281	304,078	(22,797)
Human resources	1,049,797	1,075,286	892,841	182,445
Legal	611,694	611,694	564,422	47,272
Information technologies	2,067,307	2,067,307	1,970,211	97,096
Finance	693,662	693,662	753,885	(60,223)
Insurance	561,580	561,580	720,396	(158,816)
Planning	570,267	613,616	432,039	181,577
General government buildings	795,470	795,470	733,022	62,448
Lodging tax to Convention and Visitors Bureau	270,750	270,750	321,151	(50,401)
Total general government	8,066,861	8,151,779	7,657,550	494,229
Public safety:				
Police	16,540,176	16,591,546	16,696,379	(104,833)
Fire	9,042,313	9,081,542	9,464,419	(382,877)
Inspections	1,640,227	1,700,227	1,520,108	180,119
Total public safety	27,222,716	27,373,315	27,680,906	(307,591)
Public works and parks:				
Engineering	1,310,033	1,338,025	1,180,317	157,708
Parks & streets	5,522,262	5,569,705	5,477,579	92,126
Fleet maintenance	565,948	565,948	638,088	(72,140)
Total public works and parks	7,398,243	7,473,678	7,295,984	177,694
Culture & recreation:				
Recreation	1,178,428	1,192,928	1,147,212	45,716
Conservation of natural resources:				
Natural Resources	24,504	24,504	20,407	4,097
Forestry	820,911	777,649	666,126	111,523
Total conservation of natural resources	845,415	802,153	686,533	115,620
Economic development:				
Economic development	476,891	476,891	381,435	95,456
Debt Service:				
Principal	—	—	45,028	(45,028)
Interest	—	—	260	(260)
Total debt service	—	—	45,288	(45,288)
Total Expenditures	45,188,554	45,470,744	44,894,908	575,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,339,307)	(2,439,909)	(831,713)	1,608,196
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	—	(2,000,000)
Transfers out	(869,558)	(869,558)	(869,558)	—
Total other financing sources (uses)	1,130,442	1,130,442	(869,558)	(2,000,000)
Net Change in Fund Balances	(1,208,865)	(1,309,467)	(1,701,271)	(391,804)
Fund Balances - Beginning	28,629,207	28,629,207	28,629,207	—
Fund Balances - Ending	\$ 27,420,342	\$ 27,319,740	\$ 26,927,936	\$ (391,804)

City of Burnsville
Infrastructure Trust Fund (ITF)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 3,246,354	\$ 3,246,354	\$ 3,224,305	\$ (22,049)
Intergovernmental revenue	2,062,673	2,267,190	1,604,015	(663,175)
Interest on investments	33,639	33,639	44,129	10,490
Total Revenues	<u>5,342,666</u>	<u>5,547,183</u>	<u>4,872,449</u>	<u>(674,734)</u>
Expenditures				
Capital outlay:				
Infrastructure	<u>4,999,661</u>	<u>5,204,178</u>	<u>4,097,893</u>	<u>1,106,285</u>
Excess (Deficiency) of Revenues Over (Under)Expenditures	<u>343,005</u>	<u>343,005</u>	<u>774,556</u>	<u>431,551</u>
Other Financing Sources (Uses)				
Bonds issued	—	—	2,700,000	2,700,000
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>2,675,000</u>	<u>2,700,000</u>
 Net Change in Fund Balances	 318,005	 318,005	 3,449,556	 3,131,551
Fund Balances - Beginning	<u>1,493,067</u>	<u>1,493,067</u>	<u>1,493,067</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 1,811,072</u></u>	<u><u>\$ 1,811,072</u></u>	<u><u>\$ 4,942,623</u></u>	<u><u>\$ 3,131,551</u></u>

City of Burnsville
Improvement Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Special assessments	\$ 1,493,201	\$ 1,493,201	\$ 271,285	\$ (1,221,916)
Intergovernmental revenue	3,647,000	3,760,898	4,224,547	463,649
Interest on investments (charges)	—	—	(48,128)	(48,128)
Miscellaneous revenue	—	—	10,000	10,000
Total Revenues	<u>5,140,201</u>	<u>5,254,099</u>	<u>4,457,704</u>	<u>(796,395)</u>
Expenditures				
Capital outlay:				
Infrastructure	<u>5,140,201</u>	<u>5,254,099</u>	<u>5,616,728</u>	<u>(362,629)</u>
Debt service:				
Bond Issuance costs	—	—	70,626	(70,626)
Total Expenditures	<u>5,140,201</u>	<u>5,254,099</u>	<u>5,687,354</u>	<u>(433,255)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>—</u>	<u>(1,229,650)</u>	<u>(1,229,650)</u>
Other Financing Sources				
Bonds issued	—	—	1,450,000	1,450,000
Premium on bonds issued	—	—	282,933	282,933
Total other financing sources	<u>—</u>	<u>—</u>	<u>1,732,933</u>	<u>1,732,933</u>
Net Change in Fund Balances	—	—	503,283	503,283
Fund Balances (Deficits) - Beginning	<u>(627,270)</u>	<u>(627,270)</u>	<u>(627,270)</u>	<u>—</u>
Fund Balances (Deficits) - Ending	<u>\$ (627,270)</u>	<u>\$ (627,270)</u>	<u>\$ (123,987)</u>	<u>\$ 503,283</u>

City of Burnsville
Facilities Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	\$ —	\$ —	\$ 229	\$ 229
Other taxes	5,100,000	5,100,000	5,201,782	101,782
Interest on investments	28,000	28,000	86,621	58,621
Miscellaneous revenue	—	—	35,573	35,573
Total Revenues	5,128,000	5,128,000	5,324,205	196,205
Expenditures				
Capital outlay:				
General government:				
General government buildings	695,500	1,126,198	839,576	286,622
Public safety:				
Fire	547,000	1,525,648	928,396	597,252
Public works and parks:				
Park development	633,000	755,768	317,138	438,630
Fleet maintenance	225,000	234,000	11,950	222,050
Total public works and parks	858,000	989,768	329,088	660,680
Culture and recreation:				
Performing arts center	484,500	484,500	27,300	457,200
Ice center	1,125,000	1,140,000	267,832	872,168
Golf course	20,000	20,000	14,506	5,494
Total culture and recreation	1,629,500	1,644,500	309,638	1,334,862
Debt service:				
Principal	—	—	45,733	(45,733)
Interest	—	—	118	(118)
Total debt service	—	—	45,851	(45,851)
Total Expenditures	3,730,000	5,286,114	2,452,549	2,833,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,398,000	(158,114)	2,871,656	3,029,770
Other Financing Sources (Uses)				
Transfers in	95,200	95,200	95,200	—
Transfers out	(1,856,405)	(1,856,405)	(1,856,405)	—
Total other financing sources (uses)	(1,761,205)	(1,761,205)	(1,761,205)	—
Net Change in Fund Balances	(363,205)	(1,919,319)	1,110,451	3,029,770
Fund Balances - Beginning	6,335,886	6,335,886	6,335,886	—
Fund Balances - Ending	\$ 5,972,681	\$ 4,416,567	\$ 7,446,337	\$ 3,029,770

City of Burnsville
Cable Franchise Fee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Other taxes	\$ 672,000	\$ 672,000	\$ 638,062	\$ (33,938)
Charges for services	306,600	306,600	286,771	(19,829)
Interest on investments	7,000	7,000	6,619	(381)
Miscellaneous revenue	—	—	3,801	3,801
Total Revenues	<u>985,600</u>	<u>985,600</u>	<u>935,253</u>	<u>(50,347)</u>
Expenditures				
Current:				
General government:				
Public relations	<u>1,365,053</u>	<u>1,373,453</u>	<u>1,142,356</u>	<u>231,097</u>
Net Change in Fund Balances	(379,453)	(387,853)	(207,103)	180,750
Fund Balances - Beginning	718,101	718,101	718,101	—
Fund Balances - Ending	<u>\$ 338,648</u>	<u>\$ 330,248</u>	<u>\$ 510,998</u>	<u>\$ 180,750</u>

City of Burnsville
Forfeiture Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Fines and forfeits	\$ 25,000	\$ 25,000	\$ 1,500	\$ (23,500)
Interest on investments	—	—	685	685
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>2,185</u>	<u>(22,815)</u>
Expenditures				
Current:				
Public safety:				
Police	<u>30,000</u>	<u>30,000</u>	<u>2,863</u>	<u>27,137</u>
Net Change in Fund Balances	(5,000)	(5,000)	(678)	4,322
Fund Balances - Beginning	41,109	41,109	41,109	—
Fund Balances - Ending	<u>\$ 36,109</u>	<u>\$ 36,109</u>	<u>\$ 40,431</u>	<u>\$ 4,322</u>

City of Burnsville
Youth Center Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenue	\$ 53,000	\$ 53,000	\$ 61,856	\$ 8,856
Interest on investments	—	—	126	126
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>61,982</u>	<u>8,982</u>
Expenditures				
Current:				
Culture & Recreation:				
Recreation	<u>63,000</u>	<u>63,000</u>	<u>65,619</u>	<u>(2,619)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(3,637)</u>	<u>6,363</u>
Other Financing Sources				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>—</u>
Net Change in Fund Balances	—	—	6,363	6,363
Fund Balances - Beginning	<u>3,259</u>	<u>3,259</u>	<u>3,259</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 3,259</u></u>	<u><u>\$ 3,259</u></u>	<u><u>\$ 9,622</u></u>	<u><u>\$ 6,363</u></u>

City of Burnsville
Economic Development Authority (EDA) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 297,500	\$ 297,500	\$ 297,228	\$ (272)
Intergovernmental revenue	—	—	2,633,595	2,633,595
Interest on investments	5,300	5,300	14,670	9,370
Miscellaneous revenue	—	3,267	3,767	500
Total Revenues	<u>302,800</u>	<u>306,067</u>	<u>2,949,260</u>	<u>2,643,193</u>
Expenditures				
Current:				
Economic development	<u>708,105</u>	<u>811,372</u>	<u>2,769,345</u>	<u>(1,957,973)</u>
Net Change in Fund Balances	(405,305)	(505,305)	179,915	685,220
Fund Balances - Beginning	857,593	857,593	857,593	—
Fund Balances - Ending	<u>\$ 452,288</u>	<u>\$ 352,288</u>	<u>\$ 1,037,508</u>	<u>\$ 685,220</u>

City of Burnsville
Sustainability Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenue	\$ 338,622	\$ 338,622	\$ 275,004	\$ (63,618)
Interest on investments	—	—	3,979	3,979
Total Revenues	<u>338,622</u>	<u>338,622</u>	<u>278,983</u>	<u>(59,639)</u>
Expenditures				
Current:				
Conservation of natural resources:				
Recycling	<u>442,680</u>	<u>442,680</u>	<u>367,800</u>	<u>74,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(104,058)</u>	<u>(104,058)</u>	<u>(88,817)</u>	<u>15,241</u>
Other Financing Sources				
Transfers in	<u>104,058</u>	<u>104,058</u>	<u>104,058</u>	<u>—</u>
Net Change in Fund Balances	—	—	15,241	15,241
Fund Balances - Beginning	<u>331,195</u>	<u>331,195</u>	<u>331,195</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 331,195</u></u>	<u><u>\$ 331,195</u></u>	<u><u>\$ 346,436</u></u>	<u><u>\$ 15,241</u></u>

City of Burnsville
Forestry Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 250,000	\$ 250,000	\$ 247,464	\$ (2,536)
Licenses and permits	1,980	1,980	2,565	585
Interest on investments	7,200	7,200	11,912	4,712
Total Revenues	<u>259,180</u>	<u>259,180</u>	<u>261,941</u>	<u>2,761</u>
Expenditures				
Current:				
Conservation of natural resources:				
Forestry	<u>300,000</u>	<u>329,250</u>	<u>180,512</u>	<u>148,738</u>
Net Change in Fund Balances	(40,820)	(70,070)	81,429	151,499
Fund Balances - Beginning	<u>875,371</u>	<u>875,371</u>	<u>875,371</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 834,551</u></u>	<u><u>\$ 805,301</u></u>	<u><u>\$ 956,800</u></u>	<u><u>\$ 151,499</u></u>

City of Burnsville
Information Technology (I.T.) Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	\$ 344,000	\$ 344,000	\$ 342,119	\$ (1,881)
Interest on investments	6,000	6,000	20,690	14,690
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>362,809</u>	<u>12,809</u>
Expenditures				
Current:				
General government:				
Information technologies	709,400	1,474,585	291,096	1,183,489
Capital:				
General government:				
Information technologies	—	—	273,886	(273,886)
Debt service:				
Principal	—	—	136,544	(136,544)
Interest	—	—	1,611	(1,611)
Total debt service	<u>—</u>	<u>—</u>	<u>138,155</u>	<u>(138,155)</u>
Total Expenditures	<u>709,400</u>	<u>1,474,585</u>	<u>703,137</u>	<u>771,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(359,400)</u>	<u>(1,124,585)</u>	<u>(340,328)</u>	<u>784,257</u>
Other Financing Sources				
Leases issued	—	—	273,886	273,886
Transfers in	191,890	191,890	191,890	—
Total other financing sources	<u>191,890</u>	<u>191,890</u>	<u>465,776</u>	<u>273,886</u>
Net Change in Fund Balances	(167,510)	(932,695)	125,448	1,058,143
Fund Balances - Beginning	1,411,784	1,411,784	1,411,784	—
Fund Balances - Ending	<u>\$ 1,244,274</u>	<u>\$ 479,089</u>	<u>\$ 1,537,232</u>	<u>\$ 1,058,143</u>

City of Burnsville
Equipment and Vehicle Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 1,992,000	\$ 1,992,000	\$ 1,976,488	\$ (15,512)
Interest on investments	5,000	5,000	28,543	23,543
Miscellaneous revenue	—	—	16,720	16,720
Total Revenues	<u>1,997,000</u>	<u>1,997,000</u>	<u>2,021,751</u>	<u>24,751</u>
Expenditures				
Current:				
General government:				
General government buildings	80,000	90,000	87,563	2,437
Public safety:				
Police	857,302	973,378	529,652	443,726
Fire	695,000	2,347,865	1,723,916	623,949
Inspections	34,000	34,000	—	34,000
Total public safety	<u>1,586,302</u>	<u>3,355,243</u>	<u>2,253,568</u>	<u>1,101,675</u>
Public works and parks:				
Parks & streets	980,000	1,063,500	196,442	867,058
Fleet maintenance	15,000	30,000	29,798	202
Total public works and parks	<u>1,032,000</u>	<u>1,130,500</u>	<u>262,538</u>	<u>867,962</u>
Recreation	30,000	30,000	—	30,000
Capital outlay:				
Public works and parks:				
Fleet maintenance	—	88,752	98,402	(9,650)
Debt Service:				
Bond Issuance costs	—	—	16,630	(16,630)
Total Expenditures	<u>2,728,302</u>	<u>4,694,495</u>	<u>2,718,701</u>	<u>1,975,794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(731,302)	(2,697,495)	(696,950)	2,000,545
Other Financing Sources				
Bonds issued	—	—	1,020,000	1,020,000
Premium on bonds issued	—	—	96,630	96,630
Sale of capital assets	100,000	100,000	42,621	(57,379)
Transfers in	383,500	383,500	383,500	—
Total other financing sources	<u>483,500</u>	<u>483,500</u>	<u>1,542,751</u>	<u>1,059,251</u>
Net Change in Fund Balances	(247,802)	(2,213,995)	845,801	3,059,796
Fund Balances - Beginning	2,012,482	2,012,482	2,012,482	—
Fund Balances - Ending	<u>\$ 1,764,680</u>	<u>\$ (201,513)</u>	<u>\$ 2,858,283</u>	<u>\$ 3,059,796</u>

City of Burnsville
Parks Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 1,462,000	\$ 1,462,000	\$ 1,451,577	\$ (10,423)
Intergovernmental revenue	—	659,307	250,131	(409,176)
Interest on investments	48,000	48,000	62,290	14,290
Miscellaneous revenue	844,000	919,000	4,248,271	3,329,271
Total Revenues	<u>2,354,000</u>	<u>3,088,307</u>	<u>6,012,269</u>	<u>2,923,962</u>
Expenditures				
Capital outlay:				
Public works and parks:				
Park development	<u>3,548,296</u>	<u>5,253,890</u>	<u>1,983,481</u>	<u>3,270,409</u>
Net Change in Fund Balances	(1,194,296)	(2,165,583)	4,028,788	6,194,371
Fund Balances - Beginning	<u>3,598,140</u>	<u>3,598,140</u>	<u>3,598,140</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 2,403,844</u></u>	<u><u>\$ 1,432,557</u></u>	<u><u>\$ 7,626,928</u></u>	<u><u>\$ 6,194,371</u></u>

City of Burnsville
Street Revolving Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services	\$ 15,000	\$ 15,000	\$ 12,026	\$ (2,974)
Interest on investments	5,000	5,000	14,842	9,842
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>26,868</u>	<u>6,868</u>
Expenditures				
Current:				
Public works and parks:				
Parks & streets	<u>680,000</u>	<u>680,000</u>	<u>469,964</u>	<u>210,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(660,000)</u>	<u>(660,000)</u>	<u>(443,096)</u>	<u>216,904</u>
Other Financing Sources				
Transfers in	<u>658,450</u>	<u>658,450</u>	<u>658,450</u>	<u>—</u>
Net Change in Fund Balances	(1,550)	(1,550)	215,354	216,904
Fund Balances - Beginning	682,890	682,890	682,890	—
Fund Balances - Ending	<u>\$ 681,340</u>	<u>\$ 681,340</u>	<u>\$ 898,244</u>	<u>\$ 216,904</u>

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City of Burnsville
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2022

	Ice Arena	Golf Course	Street Lighting Utility	Total
Assets				
Current Assets:				
Cash, cash equivalents and investments	\$ 665,045	\$ 237,149	\$ 791,608	\$ 1,693,802
Accounts receivable	35,439	—	109,661	145,100
Total Current Assets	<u>700,484</u>	<u>237,149</u>	<u>901,269</u>	<u>1,838,902</u>
Noncurrent Assets:				
Capital Assets:				
Land	—	757,320	—	757,320
Buildings	2,858,799	131,297	—	2,990,096
Infrastructure and improvements	6,939,116	323,736	2,061,823	9,324,675
Equipment and vehicles	416,841	321,218	—	738,059
Less accumulated depreciation	(6,757,616)	(381,074)	(1,127,940)	(8,266,630)
Total capital assets (net of accumulated depreciation)	<u>3,457,140</u>	<u>1,152,497</u>	<u>933,883</u>	<u>5,543,520</u>
Total Assets	<u>4,157,624</u>	<u>1,389,646</u>	<u>1,835,152</u>	<u>7,382,422</u>
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	<u>154,730</u>	<u>51,577</u>	<u>—</u>	<u>206,307</u>
Liabilities				
Current Liabilities:				
Accrued compensated absences, current portion	10,454	490	—	10,944
Accounts payable	24,879	59,322	128,487	212,688
Contracts payable	—	1,465	2,045	3,510
Due to other governments	1,562	143	—	1,705
Customer and other deposits	9,201	2,001	163	11,365
Total Current Liabilities	<u>46,096</u>	<u>63,421</u>	<u>130,695</u>	<u>240,212</u>
Noncurrent Liabilities:				
Accrued compensated absences, net of current portion	94,087	4,412	—	98,499
Net pension liability	471,400	157,133	—	628,533
Total Noncurrent Liabilities	<u>565,487</u>	<u>161,545</u>	<u>—</u>	<u>727,032</u>
Total Liabilities	<u>611,583</u>	<u>224,966</u>	<u>130,695</u>	<u>967,244</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	<u>6,700</u>	<u>2,233</u>	<u>—</u>	<u>8,933</u>
Net Position				
Investment in capital assets	3,457,140	1,152,497	933,883	5,543,520
Unrestricted	236,931	61,527	770,574	1,069,032
Total Net Position	<u>\$ 3,694,071</u>	<u>\$ 1,214,024</u>	<u>\$ 1,704,457</u>	<u>\$ 6,612,552</u>

City of Burnsville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Ice Arena	Golf Course	Street Lighting Utility	Total
Operating Revenues				
Charges for services	\$ 1,063,645	\$ 396,623	\$ 588,125	\$ 2,048,393
Operating Expenses				
Personnel services	740,542	262,666	—	1,003,208
Repairs and maintenance	10,749	51,670	336,302	398,721
Utilities	221,148	9,185	356,063	586,396
Other operating expenses	138,514	63,706	1,500	203,720
Depreciation	403,735	23,779	100,504	528,018
Total Operating Expenses	<u>1,514,688</u>	<u>411,006</u>	<u>794,369</u>	<u>2,720,063</u>
Operating Income (Loss)	<u>(451,043)</u>	<u>(14,383)</u>	<u>(206,244)</u>	<u>(671,670)</u>
Nonoperating Revenues				
Intergovernmental	2,065	688	—	2,753
Investment earnings	9,197	3,853	12,073	25,123
Other income	3,000	—	—	3,000
Total Nonoperating Revenues	<u>14,262</u>	<u>4,541</u>	<u>12,073</u>	<u>30,876</u>
Income (Loss) Before Capital Contributions	<u>(436,781)</u>	<u>(9,842)</u>	<u>(194,171)</u>	<u>(640,794)</u>
Capital Contributions				
Capital contributions - from other funds	<u>126,345</u>	<u>—</u>	<u>96,770</u>	<u>223,115</u>
Change in Net Position	(310,436)	(9,842)	(97,401)	(417,679)
Total Net Position - Beginning	<u>4,004,507</u>	<u>1,223,866</u>	<u>1,801,858</u>	<u>7,030,231</u>
Total Net Position - Ending	<u><u>\$ 3,694,071</u></u>	<u><u>\$ 1,214,024</u></u>	<u><u>\$ 1,704,457</u></u>	<u><u>\$ 6,612,552</u></u>

City of Burnsville
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	<u>Ice Arena</u>	<u>Golf Course</u>	<u>Street Lighting Utility</u>	<u>Total</u>
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 1,103,801	\$ 396,678	\$ 599,159	\$ 2,099,638
Payments to suppliers	(383,758)	(65,308)	(627,521)	(1,076,587)
Payments to employees	(694,652)	(250,904)	—	(945,556)
Net cash provided (used) by operating activities	25,391	80,466	(28,362)	77,495
Cash Flows from Noncapital Financing Activities				
Grants and host fees	5,065	688	—	5,753
Cash Flows from Capital and Related Financing Activities				
Purchase or construction of capital assets	—	(163,028)	—	(163,028)
Cash Flows from Investing Activities				
Investment earnings	9,197	3,853	12,073	25,123
Net Increase (Decrease) in Cash and Cash Equivalents	39,653	(78,021)	(16,289)	(54,657)
Cash and Cash Equivalents				
Beginning	625,392	315,170	807,897	1,748,459
Ending	<u>\$ 665,045</u>	<u>\$ 237,149</u>	<u>\$ 791,608</u>	<u>\$ 1,693,802</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (451,043)	\$ (14,383)	\$ (206,244)	\$ (671,670)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	403,735	23,779	100,504	528,018
(Increase) decrease in assets:				
Receivables	33,058	161	11,034	44,253
(Increase) decrease in deferred outflows of resources:				
Pensions	41,626	13,875	—	55,501
(Decrease) increase in liabilities:				
Accrued compensated absences	7,278	(1,108)	—	6,170
Accounts payable	(13,345)	57,804	66,883	111,342
Contracts payable	—	1,465	(543)	922
Due to other governments	(2)	(16)	—	(18)
Customer and other deposits	7,098	(106)	4	6,996
Net pension liability	221,451	73,817	—	295,268
(Decrease) increase in deferred inflows of resources:				
Pensions	(224,465)	(74,822)	—	(299,287)
Net cash provided (used) by operating activities	<u>\$ 25,391</u>	<u>\$ 80,466</u>	<u>\$ (28,362)</u>	<u>\$ 77,495</u>
Noncash investing, capital, and financing activities				
Capital assets contributed from other funds	<u>\$ 126,345</u>	<u>\$ —</u>	<u>\$ 96,770</u>	<u>\$ 223,115</u>

City of Burnsville
Combining Statement of Net Position
Internal Service Funds
December 31, 2022

	Compensated Absences	Dental Insurance	Total
Assets			
Current Assets:			
Cash, cash equivalents and investments	\$ 3,240,147	\$ 151,114	\$ 3,391,261
Accounts receivable	—	2,338	2,338
Total Current Assets	<u>3,240,147</u>	<u>153,452</u>	<u>3,393,599</u>
Liabilities			
Current Liabilities:			
Accrued compensated absences, current portion	392,920	—	392,920
Accounts payable	—	5,296	5,296
Total Current Liabilities	<u>392,920</u>	<u>5,296</u>	<u>398,216</u>
Noncurrent Liabilities:			
Accrued compensated absences, net of current portion	3,536,290	—	3,536,290
Total Liabilities	<u>3,929,210</u>	<u>5,296</u>	<u>3,934,506</u>
Net Position			
Unrestricted	<u>\$ (689,063)</u>	<u>\$ 148,156</u>	<u>\$ (540,907)</u>

City of Burnsville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2022

	<u>Compensated Absences</u>	<u>Dental Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 361,813	\$ 231,115	\$ 592,928
Operating Expenses			
Personnel services	409,146	—	409,146
Other operating expenses	—	192,274	192,274
Total Operating Expenses	<u>409,146</u>	<u>192,274</u>	<u>601,420</u>
Operating Income (Loss)	<u>(47,333)</u>	<u>38,841</u>	<u>(8,492)</u>
Nonoperating Revenues			
Investment earnings	<u>43,733</u>	<u>1,881</u>	<u>45,614</u>
Change in Net Position	(3,600)	40,722	37,122
Total Net Position - Beginning	<u>(685,463)</u>	<u>107,434</u>	<u>(578,029)</u>
Total Net Position - Ending	<u><u>\$ (689,063)</u></u>	<u><u>\$ 148,156</u></u>	<u><u>\$ (540,907)</u></u>

City of Burnsville
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022

	<u>Compensated Absences</u>	<u>Dental Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 361,813	\$ 231,563	\$ 593,376
Payments to suppliers	—	(198,934)	(198,934)
Payments to employees	(298,685)	—	(298,685)
Net cash provided by operating activities	<u>63,128</u>	<u>32,629</u>	<u>95,757</u>
Cash Flows from Investing Activities			
Investment earnings	<u>43,733</u>	<u>1,881</u>	<u>45,614</u>
Net Increase in Cash and Cash Equivalents	106,861	34,510	141,371
Cash and Cash Equivalents			
Beginning	3,133,286	116,604	3,249,890
Ending	<u>\$ 3,240,147</u>	<u>\$ 151,114</u>	<u>\$ 3,391,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (47,333)	\$ 38,841	\$ (8,492)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in assets:			
Receivables	—	448	448
(Decrease) increase in liabilities:			
Accrued compensated absences	110,461	—	110,461
Accounts payable	<u>—</u>	<u>(6,660)</u>	<u>(6,660)</u>
Net cash provided by operating activities	<u>\$ 63,128</u>	<u>\$ 32,629</u>	<u>\$ 95,757</u>

Statistical Section

This part of the City of Burnsville's annual comprehensive 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.

Contents	Pages
Financial Trends	116 - 129
<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>	
Revenue Capacity	130 - 135
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	136 - 142
<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>	
Demographic and Economic Information	143 - 145
<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>	
Operating Information	146 - 152
<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>	

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

CITY OF BURNSVILLE, MINNESOTA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	Fiscal Year		
	2013	2014	2015
Governmental activities:			
Net investment in capital assets	\$ 96,257,688	\$ 97,997,455	\$ 102,170,883
Restricted	18,110,203	16,258,586	15,856,787
Unrestricted	2,675,019	9,795,144	(10,011,396)
Total governmental activities net position	117,042,910	124,051,185	108,016,274
Business-type activities:			
Net investment in capital assets	103,222,175	104,005,794	107,526,787
Unrestricted	30,142,747	30,077,288	27,234,433
Total business-type activities net position	133,364,922	134,083,082	134,761,220
Primary government:			
Net investment in capital assets	179,261,326	182,353,752	190,601,833
Restricted	18,925,996	17,152,577	15,856,787
Unrestricted	52,220,510	58,627,938	36,318,874
Total primary government net position	250,407,832	258,134,267	242,777,494

Note 1: The City implemented GASB Statement No. 65 in fiscal year 2013 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 2: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal year 2015 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 3: The City implemented GASB Statement No. 75 in fiscal year 2018 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 4: The City implemented GASB Statement No. 87 in fiscal year 2022 and a prior period adjustment which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle or prior period adjustment.

2016	2017	2018	2019	2020	2021	2022
\$ 104,771,961	\$ 106,229,087	\$ 110,069,219	\$ 112,053,594	\$ 114,534,535	\$ 118,184,855	\$ 118,138,873
15,575,435	15,273,178	14,981,193	15,896,522	14,548,526	16,740,952	17,448,211
(16,105,677)	(14,906,686)	(13,917,013)	(9,221,379)	(5,646,557)	591,272	7,818,573
<u>104,241,719</u>	<u>106,595,579</u>	<u>111,133,399</u>	<u>118,728,737</u>	<u>123,436,504</u>	<u>135,517,079</u>	<u>143,405,657</u>
108,404,200	109,180,617	107,069,459	106,718,734	103,572,217	102,988,125	99,364,372
<u>25,931,257</u>	<u>24,830,660</u>	<u>24,995,080</u>	<u>25,140,929</u>	<u>23,380,859</u>	<u>25,772,623</u>	<u>30,217,097</u>
<u>134,335,457</u>	<u>134,011,277</u>	<u>132,064,539</u>	<u>131,859,663</u>	<u>126,953,076</u>	<u>128,760,748</u>	<u>129,581,469</u>
194,714,746	197,577,330	200,481,420	201,946,410	203,181,039	208,080,337	206,410,807
15,575,435	15,273,178	14,981,193	15,896,522	14,548,526	16,740,952	17,448,211
<u>28,286,995</u>	<u>27,756,348</u>	<u>27,735,325</u>	<u>32,745,468</u>	<u>32,660,015</u>	<u>39,456,538</u>	<u>49,128,108</u>
<u>238,577,176</u>	<u>240,606,856</u>	<u>243,197,938</u>	<u>250,588,400</u>	<u>250,389,580</u>	<u>264,277,827</u>	<u>272,987,126</u>

CITY OF BURNSVILLE, MINNESOTA

CHANGES IN NET POSITION (Page 1 of 2)

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year		
	2013	2014	2015
Expenses:			
Governmental activities:			
General government	\$ 6,358,158	\$ 6,362,440	\$ 6,573,281
Public safety	19,553,700	19,941,045	21,441,358
Public works and parks	14,980,830	15,837,464	15,901,625
Culture and recreation	1,243,917	1,246,522	1,089,081
Conservation of natural resources	994,318	1,023,827	1,071,242
Economic development	484,771	465,692	498,231
Interest on long-term debt	1,612,989	1,422,743	1,379,238
Total governmental activities expenses	45,228,683	46,299,733	47,954,056
Business-type activities:			
Water and sewer	14,803,579	14,929,321	14,889,284
Storm water	3,186,443	3,369,746	3,879,088
Performing arts center	1,908,984	2,192,667	2,090,481
Ice arena	1,324,739	1,291,264	1,423,315
Golf course	285,725	267,345	287,488
Street lighting	513,401	482,110	646,268
Sidewalk snow plowing	61,892	114,210	26,455
Total business-type activities expenses	22,084,763	22,646,663	23,242,379
Total primary government expenses	67,313,446	68,946,396	71,196,435
Program revenues:			
Governmental activities:			
Charges for services			
General government	447,925	438,976	426,636
Public safety	5,339,716	4,788,939	4,973,384
Public works and parks	2,840,172	3,241,456	2,825,050
Other activities	487,282	469,564	380,476
Operating grants and contributions	2,179,315	2,134,004	2,367,689
Capital grants and contributions	3,911,739	7,016,281	8,609,473
Total governmental activities program revenues	15,206,149	18,089,220	19,582,708
Business-type activities:			
Charges for services			
Water and sewer	13,824,144	14,234,693	14,448,498
Storm water	4,209,992	4,222,512	4,208,439
Performing arts center	1,172,363	1,387,480	1,308,981
Ice arena	1,104,497	1,137,933	1,081,207
Golf course	247,831	253,902	280,153
Street lighting	580,766	568,961	571,265
Sidewalk snow plowing	55,311	55,788	65,800
Operating grants and contributions	315,892	404,262	378,154
Capital grants and contributions	881,724	1,173,117	300,664
Total business-type activities program revenues	22,392,520	23,438,648	22,643,161
Total primary government program revenues	37,598,669	41,527,868	42,225,869

2016	2017	2018	2019	2020	2021	2022
\$ 7,382,481	\$ 8,085,296	\$ 8,142,548	\$ 7,922,564	\$ 8,679,351	\$ 8,366,829	\$ 11,061,187
28,086,233	24,679,300	23,360,171	24,636,452	26,023,426	25,215,845	33,903,053
15,292,294	15,303,864	14,539,501	17,890,927	22,598,334	19,479,051	19,687,730
1,145,294	1,067,828	1,023,202	1,111,709	1,044,401	1,118,846	1,399,057
1,228,567	1,305,308	1,356,205	1,320,038	1,260,877	1,452,729	1,332,858
496,285	482,403	515,776	815,386	2,760,012	727,005	3,173,721
1,527,893	1,503,981	1,162,754	1,041,948	1,101,623	1,246,843	1,170,232
55,159,047	52,427,980	50,100,157	54,739,024	63,468,024	57,607,148	71,727,838
15,476,767	15,875,566	17,169,446	18,324,199	20,796,230	18,812,106	19,675,040
4,293,053	4,499,643	4,537,849	4,396,039	5,684,615	4,590,763	4,610,749
2,232,993	2,591,863	2,781,704	2,770,717	1,539,460	2,233,683	2,579,667
1,455,693	1,312,900	1,406,241	1,390,573	1,317,016	1,370,543	1,514,688
313,047	286,178	294,452	284,904	262,174	361,360	411,006
568,363	643,775	571,937	594,598	441,881	656,699	794,369
57,343	39,401	106,420	—	—	—	—
24,397,259	25,249,326	26,868,049	27,761,030	30,041,376	28,025,154	29,585,519
79,556,306	77,677,306	76,968,206	82,500,054	93,509,400	85,632,302	101,313,357
405,299	357,080	380,061	416,291	386,363	408,567	414,016
4,914,888	5,955,569	6,485,649	6,901,859	5,477,746	5,493,934	8,109,894
2,798,069	3,123,103	2,950,887	3,165,521	3,070,976	3,127,190	3,299,502
385,875	544,773	387,314	415,784	179,415	392,535	399,022
2,326,628	2,614,858	2,875,147	2,918,182	5,747,316	5,906,437	6,217,950
4,802,301	4,270,577	4,584,959	7,210,112	6,301,915	9,259,847	13,088,700
15,633,060	16,865,960	17,664,017	21,027,749	21,163,731	24,588,510	31,529,084
15,132,165	15,522,270	15,602,993	16,021,187	17,060,401	18,470,743	19,355,318
4,318,018	4,284,928	4,287,946	4,345,374	4,408,773	4,679,577	4,659,188
1,493,365	1,837,534	2,111,847	2,119,851	508,047	1,367,727	2,044,668
1,080,874	1,091,259	1,060,331	1,063,694	586,849	969,308	1,066,645
270,610	256,647	230,732	238,093	327,715	387,902	396,623
594,775	574,180	576,018	582,858	582,859	587,816	588,125
83,116	83,247	83,228	—	—	—	—
474,969	625,268	516,121	669,409	1,246,323	1,859,616	143,468
359,822	524,891	538,013	1,494,601	229,503	1,639,089	1,602,859
23,807,714	24,800,224	25,007,229	26,535,067	24,950,470	29,961,778	29,856,894
39,440,774	41,666,184	42,671,246	47,562,816	46,114,201	54,550,288	61,385,978

CITY OF BURNSVILLE, MINNESOTA

CHANGES IN NET POSITION (Page 2 of 2)

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	Fiscal Year		
	2013	2014	2015
Net revenue (expense):			
Governmental activities	\$ (30,022,534)	\$ (28,210,513)	\$ (28,371,348)
Business-type activities	307,757	791,985	(599,218)
Total primary government net revenue (expense)	<u>(29,714,777)</u>	<u>(27,418,528)</u>	<u>(28,970,566)</u>
General revenues and other changes in net position:			
Governmental activities:			
Taxes			
Property taxes	30,374,410	29,444,693	30,699,759
Lodging tax	287,358	289,198	363,409
Franchise taxes	723,624	729,211	758,972
Unrestricted grants and contributions	815,677	915,373	973,068
Unrestricted investment earnings (charges)	(3,219,479)	3,300,247	1,091,944
Transfers	(4,182)	540,066	(2,221,674)
Total governmental activities	<u>28,977,408</u>	<u>35,218,788</u>	<u>31,665,478</u>
Business-type activities:			
Unrestricted grants and contributions	51,697	50,574	48,681
Unrestricted investment earnings	469,429	415,667	358,342
Transfers	4,182	(540,066)	2,221,674
Total business-type activities	<u>525,308</u>	<u>(73,825)</u>	<u>2,628,697</u>
Total primary government	<u>29,502,716</u>	<u>35,144,963</u>	<u>34,294,175</u>
Change in net position:			
Governmental activities	(1,045,126)	7,008,275	3,294,130
Business-type activities	833,065	718,160	2,029,479
Total primary government	<u>(212,061)</u>	<u>7,726,435</u>	<u>5,323,609</u>

Note 1: The City implemented GASB Statement No. 65 in fiscal year 2013 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 2: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal year 2015 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 3: The City implemented GASB Statement No. 75 in fiscal year 2018 which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle.

Note 4: The City implemented GASB Statement No. 87 in fiscal year 2022 and a prior period adjustment which resulted in a restatement of net position. Prior years were not restated for the change in accounting principle or prior period adjustment.

2016	2017	2018	2019	2020	2021	2022
\$ (39,525,987)	\$ (35,562,020)	\$ (32,436,140)	\$ (33,711,275)	\$ (42,304,293)	\$ (33,018,638)	\$ (40,198,754)
(589,545)	(449,102)	(1,860,820)	(1,225,963)	(5,090,906)	1,936,624	271,375
(40,115,532)	(36,011,122)	(34,296,960)	(34,937,238)	(47,395,199)	(31,082,014)	(39,927,379)
32,127,976	33,668,989	34,816,920	36,745,654	37,901,657	39,305,483	41,303,580
366,918	365,555	389,019	351,690	174,326	258,761	338,254
1,274,060	2,116,955	1,972,218	1,945,697	3,245,103	5,812,043	5,839,844
1,143,996	1,091,139	1,086,925	854,002	4,774,662	9,004	2,788,716
721,735	503,205	674,333	1,898,702	957,840	(535,066)	(3,138,002)
116,747	170,037	588,800	(489,132)	(41,528)	248,988	(238,577)
35,751,432	37,915,880	39,528,215	41,306,613	47,012,060	45,099,213	46,893,815
46,401	43,642	40,749	36,907	—	—	—
234,128	251,317	462,133	495,048	142,791	120,036	310,769
(116,747)	(170,037)	(588,800)	489,132	41,528	(248,988)	238,577
163,782	124,922	(85,918)	1,021,087	184,319	(128,952)	549,346
35,915,214	38,040,802	39,442,297	42,327,700	47,196,379	44,970,261	47,443,161
(3,774,555)	2,353,860	7,092,075	7,595,338	4,707,767	12,080,575	6,695,061
(425,763)	(324,180)	(1,946,738)	(204,876)	(4,906,587)	1,807,672	820,721
(4,200,318)	2,029,680	5,145,337	7,390,462	(198,820)	13,888,247	7,515,782

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CITY OF BURNSVILLE, MINNESOTA**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE****LAST TEN FISCAL YEARS****(Accrual Basis of Accounting)**

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2013	\$ 27,383,429	\$ 2,990,981	\$ 287,358	\$ 723,624	\$ 31,385,392
2014	28,653,243	791,450	289,198	729,211	30,463,102
2015	29,916,349	783,410	363,409	758,972	31,822,140
2016	31,308,269	819,707	366,918	1,274,060	33,768,954
2017	32,845,130	823,859	365,555	2,116,955	36,151,499
2018	33,887,763	929,157	389,019	1,972,218	37,178,157
2019	35,733,994	1,011,660	351,690	1,945,697	39,043,041
2020	37,834,370	67,287	174,326	3,245,103	41,321,086
2021	39,210,650	94,833	258,761	5,812,043	45,376,287
2022	41,246,486	57,094	338,254	5,839,844	47,481,678

CITY OF BURNSVILLE, MINNESOTA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2013	2014	2015
General Fund:			
Nonspendable	\$ 250	\$ —	\$ 1,491,544
Restricted	2,420,304	2,288,160	2,152,353
Assigned	1,544,844	1,155,807	1,700,678
Unassigned	13,196,459	16,960,866	16,504,649
Total General Fund	<u>17,161,857</u>	<u>20,404,833</u>	<u>21,849,224</u>
All other governmental funds:			
Nonspendable	—	—	—
Restricted	14,580,498	7,186,381	13,413,234
Committed	4,652,856	4,966,759	4,925,668
Assigned	5,709,328	6,454,637	5,585,159
Unassigned	(1,603,774)	(160,196)	(168,654)
Total all other governmental funds	<u>\$ 23,338,908</u>	<u>\$ 18,447,581</u>	<u>\$ 23,755,407</u>

2016	2017	2018	2019	2020	2021	2022
\$ 1,491,544	\$ 1,191,544	\$ 1,191,544	\$ 1,191,544	\$ 446,544	\$ —	\$ 1,822,469
2,013,830	1,872,537	1,711,337	1,546,137	1,198,346	1,046,802	892,437
991,293	991,657	985,000	820,000	1,751,382	1,054,500	—
17,715,565	18,282,263	18,720,813	22,278,071	25,460,656	26,527,905	24,213,030
<u>22,212,232</u>	<u>22,338,001</u>	<u>22,608,694</u>	<u>25,835,752</u>	<u>28,856,928</u>	<u>28,629,207</u>	<u>26,927,936</u>
—	—	—	—	—	—	130,420
20,000,824	21,171,456	8,276,836	8,185,007	21,003,274	7,875,624	8,313,988
4,702,767	8,115,285	7,184,681	7,675,063	7,096,266	9,409,598	14,524,046
6,146,013	5,626,630	7,248,382	8,985,040	6,345,225	7,705,296	11,813,857
(173,369)	(840,879)	(172,561)	(213,637)	(68,452)	(627,270)	(1,774,822)
<u>\$ 30,676,235</u>	<u>\$ 34,072,492</u>	<u>\$ 22,537,338</u>	<u>\$ 24,631,473</u>	<u>\$ 34,376,313</u>	<u>\$ 24,363,248</u>	<u>\$ 33,007,489</u>

CITY OF BURNSVILLE, MINNESOTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2013	2014	2015
Revenues:			
Taxes	\$ 31,436,569	\$ 30,575,302	\$ 31,867,814
Licenses and permits	2,445,580	1,953,776	2,026,415
Intergovernmental	3,818,161	4,867,531	8,332,614
Charges for services	5,889,564	5,885,164	5,913,570
Fines and forfeits	470,413	417,275	378,940
Investment income (charges)	(3,262,167)	3,260,938	1,054,573
Special assessments	1,890,774	1,813,996	2,585,543
Miscellaneous	1,068,837	1,579,348	1,353,267
Total revenues	43,757,731	50,353,330	53,512,736
Expenditures:			
Current:			
General government	5,508,509	5,856,737	6,495,318
Public safety	19,159,372	20,140,526	20,403,477
Public works and parks	6,530,255	6,592,561	6,766,745
Culture and recreation	1,231,581	1,256,682	1,336,636
Conservation of natural resources	1,022,316	995,490	1,035,269
Economic development	483,893	464,933	495,624
Capital outlay	9,805,507	9,360,407	12,688,606
Debt service:			
Principal	4,584,460	8,340,613	3,584,701
Interest	1,684,125	1,512,418	1,375,624
Fiscal agent fees	29,347	18,670	18,775
Bond issuance costs	31,009	23,240	69,011
Total expenditures	50,070,374	54,562,277	54,269,786
Excess of revenues over (under) expenditures	(6,312,643)	(4,208,947)	(757,050)
Other financing sources (uses):			
Bonds issued	1,595,000	2,780,000	735,000
Refunding bonds issued	1,925,000	—	7,030,000
Premium (discount) on bonds issued	96,248	39,933	80,984
Payments to refunded bond escrow agent	(949,748)	(952,430)	(790,000)
Leases	—	—	—
Sales of capital assets	58,650	153,027	141,253
Transfers in	5,963,398	5,746,474	6,235,640
Transfers out	(5,378,212)	(5,206,408)	(5,923,610)
Total other financing sources (uses)	3,310,336	2,560,596	7,509,267
Net change in fund balances	\$ (3,002,307)	\$ (1,648,351)	\$ 6,752,217
Debt service as a percentage of noncapital expenditures	14.7%	21.0%	11.4%

2016	2017	2018	2019	2020	2021	2022
\$ 33,753,006	\$ 35,989,886	\$ 37,352,958	\$ 39,090,762	\$ 41,122,345	\$ 45,531,303	\$ 47,321,909
1,903,820	2,061,946	2,466,914	3,369,080	2,028,388	2,877,014	3,093,773
5,118,254	5,077,504	5,357,166	5,735,523	11,932,400	8,795,140	13,295,518
6,345,229	6,634,410	7,230,588	7,217,898	6,106,670	6,486,842	7,678,413
337,171	422,347	359,347	358,417	205,089	247,954	204,966
694,824	469,779	615,245	1,832,567	933,690	(556,046)	(3,183,616)
1,800,511	1,866,666	1,756,074	2,303,764	1,931,638	1,719,051	1,726,203
1,085,021	1,683,990	2,024,617	2,959,449	1,801,226	2,392,134	5,787,658
51,037,836	54,206,528	57,162,909	62,867,460	66,061,446	67,493,392	75,924,824
7,356,451	7,109,756	7,036,828	7,034,145	7,883,492	7,714,554	9,178,565
20,699,670	23,300,734	23,500,121	24,154,818	26,192,495	26,473,939	29,937,337
6,931,564	6,806,529	7,770,000	7,722,108	7,704,347	8,291,068	8,028,486
1,060,369	1,023,582	1,002,556	1,104,490	1,048,450	1,099,712	1,212,831
1,198,458	1,310,566	1,461,642	1,264,396	1,270,493	1,497,920	1,234,845
484,650	476,108	516,894	813,210	2,750,100	617,859	3,156,964
9,894,133	17,058,821	11,109,667	12,610,088	19,660,455	26,297,662	16,299,556
3,063,398	3,251,465	4,487,329	3,820,163	4,811,153	4,560,000	4,927,305
1,521,390	1,489,498	1,467,934	1,118,766	1,085,390	1,514,997	1,323,817
18,338	24,278	23,791	48,568	12,606	20,431	10,904
77,620	57,965	51,495	17,298	120,230	—	87,256
52,306,041	61,909,302	58,428,257	59,708,050	72,539,211	78,088,142	75,397,866
(1,268,205)	(7,702,774)	(1,265,348)	3,159,410	(6,477,765)	(10,594,750)	526,958
910,000	9,585,000	2,125,000	1,165,000	17,175,000	—	5,170,000
6,475,000	—	3,235,000	460,000	1,340,000	—	—
300,502	584,230	239,989	276,430	1,884,433	—	380,965
—	—	(16,784,136)	(525,000)	(1,458,847)	—	—
519,909	193,504	—	—	—	—	273,886
118,894	421,224	596,234	191,620	82,737	104,976	42,621
6,141,582	6,502,685	5,464,671	4,492,604	2,466,874	4,126,288	3,299,503
(5,913,846)	(6,061,843)	(4,875,871)	(3,898,871)	(2,246,416)	(3,877,300)	(2,750,963)
8,552,041	11,224,800	(9,999,113)	2,161,783	19,243,781	353,964	6,416,012
\$ 7,283,836	\$ 3,522,026	\$ (11,264,461)	\$ 5,321,193	\$ 12,766,016	\$ (10,240,786)	\$ 6,942,970
10.5%	10.3%	12.5%	10.1%	9.9%	10.8%	9.7%

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CITY OF BURNSVILLE, MINNESOTA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2013	\$ 27,434,606	\$ 2,990,981	\$ 287,358	\$ 723,624	\$ 31,436,569
2014	28,765,443	791,450	289,198	729,211	30,575,302
2015	29,962,023	783,410	363,409	758,972	31,867,814
2016	31,292,321	819,707	366,918	1,274,060	33,753,006
2017	32,683,517	823,859	365,555	2,116,955	35,989,886
2018	34,062,564	929,157	389,019	1,972,218	37,352,958
2019	35,781,715	1,011,660	351,690	1,945,697	39,090,762
2020	37,635,629	67,287	174,326	3,245,103	41,122,345
2021	39,365,666	94,833	258,761	5,812,043	45,531,303
2022	41,086,717	57,094	338,254	5,839,844	47,321,909

CITY OF BURNSVILLE, MINNESOTA

TAXABLE MARKET VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	Less Fiscal Disparities	Less Tax Increment
	Residential Property	Commercial Property			
2013	\$ 34,997,156	\$ 27,649,303	\$ 828,786	\$ (2,538,320)	\$ (2,867,371)
2014	36,175,049	27,747,684	816,729	(2,988,905)	(850,866)
2015	39,954,586	28,740,490	824,450	(2,888,069)	(901,387)
2016	41,440,693	28,490,235	860,668	(3,073,160)	(896,845)
2017	43,601,698	27,701,119	907,851	(2,382,401)	(926,409)
2018	48,949,347	28,530,496	945,133	(1,655,814)	(929,157)
2019	52,425,000	29,503,800	943,031	(1,656,580)	(1,158,569)
2020	55,924,956	31,657,917	1,002,211	(1,347,441)	(225,215)
2021	58,847,414	33,181,384	1,013,065	(1,823,844)	(144,251)
2022	62,591,306	33,641,212	495,514	(1,490,458)	(158,129)

Source: Dakota County

Total Taxable Net Tax Capacity		Tax Capacity Value as a Percentage of Taxable Market Value	Total Direct Tax Rate	Estimated Actual Market Value	Taxable Market Value	Taxable Value as a Percentage of Estimated Actual Value
\$	58,069,554	1.20 %	47.021	\$ 5,019,680,534	\$ 4,835,520,311	96.3 %
	60,899,691	1.23	46.670	5,258,005,375	4,953,041,063	94.2
	65,730,070	1.22	44.790	5,625,420,202	5,373,401,377	95.5
	66,821,591	1.21	46.525	5,915,258,394	5,506,514,039	93.1
	68,901,858	1.22	46.557	6,138,533,666	5,670,777,401	92.4
	75,840,005	1.22	43.552	6,670,619,761	6,204,343,440	93.0
	80,056,682	1.21	43.595	7,026,455,810	6,590,112,904	93.8
	87,012,428	1.24	43.148	7,350,427,230	7,034,358,859	95.7
	91,073,768	1.23	42.853	7,749,261,165	7,381,171,260	95.3
	95,079,445	1.23	43.054	8,426,026,717	7,733,407,321	91.8

CITY OF BURNSVILLE, MINNESOTA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING (1) GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	City of Burnsville			Overlapping Rates:	
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Dakota County	School District - ISD #191
				Total County Tax Rate (2)	Total School Tax Rate (2)
2013	45.215	1.806	47.021	33.421	26.168
2014	44.969	1.701	46.670	31.827	25.661
2015	43.020	1.770	44.790	29.633	24.554
2016	44.831	1.694	46.525	28.570	31.065
2017	44.922	1.635	46.557	28.004	27.529
2018	42.076	1.476	43.552	26.580	27.448
2019	42.187	1.408	43.595	25.386	24.409
2020	41.292	2.303	43.148	24.133	23.263
2021	40.651	2.202	42.853	22.716	20.745
2022	40.299	2.755	43.054	21.630	19.053

Source: Dakota County

Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Burnsville. Not all overlapping rates apply to all City of Burnsville property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).
- (2) The breakdown between operating and debt service tax rates were not available at the time of this report.

School District - ISD #194	School District - ISD #196		Total Direct and Overlapping Rates		
Total School Tax Rate (2)	Total School Tax Rate (2)	Special Districts	ISD #191	ISD #194	ISD #196
33.535	27.956	6.247	112.857	120.224	114.645
33.048	27.606	5.882	110.040	117.427	111.985
31.459	23.271	5.427	104.404	111.309	103.121
35.319	24.317	5.505	111.665	115.919	104.917
32.914	23.336	5.355	107.445	112.830	103.252
26.835	26.715	4.833	102.413	101.800	101.680
26.992	26.162	4.748	98.138	100.721	99.891
31.225	34.367	3.767	94.311	102.273	105.415
27.269	32.712	3.722	90.036	96.560	102.003
25.582	31.336	3.698	87.435	93.964	99.718

CITY OF BURNSVILLE, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity
Xcel Energy/Northern States Power Company	\$ 3,234,730	1	3.4 %	\$ 2,181,818	1	3.8 %
Burnsville Center SPE, LLC	858,190	2	0.9	2,079,250	2	3.6
Southwind Village LL, LLC	723,833	3	0.8	—	—	—
RRE Woods Holdings, LLC	705,000	4	0.7	—	—	—
RRE Nicollet Ridge Holdings, LLC	681,088	5	0.7	—	—	—
PC Felix LLC	612,822	6	0.6	—	—	—
JPT Industries, Inc.	576,592	7	0.6	399,250	5	0.7
FLT Summit Park Apartments, LLC	536,510	8	0.6	—	—	—
Park Nicollet Clinic	534,650	9	0.6	—	—	—
PRCP-Minnesota Stone, LLC	497,879	10	0.5	—	—	—
Capreit Atrium Apartments, LP	—	—	—	612,694	3	1.1
Minnegasco	—	—	—	520,024	4	0.9
Dakota Electric Association	—	—	—	363,888	6	0.6
AIMCO Woods of Burnsville Inc.	—	—	—	359,509	7	0.6
Kraus-Anderson	—	—	—	358,536	8	0.6
IRET Properties	—	—	—	305,639	9	0.5
Menard Inc.	—	—	—	296,204	10	0.5
Total	<u>\$8,961,294</u>		<u>9.4 %</u>	<u>\$7,476,812</u>		<u>12.9 %</u>

Source: Dakota County

CITY OF BURNSVILLE, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 26,988,262	\$ 26,673,945	98.84 %	\$ 94,404	\$ 26,768,349	99.19 %
2014	28,448,573	28,171,331	99.03	126,149	28,297,480	99.47
2015	29,584,711	29,336,510	99.16	88,640	29,425,150	99.46
2016	30,951,674	30,715,364	99.24	130,689	30,846,053	99.66
2017	32,075,674	31,654,894	98.69	321,952	31,976,846	99.69
2018	33,242,674	32,996,925	99.26	61,057	33,057,982	99.44
2019	34,896,674	34,691,735	99.41	62,652	34,754,387	99.59
2020	37,588,674	37,199,804	98.97	88,188	37,287,992	99.20
2021	39,058,352	38,811,612	99.37	41,149	38,852,761	99.47
2022	40,912,255	40,472,208	98.92	—	40,472,208	98.92

CITY OF BURNSVILLE, MINNESOTA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						
	General Obligation Bonds	General Obligation Certificates of Indebtedness	General Obligation Improvement Bonds	Tax Increment Bonds and Notes	General Obligation Tax Abatement Bonds	Lease Revenue Bonds	Leases
2013	\$ 1,175,143	\$ —	\$ 15,783,435	\$ 11,102,382	\$ 15,315,753	\$ 4,902,784	\$ —
2014	791,181	—	15,653,186	5,655,264	14,970,700	4,678,797	—
2015	392,218	—	13,581,813	5,050,362	21,699,745	4,454,809	—
2016	298,255	—	12,719,251	4,430,461	28,053,905	4,225,822	519,909
2017	10,365,277	—	11,020,862	3,800,560	27,621,866	3,986,835	475,609
2018	9,757,365	—	10,498,708	3,155,659	17,838,258	—	237,805
2019	9,103,087	—	10,369,176	2,490,757	16,943,053	—	—
2020	26,134,094	—	9,885,809	1,823,204	15,042,848	—	—
2021	24,951,068	—	8,464,028	1,546,317	13,092,643	—	—
2022	23,683,042	1,115,752	11,475,019	1,264,431	11,092,438	—	201,352

Note: Details regarding the city's outstanding debt can be found in the notes to basic financial statements.

Sources:

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Business-Type Activities

Revenue Bonds	General Obligation Revenue Notes	General Obligation Improvement Bonds	Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 14,207,176	\$ —	\$ 2,287,718	\$ 11,836	\$ 64,786,227	2.2 %	1,057
15,517,211	—	1,446,959	—	58,713,298	2.0	951
16,278,543	—	822,436	—	62,279,926	2.0	1,006
16,088,093	—	378,373	—	66,714,069	2.1	1,079
19,168,507	3,735,390	132,553	—	80,307,459	2.2	1,290
19,770,295	5,149,825	33,441	—	66,441,356	1.8	1,060
19,626,401	5,378,000	—	—	63,910,474	1.6	1,018
17,497,972	6,250,081	—	—	76,634,008	1.8	1,192
15,304,543	7,195,319	—	—	70,553,918	1.6	1,092
16,879,204	6,967,000	—	—	72,678,238	1.7	1,125

CITY OF BURNSVILLE, MINNESOTA

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Bond Issuance Premium/ (Discount)	Less Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2013	\$ 43,000,822	\$ 375,891	\$ 12,516,260	\$ 30,860,453	0.6382 %	\$ 503
2014	36,712,779	357,552	6,000,286	31,070,045	0.6273	503
2015	40,328,078	396,060	12,533,406	28,190,732	0.5246	455
2016	44,879,680	622,192	19,183,290	26,318,582	0.4780	426
2017	51,691,019	1,117,546	19,635,217	33,173,348	0.5850	533
2018	40,017,358	1,232,632	6,808,600	34,441,390	0.5551	550
2019	37,535,000	1,371,073	7,861,389	31,044,684	0.4711	494
2020	49,780,000	3,105,955	6,637,860	46,248,095	0.6575	719
2021	45,220,000	2,834,056	6,432,965	41,621,091	0.5639	644
2022	45,690,000	2,940,682	6,487,284	42,143,398	0.5450	652

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

Sources:

- (1) Excludes Taxable Tax Increment Revenue Notes and Lease Revenue Bonds reported in the Governmental Activities, and General Obligation Revenue Notes and General Obligation and Improvement Bonds reported in the Enterprise Funds.
- (2) See the Schedule of Taxable Market Value and Estimated Actual Value of Taxable Property for property value data.
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF BURNSVILLE, MINNESOTA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****AS OF DECEMBER 31, 2021**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
City of Burnsville	\$ 48,832,034	100.00 %	\$ 48,832,034
Overlapping Debt:			
ISD 191 (Burnsville)	113,850,000	83.45 %	95,002,360
ISD 194 (Lakeville)	188,500,000	8.14 %	15,351,938
ISD 196 (Rosemount)	97,905,000	8.98 %	8,795,198
Metropolitan Council	218,520,000	1.61 %	3,515,987
Total overlapping debt			122,665,483
Total direct and overlapping debt			\$ 171,497,517

Note: Overlapping governments are those that coincide, at least in part, with the geographic 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 of Burnsville. 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.

Sources: Taxable net tax capacity was used to estimate applicable percentages and was provided by the County. Debt outstanding data provided by each governmental unit as of their last fiscal year end.

CITY OF BURNSVILLE, MINNESOTA**LEGAL DEBT MARGIN INFORMATION****LAST TEN FISCAL YEARS**

	Fiscal Year			
	2013	2014	2015	2016
Debt Limit	\$145,065,609	\$148,591,232	\$161,202,041	\$165,195,421
Total net debt applicable to limit	612,797	213,115	110,167	—
Legal debt margin	<u>144,452,812</u>	<u>148,378,117</u>	<u>161,091,874</u>	<u>165,195,421</u>
Total net debt applicable to the limit as a percentage of debt limit	0.42 %	0.14 %	0.07 %	0.00 %

Note: Under Minnesota State Law, the City of Burnsville's net debt cannot exceed 3 percent of the estimated market value of taxable property. The legal debt limit applies to the City's general obligation tax levy bonds and excludes improvement and revenue-supported bonds.

2017	2018	2019	2020	2021	2022
\$ 170,123,322	\$ 186,130,303	\$ 197,703,387	\$ 211,030,766	\$ 221,435,138	\$ 232,002,220
9,472,289	8,876,639	8,338,565	23,820,999	22,746,093	21,575,183
<u>160,651,033</u>	<u>177,253,664</u>	<u>189,364,822</u>	<u>187,209,767</u>	<u>198,689,045</u>	<u>210,427,037</u>

5.57 % 4.77 % 4.22 % 11.29 % 10.27 % 9.30 %

Legal Debt Margin Calculation for Fiscal Year 2022	
Market Value	\$ 7,733,407,321
Debt limit (3% of market value)	232,002,220
Debt applicable to limit:	
General obligation bonds	21,880,000
Less amount set aside for repayment of general obligation debt	<u>(304,817)</u>
Total net debt applicable to limit	<u>21,575,183</u>
Legal debt margin	<u>\$ 210,427,037</u>

CITY OF BURNSVILLE, MINNESOTA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds						Coverage Ratio
	(2) Operating Revenues and Other	(3) Less Operating Expenses	Net Available Revenue	Debt Service (1)			
				Principal	Interest		
WATER AND SEWER FUND:							
2013	\$ 13,723,661	\$ 11,921,512	\$ 1,802,149	\$ 820,000	\$ 344,980	1.55	
2014	14,134,042	11,939,434	2,194,608	1,085,000	374,597	1.50	
2015	14,350,769	11,691,664	2,659,105	1,360,000	400,939	1.51	
2016	15,044,358	12,293,736	2,750,622	1,595,000	404,673	1.38	
2017	15,436,661	12,768,350	2,668,311	1,715,000	390,838	1.27	
2018	15,520,599	13,010,204	2,510,395	1,570,000	513,981	1.20	
2019	15,935,623	14,458,200	1,477,423	5,208,224	625,508	0.25	
2020	16,978,500	17,001,282	(22,782)	2,250,000	712,897	-0.01	
2021	18,363,656	15,052,831	3,310,825	2,422,197	645,947	1.08	
2022	19,227,464	15,891,135	3,336,329	2,512,000	584,948	1.08	
STORM WATER FUND:							
2013	\$ 4,161,216	\$ 1,869,461	\$ 2,291,755	\$ 180,000	\$ 78,428	8.87	
2014	4,177,901	2,054,181	2,123,720	180,000	74,648	8.34	
2015	4,166,171	2,524,717	1,641,454	185,000	70,193	6.43	
2016	4,271,318	2,852,255	1,419,063	185,000	65,305	5.67	
2017	4,251,318	3,058,176	1,193,142	195,000	58,845	4.70	
2018	4,271,323	3,007,405	1,263,918	200,000	51,995	5.02	
2019	4,326,247	2,877,235	1,449,012	1,252,642	43,312	1.12	
2020	4,384,431	4,180,757	203,674	—	—	—	
2021	4,521,217	3,007,431	1,513,786	—	—	—	
2022	4,626,016	3,066,125	1,559,891	—	—	—	

Note: Details regarding the city's outstanding debt can be found in the notes to basic financial statements.

(1) Includes principal and interest of revenue bonds only. It does not include the general obligation improvement bonds reported in the Water & Sewer and Storm Water Funds.

(2) Operating Revenue and Other includes only operating revenues for the Water & Sewer and Storm Water Funds.

(3) Operating Expenses excludes depreciation.

CITY OF BURNSVILLE, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Number of Households (1)	Estimated Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2013	61,300	24,854	\$ 2,933,572,800	\$ 47,856	9,341	4.5 %
2014	61,747	24,960	3,007,758,117	48,711	9,213	3.8
2015	61,908	24,990	3,128,892,228	50,541	8,989	3.5
2016	61,849	25,132	3,223,384,333	52,117	8,914	3.5
2017	62,239	25,252	3,628,844,895	58,305	8,563	3.1
2018	62,657	25,339	3,793,192,123	60,539	8,874	2.7
2019	62,785	25,405	3,891,225,945	61,977	8,603	3.2
2020	64,317	25,480	4,164,397,116	64,748	8,010	7.3
2021	64,627	25,696	4,389,918,229	67,927	7,837	3.6
2022	64,627	25,696	4,389,918,229	67,927	7,822	2.5

Sources:

- (1) 2022 is an estimate of 0% growth from the 2021 actual figures provided by the Metropolitan Council. All years are best available estimates provided by the Metropolitan Council.
- (2) Estimated personal income is calculated by multiplying the per capita personal income by the City population.
- (3) Per capita personal income provided by the U.S. Bureau of Economic Analysis is an estimate for the State of Minnesota, the state in which the City is located. This is the smallest applicable region for which this data is available.
- (4) School enrollment is enrollment in the largest district, ISD# 191 (Burnsville). Burnsville is also served by ISD# 194 (Lakeville) and ISD# 196 (Rosemount-Eagan-Apple Valley). Data is compiled by the Minnesota Department of Education
- (5) Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

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CITY OF BURNSVILLE, MINNESOTA

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Collins Aerospace (formerly UTC Aerospace)	1,800	1	5.2 %	—	—	— %
Burnsville Public Schools - ISD #191	1,300	2	3.7	1,600	1	4.7
Fairview Ridges Hospital	967	3	2.8	1,400	2	4.1
Buck Hill Ski Area	500	4	1.4	—	—	—
Pepsi-Cola Bottling Co.	500	4	1.4	530	4	1.6
Ames Construction	400	6	1.1	—	—	—
UPS Access Point Location	397	7	1.1	—	—	—
Cub Foods	350	8	1.0	—	—	—
City of Burnsville	340	9	1.0	—	—	—
Walmart	335	10	1.0	—	—	—
Goodrich Sensors and Integrated Systems	—	—	—	950	3	2.8
Northern Tool & Equipment	—	—	—	500	5	1.5
Mackin Media Library	—	—	—	400	6	1.2
Yellow Transportation	—	—	—	400	6	1.2
Target	—	—	—	315	8	0.9
Park Nicollet Clinic	—	—	—	300	9	0.9
Frontier Communications	—	—	—	300	9	0.9
Total	<u>6,889</u>		<u>19.7 %</u>	<u>6,695</u>		<u>19.8 %</u>

Source: Minnesota Department of Employment and Economic Development, Reference USA, written and telephone survey, and the Minnesota Manufacturers Register

CITY OF BURNSVILLE, MINNESOTA

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Function:				
General government	41.4	41.4	41.4	41.4
Public safety:				
Police	91.4	90.9	91.1	91.1
Fire	40	40	40	40
Inspections	11.5	12.5	12.8	12.8
Public works and parks:				
Engineering	13	13	13	13
Parks	18	18	18	18
Public works	12	12	12	12
Fleet maintenance	8	8	8	8
Recreation	6	6	6	6
Conservation of natural resources	2	2	2	2.8
Economic development	1	1	1	1
Water and sewer	15	15	15	15
Storm drainage	3.5	3.5	3.5	3.5
Ice arena	6.5	6.5	6.5	6.5
Golf course	1.5	1.5	1.5	1.5
Total	270.8	271.3	271.8	272.6

Source: Annual City Budget Documents

Note: The hours include only full-time and regular part-time positions consistent with the City's budget process

2017	2018	2019	2020	2021	2022
41.70	42.30	45.50	45.50	48.40	48.40
91.1	91.1	91.1	91.1	91.1	91.1
44	44	44	45	45	45
12.5	13	13	14	14	14
14	14	14	14	14	14
18	18	18.5	18	18	18
12	12	12.5	14.5	14	14
8	8	8	9	9	9
6	5.8	6.6	8	6	6
3.3	3.5	5.5	3.5	2.5	2.5
1	1	2	—	—	—
15	15	13	16	17	17
3.5	3.5	1.5	4.0	4.5	4.5
6.5	6.5	6.5	6.5	6	6
1.5	1.5	1.5	1.5	1.5	1.5
278.1	279.2	283.2	290.6	291.0	291.0

CITY OF BURNSVILLE, MINNESOTA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
Police				
Total calls for service	47,906	46,209	49,924	48,859
Arrests - Adult	2,110	1,888	1,922	1,846
Arrests - Juvenile	370	367	351	323
Traffic citations	7,960	7,898	6,613	5,452
Fire and Emergency Services				
Number of calls (excluding EMS)	1,388	1,353	1,355	1,536
Number of Emergency Medical Service (EMS) calls	4,023	4,303	4,665	5,037
EMS patients served	3,035	3,269	3,400	3,765
Protective inspections				
Plan reviews	468	488	546	530
Building permits issued	6,161	7,252	6,888	6,871
Field inspections (Bldg, Plbg, Htg, Gas, S&W)	5,622	6,244	6,869	6,765
Code enforcement inspections	2,690	3,970	3,904	4,716
Public works				
Street rehabilitation/resurfacing (miles)	5.2	5.2	8.8	9.1
Sealcoating (miles)	7.5	18.5	6.1	5
Snow and ice control (miles)	222	222	222	222
Recreation				
Youth recreation activity participants	20,842	23,006	27,195	23,200
The Garage Attendance	25,044	22,500	*n/a	*n/a
Water				
New connections	15	27	63	36
Water main breaks	19	17	19	15
Average daily consumption (thousands of gallons)	9,215	9,008	10,070	8,683
Total daily pumping capacity (thousands of gallons)	29,000	29,000	29,000	29,000
Sewer				
Average daily flow (thousands of gallons)	5,125	5,346	5,153	5,129
Storm Water				
Street sweeping (miles)	222	222	222	222
Golf course				
Annual rounds sold	20,541	20,851	23,775	23,059
Ice Center				
Learn to skate participants	580	513	455	354

Sources: Various City departments

Note: Indicators are not available for the general government functions.

* In 2014, the City transitioned the programs at THE GARAGE to the new Burnsville Youth Collaborative (BYC).

2017	2018	2019	2020	2021	2022
48,575	49,482	47,653	47,196	48,731	51,804
1,758	1,691	1,572	1,482	1,255	1,514
409	238	192	111	101	179
6,426	5,547	4,286	2,642	3,311	3,528
1,507	1,571	1,594	1,455	1,683	1,976
5,116	5,427	5,685	5,863	6,312	7,170
4,009	4,372	4,910	5,216	5,723	6,545
610	491	596	588	681	705
7,044	7,359	8,853	9,781	7,402	8,089
6,824	7,351	8,673	10,606	10,192	9,826
4,238	4,806	3,350	605	1,116	1,420
10.7	4.9	11.8	9.14	7.3	7.96
4.7	6.4	6.8	5.25	9.7	7.4
222	222	222	222	222	222
22,917	27,662	49,432	3,913	19,129	17,238
*n/a	*n/a	*n/a	*n/a	*n/a	*n/a
18	9	48	135	8	26
12	12	11	14	14	11
8,268	8,150	8,090	8,590	9,322	6,315
29,000	29,000	29,000	29,000	29,000	29,000
5,146	5,047	5,004	5,255	5,159	5,189
222	222	222	222	222	222
20,725	17,107	18,676	26,213	25,004	27,985
298	347	299	104	157	366

CITY OF BURNSVILLE, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	26	26	26	26
Fire stations	2	2	2	2
Public works				
Streets (miles)	221.9	220.4	221.9	221.9
Traffic signals	22	22	22	22
Parks and recreation				
Parks acreage	1,750	1,750	1,750	1,750
Parks	76	76	76	76
Turf maintained (acres)	645	645	645	645
Atheletic fields maintained	142	142	142	142
Golf course	1	1	1	1
Ice skating rinks				
Indoor	2	2	2	2
Outdoor	29	29	29	29
Water				
Water mains (miles)	258.3	259.8	260.7	260.7
Wells	17	17	17	17
Connections	16,628	16,655	16,718	16,754
Total storage capacity (thousands of gallons)	19,000	19,000	19,000	19,000
Sewer				
Sanitary sewers (miles)	209.3	209.3	209.6	209.7
Number of connections	16,119	16,073	16,079	16,113
Storm sewers (miles)	196.8	196.8	199.4	199.9

Source: Various City departments

Note: No capital asset indicators are available for the general government functions.

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
26	26	26	26	26	26
2	2	2	2	2	2
221.9	221.9	221.9	221.9	221.9	221.9
22	22	22	23	23	23
1,750	1,750	1,750	1,750	1,750	1,750
76	76	76	76	76	76
645	645	645	645	449	449
142	142	142	142	142	142
1	1	1	1	1	1
2	2	2	2	2	2
29	29	29	28	25	25
260.7	260.7	260.7	260.7	264.8	264.8
17	17	17	17	17	17
16,772	16,781	16,829	16,964	16,974	17,000
19,000	19,000	19,000	19,000	19,000	19,000
209.7	209.7	209.7	209.7	198.3	198.3
16,133	16,149	16,188	16,199	16,835	16,978
200.0	200.4	200.4	200.4	195.9	195.9

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