

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 7, 2024

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolution approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

CITY OF GOLDEN VALLEY, MINNESOTA (Hennepin County)

\$3,710,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2024A

PROPOSAL OPENING: March 19, 2024, 10:30 A.M., C.T. **CONSIDERATION:** March 19, 2024, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,710,000* General Obligation Improvement Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City of Golden Valley, Minnesota (the "City"), for the purpose of financing the 2024 Pavement Management Projects. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: April 9, 2024

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$225,000	2031	\$250,000	2036	\$230,000
2027	230,000	2032	255,000	2037	235,000
2028	235,000	2033	260,000	2038	245,000
2029	240,000	2034	265,000	2039	255,000
2030	245,000	2035	275,000	2040	265,000

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$3,665,480.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$74,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Kennedy & Graven, Chartered.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF GOLDEN VALLEY CITY COUNCIL

		<u>Term Expires</u>
Roslyn Harmon	Mayor	January 2027
Sophia Ginis	Council Member	January 2027
Maurice Harris	Council Member	January 2027
Denise La Mere-Anderson	Council Member	January 2025
Gillian Rosenquist	Council Member	January 2025

ADMINISTRATION

Kirsten Santelices, Acting City Manager

Kyle Sawyer, Interim Finance Director

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Golden Valley, Minnesota (the "City") and the issuance of its \$3,710,000* General Obligation Improvement Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on March 19, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 9, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City for the purpose of financing the 2024 Pavement Management Projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$3,710,000	
Prepaid Assessments	<u>290,835</u>	
Total Sources		\$4,000,835
Uses		
Total Underwriter's Discount (1.200%)	\$44,520	
Costs of Issuance	61,000	
Deposit to Construction Fund	3,890,882	
Rounding Amount	<u>4,433</u>	
Total Uses		\$4,000,835

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Bonds and from ad valorem property taxes. In accordance with Minnesota Statutes, receipt of special assessments and ad valorem property taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aa1" by Moody's Investors Service, Inc. ("Moody's").

The City has requested an underlying rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery of the Bonds, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City timely filed its annual operating data and Annual Comprehensive Financial Report for fiscal year ended December 31, 2019 and December 31, 2020; however the filings did not originally include the CUSIPS associated with the Series 2007A and 2016A Bonds. Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements and operating data would be filed "as soon as available." Although the City did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the City believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES AND OTHER CONSULTING SERVICES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

Ehlers has been engaged by the City to provide interim finance staffing services. The scope of work under the engagement includes director level duties within the City's finance department. Compensation under the interim staffing services agreement is hourly and not contingent on the size or closing of the Bonds. Authority to award sale of the Bonds resides with the City Council and has not been delegated to any City staff, including contracted staff under any professional services agreement.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2020/21	2021/22	2022/23
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2022/23 Economic Market Value	<u><u>\$5,545,381,327¹</u></u>
2022/23 Assessor's Estimated Market Value	
Real Estate	\$5,149,914,200
Personal Property	<u>17,963,000</u>
Total Valuation	<u><u>\$5,167,877,200</u></u>
2022/23 Net Tax Capacity	
Real Estate	\$65,160,662
Personal Property	<u>356,366</u>
Net Tax Capacity	\$65,517,028
Less:	
Captured Tax Increment Tax Capacity ²	(1,318,072)
Fiscal Disparities Contribution ³	<u>(8,488,924)</u>
Taxable Net Tax Capacity	\$55,710,032
Plus: Fiscal Disparities Distribution ³	<u>2,456,955</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$58,166,987</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 93.91% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$5,545,381,327.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2022/23 NET TAX CAPACITY BY CLASSIFICATION

	2022/23 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$33,558,712	51.22%
Commercial/industrial	23,575,121	35.98%
Public utility	207,490	0.32%
Railroad operating property	297,622	0.45%
Non-homestead residential	7,059,990	10.78%
Commercial & residential seasonal/rec.	340,891	0.52%
Other	120,836	0.18%
Personal property	356,366	0.54%
	<hr/>	<hr/>
Total	<u><u>\$65,517,028</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2018/19	\$3,922,956,900	\$3,842,319,483	\$49,967,587	\$44,061,509	8.56%
2019/20	4,210,608,500	4,136,243,370	53,677,723	46,939,314	7.33%
2020/21	4,396,370,300	4,325,815,780	56,249,727	49,736,593	4.41%
2021/22	4,602,323,900	4,540,229,944	58,572,760	51,516,128	4.68%
2022/23	5,167,877,200	5,120,172,850	65,517,028	58,166,987	12.29%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2022/23 Net Tax Capacity	Percent of City's Total Net Tax Capacity
General Mills Inc.	Commercial/Industrial	\$2,123,800	3.24%
Allianz Life Ins. Co. No. America	Commercial	1,721,650	2.63%
Colonnade Ridge LLC	Commercial	1,390,770	2.12%
394 Associates LLC	Apartment	1,040,363	1.59%
SFI Ltd. Partnership 20	Apartment	823,863	1.26%
Altus Golden Hills LLC	Commercial	821,250	1.25%
Liberty Xing Investment Prtn.	Apartment	595,550	0.91%
IRET Properties LP	Apartment	561,713	0.86%
PC Hello LLC	Apartment	559,150	0.85%
North Wirth Associates LL	Commercial	<u>554,010</u>	<u>0.85%</u>
Total		\$10,192,119	15.56%

City's Total 2022/23 Net Tax Capacity \$65,517,028

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Hennepin County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Bonds)*	\$35,620,000
Total G.O. debt secured by state aids	520,000
Total G.O. debt secured by tax increment revenues	540,000
Total G.O. debt secured by taxes	3,980,000
Total G.O. debt secured by utility revenues	<u>1,960,000</u>
Total General Obligation Debt*	<u><u>\$42,620,000</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

Housing and Redevelopment Authority (HRA) Lease Purchase Obligations (see schedule following)	
Total lease purchase obligations paid by annual appropriations ¹	<u><u>\$12,715,000</u></u>

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City has tentative plans to issue up to an estimated \$2,500,000 general obligation bonds for road projects in the next 12 months.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (is defined under Minnesota Statutes, Section 475.51, subd. 4) to mean the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property (includes the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and (9) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2022/23 Assessor's Estimated Market Value	\$5,167,877,200
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$155,036,316
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(3,980,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (HRA)	<u>(12,715,000)</u>
Unused Debt Limit	<u><u>\$138,341,316</u></u>

¹ Non-general obligation debt has not been included in the debt ratios.

City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 04/09/2024)

	Improvement Bonds Series 2012A		Improvement Refunding Bonds Series 2012C		Improvement Bonds Series 2013A		Improvement Refunding Bonds Series 2013B		Improvement Bonds Series 2014A	
Dated	05/15/2012		05/15/2012		05/21/2013		05/21/2013		06/19/2014	
Amount	\$1,575,000		\$5,960,000		\$4,560,000		\$7,025,000		\$2,335,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	5,438	0	11,306	0	10,528	0	14,550	0	24,580
2025	50,000	10,313	1,005,000	11,306	0	21,056	305,000	26,050	120,000	47,360
2026	50,000	9,125			95,000	20,047	1,150,000	11,500	125,000	43,685
2027	50,000	7,875			95,000	18,028			130,000	39,860
2028	50,000	6,563			95,000	16,009			130,000	35,960
2029	50,000	5,188			95,000	13,575			135,000	31,985
2030	50,000	3,750			95,000	10,725			140,000	27,860
2031	50,000	2,250			100,000	7,800			145,000	23,440
2032	50,000	750			100,000	4,800			150,000	18,720
2033					110,000	1,650			155,000	13,685
2034									160,000	8,330
2035									165,000	2,805
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	400,000	51,250	1,005,000	22,613	785,000	124,219	1,455,000	52,100	1,555,000	318,270

1) This represents the \$765,000 Improvement portion of the \$1,935,000 General Obligation Tax Increment and Improvement Bonds, Series 2017B.

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City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 04/09/2024)

	Improvement Refunding Bonds Series 2014C		Improvement Bonds Series 2015A		Improvement Refunding Bonds Series 2015C		Improvement Bonds Series 2016A		Improvements Series 2017A	
Dated	06/19/2014		07/15/2015		07/15/2015		07/07/2016		07/20/2017	
Amount	\$3,950,000		\$1,870,000		\$6,600,000		\$1,290,000		\$6,680,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	24,897	0	8,888	0	52,981	0	10,550	0	63,088
2025	665,000	41,897	50,000	17,025	1,140,000	93,138	70,000	20,400	605,000	117,100
2026	670,000	25,625	50,000	15,525	1,125,000	67,656	70,000	19,000	620,000	98,725
2027	690,000	8,625	40,000	14,175	1,110,000	41,125	70,000	17,250	635,000	79,900
2028			40,000	12,975	1,090,000	13,625	45,000	15,525	660,000	60,475
2029			40,000	11,775			50,000	14,100	620,000	41,275
2030			40,000	10,575			50,000	12,600	100,000	30,475
2031			45,000	9,188			50,000	11,100	105,000	27,400
2032			45,000	7,613			55,000	9,525	105,000	24,250
2033			45,000	6,038			55,000	7,875	110,000	21,025
2034			50,000	4,375			55,000	6,225	115,000	17,650
2035			50,000	2,625			60,000	4,500	115,000	14,056
2036			50,000	875			60,000	2,700	120,000	10,238
2037							60,000	900	125,000	6,256
2038									130,000	2,113
2039										
2040										
2041										
2042										
2043										
2044										
	2,025,000	101,044	545,000	121,650	4,465,000	268,525	750,000	152,250	4,165,000	614,025

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City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 04/09/2024)

	Improvement Bonds 1) Series 2017B		Improvement Bonds Series 2018A		Improvement Bonds Series 2019A		Improvement Bonds Series 2021A		Improvement Bonds Series 2022A	
Dated	07/20/2017		06/14/2018		07/18/2019		06/03/2021		05/05/2022	
Amount	\$765,000		\$2,950,000		\$1,770,000		\$3,420,000		\$3,895,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	4,156	0	32,316	0	28,550	0	33,481	0	67,406
2025	75,000	6,813	155,000	62,306	40,000	56,100	50,000	66,213	70,000	133,063
2026	75,000	4,469	155,000	57,656	40,000	54,100	100,000	63,963	290,000	124,063
2027	75,000	2,688	160,000	52,931	135,000	49,725	210,000	59,313	300,000	109,313
2028	70,000	875	160,000	48,131	140,000	42,850	215,000	52,938	310,000	94,063
2029			165,000	43,256	145,000	35,725	220,000	46,413	195,000	81,438
2030			125,000	38,906	150,000	29,850	220,000	39,813	205,000	71,438
2031			130,000	35,081	90,000	26,250	225,000	34,263	210,000	63,163
2032			135,000	31,022	95,000	23,475	230,000	30,288	215,000	56,788
2033			140,000	26,725	95,000	20,625	180,000	27,213	220,000	50,648
2034			145,000	22,272	100,000	17,700	180,000	24,513	165,000	45,546
2035			150,000	17,663	100,000	14,700	185,000	21,775	170,000	41,108
2036			150,000	12,975	105,000	11,625	190,000	18,963	170,000	36,603
2037			155,000	8,016	110,000	8,400	190,000	15,875	175,000	31,725
2038			160,000	2,700	110,000	5,100	195,000	12,506	180,000	26,400
2039					115,000	1,725	195,000	9,045	190,000	20,850
2040							200,000	5,490	195,000	15,075
2041							205,000	1,845	200,000	9,150
2042									205,000	3,075
2043										
2044										
	295,000	19,000	2,085,000	491,956	1,570,000	426,500	3,190,000	563,905	3,665,000	1,080,910

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City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 04/09/2024)

Improvement Bonds Series 2023A			Improvement Bonds Series 2024A							
Dated	06/15/2023		04/09/2024							
Amount	\$3,955,000		\$3,710,000*							
Maturity	02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	88,275	0	0	0	480,989	480,989	35,620,000	.00%	2024
2025	185,000	171,925	0	169,710	4,585,000	1,071,773	5,656,773	31,035,000	12.87%	2025
2026	185,000	162,675	225,000	125,503	5,025,000	903,316	5,928,316	26,010,000	26.98%	2026
2027	190,000	153,300	230,000	117,655	4,120,000	771,762	4,891,762	21,890,000	38.55%	2027
2028	195,000	143,675	235,000	109,926	3,435,000	653,589	4,088,589	18,455,000	48.19%	2028
2029	205,000	133,675	240,000	102,208	2,160,000	560,611	2,720,611	16,295,000	54.25%	2029
2030	210,000	123,300	245,000	94,326	1,630,000	493,618	2,123,618	14,665,000	58.83%	2030
2031	215,000	112,675	250,000	86,283	1,615,000	438,891	2,053,891	13,050,000	63.36%	2031
2032	220,000	101,800	255,000	78,013	1,655,000	387,042	2,042,042	11,395,000	68.01%	2032
2033	230,000	90,550	260,000	69,450	1,600,000	335,483	1,935,483	9,795,000	72.50%	2033
2034	235,000	80,100	265,000	60,590	1,470,000	287,301	1,757,301	8,325,000	76.63%	2034
2035	155,000	72,300	275,000	51,341	1,425,000	242,873	1,667,873	6,900,000	80.63%	2035
2036	165,000	65,900	230,000	42,515	1,240,000	202,393	1,442,393	5,660,000	84.11%	2036
2037	170,000	59,200	235,000	34,144	1,220,000	164,516	1,384,516	4,440,000	87.54%	2037
2038	175,000	52,300	245,000	25,200	1,195,000	126,319	1,321,319	3,245,000	90.89%	2038
2039	185,000	45,100	255,000	15,573	940,000	92,293	1,032,293	2,305,000	93.53%	2039
2040	190,000	37,600	265,000	5,300	850,000	63,465	913,465	1,455,000	95.92%	2040
2041	200,000	29,800			605,000	40,795	645,795	850,000	97.61%	2041
2042	205,000	21,700			410,000	24,775	434,775	440,000	98.76%	2042
2043	215,000	13,300			215,000	13,300	228,300	225,000	99.37%	2043
2044	225,000	4,500			225,000	4,500	229,500	0	100.00%	2044
	3,955,000	1,763,650	3,710,000	1,187,735	35,620,000	7,359,602	42,979,602			

* Preliminary, subject to change.

City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by State Aids
(As of 04/09/2024)

State Aid Street Bonds Series 2007A								
Dated	03/20/2007							
Amount	\$2,560,000							
Maturity	04/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	10,725	0	10,725	10,725	520,000	.00%	2024
2025	165,000	18,047	165,000	18,047	183,047	355,000	31.73%	2025
2026	175,000	11,034	175,000	11,034	186,034	180,000	65.38%	2026
2027	180,000	3,713	180,000	3,713	183,713	0	100.00%	2027
	520,000	43,519	520,000	43,519	563,519			

City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Increment Revenues
(As of 04/09/2024)

Tax Increment Bonds 1) Series 2017B								
Dated	07/20/2017							
Amount	\$1,170,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	7,556	0	7,556	7,556	540,000	.00%	2024
2025	130,000	12,513	130,000	12,513	142,513	410,000	24.07%	2025
2026	135,000	8,394	135,000	8,394	143,394	275,000	49.07%	2026
2027	135,000	5,188	135,000	5,188	140,188	140,000	74.07%	2027
2028	140,000	1,750	140,000	1,750	141,750	0	100.00%	2028
	540,000	35,400	540,000	35,400	575,400			

1) This represents the \$1,170,000 Tax Increment portion of the \$1,935,000 General Obligation Tax Increment and Improvement Bonds, Series 2017B.

City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 04/09/2024)

Street Reconstruction Bonds
Series 2016C

Dated	07/07/2016							
Amount	\$5,630,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	57,481	0	57,481	57,481	3,980,000	.00%	2024
2025	260,000	111,063	260,000	111,063	371,063	3,720,000	6.53%	2025
2026	265,000	103,188	265,000	103,188	368,188	3,455,000	13.19%	2026
2027	275,000	96,463	275,000	96,463	371,463	3,180,000	20.10%	2027
2028	280,000	90,738	280,000	90,738	370,738	2,900,000	27.14%	2028
2029	285,000	84,556	285,000	84,556	369,556	2,615,000	34.30%	2029
2030	290,000	75,550	290,000	75,550	365,550	2,325,000	41.58%	2030
2031	305,000	65,175	305,000	65,175	370,175	2,020,000	49.25%	2031
2032	315,000	55,875	315,000	55,875	370,875	1,705,000	57.16%	2032
2033	320,000	46,350	320,000	46,350	366,350	1,385,000	65.20%	2033
2034	330,000	36,600	330,000	36,600	366,600	1,055,000	73.49%	2034
2035	340,000	26,550	340,000	26,550	366,550	715,000	82.04%	2035
2036	350,000	16,200	350,000	16,200	366,200	365,000	90.83%	2036
2037	365,000	5,475	365,000	5,475	370,475	0	100.00%	2037
	3,980,000	871,263	3,980,000	871,263	4,851,263			

City of Golden Valley, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 04/09/2024)

Storm Sewer Revenue Bonds
Series 2016D

Dated	10/19/2016							
Amount	\$2,580,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	25,550	0	25,550	25,550	1,960,000	.00%	2024
2025	130,000	49,800	130,000	49,800	179,800	1,830,000	6.63%	2025
2026	135,000	47,150	135,000	47,150	182,150	1,695,000	13.52%	2026
2027	135,000	43,775	135,000	43,775	178,775	1,560,000	20.41%	2027
2028	140,000	39,650	140,000	39,650	179,650	1,420,000	27.55%	2028
2029	145,000	36,009	145,000	36,009	181,009	1,275,000	34.95%	2029
2030	145,000	32,838	145,000	32,838	177,838	1,130,000	42.35%	2030
2031	150,000	29,425	150,000	29,425	179,425	980,000	50.00%	2031
2032	155,000	25,706	155,000	25,706	180,706	825,000	57.91%	2032
2033	155,000	21,734	155,000	21,734	176,734	670,000	65.82%	2033
2034	160,000	17,500	160,000	17,500	177,500	510,000	73.98%	2034
2035	165,000	12,825	165,000	12,825	177,825	345,000	82.40%	2035
2036	170,000	7,800	170,000	7,800	177,800	175,000	91.07%	2036
2037	175,000	2,625	175,000	2,625	177,625	0	100.00%	2037
	1,960,000	392,388	1,960,000	392,388	2,352,388			

City of Golden Valley Housing and Redevelopment Authority, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 04/09/2024)

Lease Rev Bonds (Community Ctr Project) Series 2016								
Dated	10/19/2016							
Amount	\$17,410,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	209,800	0	209,800	209,800	12,715,000	.00%	2024
2025	795,000	407,675	795,000	407,675	1,202,675	11,920,000	6.25%	2025
2026	820,000	383,450	820,000	383,450	1,203,450	11,100,000	12.70%	2026
2027	845,000	358,475	845,000	358,475	1,203,475	10,255,000	19.35%	2027
2028	870,000	332,750	870,000	332,750	1,202,750	9,385,000	26.19%	2028
2029	900,000	301,700	900,000	301,700	1,201,700	8,485,000	33.27%	2029
2030	935,000	265,000	935,000	265,000	1,200,000	7,550,000	40.62%	2030
2031	970,000	226,900	970,000	226,900	1,196,900	6,580,000	48.25%	2031
2032	1,010,000	187,300	1,010,000	187,300	1,197,300	5,570,000	56.19%	2032
2033	1,050,000	151,350	1,050,000	151,350	1,201,350	4,520,000	64.45%	2033
2034	1,080,000	119,400	1,080,000	119,400	1,199,400	3,440,000	72.95%	2034
2035	1,115,000	86,475	1,115,000	86,475	1,201,475	2,325,000	81.71%	2035
2036	1,145,000	52,575	1,145,000	52,575	1,197,575	1,180,000	90.72%	2036
2037	1,180,000	17,700	1,180,000	17,700	1,197,700	0	100.00%	2037
	12,715,000	3,100,550	12,715,000	3,100,550	15,815,550			

OVERLAPPING DEBT¹

Taxing District	2022/23 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Hennepin County	\$2,672,668,521	2.1764%	\$1,071,970,000 ³	\$23,330,355
I.S.D. No. 270 (Hopkins Public Schools)	168,755,786	19.2002%	133,460,000 ⁴	25,624,587
I.S.D. No. 281 (Robbinsdale Area Schools)	188,495,000	13.6588%	192,195,000 ⁴	26,251,531
I.S.D. No. 283 (St. Louis Park Public Schools)	92,066,383	0.0211%	240,940,000 ⁴	50,838
Metropolitan Council	5,878,109,833	0.9896%	191,435,000 ⁵	1,894,441
Three Rivers Park District	1,911,697,254	3.0427%	51,405,000	1,564,100
City's Share of Total Overlapping Debt				<u>\$78,715,852</u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Hennepin County also has General Obligation Sales Tax Revenue Bonds (Ballpark Project) outstanding which are payable entirely from the proceeds of a dedicated 0.15% county-wide sales tax; and General Obligation Sales Tax Revenue Bonds (Transportation Sales Tax) which are expected to be paid from a 0.50% sales and use tax and a \$20 per vehicle excise taxes. These issues have not been included in the overlapping debt or debt ratios.

⁴ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

⁵ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$5,545,381,327	Debt/ Per Capita 22,034 ¹
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$35,620,000		
State Aids	520,000		
Tax Increment Revenues	540,000		
Taxes	3,980,000		
Utility Revenues	1,960,000		
Total General Obligation Debt*	\$42,620,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(2,480,000)		
Tax Supported General Obligation Debt*	\$40,140,000	0.72%	\$1,821.73
City's Share of Total Overlapping Debt	\$78,715,852	1.42%	\$3,572.47
Total*	\$118,855,852	2.14%	\$5,394.20

*Preliminary, subject to change.

¹ Estimated 2022 population.

² Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2018/19	\$23,539,855	\$23,439,259	\$23,530,486	99.96%
2019/20	24,897,652	24,783,737	24,872,534	99.90%
2020/21	26,153,341	26,051,747	26,115,093	99.85%
2021/22	28,098,031	28,000,109	28,000,109	99.65%
2022/23	31,332,483	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.² Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

TAX CAPACITY RATES³

	2018/19	2019/20	2020/21	2021/22	2022/23
Hennepin County	41.861%	41.084%	38.210%	38.535%	34.542%
City of Golden Valley	53.780%	53.400%	52.596%	54.736%	53.828%
I.S.D. No. 270 (Hopkins Public Schools)	27.022%	27.190%	26.478%	26.783%	25.006%
I.S.D. No. 281 (Robbinsdale Area Schools)	29.909%	26.447%	25.529%	26.507%	24.092%
I.S.D. No. 283 (St. Louis Park Public Schools)	26.659%	25.820%	25.846%	24.913%	30.545%
Hennepin HRA	0.535%	0.801%	0.722%	0.771%	0.663%
HCRRA	1.807%	1.388%	1.323%	1.329%	1.188%
Metropolitan Council	0.659%	0.616%	0.631%	0.659%	0.576%
Metro Mosquito	0.427%	0.412%	0.381%	0.377%	0.331%
Metro Transit	1.456%	1.433%	1.256%	1.204%	1.066%
Park Museum	0.705%	0.710%	0.707%	0.722%	0.647%
Three Rivers Park District	2.961%	2.859%	2.793%	2.787%	2.473%

Continued on next page

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Second half tax payments on agricultural property are due on November 15th of each year.

³ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

TAX CAPACITY RATES Continued⁴

	2018/19	2019/20	2020/21	2021/22	2022/23
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 270 (Hopkins Public Schools)	0.14703%	0.16182%	0.14358%	0.14030%	0.14957%
I.S.D. No. 281 (Robbinsdale Area Schools)	0.26683%	0.25032%	0.24121%	0.21608%	0.21763%
I.S.D. No. 283 (St. Louis Park Public Schools)	0.18270%	0.16574%	0.14818%	0.14838%	0.15920%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Hennepin County.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1886. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The Acting City Manager and Interim Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 129 full-time, 113 part-time, and 17 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Assistant Police Chief	December 31, 2024
Sergeant Union	December 31, 2024
Police LELS	December 31, 2024
Administrative Support	December 31, 2024
Community Service Officers	December 31, 2024

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$3,045,439 as of December 31, 2022. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (Audited totals as of December 31, 2022)

Fund	Total Cash and Investments
General	\$19,401,356
Special Revenue	3,000,780
Debt Service	11,738,124
Capital Projects	24,982,892
Enterprise Funds	30,741,203
Internal Service	<u>2,842,509</u>
Total Funds on Hand	<u><u>\$92,706,864</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2020 Audited	2021 Audited	2022 Audited
Utility			
Total Operating Revenues	\$10,621,632	\$11,203,708	\$11,802,888
Less: Operating Expenses	<u>(9,208,894)</u>	<u>(9,775,721)</u>	<u>(10,186,518)</u>
Operating Income	\$1,412,738	\$1,427,987	\$1,616,370
Plus: Depreciation	<u>965,053</u>	<u>1,009,976</u>	<u>973,434</u>
Revenues Available for Debt Service	<u><u>\$2,377,791</u></u>	<u><u>\$2,437,963</u></u>	<u><u>\$2,589,804</u></u>
Storm Sewer Utility			
Total Operating Revenues	\$2,559,800	\$2,592,294	\$2,775,129
Less: Operating Expenses	<u>(2,165,598)</u>	<u>(1,992,442)</u>	<u>(2,201,581)</u>
Operating Income	\$394,202	\$599,852	\$573,548
Plus: Depreciation	<u>1,115,495</u>	<u>1,130,250</u>	<u>1,122,697</u>
Revenues Available for Debt Service	<u><u>\$1,509,697</u></u>	<u><u>\$1,730,102</u></u>	<u><u>\$1,696,245</u></u>
Brookview Operating			
Total Operating Revenues	\$2,914,216	\$3,927,131	\$4,376,050
Less: Operating Expenses	<u>(2,772,685)</u>	<u>(3,376,731)</u>	<u>(3,955,293)</u>
Operating Income	\$141,531	\$550,400	\$420,757
Plus: Depreciation	<u>132,778</u>	<u>128,650</u>	<u>121,910</u>
Revenues Available for Debt Service	<u><u>\$274,309</u></u>	<u><u>\$679,050</u></u>	<u><u>\$542,667</u></u>
Motor Vehicle Operating			
Total Operating Revenues	\$256,748	\$317,229	\$418,035
Less: Operating Expenses	<u>(471,653)</u>	<u>(491,927)</u>	<u>(537,625)</u>
Operating Income	<u>(\$214,905)</u>	<u>(\$174,698)</u>	<u>(\$119,590)</u>
Plus: Depreciation	<u>2,539</u>	<u>2,532</u>	<u>2,317</u>
Revenues Available for Debt Service	<u><u>(\$212,366)</u></u>	<u><u>(\$172,166)</u></u>	<u><u>(\$117,273)</u></u>
Recycling			
Total Operating Revenues	\$439,160	\$501,335	\$1,040,416
Less: Operating Expenses	<u>(504,119)</u>	<u>(526,822)</u>	<u>(1,059,807)</u>
Operating Income	<u>(\$64,959)</u>	<u>(\$25,487)</u>	<u>(\$19,391)</u>
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>(\$64,959)</u></u>	<u><u>(\$25,487)</u></u>	<u><u>(\$19,391)</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Adopted Budget ¹	2024 Adopted Budget ²
Revenues					
Property taxes	\$19,410,999	\$20,293,146	\$22,207,999	\$24,843,020	\$26,613,525
Special assessments	13,592	7,344	8,857	10,815	10,815
Licenses and permits	1,350,417	1,595,716	1,842,234	1,220,205	1,602,455
Intergovernmental	1,722,668	56,964	154,084	99,280	39,280
Charges for services	1,073,666	1,292,454	1,343,314	1,294,350	1,415,875
Fine and forfeitures	148,672	127,096	81,852	76,640	76,640
Interest on investments	232,216	(63,306)	(512,471)	125,000	125,000
Miscellaneous	193,807	202,273	198,746	169,900	197,100
Total Revenues	\$24,146,037	\$23,511,687	\$25,324,615	\$27,839,210	\$30,080,690
Expenditures					
Current:					
General government	\$1,632,356	\$1,710,541	\$2,159,937	\$2,654,915	\$4,416,335
Administrative services	2,213,472	2,308,688	2,424,296	2,700,435	1,457,800
Casualty insurance	318,902	269,420	277,610	370,000	380,000
Public safety	7,797,204	7,612,972	7,602,986	9,889,815	10,711,780
Community development	2,222,461	2,095,315	2,169,560	2,383,765	2,610,555
Public works	3,942,738	4,499,814	4,946,265	5,217,140	5,631,150
Parks and recreation	956,364	999,498	1,245,550	1,453,140	1,528,070
Total Expenditures	\$19,083,497	\$19,496,248	\$20,826,204	\$24,669,210	\$26,735,690
Excess of revenues over (under) expenditures	\$5,062,540	\$4,015,439	\$4,498,411	\$3,170,000	\$3,345,000
Other Financing Sources (Uses)					
Transfers in	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Transfers (out)	(2,567,580)	(6,167,580)	(2,750,000)	(3,200,000)	(3,375,000)
Total Other Financing Sources (Uses)	(2,537,580)	(6,137,580)	(2,720,000)	(3,170,000)	(3,345,000)
Net changes in Fund Balances	\$2,524,960	(\$2,122,141)	\$1,778,411	\$0	\$0
General Fund Balance January 1	\$15,152,089	\$17,677,049	\$15,554,908		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance December 31	\$17,677,049	\$15,554,908	\$17,333,319		
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$23,010	26,653	\$8,976		
Restricted	0	0	0		
Committed	111,960	0	0		
Assigned	4,350,000	2,269,499	2,612,910		
Unassigned	13,192,079	13,258,756	14,711,433		
Total	\$17,677,049	\$15,554,908	\$17,333,319		

¹ The 2023 budget was adopted on December 6, 2022.

² The 2024 budget was adopted on December 5, 2023.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 22,552 and a 2022 population estimate of 22,034, and comprising an area of 10.20 square miles, is located approximately 18 miles west of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
General Mills, Inc.	Corporate headquarters/food products	3,100
Allianz Life Insurance Company	Corporate headquarters/food products	2,000
Honeywell Incorporated	Electronic control systems	2000 ²
Lube-Tech	Lubricants manufacturers	750
Mortenson Company	Corporate headquarters/building construction	575
Tennant Companies	Commercial cleaning supplies	466
Courage Kenny Rehab Institute	Residential care	400
Preferred One	Health benefits administrator	300
Marsh & Mc Lennan Agency	Insurance agents brokers & service	300
The City	Municipal government and services	259
Breck School	Private school	250

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² Employee count is from August 2022. Employer hasn't responded to current requests.

BUILDING PERMITS (as of February 21, 2024)

	2020	2021	2022	2023	2024
<u>New Single Family Homes</u>					
No. of building permits	4	8	10	5	2
Valuation	\$1,879,000	\$4,943,200	\$6,292,281	\$3,600,000	\$1,375,154
<u>New Commercial/Industrial</u>					
No. of building permits	0	8	2	6	0
Valuation	\$0	\$4,722,000	\$3,160,000	\$55,987,056	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	1,005	1,058	1,124	33,505	157
Valuation	\$36,999,810	\$64,993,723	\$69,283,833	\$174,208,226	\$19,730,525

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	20,371
2020 U.S. Census population	22,552
Percent of Change 2010 - 2020	10.71%

2022 Metropolitan Council Population Estimate 22,034

Income and Age Statistics

	The City	Hennepin County	State of Minnesota	United States
2022 per capita income	\$62,819	\$55,199	\$44,947	\$41,261
2022 median household income	\$110,026	\$92,595	\$74,313	\$75,149
2022 median family income	\$145,617	\$126,404	\$107,072	\$92,646
2022 median gross rent	\$1,589	\$1,373	\$1,178	\$1,268
2022 median value owner occupied units	\$381,400	\$358,000	\$286,800	\$281,900
2022 median age	45.8 yrs.	37.2 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
City % of 2022 per capita income	139.76%	152.25%
City % of 2022 median family income	136.00%	157.18%

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	9,957	9,847	-1.10%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and 2022 Preliminary Population Estimates, Metropolitan Council (<https://metro council.org/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Hennepin County	Hennepin County	State of Minnesota
2019	691,369	2.8%	3.3%
2020	670,358	6.6%	6.3%
2021	666,210	3.8%	3.8%
2022	686,159	2.5%	2.7%
2023	689,700	2.7%	3.0%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022 • Golden Valley, Minnesota

CITY OF GOLDEN VALLEY
HENNEPIN COUNTY, MINNESOTA

Annual Comprehensive Financial Report
for Year Ended
December 31, 2022

Prepared by
Finance Department

Sue Virnig – Finance Director

Aaron Gilbert – Accounting Supervisor

Analeigh Moser – Accountant

Jennifer Hoffman – Payroll Accountant

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CITY OF GOLDEN VALLEY
HENNEPIN COUNTY, MINNESOTA

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CITY OF GOLDEN VALLEY
HENNEPIN COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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CITY OF GOLDEN VALLEY
HENNEPIN COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2022

CITY COUNCIL

		<u>Term Expires</u>
Shep Harris	Mayor	12/31/2023
Maurice Harris	Councilmember	12/31/2023
Denise La Mare-Anderson	Councilmember	12/31/2025
Gillian Rosenquist	Councilmember	12/31/2025
Kimberly Sanberg	Councilmember	12/31/2023

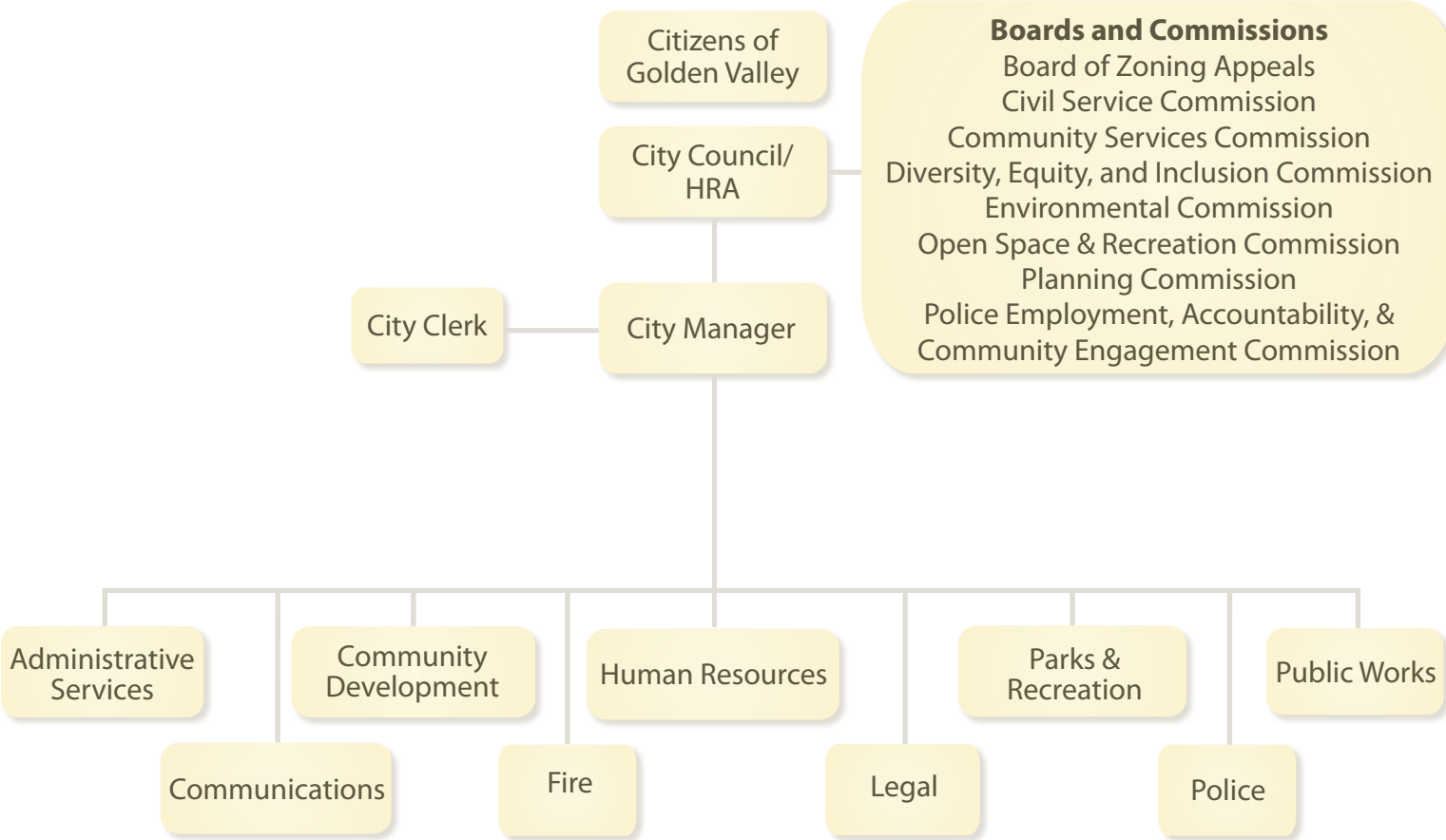
CITY OFFICIALS

Timothy Cruikshank	City Manager	Appointed
Sue Virnig	Finance Director	Appointed

CITY CONSULTANTS

Maria Cisneros	City Attorney	Appointed
Baker Tilly	Bond Consultants	Appointed

Organization Chart





7800 Golden Valley Road
Golden Valley, MN 55427

August 3, 2023

Dear Honorable Mayor, City Council, City Manager, and Residents of Golden Valley:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Golden Valley, Minnesota (the City) for the fiscal year ended December 31, 2022. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The preparation of this ACFR is a requirement of state law. Also, the ACFR is required by the bond rating agencies before they will rate the City's bonds. The report can be used by the City Council and the citizens of the City to gain a better understanding of the financial condition of the City.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the auditors.

The ACFR includes all agencies and entities for which the City is financially accountable, including the Golden Valley Housing and Redevelopment Authority (HRA), which is reported as a blended component unit of the City.

PROFILE OF THE CITY

The City, incorporated in 1886, is an almost fully developed community in Hennepin County. It encompasses about 10.73 square miles and has an estimated population of 22,034. The City is a Statutory Plan B form of government, governed by a City Council composed of the mayor and four councilmembers. The City Council is responsible for setting policies and ordinances that govern the City and for appointing the city manager and city attorney. The city manager is responsible for carrying out the policies and hiring the employees that oversee the day-to-day operations of the City.

Police services are provided by a budgeted police force of 31 sworn officers, which includes the police chief, 2 assistant chiefs, and 7 sergeants. The actual number of sworn officers was less than budgeted in 2022, and hiring efforts continue as the City strives to build the force to the desired level. Fire services are provided by approximately 50 paid on-call firefighters, fire chief, 2 assistant fire chiefs, and 3 firefighters that are code enforcement officers. The City has an ISO Class 2 insurance rating.

The 2022–2023 biennial budget was created to help serve as the foundation for the City’s financial planning and control. Departments submit budget requests to the finance department in May. The city manager presents the proposed budget to the City Council for review starting in July, to be approved by September 30 each year, for a proposed tax rate for its property owners. All budget workshops are open to the public. The final adoption of the budget and levy are approved in December. Each year of the biennial budget, the first year is adopted and the second year is approved in concept only.

ECONOMIC CONDITION AND OUTLOOK

The City’s top priorities have been maintaining the City’s infrastructure—streets, water and sewer, pipes, parks, public buildings—representing a significant community investment. After all, the value of private property relates directly to what surrounds it. The City made significant efforts, with many public meetings, to plan the Infrastructure Renewal Program that will start in 2026 after the Pavement Management Program (PMP) ends in 2024. The City’s PMP program was resumed in 2021, after being delayed in 2020 due to the unrest of COVID-19. The City approved a 10-year Capital Improvement Program (CIP) in 2022 for the years 2023–2032.

Each year the City reviews potential refundings, if possible, for any debt issuances. The City also tries to find alternative grants and programs to receive additional monies to lower the General Fund and debt levies. Cost containment efforts helped keep total overall expenditures under budget in 2022.

The City will once again take a conservative approach for the 2023 budget year.

The following table shows the City's building activity for the last 10 years:

Year	Total Permits	
	Number	Value
2013	984	\$ 65,531,059
2014	1,055	\$ 78,090,465
2015	1,118	\$ 109,928,275
2016	998	\$ 104,651,963
2017	1,144	\$ 239,041,991
2018	951	\$ 79,654,541
2019	1,024	\$ 71,658,716
2020	1,008	\$ 39,335,260
2021	1,059	\$ 65,111,223
2022	1,042	\$ 69,444,953

The following major projects were started or completed throughout the City in 2022:

Residential

- 10 new single-family homes were constructed with a value of \$6,292,281.
- 1,024 residential remodels and additions were completed with a total value of \$20,623,241.

Commercial

- 88 commercial remodel/addition projects with a total valuation of \$42,529,431.

Commercial (Over \$1 Million in Value)

2445 Nevada Ave N.	Remodel	\$2,500,000
Vet Hospital	New Construction	\$2,000,000
MN Eye and Retina	New Construction	\$1,950,000
General Mills	Remodel	\$8,170,711
SEA School	Remodel	\$14,218,494
SPIRE Bank	New Construction	\$3,000,000
North Memorial	Remodel	\$1,255,000
Meadowbrook	Remodel	\$1,700,000

LONG-TERM FINANCIAL PLANNING

An unassigned fund balance goal in the General Fund of 60 percent of current year budgeted General Fund expenditures was approved in the fund balance policy adopted by the City Council for budgetary and planning purposes. The City strongly believes maintaining this higher level of fund balance is prudent, due to its debt load and the increased uncertainty of its revenue sources. This practice is also supported by the City's bond rating agency.

In 1995, through its PMP, the City began reconstructing its streets that did not meet standards. At the end of 2022, the City has completed 116.66 of 120.00 miles. The City is looking forward to finishing the PMP and beginning the next phase of the Infrastructure Renewal Plan.

The Brookview Facility, completed in December 2017, provided a site for many new programs and activities, along with the new restaurant and golf area, and has brought many to the City for a delightful outing. In 2022, Brookview Golf Course revenues were increased due to adding additional lawn bowling lanes, and a new irrigation system was completed to improve the consistency of golf course conditions.

The City Council assigned 2022 year-end fund balance in the General Fund in the amount of \$612,910 for dedicated construction funds for a remote fire station.

MAJOR INITIATIVES

The City is a member of the Joint Water Commission (JWC), a joint powers organization that also includes the cities of New Hope and Crystal. The JWC purchases water from the City of Minneapolis for resale to the customers of the three cities. The JWC was set up in the early 1960s and has functioned effectively. The JWC has an emergency well backup system and is now working on financing future capital needs, such as replacing the three water towers, two reservoirs, and a distribution system. A CIP was approved to plan for the replacements until 2050, along with yearly financing to build reserves for those expenses.

The City is working with Hennepin County, the cities of Crystal and New Hope, the Bassett Creek Watershed Management Commission, the Metropolitan Council Environmental Services, and the state of Minnesota to implement a plan to minimize flood damage in various parts of the City. This project includes multiple flood storage projects over a long timeframe and may also include structural flood proofing of a number of homes. The improvements through the last four years, with funding provided by the City and many outside agencies, has helped further the improvements to reduce the flooding. The 2022–2031 CIP outlines those projects.

The City has a Pyramid of Success. In 2023, Organizational Priorities were: Strategic Development and Redevelopment, Effective Governance, Infrastructure Maintenance and Enhancement, Financial Wellness, and Community Affairs. From these priorities come action steps. All make up the core services, mission, and vision for the City. Financial Wellness includes making progress on Legislative Priorities, Bonding for Remote Fire Station, and Local Government Aid Reform. In 2022, the City Council prioritized projects, issues, and ideas in relationship to needs and wants and the financial cost to the City and community. Each year, the City Council reviews the Pyramid of Success.

INTERNAL CONTROL

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon the comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2021. The City has received this award since 1987. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for one year only. We believe our current ACFR continues to meet the Certificate of Achievement program requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

The 2022 ACFR meets the highest professional standards and was prepared in a timely and cost-effective manner. This could never have been accomplished without the excellent work of our finance department. Jennifer Hoffman, Analeigh Moser, and Aaron Gilbert have helped with the work needed to finish this report. Credit also must be given to the Mayor and City Council for their support, and for maintaining the highest standards of professionalism in the management of the City's finances.

Yours truly,

A handwritten signature in black ink that reads "Sue Virnig". The signature is written in a cursive, flowing style.

Susan M. Virnig
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Golden Valley
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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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
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Golden Valley, 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 Golden Valley, 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 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.

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.

(continued)

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.

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

(continued)

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 accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is 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 August 3, 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
August 3, 2023

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CITY OF GOLDEN VALLEY

Management's Discussion and Analysis Year Ended December 31, 2022

As management of the City of Golden Valley, Minnesota (the City), we have provided readers of the City's financial statements with 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, located earlier in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal 2022 by \$161,538,250 (net position). The City's government-wide net position increased \$7,469,211 in 2022, including increases of \$4,284,667 and \$3,184,544, attributable to its governmental and business-type activities, respectively. At year-end, the City reported positive balances in total net position and all net position categories for both the governmental and business-type activities, as was the case at the prior year-end.
- At the end of the 2022 fiscal year, the City's governmental funds reported combined ending fund balances of \$54,182,470, an increase of \$3,026,340 compared to the prior year-end.
- The unassigned fund balance for the City's General Fund was \$14,711,433 at year-end, which represents 62.4 percent of 2022 General Fund expenditures and transfers out.
- The City's long-term bonded debt decreased \$1,295,000 in 2022, excluding unamortized premiums, as the City issued \$3,895,000 of general obligation (G.O.) special assessment bonds in 2022, while making scheduled principal payments of \$5,190,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 businesses.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (delinquent taxes and special assessments).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property 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 include general government, public safety, community development, public works, and parks and recreation. The business-type activities of the City include enterprises for water and sewer, storm sewer, golf course, motor vehicle licensing, and recycling.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Golden Valley Housing and Redevelopment Authority (HRA). The HRA is a legally separate entity, which functions, in essence, as a department of the City, to provide housing and redevelopment assistance through the administration of various programs. Therefore, the HRA has been included as a blended component unit within the City's financial statements.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The City, like other 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 account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, and the balances of spendable resources available at the fiscal year-end. 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 funds Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports a number of individual governmental funds. Information is presented separately in the basic financial statements for the General, American Recovery Plan Act Special Revenue, Street Reconstruction Debt Service, State Aid Construction Capital Project, Street Reconstruction Capital Project, and Winnetka/Medicine Lake Tax Increment Capital Project funds, which are considered major funds. Data from the other nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund. A budget-to-actual comparison is provided in this financial report for this fund.

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, only in more detail. The proprietary fund financial statements provide separate information for the City's water and sewer, storm sewer, golf course, motor vehicle licensing, and recycling enterprise operations, all of which are reported as major funds of the City.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for workers' compensation, payroll benefits, and vehicle maintenance activities. Because these internal service fund activities predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. 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.

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

Other Information – Required supplementary information (RSI) on the City’s other post-employment benefits (OPEB) and pension plans is presented following the notes to basic financial statements. Combining and individual fund statements and schedules for nonmajor funds, along with other city information, are presented as supplementary information immediately following the RSI. Statistical tables are presented as the last section in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, changes in net position may serve over time as a useful indicator of the City’s financial condition. The City’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$161,538,250 at the end of the 2022 fiscal year, which represents an increase in overall net position of \$7,469,211 from current year operations.

Net Position – The City has 49.1 percent of its total net position invested in capital assets (land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot liquidate these liabilities. An additional 19.2 percent of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining 31.7 percent of net position is unrestricted and may be used to meet the City’s ongoing obligations.

The following is a summary of the City’s net position at the end of the last two fiscal years:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 73,453,137	\$ 68,566,611	\$ 32,759,835	\$ 33,241,908	\$106,212,972	\$101,808,519
Capital assets	92,125,501	91,646,625	47,920,083	43,121,197	140,045,584	134,767,822
Total assets	165,578,638	160,213,236	80,679,918	76,363,105	246,258,556	236,576,341
Deferred outflows of resources	13,633,387	8,769,034	–	–	13,633,387	8,769,034
Long-term liabilities (including current portion)	84,375,230	70,552,188	2,244,403	2,371,460	86,619,633	72,923,648
Other liabilities	6,096,019	4,914,729	2,172,572	913,246	8,268,591	5,827,975
Total liabilities	90,471,249	75,466,917	4,416,975	3,284,706	94,888,224	78,751,623
Deferred inflows of resources	3,465,469	12,524,713	–	–	3,465,469	12,524,713
Net position						
Net investment in capital assets	33,605,654	32,036,524	45,675,680	40,749,737	79,281,334	72,786,261
Restricted	31,050,961	29,277,763	–	–	31,050,961	29,277,763
Unrestricted	20,618,692	19,676,353	30,587,263	32,328,662	51,205,955	52,005,015
Total net position	\$ 85,275,307	\$ 80,990,640	\$ 76,262,943	\$ 73,078,399	\$161,538,250	\$154,069,039

The increase in current and other assets was mainly in cash and temporary investments, primarily due to positive operating results for the current year. Changes in the City’s proportionate share of two state-wide pension plans and the City’s OPEB Plan contributed to the changes in deferred outflows/inflows of resources and long-term liabilities.

The following is a summary of the City's changes in net position for the last two fiscal years:

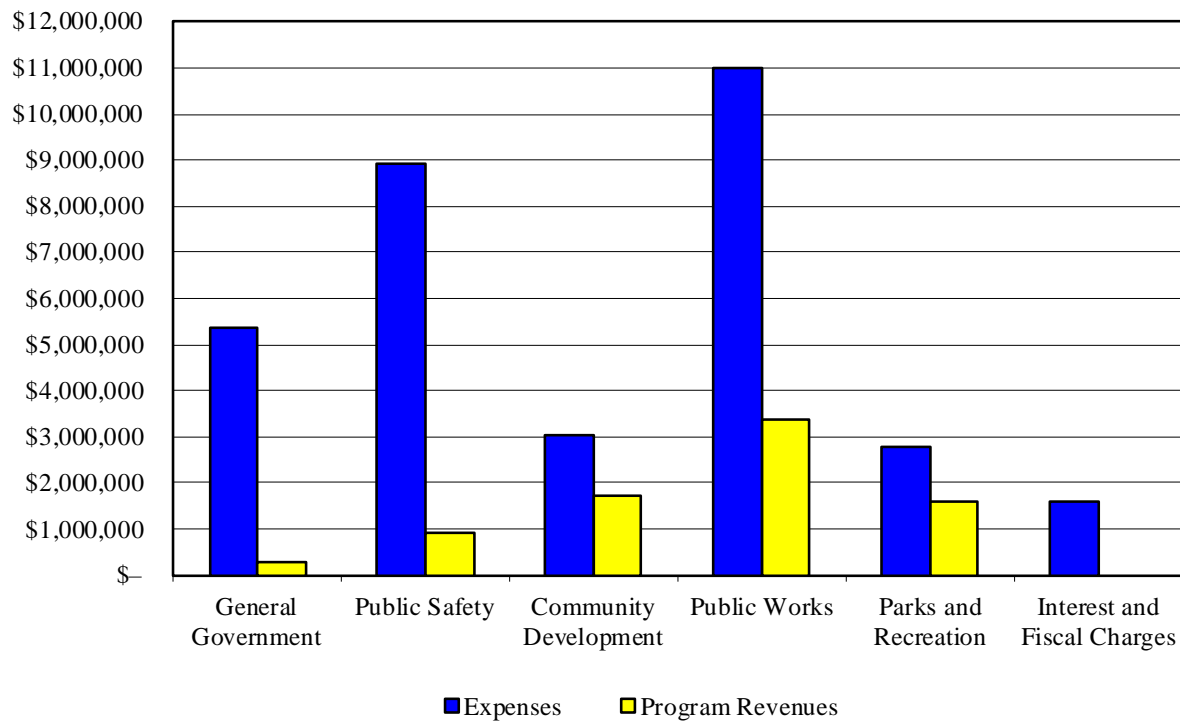
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 3,338,096	\$ 2,676,798	\$ 20,412,518	\$ 18,541,697	\$ 23,750,614	\$ 21,218,495
Operating grants and contributions	871,950	888,261	388,508	34,261	1,260,458	922,522
Capital grants and contributions	3,698,737	3,478,561	215,747	—	3,914,484	3,478,561
General revenues						
Property taxes	29,565,166	27,352,013	—	—	29,565,166	27,352,013
Franchise taxes	796,783	772,266	1,500,000	1,500,000	2,296,783	2,272,266
Unrestricted grants and contributions	239,785	16,398	—	—	239,785	16,398
Other general revenues	114,781	80,706	—	—	114,781	80,706
Investment earnings (charges)	(1,789,925)	(204,549)	(1,079,414)	(50,826)	(2,869,339)	(255,375)
Gain on sale of capital assets	89,687	121,369	—	—	89,687	121,369
Total revenues	36,925,060	35,181,823	21,437,359	20,025,132	58,362,419	55,206,955
Expenses						
General government	5,359,991	3,788,382	—	—	5,359,991	3,788,382
Public safety	8,919,678	8,089,691	—	—	8,919,678	8,089,691
Community development	3,014,245	1,903,327	—	—	3,014,245	1,903,327
Public works	11,003,765	10,477,892	—	—	11,003,765	10,477,892
Parks and recreation	2,764,425	2,067,373	—	—	2,764,425	2,067,373
Interest and fiscal charges	1,608,289	1,587,120	—	—	1,608,289	1,587,120
Water and sewer	—	—	10,222,237	9,643,763	10,222,237	9,643,763
Storm sewer	—	—	2,270,408	1,968,509	2,270,408	1,968,509
Golf course	—	—	4,096,568	3,185,361	4,096,568	3,185,361
Motor vehicle licensing	—	—	573,795	443,418	573,795	443,418
Recycling	—	—	1,059,807	526,822	1,059,807	526,822
Total expenses	32,670,393	27,913,785	18,222,815	15,767,873	50,893,208	43,681,658
Change in net position before transfers	4,254,667	7,268,038	3,214,544	4,257,259	7,469,211	11,525,297
Transfers	30,000	(202,185)	(30,000)	202,185	—	—
Change in net position	4,284,667	7,065,853	3,184,544	4,459,444	7,469,211	11,525,297
Net position						
Beginning	80,990,640	73,924,787	73,078,399	68,618,955	154,069,039	142,543,742
Ending	<u>\$ 85,275,307</u>	<u>\$ 80,990,640</u>	<u>\$ 76,262,943</u>	<u>\$ 73,078,399</u>	<u>\$161,538,250</u>	<u>\$154,069,039</u>

Governmental Activities – Governmental activities net position increased by \$4,284,667. Key elements of this net increase include:

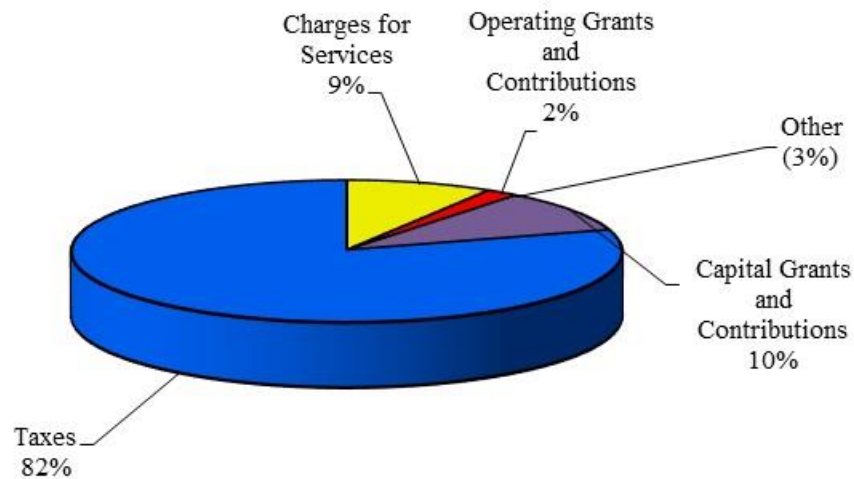
- Charges for services increased \$661,298 from the prior year, mainly due to increased activity at the Brookview Community Center and the City's park and recreation programs.
- Property taxes increased \$2,213,153 from the prior year, due to an increase in the adopted levy.
- Investment earnings (charges) were \$1,585,376 lower than last year, due to declines in the fair value of the City's investment portfolio.
- Governmental activities expenses increased \$4,756,608 (17.0 percent) overall, with the increase spread across all functions. Increases in pension and OPEB costs, HRA and other community development activity, park and recreation program participation, and normal inflationary increases contributed to this overall increase.

The following graphs provide additional information related to governmental activity revenues and expenses for the current year:

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

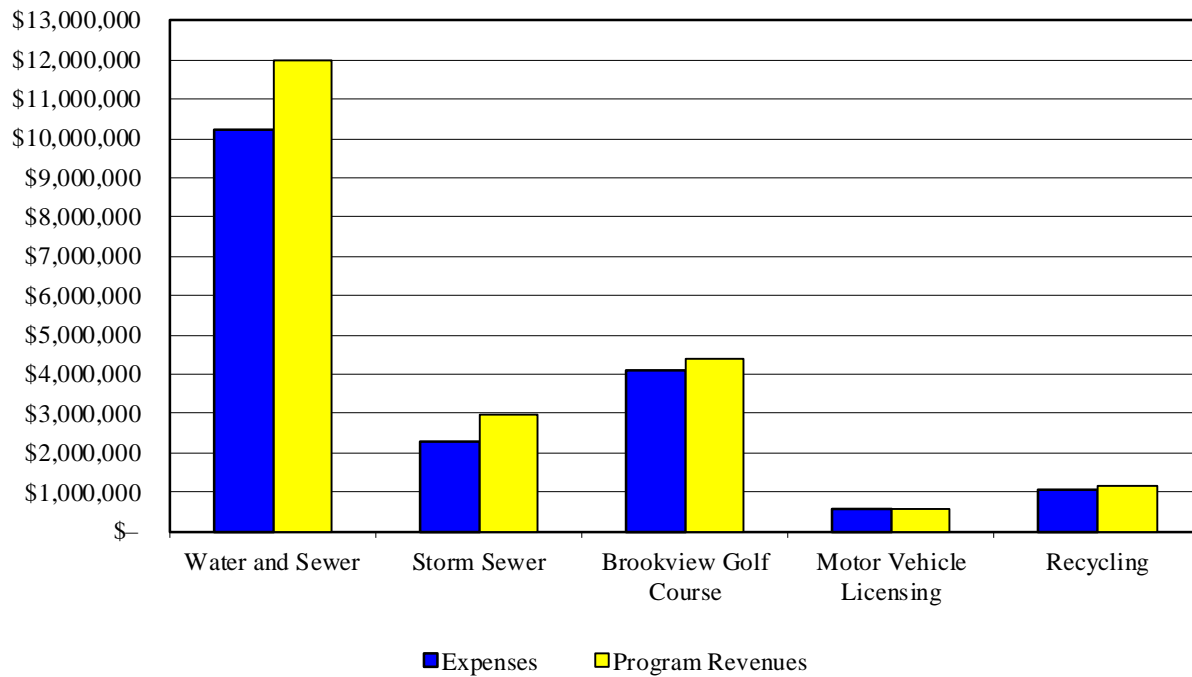


Business-Type Activities – Business-type activities net position increased by \$3,184,544. Key elements of this net increase include:

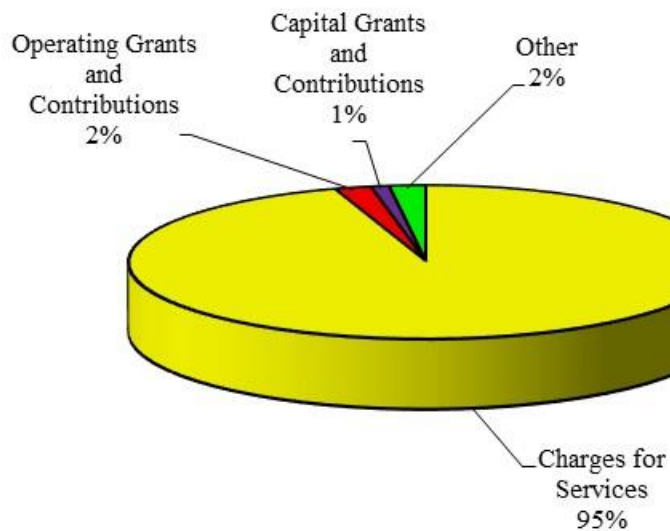
- Charges for services increased \$1,870,821, with increases in all functional areas.
 - Water and sewer charges increased, due to higher rates and continued high water consumption for irrigation.
 - Storm sewer charges were also higher than last year, due to a rate increase.
 - Charges for recycling services increased by \$539,081 from last year, due to a new organics recycling program started in 2022.
 - Both the Brookview golf course and grill facility and the motor vehicle licensing operation generated increased revenues as these operations continued to rebound from the impact of COVID-19-related restrictions.
- Operating grants were \$354,247 higher than last year, mainly due to the utilization of an available state flood damage grant and a small portion of the City's American Rescue Plan Act funding in 2022.
- Capital grants were \$215,747 higher than last year, due to capital contributions received from developers.
- Investment earnings (charges) were \$1,028,588 lower than the prior year, due to declines in the fair value of the City's pooled investment portfolio.
- Business-type activities expenses were \$2,454,942 (15.6 percent) higher than the previous year in total, including the following changes:
 - An increase of \$578,474 in water and sewer utility costs, primarily from increased water purchases for irrigation, due to a drier year.
 - An increase of \$911,207 in golf course expenses, mainly due to increased operating costs at the grill facility.
 - An increase of \$532,985 in recycling program costs, mainly related to the new organics recycling program.

The following graphs provide additional information related to business-type activity revenues and expenses for the current year:

Expenses and Program Revenues – Business-Type Activities



Revenue by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds – At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$54,182,470, an increase of \$3,026,340 in comparison with the prior year. The unassigned portion of fund balance is \$14,682,455, which may be used for any approved public purpose. The remainder of the fund balance is either: 1) not in spendable form (\$67,927), 2) restricted by various externally imposed constraints (\$24,286,876), 3) internally committed for particular purposes (\$169,113), or 4) internally assigned for particular purposes (\$14,976,099).

General Fund – The fund balance of the General Fund increased by \$1,778,411 to \$17,333,319 at December 31, 2022. The main reason for this increase was actual expenditures coming in \$1,871,386 under budget, mainly due to unfilled positions in the City's police department. General Fund operating results can be summarized as follows:

	2022	2021
Fund balance – beginning of year	\$ 15,554,908	\$ 17,677,049
Additions		
Revenue	25,324,615	23,511,687
Other sources	30,000	30,000
Total additions	25,354,615	23,541,687
Deductions		
Expenditures	20,826,204	19,496,248
Other uses	2,750,000	6,167,580
Total deductions	23,576,204	25,663,828
Fund balance – end of year	\$ 17,333,319	\$ 15,554,908

Of the total fund balance, \$8,976 is nonspendable for prepaids. The City has assigned fund balances of \$2,000,000 for self-insurance to finance the potential risk related to insurance deductibles or settlements in excess of commercial insurance limits, and \$612,910 to finance future land acquisition and other costs for a new remote fire station.

The unassigned fund balance at December 31, 2022 of \$14,711,433 is equal to 62.4 percent of total 2022 expenditures and other financing uses in the General Fund, which puts the fund in an excellent financial position. These reserves are needed for working capital to help pay for expenditures during the first half of the year, since the City does not receive any significant money from its main revenue source—property taxes—until July of each year.

General Fund revenue was \$25,324,615 in 2022, an increase of \$1,812,928 from the previous year. The increase was primarily attributable to a \$1,914,853 increase in property tax revenue, along with smaller increases in revenues from building permits, intergovernmental grants, and recreation program charges. These increases were partially offset by a \$449,165 decrease in investment income (charges) caused by the investment fair value declines as previously discussed.

General Fund 2022 expenditures of \$20,826,204 represented an increase of \$1,326,956 from the prior year. The largest expenditure increases were in the general government, public works, and parks and recreation program areas. Higher costs for legal services, fire department personnel and supplies, building inspections, street and park maintenance, and recreation program personnel and supplies contributed to the overall increase.

The General Fund budget for the 2022 fiscal year was not amended.

The following is an analysis of 2022 General Fund revenue compared to budget:

Revenue	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Percent Over (Under) Budget
Ad valorem taxes	\$ 22,116,855	\$ 22,116,855	\$ 22,207,999	\$ 91,144	0.4 %
Licenses	244,165	244,165	250,102	5,937	2.4
Permits	963,650	963,650	1,592,132	628,482	65.2
Intergovernmental	171,800	171,800	154,084	(17,716)	(10.3)
Charges for services	1,471,500	1,471,500	1,343,314	(128,186)	(8.7)
Fines and forfeits	125,000	125,000	81,852	(43,148)	(34.5)
Investment income	150,000	150,000	(512,471)	(662,471)	(441.6)
Other revenue	174,620	174,620	207,603	32,983	18.9
Totals	<u>\$ 25,417,590</u>	<u>\$ 25,417,590</u>	<u>\$ 25,324,615</u>	<u>\$ (92,975)</u>	(0.4)

Permits were over budget, due to increased development-related activity in the City. Charges for services were under budget, mainly in the parks and recreation area, as participation in recreation programs have rebounded post-COVID, but have not yet returned to typical levels. Investment income (charges) were under budget, due to less favorable market conditions than anticipated.

The following is an analysis of 2022 General Fund expenditures compared to budget:

Expenditure	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Percent Over (Under) Budget
General government	\$ 2,172,080	\$ 2,172,080	\$ 2,159,937	\$ (12,143)	(0.6) %
Administrative services	2,573,030	2,573,030	2,424,296	(148,734)	(5.8)
Casualty insurance	355,000	355,000	277,610	(77,390)	(21.8)
Public safety	9,021,740	9,021,740	7,602,986	(1,418,754)	(15.7)
Community development	2,475,330	2,475,330	2,169,560	(305,770)	(12.4)
Public works	4,743,415	4,743,415	4,946,265	202,850	4.3
Parks and recreation	1,356,995	1,356,995	1,245,550	(111,445)	(8.2)
Totals	<u>\$ 22,697,590</u>	<u>\$ 22,697,590</u>	<u>\$ 20,826,204</u>	<u>\$ (1,871,386)</u>	(8.2)

Public safety expenditures were significantly under budget, due to personal service cost savings from unfilled positions. Community development expenditures were under budget, due primarily to more engineering personnel costs being charged out to capital projects than anticipated. Public works expenditures exceeded budget as building, street, and park maintenance costs all increased more than anticipated. Parks and recreation expenditures were under budget, despite increasing substantially from last year, due to some unfilled seasonal positions and recreation program participation still not fully recovering to pre-COVID levels.

Other Major Governmental Funds – The City reported five other major governmental funds for 2022.

The American Rescue Plan Act (ARPA) Special Revenue Fund is used to account for federal funds allocated to the City under the ARPA. Fund balance in this fund increased \$29,388 in 2022, due to interest earned on ARPA funds held by the City. At year-end, the City has \$1,706,233 of unspent ARPA funds and accumulated interest earnings available for planned future projects.

The Street Reconstruction Debt Service Fund is used to account for the debt service on the G.O. improvement bonds issued to finance street improvements. At year-end, this fund had a fund balance of \$9,987,005 accumulated for future debt service. Fund balance increased by \$256,862 in 2022, as revenue from property taxes and special assessments exceeded current year debt service expenditures.

The State Aid Construction Capital Project Fund is used to account for street construction projects that qualify for municipal state aid. Fund balance increased \$571,883 in 2022, ending the year at \$4,358,667, as current year project expenditures were minor with larger projects planned for the near future.

The Street Reconstruction Capital Project Fund is used to account for the City's ongoing Pavement Management Program (PMP). The City financing planned 2022 PMP construction with a \$3.9 million bond issue and a transfer of \$700,000 from the General Fund. Fund balance increased \$416,440 during the year, leaving a fund balance of \$6,662,843 at year-end.

The Winnetka/Medicine Lake Tax Increment Capital Project Fund ended the year with a fund balance deficit of \$28,978. Fund balance improved by \$717,940 in 2022, as tax increment revenue exceeded the interest paid on interfund loans. The deficit is expected to be eliminated through future tax increment collections.

The City's remaining nonmajor governmental funds ended the year with cumulative fund balances of \$15,840,181, a decrease of \$744,584 from the previous year-end, mainly due to capital improvement project expenditures financed with resources accumulated in previous years.

Proprietary Funds – The City's proprietary funds provide the same information for the business-type activities found in the government-wide financial statements, but in more detail.

The City's enterprise funds had a total net position of \$78,416,692 at year-end, of which \$32,741,012 was unrestricted. The total net position of these funds improved by \$3,423,040 during 2022.

Utility Fund net position increased \$2,737,968, due to operating income of \$1,616,370 and the allocation of \$1,500,000 of franchise taxes to this fund in 2022.

Storm Sewer Utility Fund net position increased \$306,131, due to operating income of \$573,548 during the year.

The Brookview Operating (Golf Course) Fund had an increase in net position of \$357,712, due to operating income of \$420,757 for 2022. Golf course operating revenue for 2022 increased \$448,919 from the previous year, as the clubhouse grill facility and other amenities continue to see increased usage post-COVID.

The Motor Vehicle Operating Fund had a decrease in net position of \$13,601, as operations continue to slowly recover from COVID-19-related closures and limitations, and the budgeted transfer to the General Fund was not reduced.

The Recycling Fund had an increase in net position of \$34,830 for the year. Operating revenue and expenses both increased substantially, due to the new organics recycling program added in 2022.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets – The City’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2022 was \$140,045,584, an increase of \$5,277,762 from the prior year. The City’s capital assets for the last two years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,527,685	\$ 3,527,685	\$ 993,912	\$ 903,043	\$ 4,521,597	\$ 4,430,728
Land improvements	8,203,678	8,001,061	3,370,258	3,356,022	11,573,936	11,357,083
Buildings and improvements	29,316,336	29,267,959	808,625	808,625	30,124,961	30,076,584
Machinery and equipment	17,706,469	17,058,832	5,336,285	5,078,164	23,042,754	22,136,996
Infrastructure	146,403,581	133,120,578	61,490,776	57,604,886	207,894,357	190,725,464
Construction in progress	8,208,470	14,737,620	7,874,495	5,516,547	16,082,965	20,254,167
Less accumulated depreciation	(121,240,718)	(114,067,110)	(31,954,268)	(30,146,090)	(153,194,986)	(144,213,200)
Net total	<u>\$ 92,125,501</u>	<u>\$ 91,646,625</u>	<u>\$ 47,920,083</u>	<u>\$ 43,121,197</u>	<u>\$ 140,045,584</u>	<u>\$ 134,767,822</u>

The City’s capital assets before depreciation increased by \$14,259,548 during 2022, mainly in construction in progress on street, utility, and storm sewer infrastructure projects, and construction on an irrigation system improvement project at the golf course. This increase was partially offset by an \$8,981,786 increase in accumulated depreciation. Additional details of the City’s capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities – The debt service funds account for the accumulation of resources to finance all of the City’s governmental activity G.O. debt. The revenue sources for these funds include annual tax levies, tax increments, franchise taxes, and special assessments. At year-end, there was \$11,735,049 of fund balance restricted for debt service in the governmental funds. The revenue bonds will be paid from the designated business activity of the Storm Sewer Utility Fund. The following table presents the City’s long-term liabilities as of the last two year-ends:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
G.O. special assessment bonds	\$ 36,355,000	\$ 36,300,000	\$ –	\$ –	\$ 36,355,000	\$ 36,300,000
G.O. street reconstruction bonds	4,475,000	4,715,000	–	–	4,475,000	4,715,000
HRA lease revenue bonds	14,215,000	14,925,000	–	–	14,215,000	14,925,000
G.O. tax increment bonds	790,000	915,000	–	–	790,000	915,000
G.O. state aid street bonds	835,000	985,000	–	–	835,000	985,000
Revenue bonds	–	–	2,215,000	2,340,000	2,215,000	2,340,000
Unamortized premiums	1,849,847	1,800,991	29,403	31,460	1,879,250	1,832,451
Compensated absences	1,609,482	1,636,179	–	–	1,609,482	1,636,179
Net pension liability – PERA	21,200,462	7,401,796	–	–	21,200,462	7,401,796
Total OPEB liability	<u>3,045,439</u>	<u>1,873,222</u>	<u>–</u>	<u>–</u>	<u>3,045,439</u>	<u>1,873,222</u>
Total	<u>\$ 84,375,230</u>	<u>\$ 70,552,188</u>	<u>\$ 2,244,403</u>	<u>\$ 2,371,460</u>	<u>\$ 86,619,633</u>	<u>\$ 72,923,648</u>

The City issued \$3,895,000 of new G.O. special assessment debt in 2022 and made scheduled debt principal payments of \$5,190,000 during the year. Additional details of long-term liabilities activity for the year can be found in Note 5 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic factors affect the preparation of annual budgets. The following factors were considered in preparing the 2023 budget:

- The City's 2023 budgeted tax levy went up by 11.3 percent from 2022. The City strives for a balanced budget with revenues equal to expenditures.
- The City will maintain fund balance for working capital in the General Fund at 60.0 percent of the current year's adopted expenditures, including year-end unassigned fund balance and the \$2,000,000 assigned for self-insurance to meet that goal.
- The City assigned fund balance of \$612,910 for expenditures to help fund the construction of a new remote fire station.
- The City's 2023 housing and redevelopment budget increased its housing levy by \$31,000 to fund some housing and economic development initiatives for affordable housing.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed by writing to the City of Golden Valley, Attention: Finance Director, 7800 Golden Valley Road, Golden Valley, Minnesota 55427 or by calling (763) 593-8010.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF GOLDEN VALLEY

Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 61,965,841	\$ 30,741,203	\$ 92,707,044
Delinquent taxes receivable	182,865	–	182,865
Special assessments receivable (net of allowance)	2,957,291	326,230	3,283,521
Accounts and interest receivable	1,047,733	2,493,161	3,540,894
Due from other governmental units	2,693,367	87,202	2,780,569
Internal balances	1,296,855	(1,296,855)	–
Inventory	113,228	29,976	143,204
Prepays	67,927	378,918	446,845
Net pension asset – fire relief	3,128,030	–	3,128,030
Capital assets			
Not depreciated	11,736,155	8,868,407	20,604,562
Depreciated, net of accumulated depreciation	80,389,346	39,051,676	119,441,022
Total assets	<u>165,578,638</u>	<u>80,679,918</u>	<u>246,258,556</u>
Deferred outflows of resources			
Pension plan deferments – PERA	11,477,064	–	11,477,064
Pension plan deferments – fire relief	357,857	–	357,857
OPEB plan deferments	1,798,466	–	1,798,466
Total deferred outflows of resources	<u>13,633,387</u>	<u>–</u>	<u>13,633,387</u>
Total assets and deferred outflows of resources	<u><u>\$ 179,212,025</u></u>	<u><u>\$ 80,679,918</u></u>	<u><u>\$ 259,891,943</u></u>
Liabilities			
Accounts and contracts payable	\$ 652,715	\$ 941,770	\$ 1,594,485
Accrued interest payable	691,126	23,418	714,544
Accrued salaries and employee benefits	915,231	–	915,231
Due to other governmental units	77,762	340,167	417,929
Deposits	2,082,385	867,217	2,949,602
Unearned revenue	1,676,800	–	1,676,800
Long-term liabilities			
Due within one year	6,667,391	125,000	6,792,391
Due in more than one year	77,707,839	2,119,403	79,827,242
Total liabilities	<u>90,471,249</u>	<u>4,416,975</u>	<u>94,888,224</u>
Deferred inflows of resources			
Pension plan deferments – PERA	1,119,451	–	1,119,451
Pension plan deferments – fire relief	1,500,586	–	1,500,586
OPEB plan deferments	845,432	–	845,432
Total deferred inflows of resources	<u>3,465,469</u>	<u>–</u>	<u>3,465,469</u>
Net position			
Net investment in capital assets	33,605,654	45,675,680	79,281,334
Restricted for			
Debt service	13,671,255	–	13,671,255
Redevelopment	1,059,483	–	1,059,483
Capital improvements	13,988,159	–	13,988,159
Fire relief pensions	1,985,301	–	1,985,301
Other purposes	346,763	–	346,763
Unrestricted	20,618,692	30,587,263	51,205,955
Total net position	<u>85,275,307</u>	<u>76,262,943</u>	<u>161,538,250</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 179,212,025</u></u>	<u><u>\$ 80,679,918</u></u>	<u><u>\$ 259,891,943</u></u>

CITY OF GOLDEN VALLEY

Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 5,359,991	\$ 208,323	\$ 79,651	\$ —
Public safety	8,919,678	253,437	643,209	—
Community development	3,014,245	1,734,969	—	—
Public works	11,003,765	366,854	—	3,022,408
Parks and recreation	2,764,425	774,513	149,090	676,329
Interest and fiscal charges	1,608,289	—	—	—
Total governmental activities	<u>32,670,393</u>	<u>3,338,096</u>	<u>871,950</u>	<u>3,698,737</u>
Business-type activities				
Water and sewer	10,222,237	11,802,888	—	173,728
Storm sewer	2,270,408	2,775,129	143,577	42,019
Golf course	4,096,568	4,376,050	980	—
Motor vehicle licensing	573,795	418,035	142,935	—
Recycling	1,059,807	1,040,416	101,016	—
Total business-type activities	<u>18,222,815</u>	<u>20,412,518</u>	<u>388,508</u>	<u>215,747</u>
Total governmental and business-type activities	<u>\$ 50,893,208</u>	<u>\$ 23,750,614</u>	<u>\$ 1,260,458</u>	<u>\$ 3,914,484</u>

General revenues
Property taxes
Franchise taxes
Unrestricted grants and contributions
Other general revenues
Investment earnings (charges)
Gain on sale of capital assets
Transfers – internal activities
Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

Net (Expenses)		
Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (5,072,017)	\$ —	\$ (5,072,017)
(8,023,032)	—	(8,023,032)
(1,279,276)	—	(1,279,276)
(7,614,503)	—	(7,614,503)
(1,164,493)	—	(1,164,493)
(1,608,289)	—	(1,608,289)
(24,761,610)	—	(24,761,610)
—	1,754,379	1,754,379
—	690,317	690,317
—	280,462	280,462
—	(12,825)	(12,825)
—	81,625	81,625
—	2,793,958	2,793,958
(24,761,610)	2,793,958	(21,967,652)
29,565,166	—	29,565,166
796,783	1,500,000	2,296,783
239,785	—	239,785
114,781	—	114,781
(1,789,925)	(1,079,414)	(2,869,339)
89,687	—	89,687
30,000	(30,000)	—
29,046,277	390,586	29,436,863
4,284,667	3,184,544	7,469,211
80,990,640	73,078,399	154,069,039
\$ 85,275,307	\$ 76,262,943	\$ 161,538,250

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FUND FINANCIAL STATEMENTS

CITY OF GOLDEN VALLEY

Balance Sheet
Governmental Funds
December 31, 2022

	General	American Rescue Plan Act Special Revenue	Street Reconstruction Debt Service
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Assets			
Cash and temporary investments	\$ 19,401,536	\$ 1,706,233	\$ 9,988,105
Receivables			
Delinquent taxes	182,865	—	—
Special assessments	2,973	—	2,477,447
Accounts	61,652	—	—
Accrued interest	268,687	—	—
Due from other funds	—	—	—
Advances to other funds	—	—	—
Due from other governmental units	176,595	—	—
Prepays	8,976	—	—
	<u>20,103,284</u>	<u>1,706,233</u>	<u>12,465,552</u>
Total assets	<u>\$ 20,103,284</u>	<u>\$ 1,706,233</u>	<u>\$ 12,465,552</u>
Liabilities			
Accounts payable	\$ 292,841	\$ —	\$ —
Contracts payable	—	—	—
Accrued salaries payable	915,231	—	—
Due to other governmental units	46,585	—	—
Deposits	1,329,470	—	1,100
Unearned revenue	—	1,676,800	—
Due to other funds	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>2,584,127</u>	<u>1,676,800</u>	<u>1,100</u>
Deferred inflows of resources			
Unavailable revenue – property taxes	182,865	—	—
Unavailable revenue – special assessments	2,973	—	2,477,447
Unavailable revenue – long-term receivables	—	—	—
Total deferred inflows of resources	<u>185,838</u>	<u>—</u>	<u>2,477,447</u>
Fund balances (deficits)			
Nonspendable	8,976	—	—
Restricted	—	29,433	9,987,005
Committed	—	—	—
Assigned	2,612,910	—	—
Unassigned	14,711,433	—	—
Total fund balances (deficits)	<u>17,333,319</u>	<u>29,433</u>	<u>9,987,005</u>
	<u>\$ 20,103,284</u>	<u>\$ 1,706,233</u>	<u>\$ 12,465,552</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,103,284</u>	<u>\$ 1,706,233</u>	<u>\$ 12,465,552</u>

State Aid Construction Capital Project	Street Reconstruction Capital Project	Winnetka/ Medicine Lake Tax Increment Capital Project	Nonmajor	Totals
\$ 4,359,126	\$ 6,291,130	\$ 1,370,256	\$ 16,006,946	\$ 59,123,332
—	—	—	—	182,865
248,611	10,815	—	217,445	2,957,291
—	580,419	—	130,501	772,572
—	—	—	—	268,687
—	—	—	182,340	182,340
—	—	—	360,000	360,000
2,515,592	—	—	1,180	2,693,367
—	57,870	—	1,081	67,927
<u>\$ 7,123,329</u>	<u>\$ 6,940,234</u>	<u>\$ 1,370,256</u>	<u>\$ 16,899,493</u>	<u>\$ 66,608,381</u>
\$ 459	\$ 67,040	\$ —	\$ 77,652	\$ 437,992
—	169,411	—	33,355	202,766
—	—	—	—	915,231
—	—	—	31,048	77,633
—	30,125	—	699,812	2,060,507
—	—	—	—	1,676,800
—	—	251,570	—	251,570
—	—	1,147,664	—	1,147,664
<u>459</u>	<u>266,576</u>	<u>1,399,234</u>	<u>841,867</u>	<u>6,770,163</u>
—	—	—	—	182,865
248,611	10,815	—	217,445	2,957,291
2,515,592	—	—	—	2,515,592
<u>2,764,203</u>	<u>10,815</u>	<u>—</u>	<u>217,445</u>	<u>5,655,748</u>
—	57,870	—	1,081	67,927
3,995,039	5,622,279	—	4,653,120	24,286,876
—	—	—	169,113	169,113
363,628	982,694	—	11,016,867	14,976,099
—	—	(28,978)	—	14,682,455
<u>4,358,667</u>	<u>6,662,843</u>	<u>(28,978)</u>	<u>15,840,181</u>	<u>54,182,470</u>
<u>\$ 7,123,329</u>	<u>\$ 6,940,234</u>	<u>\$ 1,370,256</u>	<u>\$ 16,899,493</u>	<u>\$ 66,608,381</u>

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CITY OF GOLDEN VALLEY

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds December 31, 2022

Total fund balances – governmental funds	\$ 54,182,470
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 as assets in governmental funds.	
Cost of capital assets	213,102,248
Less accumulated depreciation	(120,991,757)
Long-term liabilities, including bonds and certifications of indebtedness payable, are not due or payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:	
Bonds and certificates of indebtedness payable	(56,670,000)
Certain receivables (including delinquent taxes, special assessments, and other receivables not collected within 60 days of year-end) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	5,655,748
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(691,126)
Internal service funds are used to charge the costs of employee benefits and vehicle maintenance to individual funds. The assets, liabilities, and deferred outflows/inflows of the internal service funds are included in governmental activities in the Statement of Net Position.	
Internal service balances included in governmental activities	(9,616,178)
Add internal service balances allocated to business-type activities	2,153,749
Governmental funds report debt premiums as other financing sources at the time of issuance. Premiums are reported as liabilities in the Statement of Net Position.	<u>(1,849,847)</u>
Total net position – governmental activities	<u>\$ 85,275,307</u>

CITY OF GOLDEN VALLEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022

	<u>General</u>	<u>American Rescue Plan Act Special Revenue</u>	<u>Street Reconstruction Debt Service</u>
Revenue			
Ad valorem taxes	\$ 22,207,999	\$ —	\$ 4,417,288
Tax increments	—	—	—
Special assessments	8,857	—	781,804
Franchise taxes	—	—	—
Licenses and permits	1,842,234	—	—
Intergovernmental revenue	154,084	—	—
Charges for services	1,343,314	—	—
Fines and forfeits	81,852	—	—
Investment income (charges)	(512,471)	29,388	(246,531)
Other revenue	198,746	—	—
Total revenue	<u>25,324,615</u>	<u>29,388</u>	<u>4,952,561</u>
Expenditures			
Current			
General government	2,159,937	—	—
Administrative services	2,424,296	—	—
Casualty insurance	277,610	—	—
Public safety	7,602,986	—	—
Community development	2,169,560	—	—
Public works	4,946,265	—	—
Parks and recreation	1,245,550	—	—
Capital outlay	—	—	—
Debt service			
Principal	—	—	3,760,000
Interest and fiscal charges	—	—	935,699
Total expenditures	<u>20,826,204</u>	<u>—</u>	<u>4,695,699</u>
Excess (deficiency) of revenue over expenditures	4,498,411	29,388	256,862
Other financing sources (uses)			
Sale of capital assets	—	—	—
Bonds issued	—	—	—
Premiums on bonds issued	—	—	—
Transfers in	30,000	—	—
Transfers (out)	(2,750,000)	—	—
Total other financing sources (uses)	<u>(2,720,000)</u>	<u>—</u>	<u>—</u>
Net change in fund balances	1,778,411	29,388	256,862
Fund balances (deficits)			
Beginning of year	<u>15,554,908</u>	<u>45</u>	<u>9,730,143</u>
End of year	<u>\$ 17,333,319</u>	<u>\$ 29,433</u>	<u>\$ 9,987,005</u>

See notes to basic financial statements

State Aid Construction Capital Project	Street Reconstruction Capital Project	Winnetka/ Medicine Lake Tax Increment Capital Project	Nonmajor	Totals
\$ —	\$ —	\$ —	\$ 1,431,541	\$ 28,056,828
—	—	814,894	699,071	1,513,965
53,554	1,753	—	55,086	901,054
—	226,783	—	570,000	796,783
—	—	—	—	1,842,234
1,227,205	—	—	285,132	1,666,421
—	—	—	548,211	1,891,525
—	—	—	—	81,852
(149,598)	(210,184)	(38,195)	(550,737)	(1,678,328)
—	98,414	—	999,021	1,296,181
<u>1,131,161</u>	<u>116,766</u>	<u>776,699</u>	<u>4,037,325</u>	<u>36,368,515</u>
—	—	—	71,628	2,231,565
—	—	—	—	2,424,296
—	—	—	—	277,610
—	—	—	18,420	7,621,406
—	—	—	—	2,169,560
—	—	—	—	4,946,265
—	—	—	396,263	1,641,813
371,240	4,446,479	2,049	4,720,318	9,540,086
150,000	—	—	1,155,000	5,065,000
38,038	88,256	56,710	662,610	1,781,313
<u>559,278</u>	<u>4,534,735</u>	<u>58,759</u>	<u>7,024,239</u>	<u>37,698,914</u>
571,883	(4,417,969)	717,940	(2,986,914)	(1,330,399)
—	—	—	192,330	192,330
—	3,895,000	—	—	3,895,000
—	239,409	—	—	239,409
—	700,000	—	2,075,000	2,805,000
—	—	—	(25,000)	(2,775,000)
<u>—</u>	<u>4,834,409</u>	<u>—</u>	<u>2,242,330</u>	<u>4,356,739</u>
571,883	416,440	717,940	(744,584)	3,026,340
3,786,784	6,246,403	(746,918)	16,584,765	51,156,130
<u>\$ 4,358,667</u>	<u>\$ 6,662,843</u>	<u>\$ (28,978)</u>	<u>\$ 15,840,181</u>	<u>\$ 54,182,470</u>

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CITY OF GOLDEN VALLEY

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds Year Ended December 31, 2022

Total net change in fund balances – governmental funds	\$ 3,026,340
--------------------------------------------------------	--------------

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

Capital outlays are reported in governmental funds as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	8,134,653
Depreciation expense	(7,535,689)

A gain or loss on the disposal or transfer of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position; however, only the sale proceeds are included in the change in fund balances.

Net book value of capital asset disposals	(102,643)
-------------------------------------------	-----------

Issuance or repayment of long-term debt are an other financing source or expenditure, respectively, in the governmental funds, but increases or reduces long-term liabilities in the Statement of Net Position.

Debt issued	(3,895,000)
Debt repaid	5,065,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

	(17,529)
--	----------

Governmental funds report debt issuance premiums as other financing sources at the time of issuance. Premiums are reported as liabilities in the Statement of Net Position.

	(48,856)
--	----------

Certain receivables (including delinquent taxes, special assessments, and other receivables not collected within 60 days of year-end) are included in the change in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.

	707,611
--	---------

Internal service funds are used to charge the costs of employee benefits and vehicle maintenance to individual funds. The net revenue/expense of certain activities of internal service funds is reported with governmental activities in the Statement of Activities.

Internal service fund activity included in governmental activities	(1,287,716)
Add back internal service fund activity allocated to business-type activities	238,496

Change in net position – governmental activities	<u>\$ 4,284,667</u>
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CITY OF GOLDEN VALLEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
General Fund – Budget and Actual
Year Ended December 31, 2022

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Ad valorem taxes	\$ 22,116,855	\$ 22,207,999	\$ 91,144
Special assessments	6,000	8,857	2,857
Licenses and permits	1,207,815	1,842,234	634,419
Intergovernmental revenue	171,800	154,084	(17,716)
Charges for services	1,471,500	1,343,314	(128,186)
Fines and forfeits	125,000	81,852	(43,148)
Investment income (charges)	150,000	(512,471)	(662,471)
Other revenue	168,620	198,746	30,126
Total revenue	25,417,590	25,324,615	(92,975)
Expenditures			
Current			
General government	2,172,080	2,159,937	(12,143)
Administrative services	2,573,030	2,424,296	(148,734)
Casualty insurance	355,000	277,610	(77,390)
Public safety	9,021,740	7,602,986	(1,418,754)
Community development	2,475,330	2,169,560	(305,770)
Public works	4,743,415	4,946,265	202,850
Parks and recreation	1,356,995	1,245,550	(111,445)
Total expenditures	22,697,590	20,826,204	(1,871,386)
Excess of revenue over expenditures	2,720,000	4,498,411	1,778,411
Other financing sources (uses)			
Transfers in	30,000	30,000	–
Transfers (out)	(2,750,000)	(2,750,000)	–
Total other financing sources (uses)	(2,720,000)	(2,720,000)	–
Net change in fund balances	\$ –	1,778,411	\$ 1,778,411
Fund balances			
Beginning of year		15,554,908	
End of year		\$ 17,333,319	

CITY OF GOLDEN VALLEY

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities – Enterprise Funds			
	Utility	Storm Sewer Utility	Brookview Operating	Motor Vehicle Operating
Assets				
Current assets				
Cash and temporary investments	\$ 15,320,615	\$ 11,673,440	\$ 1,968,155	\$ 374,518
Receivables				
Special assessments	370,077	–	–	–
Accounts	2,379,690	–	20,224	93,247
Allowance for uncollectibles	(43,847)	–	–	–
Due from other governmental units	87,202	–	–	–
Due from other funds	30,086	455,147	–	–
Inventory	10,356	–	19,620	–
Prepays	214,785	162,068	1,625	440
Total current assets	18,368,964	12,290,655	2,009,624	468,205
Noncurrent assets				
Advances to other funds	725,007	2,044,671	–	–
Net pension asset – fire relief	–	–	–	–
Capital assets				
Land	–	136,868	857,044	–
Land improvements	30,054	–	3,340,204	–
Buildings and improvements	602,827	–	205,798	–
Machinery and equipment	2,810,609	1,095,618	1,403,124	26,934
Infrastructure – distribution and collection systems	29,776,491	31,714,285	–	–
Construction in progress	1,129,767	5,006,170	1,738,558	–
Total capital assets	34,349,748	37,952,941	7,544,728	26,934
Less accumulated depreciation	(15,840,388)	(11,810,280)	(4,276,666)	(26,934)
Capital assets, net	18,509,360	26,142,661	3,268,062	–
Total noncurrent assets	19,234,367	28,187,332	3,268,062	–
Total assets	37,603,331	40,477,987	5,277,686	468,205
Deferred outflows of resources				
Pension plan deferments – PERA	–	–	–	–
Pension plan deferments – fire relief	–	–	–	–
OPEB plan deferments	–	–	–	–
Total deferred outflows of resources	–	–	–	–
Total assets and deferred outflows of resources	\$ 37,603,331	\$ 40,477,987	\$ 5,277,686	\$ 468,205

<u>Recycling</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 1,404,475	\$ 30,741,203	\$ 2,842,509
—	370,077	—
—	2,493,161	6,474
—	(43,847)	—
—	87,202	—
—	485,233	—
—	29,976	113,228
—	378,918	—
<u>1,404,475</u>	<u>34,541,923</u>	<u>2,962,211</u>
—	2,769,678	—
—	—	3,128,030
—	993,912	—
—	3,370,258	—
—	808,625	—
—	5,336,285	263,971
—	61,490,776	—
—	7,874,495	—
—	<u>79,874,351</u>	<u>263,971</u>
—	<u>(31,954,268)</u>	<u>(248,961)</u>
—	<u>47,920,083</u>	<u>15,010</u>
—	<u>50,689,761</u>	<u>3,143,040</u>
<u>1,404,475</u>	<u>85,231,684</u>	<u>6,105,251</u>
—	—	11,477,064
—	—	357,857
—	—	<u>1,798,466</u>
—	—	<u>13,633,387</u>
<u>\$ 1,404,475</u>	<u>\$ 85,231,684</u>	<u>\$ 19,738,638</u>

CITY OF GOLDEN VALLEY

Statement of Net Position (continued)
Proprietary Funds
December 31, 2022

	Business-Type Activities – Enterprise Funds			
	Utility	Storm Sewer Utility	Brookview Operating	Motor Vehicle Operating
Liabilities				
Current liabilities				
Accounts payable	\$ 499,815	\$ 1,808	\$ 242,536	\$ 165
Contracts payable	58,843	46,061	–	–
Accrued interest payable	–	23,418	–	–
Accrued compensated absences – current	–	–	–	–
Due to other governmental units	260,327	7,213	48,314	17,100
Due to other funds	355,831	–	60,172	–
Deposits	106,325	758,724	2,168	–
Bonds payable – current	–	125,000	–	–
Total current liabilities	<u>1,281,141</u>	<u>962,224</u>	<u>353,190</u>	<u>17,265</u>
Noncurrent liabilities				
Advances from other funds	532,000	–	1,450,014	–
Accrued compensated absences	–	–	–	–
Net pension liability – PERA	–	–	–	–
Total OPEB liability	–	–	–	–
Bonds payable – long-term	–	2,119,403	–	–
Total noncurrent liabilities	<u>532,000</u>	<u>2,119,403</u>	<u>1,450,014</u>	<u>–</u>
Total liabilities	<u>1,813,141</u>	<u>3,081,627</u>	<u>1,803,204</u>	<u>17,265</u>
Deferred inflows of resources				
Pension plan deferments – PERA	–	–	–	–
Pension plan deferments – fire relief	–	–	–	–
OPEB plan deferments	–	–	–	–
Total deferred inflows of resources	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net position				
Net investment in capital assets	18,509,360	23,898,258	3,268,062	–
Restricted for fire relief pensions	–	–	–	–
Unrestricted	<u>17,280,830</u>	<u>13,498,102</u>	<u>206,420</u>	<u>450,940</u>
Total net position	<u>35,790,190</u>	<u>37,396,360</u>	<u>3,474,482</u>	<u>450,940</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 37,603,331</u>	<u>\$ 40,477,987</u>	<u>\$ 5,277,686</u>	<u>\$ 468,205</u>

Total net position – enterprise funds

Adjustment to reflect the consolidation of internal service fund
activity related to enterprise funds

Net position – business-type activities

<u>Recycling</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 92,542	\$ 836,866	\$ 11,957
—	104,904	—
—	23,418	—
—	—	1,327,391
7,213	340,167	129
—	416,003	—
—	867,217	21,878
—	125,000	—
<u>99,755</u>	<u>2,713,575</u>	<u>1,361,355</u>
—	1,982,014	—
—	—	282,091
—	—	21,200,462
—	—	3,045,439
—	2,119,403	—
<u>—</u>	<u>4,101,417</u>	<u>24,527,992</u>
<u>99,755</u>	<u>6,814,992</u>	<u>25,889,347</u>
—	—	1,119,451
—	—	1,500,586
<u>—</u>	<u>—</u>	<u>845,432</u>
<u>—</u>	<u>—</u>	<u>3,465,469</u>
—	45,675,680	15,010
—	—	1,985,301
<u>1,304,720</u>	<u>32,741,012</u>	<u>(11,616,489)</u>
<u>1,304,720</u>	<u>78,416,692</u>	<u>(9,616,178)</u>
<u>\$ 1,404,475</u>	<u>\$ 85,231,684</u>	<u>\$ 19,738,638</u>
	\$ 78,416,692	
	<u>(2,153,749)</u>	
	<u>\$ 76,262,943</u>	

CITY OF GOLDEN VALLEY

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds			
	Utility	Storm Sewer Utility	Brookview Operating	Motor Vehicle Operating
Operating revenue				
Charges for services	\$ 11,794,773	\$ 2,775,129	\$ 1,609,122	\$ 418,035
Sales and rentals	8,115	–	2,766,928	–
Total operating revenue	11,802,888	2,775,129	4,376,050	418,035
Operating expenses				
Enterprise operations	9,213,084	1,078,884	3,833,383	535,308
Other services	–	–	–	–
Depreciation	973,434	1,122,697	121,910	2,317
Total operating expenses	10,186,518	2,201,581	3,955,293	537,625
Operating income (loss)	1,616,370	573,548	420,757	(119,590)
Nonoperating revenue (expense)				
Franchise taxes	1,500,000	–	–	–
Intergovernmental revenue	–	143,127	–	142,906
Investment income (charges)	(584,347)	(399,512)	(41,814)	(6,946)
Other income	–	450	980	29
Gain on sale of capital assets	62,828	5,000	–	–
Loss on disposal of capital assets	–	–	(12,025)	–
Interest expense	(30,611)	(58,501)	(10,186)	–
Total nonoperating revenue (expense)	947,870	(309,436)	(63,045)	135,989
Income (loss) before capital contributions and transfers	2,564,240	264,112	357,712	16,399
Capital contributions	173,728	42,019	–	–
Transfers (out)	–	–	–	(30,000)
Change in net position	2,737,968	306,131	357,712	(13,601)
Net position				
Beginning of year	33,052,222	37,090,229	3,116,770	464,541
End of year	\$ 35,790,190	\$ 37,396,360	\$ 3,474,482	\$ 450,940

Change in net position – enterprise funds

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds

Change in net position – business-type activities

<u>Recycling</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 1,040,416	\$ 17,637,475	\$ 10,295,903
—	2,775,043	—
<u>1,040,416</u>	<u>20,412,518</u>	<u>10,295,903</u>
1,059,807	15,720,466	—
—	—	12,093,634
—	2,220,358	17,445
<u>1,059,807</u>	<u>17,940,824</u>	<u>12,111,079</u>
(19,391)	2,471,694	(1,815,176)
—	1,500,000	—
87,726	373,759	638,910
(46,795)	(1,079,414)	(111,597)
13,290	14,749	147
—	67,828	—
—	(12,025)	—
—	(99,298)	—
<u>54,221</u>	<u>765,599</u>	<u>527,460</u>
34,830	3,237,293	(1,287,716)
—	215,747	—
—	(30,000)	—
34,830	3,423,040	(1,287,716)
<u>1,269,890</u>	<u>74,993,652</u>	<u>(8,328,462)</u>
<u>\$ 1,304,720</u>	<u>\$ 78,416,692</u>	<u>\$ (9,616,178)</u>
	\$ 3,423,040	
	<u>(238,496)</u>	
	<u>\$ 3,184,544</u>	

CITY OF GOLDEN VALLEY

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds			
	Utility	Storm Sewer Utility	Brookview Operating	Motor Vehicle Operating
Cash flows from operating activities				
Receipts from customers and users	\$ 11,422,757	\$ 2,870,102	\$ 4,356,905	\$ 396,494
Receipts from interfund services provided	–	–	–	–
Paid to suppliers/service providers	(7,022,200)	(496,555)	(1,539,567)	(38,721)
Paid to employees	(1,376,756)	(422,754)	(2,186,209)	(449,646)
Payments for interfund services	(275,000)	(200,000)	(85,000)	(30,000)
Net cash flows from operating activities	2,748,801	1,750,793	546,129	(121,873)
Cash flows from capital and related financing activities				
Acquisition of capital assets	(3,807,446)	(1,478,952)	(1,785,308)	–
Advances (to) from other funds	(755,093)	(755,093)	1,510,186	–
Repayment of advances	(353,525)	383,576	–	–
Interest (paid) received on advances	(25,518)	74,473	(10,186)	–
Capital contributions	202,203	646,449	–	–
Proceeds from sale of capital assets	96,400	10,865	1,000	–
Principal paid on capital debt	–	(125,000)	–	–
Interest paid on capital debt	–	(61,600)	–	–
Net cash flows from capital and related financing activities	(4,642,979)	(1,305,282)	(284,308)	–
Cash flows from investing activities				
Interest received (charged) on investments	(589,440)	(473,985)	(41,814)	(6,946)
Cash flows from noncapital financing activities				
Operating grants	–	143,127	–	142,906
Franchise taxes	1,500,000	–	–	–
Transfers (out)	–	–	–	(30,000)
Net cash flows from noncapital financing activities	1,500,000	143,127	–	112,906
Net increase (decrease) in cash and temporary investments/cash equivalents	(983,618)	114,653	220,007	(15,913)
Cash and temporary investments/cash equivalents				
Beginning of year	16,304,233	11,558,787	1,748,148	390,431
End of year	\$ 15,320,615	\$ 11,673,440	\$ 1,968,155	\$ 374,518

		Governmental Activities
Recycling	Totals	Internal Service
\$ 1,053,706	\$ 20,099,964	\$ 7,193,413
—	—	3,126,219
(931,195)	(10,028,238)	(7,889,074)
—	(4,435,365)	(3,189,386)
(75,000)	(665,000)	—
47,511	4,971,361	(758,828)
—	(7,071,706)	—
—	—	—
—	30,051	—
—	38,769	—
—	848,652	—
—	108,265	—
—	(125,000)	—
—	(61,600)	—
—	(6,232,569)	—
(46,795)	(1,158,980)	(111,597)
87,726	373,759	638,910
—	1,500,000	—
—	(30,000)	—
87,726	1,843,759	638,910
88,442	(576,429)	(231,515)
1,316,033	31,317,632	3,074,024
\$ 1,404,475	\$ 30,741,203	\$ 2,842,509

CITY OF GOLDEN VALLEY

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds			
	Utility	Storm Sewer Utility	Brookview Operating	Motor Vehicle Operating
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 1,616,370	\$ 573,548	\$ 420,757	\$ (119,590)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	973,434	1,122,697	121,910	2,317
Other income	–	450	980	29
Changes in assets, liabilities, and deferred outflows/inflows				
Special assessments receivable	(6,840)	–	–	–
Accounts receivable	(286,089)	94,523	(20,125)	(21,570)
Due from other governmental units	(87,202)	–	–	–
Inventory	(10,356)	–	(19,620)	–
Prepays	9,592	(13,591)	(1,625)	–
Net pension asset – fire relief	–	–	–	–
Deferred outflows – pension and OPEB plans	–	–	–	–
Accounts payable	437,700	(41,482)	29,237	(159)
Contracts payable	42,947	14,249	–	–
Due to other governmental units	59,245	399	14,915	17,100
Deposits	–	–	(300)	–
Accrued compensated absences	–	–	–	–
Net pension liability – PERA	–	–	–	–
Total OPEB liability	–	–	–	–
Deferred inflows – pension and OPEB plans	–	–	–	–
Net cash flows from operating activities	<u>\$ 2,748,801</u>	<u>\$ 1,750,793</u>	<u>\$ 546,129</u>	<u>\$ (121,873)</u>
Schedule of noncash capital and related financing activities				
Amortization of debt premiums	\$ –	\$ 2,057	\$ –	\$ –
Net book value of capital asset disposals	<u>\$ 33,572</u>	<u>\$ 5,865</u>	<u>\$ 13,025</u>	<u>\$ –</u>

			Governmental Activities
Recycling	Totals		Internal Service
\$ (19,391)	\$ 2,471,694		\$ (1,815,176)
—	2,220,358		17,445
13,290	14,749		147
—	(6,840)		—
—	(233,261)		5,518
—	(87,202)		18,064
—	(29,976)		10,805
—	(5,624)		—
—	—		(8,968)
—	—		(4,864,353)
53,213	478,509		4,736
—	57,196		—
399	92,058		129
—	(300)		(12,117)
—	—		(26,697)
—	—		13,798,666
—	—		1,172,217
—	—		(9,059,244)
<u>\$ 47,511</u>	<u>\$ 4,971,361</u>		<u>\$ (758,828)</u>
<u>\$ —</u>	<u>\$ 2,057</u>		<u>\$ —</u>
<u>\$ —</u>	<u>\$ 52,462</u>		<u>\$ —</u>

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CITY OF GOLDEN VALLEY

Notes to Basic Financial Statements December 31, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Golden Valley, Minnesota (the City) operates under “Optional Plan B” as defined in Minnesota Statutes, Chapter 412. Under this plan, the government of the City is run by a council composed of an elected mayor and four councilmembers. 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.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

As a result of applying these criteria, certain organizations have been included or disclosed in this report as follows:

- 1. Blended Component Unit** – The Golden Valley Housing and Redevelopment Authority (HRA) is a legally separate organization created in accordance with Minnesota Statutes § 469. Its purpose is to clear and redevelop blighted areas in the City and to provide adequate housing for low and moderate-income residents. The HRA is fiscally dependent upon the City, its governing board consists of the City’s mayor and councilmembers, and the City’s management has operational responsibility for the HRA. Therefore, the HRA has been reported as a blended component unit of the City, with its funds reported as funds of the City.
- 2. Joint Ventures** – The City participates in two joint ventures: the Bassett Creek Water Management Commission and the Joint Water Commission (JWC). Descriptions and condensed financial information for these organizations are included later in these notes.
- 3. Jointly Governed Organization** – The City is a member of Local Governmental Information Systems (LOGIS), a consortium of Minnesota municipalities that provides data processing services and support to its members. LOGIS is a legally separate entity that is financially independent of the City. Further, the City does not appoint a voting majority of LOGIS’ Board of Directors. Therefore, it has not been incorporated into the City’s reporting entity. During the 2022 fiscal year, the City paid LOGIS \$765,659 for services provided.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely upon sales, 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; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense 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.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. 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 enterprise funds and internal service funds are charges to customers for sales and services. The operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Description of Funds

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Act Special Revenue Fund – This fund used to account for federal funds allocated to the City under the American Rescue Plan Act.

Street Reconstruction Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, debt service on improvement bonds issued to finance the City's Street Reconstruction Program.

State Aid Construction Capital Project Fund – This fund is used to account for state construction aid received to finance qualifying road projects.

Street Reconstruction Capital Project Fund – This fund is used to account for financial resources, primarily improvement bond proceeds, to be used for the City's Street Reconstruction Program.

Winnetka/Medicine Lake Tax Increment Capital Project Fund – This fund is used to account for the activity of the City's Winnetka/Medicine Lake Tax Increment District No. 1508.

The City reports the following major proprietary funds:

Utility Fund – This fund is used to account for the operation, maintenance, and improvement of the City's water and sanitary sewer utilities.

Storm Sewer Utility Fund – This fund is used to account for the operation, maintenance, and improvement of the City's storm water drainage system.

Brookview Operating Fund – This fund is used to account for the operation, maintenance, and improvement of the City's 18-hole regulation and 9-hole par 3 golf course facilities.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Motor Vehicle Operating Fund – This fund is used to account for the operation and maintenance of the City’s Deputy Registrar function.

Recycling Fund – This fund is used to account for the operation of the City’s recycling, spring brush pickup, and fall leaf drop-off programs.

The City also reports the following fund type:

Internal Service Funds – These funds are used to account for the City’s vehicle maintenance operation, workers’ compensation insurance, and payroll benefits. Internal service funds operate in a manner similar to enterprise funds; however, they provide services primarily to other departments within the City.

E. Budgets and Budgetary Accounting

Each fall, following a truth in taxation public hearing, the City Council adopts a General Fund budget for the following fiscal year beginning January 1. The budget is prepared on a modified accrual basis of accounting. The City has established budgetary control at the division level. City management may transfer appropriations within divisions but needs City Council approval before exceeding the budget at that level. Appropriations lapse at year-end; however, the City Council may approve the carryover of specific amounts.

F. Cash, Cash Equivalents, and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds. Certain bond proceeds may be held separately for capital projects. Earnings on these accounts are allocated directly to the respective funds.

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

The City generally reports investments at fair value other than for certain investment pools valued at amortized cost.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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; and 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 2 for the City’s recurring fair value measurements as of the current year-end.

G. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. The City does record an allowance for the amount of utility receivables that remain delinquent after having been certified to the county.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Hennepin County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The county provides tax settlements to cities and other taxing districts three times a year; in July, December, and January.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable and are offset by a deferred inflow of resources in the governmental fund financial statements.

I. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable which remain unpaid on December 31 are offset by a deferred inflow of resources in the governmental fund financial statements.

Special assessments receivable at year-end consists of the following:

	Special Assessments Receivable				
	Delinquent	Deferred	Total	Allowance for Uncollectible	Net of Allowance
Governmental funds					
General	\$ 1,190	\$ 1,783	\$ 2,973	\$ –	\$ 2,973
Street Reconstruction Debt Service	6,168	2,471,279	2,477,447	–	2,477,447
State Aid Construction Capital Project	–	248,611	248,611	–	248,611
Street Reconstruction Capital Project	–	10,815	10,815	–	10,815
Nonmajor	–	217,445	217,445	–	217,445
Total governmental funds	7,358	2,949,933	2,957,291	–	2,957,291
Enterprise funds					
Utility	43,847	326,230	370,077	(43,847)	326,230
Total	\$ 51,205	\$ 3,276,163	\$ 3,327,368	\$ (43,847)	\$ 3,283,521

J. Interfund Receivables and Payables

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds.” All other outstanding balances between funds are reported as “due 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.”

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaids

Certain cash payments to vendors reflect costs applicable to future periods and are recorded as prepaids in both the government-wide and fund financial statements. Governmental fund prepaids are recorded as expenditures when consumed.

L. Inventories

Proprietary fund inventories are stated at cost (for supplies) or the lower of cost or market (for resale merchandise) on the first-in, first-out basis. Inventory in the internal service funds consists of parts, supplies, and gasoline for the maintenance of city-owned vehicles.

M. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 10 to 50 years for land improvements and buildings and improvements, 3 to 20 years for machinery and equipment, and 20 to 50 years for infrastructure.

N. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position, or balance sheets, will sometimes report deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

Deferred inflows of resources from unavailable revenue arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental fund financial statements. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and long-term receivables. These amounts are deferred and recognized as inflows of resources in the period they become available.

Deferred outflows and inflows of resources related to pensions or other post-employment benefits (OPEB) are reported in the government-wide and proprietary fund Statements of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, assumption changes, differences between projected and actual earnings on plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension or OPEB standards.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

P. Compensated Absences

Substantially all regular full-time and part-time city employees hired before January 1, 2009 earn vacation and sick leave at various rates based on longevity. Unused vacation may be accumulated up to a maximum of two times the employee's annual vacation allowance. Unused sick leave may be accumulated up to a maximum of 800 hours. Employees in good standing are paid for any unused vacation time upon termination. After five years of service, employees in good standing are also paid for one-third of any unused sick leave upon termination. Employees hired on or after January 1, 2009 earn personal time off (PTO) rather than vacation and sick leave. PTO may be accumulated up to various maximum amounts as specified by contract. Employees in good standing are paid for any unused PTO upon termination. All such benefits are payable at the employee's current rate of pay at the time their employment with the City terminates. These benefits are accrued as they vest in the Payroll Benefits Internal Service Fund and are funded as they accrue from the City's General Fund and enterprise funds.

Q. State-Wide Pension Plans

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 the benefit terms. Investments are reported at fair value.

R. 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. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverage. The LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks did not exceed insurance coverage in any of the last three fiscal years. There were no significant reductions in insurance coverage in the current year.

S. 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 at the date of the financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints established by resolution of the City Council, which cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints representing amounts intended to be used by the City for specific purposes that do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the City Council is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as needed. When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City's fund balance policy includes a fund balance goal in the General Fund of maintaining an unassigned fund balance of 60 percent of next year's adopted General Fund budgeted expenditures.

U. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Net Investment in Capital Assets

The City's net investment in capital assets at year-end is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net of depreciation	\$ 92,125,501	\$ 47,920,083	\$ 140,045,584
Less applicable			
Bonds payable	(56,670,000)	(2,215,000)	(58,885,000)
Unamortized bond premiums	(1,849,847)	(29,403)	(1,879,250)
Net investment in capital assets	<u>\$ 33,605,654</u>	<u>\$ 45,675,680</u>	<u>\$ 79,281,334</u>

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 9,547,118
Investments	83,154,331
Cash on hand	<u>5,595</u>
Total	<u>\$ 92,707,044</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the bank balances of the City's deposits totaled \$9,706,668, all of which were fully covered by federal deposit insurance or collateral held by the City's agent in the City's name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk Rating	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total	Concentration Risk > 5 Percent
			No Maturity	Less Than 1	1 to 5		
U.S. agency securities							
FHLMC	AAA	Level 2	\$ –	\$ –	\$ 6,444,720	\$ 6,444,720	Yes
FFCB	AA	Level 2	–	3,116,608	8,214,673	11,331,281	Yes
FHLB	AA	Level 2	–	–	17,853,964	17,853,964	Yes
FNMA	AA	Level 2	–	–	3,926,520	3,926,520	No
State and local bonds	AAA	Level 2	–	–	5,151,015	5,151,015	No
State and local bonds	AA	Level 2	–	5,277,957	11,915,870	17,193,827	No
State and local bonds	A	Level 2	–	–	5,954,786	5,954,786	No
Negotiable certificates of deposit	N/R	Level 2	–	245,584	–	245,584	No
Investment pool/mutual funds							
U.S. Government Money Market Fund	AAA	Level 1	2	–	–	2	N/A
4M Fund	N/R	N/A	2,673,125	–	–	2,673,125	N/A
4M Plus Fund	N/R	N/A	12,379,507	–	–	12,379,507	N/A
Total investments			\$ 15,052,634	\$ 8,640,149	\$ 59,461,548	\$ 83,154,331	

Credit risk ratings above were provided by nationally recognized rating agencies: Standard and Poor's, Moody's, or Fitch.

N/A – Not Applicable

N/R – Not Rated

The Minnesota Municipal Money Market (4M) Fund and 4M Plus Fund are external investment pools regulated by Minnesota Statutes that are not registered with the Securities and Exchange Commission (SEC), but follow the regulatory rules of the SEC. The City's investment in these funds is measured at the value per share provided by the pool, which are based on an amortized cost method that approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Fund. The 4M Plus Fund requires an initial 14-day investment period, subject to a penalty equal to 7 days of interest on funds withdrawn prior to the 14-day restriction period.

Investments are subject to various risks, the following of which are considered the most significant:

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policies do not further address credit risk.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by control of who holds the securities.

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 policies do not limit the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does not have an investment policy limiting the duration of investments.

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The City had the following interfund balances at year-end:

Receivable Fund	Payable Fund	Amount	Reason
Due from/to other funds			
Storm Sewer Utility Enterprise	Utility Enterprise	\$ 173,491	Current portion of advance (1)
Nonmajor governmental	Utility Enterprise	182,340	Current portion of advance (2)
Storm Sewer Utility Enterprise	Winnetka/Medicine Lake		
	Tax Increment Capital Project	75,617	Current portion of advance (3)
Storm Sewer Utility Enterprise	Winnetka/Medicine Lake		
	Tax Increment Capital Project	175,953	Current portion of advance (4)
Utility Enterprise	Brookview Operating Enterprise	30,086	Current portion of advance (5)
Storm Sewer Utility Enterprise	Brookview Operating Enterprise	30,086	Current portion of advance (5)
		<u>667,573</u>	
Advances to/from other funds			
Storm Sewer Utility Enterprise	Utility Enterprise	172,000	Advance (1)
Nonmajor governmental	Utility Enterprise	360,000	Advance (2)
Storm Sewer Utility Enterprise	Winnetka/Medicine Lake		
	Tax Increment Capital Project	790,000	Advance (3)
Storm Sewer Utility Enterprise	Winnetka/Medicine Lake		
	Tax Increment Capital Project	357,664	Advance (4)
Utility Enterprise	Brookview Operating Enterprise	725,007	Advance (5)
Storm Sewer Utility Enterprise	Brookview Operating Enterprise	725,007	Advance (5)
		<u>3,129,678</u>	
Total interfund balances reported on fund financial statements		<u>\$ 3,797,251</u>	
Net interfund balances between governmental and enterprise funds		\$ (856,894)	
Internal service funds activities related to business-type activities		<u>2,153,749</u>	
Internal balances reported on government-wide financial statements		<u>\$ 1,296,855</u>	

NOTE 3 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Descriptions of Advances

- 1) In 2014, the Storm Sewer Utility Enterprise Fund advanced \$1,720,000 to the Utility Enterprise Fund to finance an emergency water supply project. The advance will be repaid through annual payments due each October 31 from 2015 through 2024, consisting of \$172,000 principal plus interest on the outstanding balance at 2.6 percent. Interest for 2022 was \$12,671.
- 2) In 2015, the Capital Improvement Capital Project Fund advanced \$1,800,000 to the Utility Enterprise Fund to finance an emergency pipe reconstruction project. The advance will be repaid through annual payments due each October 31 from 2016 through 2025, consisting of \$180,000 principal plus interest on the outstanding balance at 2.6 percent. Interest for 2022 was \$17,940.
- 3) In 2016, the Storm Sewer Utility Enterprise Fund advanced \$1,000,000 to the Winnetka/Medicine Lake Tax Increment Capital Project Fund. The advance will be repaid through annual payments due each February 1 from 2017 through 2036, consisting of principal at varying amounts plus interest on the outstanding balance at 4.0 percent. Interest for 2022 was \$33,550.
- 4) In 2018, the Storm Sewer Utility Enterprise Fund advanced \$1,050,000 to the Winnetka/Medicine Lake Tax Increment Capital Project Fund. The advance will be repaid through semiannual payments due from February 1, 2019 through August 1, 2023, consisting of principal at varying amounts plus interest on the outstanding balance at 4.0 percent. Interest for 2022 was \$23,160.
- 5) In 2022, the Water and Sewer Utility Enterprise Fund and the Storm Sewer Utility Enterprise Fund advanced \$1,500,000 (\$750,000 each) to the Brookview (Golf Course) Operating Enterprise Fund to finance an irrigation system. The advance will be repaid through annual payments due each October 31 from 2023 through 2042, consisting of principal at varying amounts plus interest on the outstanding balance at 4.0 percent. Interest for 2022 was \$10,185.

C. Interfund Transfers

Interfund transfers for the 2022 fiscal year were as follows:

Transfers Out	Transfers In			
	Governmental Funds			
	General	Street Reconstruction Capital Project	Nonmajor	Total
Governmental funds				
General	\$ —	\$ 700,000 (1)	\$ 2,050,000 (1)	\$ 2,750,000
Nonmajor	—	—	25,000 (2)	25,000
Enterprise funds				
Motor Vehicle Operating	30,000 (3)	—	—	30,000
Total	<u>\$ 30,000</u>	<u>\$ 700,000</u>	<u>\$ 2,075,000</u>	<u>\$ 2,805,000</u>

(1) Transfers to finance current or future capital purchases or construction.

(2) Transfer to finance a comprehensive housing needs assessment.

(3) Transfer to support General Fund budget.

Interfund transfers are eliminated to the extent possible in the government-wide financial statements.

NOTE 4 – CAPITAL ASSETS

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

A. Changes in Capital Assets Used in Governmental Activities

	Beginning of Year	Additions	Deletions	Transfers and Completed Construction	End of Year
Capital assets, not depreciated					
Land	\$ 3,527,685	\$ –	\$ –	\$ –	\$ 3,527,685
Construction in progress	14,737,620	6,753,853	–	(13,283,003)	8,208,470
Total capital assets, not depreciated	18,265,305	6,753,853	–	(13,283,003)	11,736,155
Capital assets, depreciated					
Land improvements	8,001,061	202,617	–	–	8,203,678
Buildings and improvements	29,267,959	48,377	–	–	29,316,336
Machinery and equipment	17,058,832	1,129,806	(482,169)	–	17,706,469
Infrastructure	133,120,578	–	–	13,283,003	146,403,581
Total capital assets, depreciated	187,448,430	1,380,800	(482,169)	13,283,003	201,630,064
Less accumulated depreciation on					
Land improvements	(4,673,785)	(308,985)	–	–	(4,982,770)
Buildings and improvements	(12,260,841)	(604,626)	–	–	(12,865,467)
Machinery and equipment	(9,057,134)	(1,193,141)	379,526	–	(9,870,749)
Infrastructure	(88,075,350)	(5,446,382)	–	–	(93,521,732)
Total accumulated depreciation	(114,067,110)	(7,553,134)	379,526	–	(121,240,718)
Net capital assets, depreciated	73,381,320	(6,172,334)	(102,643)	13,283,003	80,389,346
Total capital assets, net	\$ 91,646,625	\$ 581,519	\$ (102,643)	\$ –	\$ 92,125,501

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning of Year	Additions	Deletions	Transfers and Completed Construction	End of Year
Capital assets, not depreciated					
Land	\$ 903,043	\$ 90,869	\$ –	\$ –	\$ 993,912
Construction in progress	5,516,547	4,392,942	–	(2,034,994)	7,874,495
Total capital assets, not depreciated	6,419,590	4,483,811	–	(2,034,994)	8,868,407
Capital assets, depreciated					
Land improvements	3,356,022	37,695	(23,459)	–	3,370,258
Buildings and improvements	808,625	–	–	–	808,625
Machinery and equipment	5,078,164	699,304	(441,183)	–	5,336,285
Infrastructure – distribution and collection systems	57,604,886	1,850,896	–	2,034,994	61,490,776
Total capital assets, depreciated	66,847,697	2,587,895	(464,642)	2,034,994	71,005,944
Less accumulated depreciation on					
Land improvements	(2,830,586)	(52,455)	10,434	–	(2,872,607)
Buildings and improvements	(603,024)	(23,363)	–	–	(626,387)
Machinery and equipment	(3,551,892)	(356,292)	401,746	–	(3,506,438)
Infrastructure – distribution and collection systems	(23,160,588)	(1,788,248)	–	–	(24,948,836)
Total accumulated depreciation	(30,146,090)	(2,220,358)	412,180	–	(31,954,268)
Net capital assets, depreciated	36,701,607	367,537	(52,462)	2,034,994	39,051,676
Total capital assets, net	\$ 43,121,197	\$ 4,851,348	\$ (52,462)	\$ –	\$ 47,920,083

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense for the year ended December 31, 2022 was charged to the following functions:

Governmental activities	
General government	\$ 76,027
Public safety	458,465
Community development	9,732
Public works	6,063,928
Parks and recreation	927,537
Capital assets held by the City's internal service funds – charged to the various functions based on usage of the assets	<u>17,445</u>
Total depreciation expense – governmental activities	<u><u>\$ 7,553,134</u></u>
Business-type activities	
Utility (water and sewer)	\$ 973,434
Storm sewer utility	1,122,697
Brookview (golf course) operating	121,910
Motor vehicle operating	<u>2,317</u>
Total depreciation expense – business-type activities	<u><u>\$ 2,220,358</u></u>

NOTE 5 – LONG-TERM LIABILITIES

A. Long-Term Liabilities

The City's long-term liabilities at December 31, 2022 are as follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Balance – End of Year</u>
Governmental activities					
General obligation special assessment bonds					
Improvement Bonds of 2012A	\$ 1,575,000	2.00–3.00%	05/15/2012	02/01/2032	\$ 510,000
Improvement Refunding Bonds of 2012C	\$ 5,960,000	2.00–2.25%	05/15/2012	02/01/2025	2,945,000
Improvement Bonds of 2013A	\$ 1,735,000	1.25–3.00%	05/21/2013	02/01/2033	785,000
Improvement Refunding Bonds of 2013B	\$ 7,025,000	2.00%	05/21/2013	02/01/2026	3,125,000
Improvement Bonds of 2014A	\$ 2,335,000	1.00–3.40%	06/19/2014	02/01/2035	1,790,000
Improvement Refunding Bonds of 2014C	\$ 3,950,000	2.00–4.00%	06/19/2014	02/01/2027	3,330,000
Improvement Bonds of 2015A	\$ 1,870,000	3.00–3.50%	07/15/2015	02/01/2036	645,000
Improvement Refunding Bonds of 2015C	\$ 6,600,000	2.00–2.50%	07/15/2015	02/01/2028	5,360,000
Improvement Bonds of 2016A	\$ 1,290,000	2.00–3.00%	07/07/2016	02/01/2037	890,000
Improvement Bonds of 2017A	\$ 2,580,000	3.00–3.25%	07/20/2017	02/01/2038	2,015,000
Improvement Refunding Bonds of 2017A	\$ 4,100,000	3.00%	07/20/2017	02/01/2029	3,305,000
Improvement Refunding Bonds of 2017B	\$ 765,000	2.00–4.00%	07/20/2017	02/01/2028	445,000
Improvement Bonds of 2018A	\$ 2,950,000	3.00–3.375%	06/14/2018	02/01/2038	2,385,000
Improvement Bonds of 2019A	\$ 1,770,000	3.00–5.00%	07/18/2019	02/01/2039	1,650,000
Improvement Bonds of 2021A	\$ 3,420,000	1.50–3.00%	06/03/2021	02/01/2041	3,280,000
Improvement Bonds of 2022A	\$ 3,895,000	3.00–5.00%	05/05/2022	02/01/2042	3,895,000
					<u>36,355,000</u>
General obligation street reconstruction bonds					
Street Reconstruction Bonds of 2016C	\$ 5,630,000	2.13–4.00%	07/07/2016	02/01/2037	4,475,000
General obligation tax increment bonds					
Tax Increment Bonds of 2017B	\$ 1,170,000	2.00–4.00%	07/20/2017	02/01/2028	790,000
General obligation state aid street bonds					
State Aid Street Bonds of 2007A	\$ 2,560,000	4.00–4.125%	03/15/2007	04/01/2027	835,000
Lease revenue bonds					
2016C Lease Revenue Bonds (Brookview Community Center)	\$ 17,410,000	2.00–4.00%	10/19/2016	02/01/2037	14,215,000
Unamortized premiums					1,849,847
Compensated absences payable					1,609,482
Net pension liability – PERA					21,200,462
Total OPEB liability					<u>3,045,439</u>
Total governmental activity long-term liabilities					<u>84,375,230</u>
Business-type activities					
General obligation revenue bonds					
Utility Revenue Bonds of 2016D	\$ 2,580,000	2.13–3.00%	10/19/2016	02/01/2037	2,215,000
Unamortized premiums					<u>29,403</u>
Total business-type activity long-term liabilities					<u>2,244,403</u>
Total government-wide long-term liabilities					<u>\$ 86,619,633</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

- **Special Assessment Bonds** – These bonds are payable primarily from special assessments levied on the properties benefiting from the improvements funded by these issues. Any deficiencies in revenue to fund these issues will be provided from general property taxes.
- **Street Reconstruction Bonds** – The general obligation street reconstruction bonds, issued in accordance with Minnesota Statutes § 475.58 to finance the cost of the Douglas Drive Street Reconstruction Project, will be repaid primarily with ad valorem tax levies.
- **Tax Increment Bonds** – The City has established tax increment financing (TIF) districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes, § 462.585 and § 273.77. It is anticipated that the tax increment revenues, derived from the captured assessed value of property in the tax increment district, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.
- **State Aid Street Bonds** – The general obligation state aid street bonds, issued in accordance with Minnesota Statutes § 162.18 to finance various street improvements, will be repaid primarily with state aid.
- **HRA Lease Revenue Bonds** – The 2016C Lease Revenue Bonds were issued to finance the construction of the new Brookview Community Center. The bonds were issued by the HRA, a blended component unit of the City. The funding for the debt is provided through a lease agreement between the City (as lessee) and the HRA (as lessor), that requires the City to make rental payments sufficient to pay the debt service on the bonds. Therefore, this bond issue has been included as an obligation of the City. Title to the facility will transfer to the City upon completion of the lease agreement and repayment of the related debt.
- **Utility Revenue Bonds** – These bonds were issued for improvements or projects that directly benefit the Storm Sewer Utility Enterprise Fund and will be repaid from revenue sources of that fund.
- **Other Long-Term Liabilities** – The City provides its employees with various benefits, including compensated absences, pensions, and OPEB, as described elsewhere in these notes. These benefits are paid from the Payroll Benefits Internal Service Fund.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments to retire outstanding bonds are as follows:

Year Ending December 31,	Governmental Activities					
	General Obligation Special Assessment Bonds		General Obligation Street Reconstruction Bonds		General Obligation Tax Increment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,080,000	\$ 954,029	\$ 245,000	\$ 124,913	\$ 125,000	\$ 18,863
2024	4,320,000	842,254	250,000	118,712	125,000	16,362
2025	4,400,000	730,138	260,000	111,063	130,000	12,513
2026	4,615,000	615,138	265,000	103,187	135,000	8,394
2027	3,700,000	500,807	275,000	96,462	135,000	5,187
2028–2032	8,225,000	1,447,871	1,475,000	371,894	140,000	1,750
2033–2037	4,735,000	606,474	1,705,000	131,175	–	–
2038–2042	2,280,000	115,074	–	–	–	–
	<u>\$ 36,355,000</u>	<u>\$ 5,811,785</u>	<u>\$ 4,475,000</u>	<u>\$ 1,057,406</u>	<u>\$ 790,000</u>	<u>\$ 63,069</u>

Year Ending December 31,	Governmental Activities					
	General Obligation State Aid Street Bonds		HRA Lease Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 155,000	\$ 31,247	\$ 735,000	\$ 464,900	\$ 5,340,000	\$ 1,593,952
2024	160,000	24,750	765,000	434,900	5,620,000	1,436,978
2025	165,000	18,047	795,000	407,675	5,750,000	1,279,436
2026	175,000	11,034	820,000	383,450	6,010,000	1,121,203
2027	180,000	3,713	845,000	358,475	5,135,000	964,644
2028–2032	–	–	4,685,000	1,313,650	14,525,000	3,135,165
2033–2037	–	–	5,570,000	427,500	12,010,000	1,165,149
2038–2042	–	–	–	–	2,280,000	115,074
	<u>\$ 835,000</u>	<u>\$ 88,791</u>	<u>\$ 14,215,000</u>	<u>\$ 3,790,550</u>	<u>\$ 56,670,000</u>	<u>\$ 10,811,601</u>

Year Ending December 31,	Business-Type Activities	
	Utility Revenue Bonds	
	Principal	Interest
2023	\$ 125,000	\$ 54,950
2024	130,000	52,400
2025	130,000	49,800
2026	135,000	47,150
2027	135,000	43,775
2028–2032	735,000	163,628
2033–2037	825,000	62,485
	<u>\$ 2,215,000</u>	<u>\$ 474,188</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. 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
Utility Revenue Bonds, Series 2016D	Storm sewer improvements	Utility charges	100%	2016–2037	\$ 2,689,188	\$ 186,600	\$ 2,775,129

E. Changes in Long-Term Debt

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
Governmental activities					
G.O. special assessment bonds	\$ 36,300,000	\$ 3,895,000	\$ 3,840,000	\$ 36,355,000	\$ 4,080,000
G.O. street reconstruction bonds	4,715,000	–	240,000	4,475,000	245,000
G.O. tax increment bonds	915,000	–	125,000	790,000	125,000
G.O. state aid street bonds	985,000	–	150,000	835,000	155,000
HRA lease revenue bonds	14,925,000	–	710,000	14,215,000	735,000
Unamortized premiums	1,800,991	239,409	190,553	1,849,847	–
Compensated absences	1,636,179	1,234,062	1,260,759	1,609,482	1,327,391
Net pension liability – PERA	7,401,796	15,478,270	1,679,604	21,200,462	–
Total OPEB liability	1,873,222	1,340,545	168,328	3,045,439	–
Total governmental activities	70,552,188	22,187,286	8,364,244	84,375,230	6,667,391
Business-type activities					
Utility revenue bonds	2,340,000	–	125,000	2,215,000	125,000
Unamortized premiums	31,460	–	2,057	29,403	–
Total business-type activities	2,371,460	–	127,057	2,244,403	125,000
Total	\$ 72,923,648	\$ 22,187,286	\$ 8,491,301	\$ 86,619,633	\$ 6,792,391

F. Conduit Debt Obligations

At times, the City has issued various types of revenue bonds to provide financial assistance to private sector, nonprofit, or governmental entities to finance the acquisition or construction of facilities deemed to be in the public interest. 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, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the City's financial statements. As of December 31, 2022, the following conduit debt issue was outstanding:

Type of Debt	Year Issued	Number of Issues	Principal Outstanding
Multi-family housing revenue bonds	2006	1	\$ 2,345,000

NOTE 6 – COMPONENTS OF FUND BALANCE

At December 31, 2022, the City had the following fund balances:

	General	American Rescue Plan Act Special Revenue	Street Reconstruction Debt Service	State Aid Construction Capital Project	Street Reconstruction Capital Project	Winnetka/ Medicine Lake Tax Increment Capital Project	Nonmajor	Total
Nonspendable								
Prepays	\$ 8,976	\$ –	\$ –	\$ –	\$ 57,870	\$ –	\$ 1,081	\$ 67,927
Restricted								
Debt service	–	–	9,987,005	–	–	–	1,748,044	11,735,049
Redevelopment	–	–	–	–	–	–	1,059,483	1,059,483
Street improvements	–	–	–	3,995,039	5,622,279	–	945,019	10,562,337
Brookview Center	–	–	–	–	–	–	583,244	583,244
Lodging tax	–	–	–	–	–	–	28,400	28,400
Cemetery maintenance	–	–	–	–	–	–	92,870	92,870
DWI enforcement	–	–	–	–	–	–	23,780	23,780
VOTF	–	–	–	–	–	–	146,843	146,843
Youth recreation	–	–	–	–	–	–	25,437	25,437
American Rescue Plan Act	–	29,433	–	–	–	–	–	29,433
Total restricted	–	29,433	9,987,005	3,995,039	5,622,279	–	4,653,120	24,286,876
Committed								
Human service needs	–	–	–	–	–	–	169,113	169,113
Assigned								
Street improvements	–	–	–	363,628	982,694	–	70,928	1,417,250
Equipment replacement	–	–	–	–	–	–	3,690,368	3,690,368
Park improvements	–	–	–	–	–	–	1,265,369	1,265,369
Capital improvements	–	–	–	–	–	–	5,876,236	5,876,236
Cable improvements	–	–	–	–	–	–	113,966	113,966
Remote fire station	612,910	–	–	–	–	–	–	612,910
Self-insurance	2,000,000	–	–	–	–	–	–	2,000,000
Total assigned	2,612,910	–	–	363,628	982,694	–	11,016,867	14,976,099
Unassigned	14,711,433	–	–	–	–	(28,978)	–	14,682,455
Total	<u>\$ 17,333,319</u>	<u>\$ 29,433</u>	<u>\$ 9,987,005</u>	<u>\$ 4,358,667</u>	<u>\$ 6,662,843</u>	<u>\$ (28,978)</u>	<u>\$ 15,840,181</u>	<u>\$ 54,182,470</u>

The City's fund balance policy includes a goal of maintaining an unassigned fund balance in the General Fund for working capital of 60 percent of the subsequent year's adopted expenditures.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. 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 Governmental Accounting Standards Board (GASB) Statement No. 75.

B. Benefits Provided

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City. For members of certain employee groups, the City pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the City differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these city-paid premium benefits must pay the full city premium rate for their coverage.

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.

For police officers or firefighters disabled in the line-of-duty, Minnesota Statutes require the City to continue payment of the employer's contribution toward health coverage for the police officer or firefighter and their spouse, if the spouse was covered at the time of disability, until age 65.

C. 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 \$168,328.

D. Membership

Membership in the Plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	12
Active plan members	<u>138</u>
Total members	<u><u>150</u></u>

E. Total OPEB Liability of the City

The City's total OPEB liability of \$3,045,439 as of year-end was measured as of December 31, 2021 and was determined by an actuarial valuation (census data) as of January 1, 2022.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined using the entry-age normal cost method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.06%
20-year municipal bond yield	2.06%
Inflation rate	2.50%
Healthcare cost trend rate	6.20%, grading to 3.90% over 54 years

Since the Plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 2.06 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for the state-wide PERA pension plans. The PERA plans base their assumptions on periodic experience studies. Mortality rates were based on the mortality tables used in the PERA plan of which the employee, retiree, or beneficiary is a participant.

Future retirees electing coverage is assumed to be 50 percent. Married future retirees electing spouse coverage is assumed to be 35 percent (60 percent for police and fire personnel).

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.12 percent to 2.06 percent.
- The general inflation rate was changed from 2.00 percent to 2.50 percent.
- The healthcare trend rates, claims rates, and withdrawal, retirement, mortality, disability, and salary scale assumptions, were updated for changes in recent studies and valuations.
- Future retiree and retiree spouse participation rates were updated based on analysis of past plan experience.
- Future medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance – January 1, 2022	\$ 1,873,222
Changes for the year	
Service cost	161,504
Interest	41,206
Difference between estimated and actual experience	1,548,305
Changes of assumptions	(396,763)
Benefit payments	(182,035)
Total net changes	<u>1,172,217</u>
Ending balance – December 31, 2022	<u>\$ 3,045,439</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**H. 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>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	1.06%	2.06%	3.06%
Total OPEB liability	\$ 3,299,237	\$ 3,045,439	\$ 2,813,225

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 Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare cost trend rate	5.20%, decreasing to 2.90% over 54 years	6.20%, decreasing to 3.90% over 54 years	7.20%, decreasing to 4.90% over 54 years
Total OPEB liability	\$ 2,799,504	\$ 3,045,439	\$ 3,330,624

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

The City recognized OPEB expense of \$254,462 in 2022. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,420,351	\$ 423,535
Changes in assumptions	209,787	421,897
Contributions subsequent to the measurement date	168,328	—
Total	<u>\$ 1,798,466</u>	<u>\$ 845,432</u>

Deferred outflows of resources reported \$168,328 related to OPEB resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2023	\$ 51,752
2024	\$ 51,752
2025	\$ 51,752
2026	\$ 51,653
2027	\$ 47,623
Thereafter	\$ 530,174

NOTE 8 – PENSION PLANS SUMMARY

Employees of the City participate in three defined benefit pension plans. Two of the plans are state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota: the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF). The third is a single-employer defined benefit pension plan administered through the Golden Valley Fire Department Relief Association (the Association). The following table summarizes the impact of these plans on the City's government-wide financial statements:

	State-Wide PERA Pension Plans			GVFDRA	Total All Plans
	GERF	PEPFF	Total		
Net pension asset	\$ –	\$ –	\$ –	\$ 3,128,030	\$ 3,128,030
Deferred outflows	\$ 3,356,260	\$ 8,120,804	\$ 11,477,064	\$ 357,857	\$ 11,834,921
Net pension liability	\$ 9,995,080	\$ 11,205,382	\$ 21,200,462	\$ –	\$ 21,200,462
Deferred inflows	\$ 136,263	\$ 983,188	\$ 1,119,451	\$ 1,500,586	\$ 2,620,037
Pension expense	\$ 1,599,615	\$ 549,377	\$ 2,148,992	\$ 471,371	\$ 2,620,363

NOTE 9 – 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 PERA of Minnesota. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The Public Employees Police and Fire Fund (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

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

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 Coordinated Plan members 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 age 66.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 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. Recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014, vest on a prorated basis from 50.0 percent after five years, up to 100.0 percent after 10 years of credited service. Benefits for the PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50.0 percent after 10 years, up to 100.0 percent after 20 years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is fixed at 1.0 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.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022, and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2022, were \$743,653. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022, were \$532,121. The City's contributions were equal to the required contributions as set by state statutes.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At December 31, 2022, the City reported a liability of \$9,995,080 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 \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$293,026. 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 proportionate share was 0.1262 percent at the end of the measurement period and 0.1176 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 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	\$ 9,995,080
State's proportionate share of the net pension liability associated with the City	\$ 293,026

For the year ended December 31, 2022, the City recognized pension expense of \$1,555,830 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$43,785 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 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	\$ 83,486	\$ 99,283
Changes in actuarial assumptions	2,112,576	36,980
Net collective difference between projected and actual investment earnings	399,441	—
Changes in proportion	381,495	—
Contributions paid to the PERA subsequent to the measurement date	379,262	—
Total	<u>\$ 3,356,260</u>	<u>\$ 136,263</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A total of \$379,262 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 ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 1,031,662
2024	\$ 1,045,122
2025	\$ (139,955)
2026	\$ 903,906

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$11,205,382 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 proportionate share was 0.2575 percent at the end of the measurement period and 0.3083 percent for the beginning of the period.

The state of Minnesota contributed \$18.0 million to the PEPFF in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9.0 million in supplemental state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later.

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9.0 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$454,406 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$94,971 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the PEPFF.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and 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	\$ 11,205,382
State's proportionate share of the net pension liability associated with the City	\$ 489,606

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9.0 million in supplemental state aid. The City recognized \$23,175 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 PEPFF.

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	\$ 743,505	\$ –
Changes in actuarial assumptions	7,057,148	84,472
Net collective difference between projected and actual investment earnings	–	386,361
Changes in proportion	61,822	512,355
Contributions paid to the PERA subsequent to the measurement date	258,329	–
Total	<u>\$ 8,120,804</u>	<u>\$ 983,188</u>

A total of \$258,329 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 1,289,634
2024	\$ 1,296,456
2025	\$ 1,084,983
2026	\$ 2,341,256
2027	\$ 866,958

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	25.00	5.90 %
Total	100.00 %	

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 5.40 percent.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, projected benefit payments exceed the fund's 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 6.50 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
City's proportionate share of the GERF net pension liability	\$ 15,787,755	\$ 9,995,080	\$ 5,244,196
PEPFF discount rate	4.40%	5.40%	6.40%
City's proportionate share of the PEPFF net pension liability	\$ 16,957,910	\$ 11,205,382	\$ 6,554,809

I. Pension Plan Fiduciary Net Position

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

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE

Councilmembers of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the PERA. The PEDCP is a tax qualified plan under Section 401(a) of the IRC, 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 5.00 percent of their salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, the PERA receives 2.00 percent of employer contributions and 25 hundredths of 1.00 percent (0.25 percent) of the assets in each member's account annually.

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

Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
Employee	Employer	Employee	Employer	
\$ 2,360	\$ 2,360	5.00%	5.00%	5.00%

NOTE 11 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the Golden Valley Fire Department (the Department) are covered by a defined benefit plan administered by the Association. As of December 31, 2021, the measurement date of the most recent actuarial valuation, the plan covered 47 active firefighters and 7 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

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

B. Benefits Provided

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

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as described by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years, and have completed at least 10 years of active membership, are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension.

C. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2022, were \$0. The City's contributions were equal to the required contributions as set by state statutes. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

For the year ended December 31, 2022, the City recognized pension expense of \$471,371. The City also recognized \$195,195 as revenue for the state of Minnesota's on-behalf contributions to the Department.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

D. Pension Costs

At December 31, 2022, the City reported a net pension liability (asset) of (\$3,128,030) for the plan. The net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2020.

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2022	\$ 2,742,639	\$ 5,861,701	\$ (3,119,062)
Changes for the year			
Service cost	188,583	–	188,583
Interest on pension liability (asset)	183,308	–	183,308
Changes in benefit terms	833,556	–	833,556
Contributions (state and local)	–	194,195	(194,195)
Net investment income	–	1,038,155	(1,038,155)
Benefit payments, including member contribution refunds	(222,200)	(222,200)	–
Administrative costs	–	(17,935)	17,935
Total net changes	<u>983,247</u>	<u>992,215</u>	<u>(8,968)</u>
Ending balance – December 31, 2022	<u>\$ 3,725,886</u>	<u>\$ 6,853,916</u>	<u>\$ (3,128,030)</u>

At December 31, 2022, the City reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ 69,081	\$ 220,118
Change of assumptions	77,247	14,807
Net difference between projected and actual earnings on plan investments	–	1,054,132
State aid to the City subsequent to the measurement date	<u>211,529</u>	<u>211,529</u>
Total	<u>\$ 357,857</u>	<u>\$ 1,500,586</u>

**NOTE 11 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

Deferred outflows and inflows of resources totaling \$211,529 related to pensions resulting from the City's contributions of state aid received and passed through to the plan subsequent to the measurement date will be recognized in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ (279,650)
2024	\$ (407,215)
2025	\$ (249,733)
2026	\$ (137,468)
2027	\$ (21,064)
Thereafter	\$ (47,599)

E. Actuarial Methods and Assumptions

The total pension liability at the December 31, 2021 measurement date was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service, vested at 60 percent and increased by 4 percent for each additional year of service up to 20, and eligibility for deferred service pension payable at age 50 with 20 years of service

Inflation rate	2.25% per year
Cost of living increases	Zero percent per year
Investment rate of return	6.50%
20-year municipal bond yield	2.00%

Plan changes since the prior valuation include an increase in the annual lump sum pension benefit from \$9,200 to \$12,200.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

The 6.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan’s target investment allocation, along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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	Long-Term Expected Nominal Rate of Return
Domestic equity	68.12 %	4.90 %	7.15 %
International equity	10.72	5.32	7.57
Fixed income	16.99	1.40	3.65
Real estate and alternatives	0.07	4.43	6.68
Cash and equivalents	4.10	0.09	0.23
Total	100.00 %		6.50 %

F. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability (Asset) Sensitivity

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

	1% Decrease in Discount Rate 5.50%	Current Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
Net pension liability (asset)	\$ (2,999,367)	\$ (3,128,030)	\$ (3,252,331)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained at the Golden Valley City Hall.

NOTE 12 – FLEXIBLE BENEFIT PLAN

The City offers three types of flexible spending accounts: medical premiums, medical expenses, and dependent care expenses. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the plan for healthcare and dependent care benefits. Payments are made from the plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the plan during the year. For the medical expense account, the City is contingently liable for claims against the total amount of participants' annual contributions to the plan, whether or not such contributions have been made.

All plan activity is recorded in the City's General Fund. Assets of the plan are held in the City's payroll checking account. Amounts withheld to pay for employee medical insurance premiums are administered and paid out directly by the City's finance department. Medical expense and dependent care expense accounts are administered by the Stanton Group—a benefit consulting firm. Claims are made directly to the Stanton Group by plan participants. The Stanton Group then reimburses the participants and bills the City for these reimbursements.

All plan property and income attributable to that property is solely the property of the City subject to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes it unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 13 – TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

The City is the administering authority for the following tax increment financing (TIF) districts:

	North Wirth Redevelopment District No. 1505	Highway 55 West District No. 1506	Cornerstone Creek District No. 1507	Winnetka/ Medicine Lake District No. 1508
Authorizing law	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Year established	2004	2013	2015	2015
First tax increment	2005	2017	2018	2018
Duration of district	25 years	15 years	25 years	25 years
Tax capacity – taxes payable 2022				
Original	\$ 6,650	\$ 53,990	\$ 8,870	\$ 51,288
Current	<u>43,950</u>	<u>527,153</u>	<u>59,938</u>	<u>687,643</u>
Captured – retained	<u>\$ 37,300</u>	<u>\$ 473,163</u>	<u>\$ 51,068</u>	<u>\$ 636,355</u>
G.O. tax increment bonds issued	\$ –	\$ 1,170,000	\$ –	\$ –
Principal payments	<u>–</u>	<u>380,000</u>	<u>–</u>	<u>–</u>
Outstanding at December 31, 2022	<u>\$ –</u>	<u>\$ 790,000</u>	<u>\$ –</u>	<u>\$ –</u>

The creation of TIF districts as authorized under Minnesota Statutes, Chapter 469.178, is a common economic development vehicle used by the City to spur economic development and redevelopment. In these districts, tax increment revenue is generated on the incremental increase in value of the improved property above a base value established on the date that the TIF district is created, which may be used to assist in financing the improvements to the property within the TIF district.

NOTE 13 – TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS (CONTINUED)

The City may enter into private development and redevelopment agreements to encourage the construction, expansion, or improvement of new or existing properties and buildings or clean-up and redevelop blighted areas within these areas. These agreements may in substance be tax abatements depending on their individual circumstances. The City currently has two such agreements that would be considered a tax abatement under GASB Statement No. 77.

In 2009, the City entered into a development agreement with a private developer for a property in the North Wirth Redevelopment Tax Increment District. As part of this agreement, the City has agreed to reimburse the developer for certain environmental remediation costs through a pay-as-you-go tax increment note. The note provides for the payment of principal equal to the developer's costs, plus interest at 6 percent. Payments of the note will be made at the lesser of the scheduled note payments or the actual net tax increment received during the period specified in the agreement, ending February 1, 2027. The note will be cancelled at the end of the agreement term, whether it has been fully repaid or not. This note is not included in the City's long-term debt, because repayment is required only to the extent sufficient tax increments are received. The City's position is that this is an obligation to assign future and uncertain revenue sources and, as such, is not actual debt in-substance. The outstanding principal balance of this note as of December 31, 2022 is \$80,571, and tax increment revenue rebated was \$25,970 for 2022.

In 2015, the City entered into a development agreement with a private developer for a property in the Highway 55 West Tax Increment District. As part of this agreement, the City has agreed to reimburse the developer for certain environmental remediation costs through a pay-as-you-go tax increment note. The note provides for the payment of principal equal to the developer's costs, plus interest at 5.5 percent. Payments of the note will be made at the lesser of the scheduled note payments or the actual net tax increment received during the period specified in the agreement. The note will be cancelled at the end of the agreement term, whether it has been fully repaid or not. This note is not included in the City's long-term debt, because repayment is required only to the extent sufficient tax increments are received. The City's position is that this is an obligation to assign future and uncertain revenue sources and, as such, is not actual debt in-substance. The outstanding principal balance of this note as of December 31, 2022 is \$1,836,529, and tax increment revenue rebated was \$339,505 for 2022.

NOTE 14 – JOINT POWERS AGREEMENTS

A. Bassett Creek Water Management Commission

The City is a member of a joint powers agreement, together with the cities of Medicine Lake, Plymouth, Robbinsdale, Minneapolis, Minnetonka, New Hope, Crystal, and St. Louis Park, which establishes the authority for the Bassett Creek Water Management Commission (the Commission). The Commission was created to provide for the improvement and development of Bassett Creek as a storm sewer to channel storm waters from member communities to the Mississippi River. Each member city is entitled to appoint one representative to the Commission. The nine-member commission develops a budget for the year each July 1. Each member city contributes funds to cover the budgeted costs of the operations based half on the assessed valuation of all taxable property, and half on the total area each member city has within the boundaries of the watershed. Any capital costs incurred by the Commission are apportioned to the members based half on the real property valuation of each member city within the watershed, and half on the total area of each member city within the boundaries of the watershed.

NOTE 14 – JOINT POWERS AGREEMENTS (CONTINUED)

The following financial information is from the Commission's audited financial statements for the year ended January 31, 2023, which are available at Golden Valley City Hall:

Total assets	\$ 7,781,319
Total liabilities	<u>1,382,898</u>
Net position	<u>\$ 6,398,421</u>
Revenue	\$ 2,661,103
Expenses	<u>2,337,988</u>
Change in net position	<u>\$ 323,115</u>

Of the total revenue, \$565,998 represented assessments to member cities. The City's portion was \$148,477, or 26.2 percent, of total assessments paid by members.

B. Joint Water Commission (JWC)

The City is a member of a joint powers agreement, together with the cities of Crystal and New Hope, which established a JWC. The JWC was created in 1963 to provide for the creation and maintenance of a joint water supply, storage, and distribution system through which water purchased from the City of Minneapolis can be supplied to the population of the member cities.

Each member city is entitled to appoint one member to the JWC. Original construction costs were allocated to the member cities based on percentages agreed upon in the joint powers agreement. All subsequent operating and maintenance costs are apportioned to and paid by each member city on the basis of water usage. Under the terms of the joint powers agreement, upon termination the accumulated assets of the JWC shall be divided amongst the member cities in a manner to be determined and unanimously approved by the member cities. Because the manner in which the JWC's assets would be divided upon termination is not specified, it is not practical for the City to determine its portion of JWC assets. Therefore, the City's Utility Enterprise Fund does not record any amount as an equity investment or contributed capital (for construction costs paid by other funds) related to the JWC.

The following financial information is from the JWC's audited financial statements for the year ended December 31, 2021, the most recent available, which are available at Golden Valley City Hall:

Total assets	\$ 20,370,794
Total liabilities	<u>940,445</u>
Net position	<u>\$ 19,430,349</u>
Revenue	\$ 9,851,904
Expenses	<u>8,851,973</u>
Change in net position	<u>\$ 999,931</u>

Of the total revenues, \$9,703,304 represented assessments paid by member cities. Of the total member assessments, \$3,757,336, or 38.7 percent, was paid by the City.

NOTE 15 – CONTINGENCIES AND COMMITMENTS

A. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

B. Federal and State Receivables

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

C. Tax Increment Districts

The City's tax increment districts are subject to review by the Office of the State Auditor. Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance, which would have a material effect on the financial statements.

D. Construction Commitments

At December 31, 2022, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is approximately \$1,241,046.

NOTE 16 – DEFICIT FUND BALANCES/NET POSITION

At December 31, 2022, the Winnetka/Medicine Lake Tax Increment Capital Project Fund reported a deficit fund balance of \$28,978. The deficit is due to project costs incurred in advance of funding and will be eliminated through future tax increment revenues and other financing sources.

At December 31, 2022, the Payroll Benefits Internal Service Fund reported a deficit net position of \$10,246,986. The deficit is due to the fund reporting the City's proportionate share of net pension liabilities related to two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA, as described earlier in these notes. This deficit will be eliminated through the future funding of these liabilities.

NOTE 17 – SUBSEQUENT EVENTS

A. Debt Issuance

In June 2023, the City approved the sale of \$3,955,000 of General Obligation Improvement Bonds, Series 2023A, which will be used to finance the City's ongoing Pavement Management Program. The bonds will bear coupon interest rates ranging from 4.00 percent to 5.00 percent, and have a final maturity date of February 1, 2044.

B. New Tax Increment Financing District

In June 2023, the City's HRA approved a new TIF (renewal and renovation) district within its Valley Square Redevelopment Project Area, to finance eligible public costs for the development of a new commercial building and a new apartment complex within the district. It is anticipated that development will commence on these projects in 2023, with completion in 2026. Renewal and renovation districts may remain in existence 15 years from the receipt of the first tax increment. The district's first receipt of increment has been elected to be delayed until taxes payable 2027, and the district is projected to remain in existence for the maximum duration through the year 2042.

C. New Accounting Standards

A new standard was issued by the GASB for subscription-based information technology (IT) arrangements (SBITAs). An SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset. This standard will be adopted by the City beginning in 2023, and will require the restatement of certain balances reported as of December 31, 2022. The effects of this change have not yet been determined and are not reflected in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOLDEN VALLEY

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2022

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1085%	\$ 5,623,033	\$ –	\$ –	\$ 6,374,138	88.22%	78.20%
12/31/2016	06/30/2016	0.1072%	\$ 8,704,108	\$ 113,679	\$ 8,817,787	\$ 6,649,482	130.90%	68.90%
12/31/2017	06/30/2017	0.1107%	\$ 7,067,015	\$ 88,825	\$ 7,155,840	\$ 7,128,621	99.14%	75.90%
12/31/2018	06/30/2018	0.1088%	\$ 6,035,778	\$ 198,039	\$ 6,233,817	\$ 7,313,615	82.53%	79.50%
12/31/2019	06/30/2019	0.1132%	\$ 6,258,574	\$ 194,492	\$ 6,453,066	\$ 8,008,282	78.15%	80.20%
12/31/2020	06/30/2020	0.1148%	\$ 6,882,784	\$ 212,348	\$ 7,095,132	\$ 8,189,223	84.05%	79.10%
12/31/2021	06/30/2021	0.1176%	\$ 5,022,047	\$ 153,374	\$ 5,175,421	\$ 8,466,921	59.31%	87.00%
12/31/2022	06/30/2022	0.1262%	\$ 9,995,080	\$ 293,026	\$ 10,288,106	\$ 9,452,797	105.74%	76.70%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2022

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 509,632	\$ 509,632	\$ –	\$ 6,795,097	7.50%
12/31/2016	\$ 507,606	\$ 507,606	\$ –	\$ 6,768,463	7.50%
12/31/2017	\$ 522,131	\$ 522,131	\$ –	\$ 6,961,749	7.50%
12/31/2018	\$ 580,703	\$ 580,703	\$ –	\$ 7,742,669	7.50%
12/31/2019	\$ 611,979	\$ 611,979	\$ –	\$ 8,159,717	7.50%
12/31/2020	\$ 621,390	\$ 621,390	\$ –	\$ 8,285,192	7.50%
12/31/2021	\$ 665,363	\$ 665,363	\$ –	\$ 8,871,502	7.50%
12/31/2022	\$ 743,653	\$ 743,653	\$ –	\$ 9,915,373	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF GOLDEN VALLEY

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2022

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.3230%	\$ 3,670,036	\$ –	\$ 3,670,036	\$ 2,955,388	124.18%	86.60%
12/31/2016	06/30/2016	0.3190%	\$ 12,802,028	\$ –	\$ 12,802,028	\$ 3,072,358	416.68%	63.90%
12/31/2017	06/30/2017	0.3190%	\$ 4,306,880	\$ –	\$ 4,306,880	\$ 3,274,040	131.55%	85.40%
12/31/2018	06/30/2018	0.3157%	\$ 3,365,037	\$ –	\$ 3,365,037	\$ 3,327,398	101.13%	88.80%
12/31/2019	06/30/2019	0.3331%	\$ 3,546,186	\$ –	\$ 3,546,186	\$ 3,511,202	101.00%	89.30%
12/31/2020	06/30/2020	0.3216%	\$ 4,239,033	\$ 99,871	\$ 4,338,904	\$ 3,627,488	116.86%	87.20%
12/31/2021	06/30/2021	0.3083%	\$ 2,379,749	\$ 106,967	\$ 2,486,716	\$ 3,643,415	65.32%	93.70%
12/31/2022	06/30/2022	0.2575%	\$ 11,205,382	\$ 489,606	\$ 11,694,988	\$ 3,128,100	358.22%	70.50%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2022

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 507,642	\$ 507,642	\$ –	\$ 3,133,590	16.20%
12/31/2016	\$ 506,383	\$ 506,383	\$ –	\$ 3,125,427	16.20%
12/31/2017	\$ 519,363	\$ 519,363	\$ –	\$ 3,205,941	16.20%
12/31/2018	\$ 550,962	\$ 550,962	\$ –	\$ 3,400,997	16.20%
12/31/2019	\$ 609,750	\$ 609,750	\$ –	\$ 3,597,346	16.95%
12/31/2020	\$ 644,673	\$ 644,673	\$ –	\$ 3,642,224	17.70%
12/31/2021	\$ 607,647	\$ 607,647	\$ –	\$ 3,433,032	17.70%
12/31/2022	\$ 532,121	\$ 532,121	\$ –	\$ 3,006,333	17.70%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF GOLDEN VALLEY

Golden Valley Fire Department Relief Association
Schedule of Changes in Net Pension Asset and Related Ratios
Year Ended December 31, 2022

City fiscal year ended December 31,	2015	2016	2017	2018	2019	2020	2021	2022
Golden Valley Fire Department Relief Association year ended December 31, (measurement date)	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service cost	\$ 158,309	\$ 162,663	\$ 169,611	\$ 165,540	\$ 174,845	\$ 171,251	\$ 183,925	\$ 188,583
Interest	189,130	198,248	221,030	244,540	228,505	202,299	198,850	183,308
Difference between expected and actual experience	—	—	175,353	—	(124,858)	—	(183,732)	—
Changes in assumptions	—	(44,179)	—	24,168	60,574	—	38,609	—
Changes of benefit terms	—	—	69,254	—	78,567	120,568	120,267	833,556
Benefit payments	(332,858)	(110,208)	(307,251)	(328,180)	(776,390)	(361,231)	(754,557)	(222,200)
Net change in total pension liability	14,581	206,524	327,997	106,068	(358,757)	132,887	(396,638)	983,247
Total pension liability – beginning	2,709,977	2,724,558	2,931,082	3,259,079	3,365,147	3,006,390	3,139,277	2,742,639
Total pension liability – ending	<u>\$ 2,724,558</u>	<u>\$ 2,931,082</u>	<u>\$ 3,259,079</u>	<u>\$ 3,365,147</u>	<u>\$ 3,006,390</u>	<u>\$ 3,139,277</u>	<u>\$ 2,742,639</u>	<u>\$ 3,725,886</u>
Plan fiduciary net position								
Contributions (state and local)	\$ 143,581	\$ 148,972	\$ 153,252	\$ 161,767	\$ 169,606	\$ 174,486	\$ 187,368	\$ 194,195
Net investment income	335,884	(20,626)	414,106	849,121	(259,687)	1,092,687	893,892	1,038,155
Benefit payments	(332,858)	(110,208)	(307,251)	(328,180)	(776,390)	(361,231)	(754,557)	(222,200)
Administrative costs	(16,509)	(15,827)	(16,889)	(12,778)	(18,459)	(16,518)	(15,442)	(17,935)
Net change in plan fiduciary net position	130,098	2,311	243,218	669,930	(884,930)	889,424	311,261	992,215
Total plan fiduciary net position – beginning	4,500,389	4,630,487	4,632,798	4,876,016	5,545,946	4,661,016	5,550,440	5,861,701
Total plan fiduciary net position – ending	<u>\$ 4,630,487</u>	<u>\$ 4,632,798</u>	<u>\$ 4,876,016</u>	<u>\$ 5,545,946</u>	<u>\$ 4,661,016</u>	<u>\$ 5,550,440</u>	<u>\$ 5,861,701</u>	<u>\$ 6,853,916</u>
Net pension liability (asset)	<u>\$(1,905,929)</u>	<u>\$(1,701,716)</u>	<u>\$(1,616,937)</u>	<u>\$(2,180,799)</u>	<u>\$(1,654,626)</u>	<u>\$(2,411,163)</u>	<u>\$(3,119,062)</u>	<u>\$(3,128,030)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>169.95%</u>	<u>158.06%</u>	<u>149.61%</u>	<u>164.81%</u>	<u>155.04%</u>	<u>176.81%</u>	<u>213.72%</u>	<u>183.95%</u>

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF GOLDEN VALLEY

Golden Valley Fire Department Relief Association
Schedule of City Contributions and Nonemployer Contributing Entities
Year Ended December 31, 2022

City Fiscal Year Ended December 31,	City Contributions			Nonemployer Contribution State 2% Fire Aid
	Statutorily Required Contributions	Actual Contributions	Contribution Excess	
2014	\$ 1,141	\$ 1,141	\$ —	\$ 142,440
2015	\$ —	\$ —	\$ —	\$ 148,972
2016	\$ —	\$ —	\$ —	\$ 153,252
2017	\$ —	\$ —	\$ —	\$ 161,767
2018	\$ —	\$ —	\$ —	\$ 169,606
2019	\$ —	\$ —	\$ —	\$ 174,486
2020	\$ —	\$ —	\$ —	\$ 187,368
2021	\$ —	\$ —	\$ —	\$ 194,195
2022	\$ —	\$ —	\$ —	\$ 211,529

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF GOLDEN VALLEY

Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2022

City fiscal year ended December 31, Measurement period – December 31,	2018 <u>2017</u>	2019 <u>2018</u>	2020 <u>2019</u>	2021 <u>2020</u>	2022 <u>2021</u>
Total OPEB liability					
Service cost	\$ 133,055	\$ 144,892	\$ 110,996	\$ 131,927	\$ 161,504
Interest	71,708	72,136	84,722	48,057	41,206
Differences between expected and actual experience	–	–	(620,986)	4,583	1,548,305
Changes of assumptions	50,539	(101,648)	125,655	122,651	(396,763)
Benefit payments	<u>(72,237)</u>	<u>(62,128)</u>	<u>(81,242)</u>	<u>(89,561)</u>	<u>(182,035)</u>
Net change in total OPEB liability	183,065	53,252	(380,855)	217,657	1,172,217
Total OPEB liability – beginning of year	<u>1,800,103</u>	<u>1,983,168</u>	<u>2,036,420</u>	<u>1,655,565</u>	<u>1,873,222</u>
Total OPEB liability – end of year	<u>\$ 1,983,168</u>	<u>\$ 2,036,420</u>	<u>\$ 1,655,565</u>	<u>\$ 1,873,222</u>	<u>\$ 3,045,439</u>
Covered-employee payroll	<u>\$ 9,700,000</u>	<u>\$ 10,100,000</u>	<u>\$ 10,100,000</u>	<u>\$ 10,100,000</u>	<u>\$ 14,000,000</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>20.45%</u>	<u>20.16%</u>	<u>16.39%</u>	<u>18.55%</u>	<u>21.75%</u>

Note 1: There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay these benefits.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 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 zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement 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.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued) December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 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.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- 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 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement 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 100.00 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 zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 CHANGES 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 CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 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 3.00 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 65.00 percent to 60.00 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 was changed from 5.60 percent per annum to 7.50 percent per annum.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 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 IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

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

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued) December 31, 2022

GOLDEN VALLEY FIRE DEPARTMENT RELIEF ASSOCIATION

2022 CHANGES IN PLAN PROVISIONS

- The plan benefit level increased from \$9,200 to \$12,200 per year of service.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected investment return and discount rate decreased from 6.75 percent to 6.50 percent to reflect updated market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA PEPFF actuarial valuation to the ratios used in the July 1, 2020 Minnesota PERA PEPFF actuarial valuation.
- The inflation assumption decreased from 2.50 percent to 2.25 percent.

2021 CHANGES IN PLAN PROVISIONS

- The plan benefit level increased from \$8,700 to \$9,200 per year of service.

2020 CHANGES IN PLAN PROVISIONS

- The plan benefit level increased from \$8,300 to \$8,700 per year of service.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate decreased from 7.25 percent to 6.75 percent.
- The inflation assumption was updated from 2.75 percent to 2.50 percent.
- The mortality and withdrawal assumptions were updated to the rates used in the July 1, 2018 Minnesota PERA Minnesota Police and Fire Plan actuarial valuation.

2019 CHANGES IN PLAN PROVISIONS

- The plan benefit level increased from \$8,000 to \$8,300 per year of service.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate decreased from 7.50 percent to 7.25 percent.

2017 CHANGES IN PLAN PROVISIONS

- The plan benefit level increased from \$7,500 to \$8,000 per year of service.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

GOLDEN VALLEY FIRE DEPARTMENT RELIEF ASSOCIATION (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate increased from 7.00 percent to 7.50 percent.

CITY OF GOLDEN VALLEY

Notes to Required Supplementary Information (continued)
December 31, 2022

OTHER POST-EMPLOYMENT BENEFIT PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.12 percent to 2.06 percent.
- The general inflation rate was changed from 2.00 percent to 2.50 percent.
- The healthcare trend rates, claims rates, and withdrawal, retirement, mortality, disability, and salary scale assumptions were updated for changes in recent studies and valuations.
- Future retiree and retiree spouse participation rates were updated based on analysis of past plan experience.
- Future medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate decreased from 2.74 percent to 2.12 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate decreased from 4.09 percent to 2.74 percent.
- The healthcare cost trend rate, mortality tables, and payroll growth rates were updated for changes in recent experience studies and inflationary adjustments since the previous valuation.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate increased from 3.44 percent to 4.09 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The actuarial assumptions for the single discount rate decreased from 4.50 percent to 3.44 percent.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Community Services Commission – used to account for fundraising and pull-tab gambling proceeds remitted to the City by various nonprofit organizations that run charitable gambling operations within the City’s limits. The monies are committed to support organizations or programs that address human service needs in the City.

Cemetery – used to account for monies received from cemetery plot sales. These funds are restricted for maintenance of the City-owned cemetery.

DWI Enforcement – used to account for monies received from DWI-related fines and forfeitures. These funds are restricted for DWI enforcement and education.

VOTF – used to account for grants and other funding restricted for the Violent Offenders Task Force.

HRA General – used to account for the general activities of the City’s HRA, a blended component unit.

Brookview – used to account for the revenues and expenditures of the Brookview Community Center facility.

Lodging Tax – used to account for lodging taxes submitted by hotels and motels in the City and the disbursement of those taxes.

Noah Joynes Youth Recreation – used to account for contributions to the City’s parks and recreation department to provide assistance in supporting youth programs.

DEBT SERVICE FUNDS

Brookview Lease Revenue Bonds – used to account for accumulation of, resources for, and payment of debt service on bonds sold to finance the construction of the Brookview Community Center.

Douglas Drive Reconstruction Bonds – used to account for accumulation of, resources for, and payment of debt service on bonds sold to finance the reconstruction of Douglas Drive.

Highway 55 West Bonds – used to account for accumulation of, resources for, and payment of debt service on bonds sold to finance improvements on Highway 55 West.

CAPITAL PROJECT FUNDS

Building Fund – used to provide financing for major capital improvements made to the City’s buildings.

Cable Improvement Fund – used to provide for the ongoing capital equipment needs necessary to support cable television public access and local programming.

Park Capital Improvement Fund – used to provide financing for major improvements to the City’s parks and open space areas.

Equipment Replacement Fund – used to provide financing for major vehicle and equipment purchases for the City’s General Fund divisions.

HRA Capital Project Funds – used to account for the activity of the City’s HRA housing program and the redevelopment activity in the City’s tax increment districts: North Wirth No. 1505, Highway 55 West No. 1506, and Cornerstone Creek No. 1507.

Capital Improvement Fund – This fund is used to provide financing for major street and streetlight projects in the City, including a portion of the Street Reconstruction Program.

Douglas Drive Improvement Fund – used to account for street improvements related to Douglas Drive.

CITY OF GOLDEN VALLEY

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals</u>
Assets				
Cash and temporary investments	\$ 1,294,547	\$ 1,750,019	\$ 12,962,380	\$ 16,006,946
Receivables				
Special assessments	—	149,885	67,560	217,445
Accounts	130,501	—	—	130,501
Due from other funds	—	—	182,340	182,340
Advances to other funds	—	—	360,000	360,000
Due from other governmental units	—	—	1,180	1,180
Prepays	1,081	—	—	1,081
	<u>1,081</u>	<u>—</u>	<u>—</u>	<u>1,081</u>
Total assets	<u>\$ 1,426,129</u>	<u>\$ 1,899,904</u>	<u>\$ 13,573,460</u>	<u>\$ 16,899,493</u>
Liabilities				
Accounts payable	\$ 21,532	\$ 1,975	\$ 54,145	\$ 77,652
Contracts payable	—	—	33,355	33,355
Due to other governmental units	25,519	—	5,529	31,048
Deposits	180,475	—	519,337	699,812
Total liabilities	<u>227,526</u>	<u>1,975</u>	<u>612,366</u>	<u>841,867</u>
Deferred inflows of resources				
Unavailable revenue – special assessments	—	149,885	67,560	217,445
Fund balances				
Nonspendable	1,081	—	—	1,081
Restricted	1,028,409	1,748,044	1,876,667	4,653,120
Committed	169,113	—	—	169,113
Assigned	—	—	11,016,867	11,016,867
Total fund balances	<u>1,198,603</u>	<u>1,748,044</u>	<u>12,893,534</u>	<u>15,840,181</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,426,129</u>	<u>\$ 1,899,904</u>	<u>\$ 13,573,460</u>	<u>\$ 16,899,493</u>

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CITY OF GOLDEN VALLEY

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals</u>
Revenue				
Ad valorem taxes	\$ —	\$ 1,218,300	\$ 213,241	\$ 1,431,541
Tax increments	—	—	699,071	699,071
Special assessments	—	38,990	16,096	55,086
Franchise taxes	—	370,000	200,000	570,000
Intergovernmental revenue	169,090	—	116,042	285,132
Charges for services	479,535	—	68,676	548,211
Investment income (charges)	(34,081)	(31,821)	(484,835)	(550,737)
Other revenue				
Lawful gambling proceeds	54,089	—	—	54,089
Contributions	30,327	—	840,440	870,767
Miscellaneous	30,843	—	43,322	74,165
Total revenue	<u>729,803</u>	<u>1,595,469</u>	<u>1,712,053</u>	<u>4,037,325</u>
Expenditures				
Current				
General government	71,628	—	—	71,628
Public safety	18,420	—	—	18,420
Parks and recreation	396,263	—	—	396,263
Capital outlay	—	—	4,720,318	4,720,318
Debt service				
Principal	—	1,155,000	—	1,155,000
Interest and fiscal charges	—	662,610	—	662,610
Total expenditures	<u>486,311</u>	<u>1,817,610</u>	<u>4,720,318</u>	<u>7,024,239</u>
Excess (deficiency) of revenue over expenditures	243,492	(222,141)	(3,008,265)	(2,986,914)
Other financing sources (uses)				
Sale of capital assets	—	—	192,330	192,330
Transfers in	—	—	2,075,000	2,075,000
Transfers (out)	(25,000)	—	—	(25,000)
Total other financing sources (uses)	<u>(25,000)</u>	<u>—</u>	<u>2,267,330</u>	<u>2,242,330</u>
Net change in fund balances	218,492	(222,141)	(740,935)	(744,584)
Fund balances				
Beginning of year	<u>980,111</u>	<u>1,970,185</u>	<u>13,634,469</u>	<u>16,584,765</u>
End of year	<u>\$ 1,198,603</u>	<u>\$ 1,748,044</u>	<u>\$ 12,893,534</u>	<u>\$ 15,840,181</u>

CITY OF GOLDEN VALLEY

Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2022

	Community Services Commission	Cemetery	DWI Enforcement	VOTF
Assets				
Cash and temporary investments	\$ 167,830	\$ 92,870	\$ 29,074	\$ 146,843
Receivables				
Accounts	8,512	—	—	—
Prepays	700	—	—	—
	<u>700</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 177,042</u>	<u>\$ 92,870</u>	<u>\$ 29,074</u>	<u>\$ 146,843</u>
Liabilities				
Accounts payable	\$ 7,229	\$ —	\$ 3,665	\$ —
Due to other governmental units	—	—	1,629	—
Deposits	—	—	—	—
Total liabilities	<u>7,229</u>	<u>—</u>	<u>5,294</u>	<u>—</u>
Fund balances				
Nonspendable for prepaids	700	—	—	—
Restricted for cemetery maintenance	—	92,870	—	—
Restricted for DWI enforcement	—	—	23,780	—
Restricted for VOTF	—	—	—	146,843
Restricted for redevelopment	—	—	—	—
Restricted for Brookview	—	—	—	—
Restricted for lodging tax	—	—	—	—
Restricted for youth recreation	—	—	—	—
Committed for human service needs	169,113	—	—	—
Total fund balances	<u>169,813</u>	<u>92,870</u>	<u>23,780</u>	<u>146,843</u>
Total liabilities and fund balances	<u>\$ 177,042</u>	<u>\$ 92,870</u>	<u>\$ 29,074</u>	<u>\$ 146,843</u>

HRA General	Brookview	Lodging Tax	Noah Joynes Youth Recreation	Totals
\$ 135,902	\$ 652,162	\$ 44,549	\$ 25,317	\$ 1,294,547
—	112,163	9,826	—	130,501
—	381	—	—	1,081
<u>\$ 135,902</u>	<u>\$ 764,706</u>	<u>\$ 54,375</u>	<u>\$ 25,317</u>	<u>\$ 1,426,129</u>
\$ —	\$ 1,303	\$ 9,335	\$ —	\$ 21,532
—	7,250	16,640	—	25,519
8,067	172,528	—	(120)	180,475
<u>8,067</u>	<u>181,081</u>	<u>25,975</u>	<u>(120)</u>	<u>227,526</u>
—	381	—	—	1,081
—	—	—	—	92,870
—	—	—	—	23,780
—	—	—	—	146,843
127,835	—	—	—	127,835
—	583,244	—	—	583,244
—	—	28,400	—	28,400
—	—	—	25,437	25,437
—	—	—	—	169,113
<u>127,835</u>	<u>583,625</u>	<u>28,400</u>	<u>25,437</u>	<u>1,198,603</u>
<u>\$ 135,902</u>	<u>\$ 764,706</u>	<u>\$ 54,375</u>	<u>\$ 25,317</u>	<u>\$ 1,426,129</u>

CITY OF GOLDEN VALLEY

Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

	Community Services Commission	Cemetery	DWI Enforcement	VOTF
Revenue				
Intergovernmental revenue	\$ —	\$ —	\$ —	\$ 20,000
Charges for services	—	—	—	—
Investment income (charges)	—	(3,557)	(497)	(5,656)
Other revenue				
Lawful gambling proceeds	54,089	—	—	—
Contributions	25,562	—	—	—
Miscellaneous	—	800	30,043	—
Total revenue	<u>79,651</u>	<u>(2,757)</u>	<u>29,546</u>	<u>14,344</u>
Expenditures				
Current				
General government				
Operating supplies	11,628	—	—	—
Professional services	60,000	—	—	—
Public safety				
Operating supplies	—	—	9,527	8,893
Parks and recreation				
Salaries	—	—	—	—
Operating supplies	—	—	—	—
Total expenditures	<u>71,628</u>	<u>—</u>	<u>9,527</u>	<u>8,893</u>
Excess (deficiency) of revenue over expenditures	8,023	(2,757)	20,019	5,451
Other financing sources (uses)				
Transfers (out)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	8,023	(2,757)	20,019	5,451
Fund balances				
Beginning of year	<u>161,790</u>	<u>95,627</u>	<u>3,761</u>	<u>141,392</u>
End of year	<u>\$ 169,813</u>	<u>\$ 92,870</u>	<u>\$ 23,780</u>	<u>\$ 146,843</u>

HRA General	Brookview	Lodging Tax	Noah Joynes Youth Recreation	Totals
\$ —	\$ 149,090	\$ —	\$ —	\$ 169,090
—	479,535	—	—	479,535
(5,267)	(17,821)	(1,586)	303	(34,081)
—	—	—	—	54,089
—	—	—	4,765	30,327
—	—	—	—	30,843
<u>(5,267)</u>	<u>610,804</u>	<u>(1,586)</u>	<u>5,068</u>	<u>729,803</u>
—	—	—	—	11,628
—	—	—	—	60,000
—	—	—	—	18,420
—	338,266	—	—	338,266
—	57,857	—	140	57,997
<u>—</u>	<u>396,123</u>	<u>—</u>	<u>140</u>	<u>486,311</u>
(5,267)	214,681	(1,586)	4,928	243,492
<u>(25,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(25,000)</u>
(30,267)	214,681	(1,586)	4,928	218,492
<u>158,102</u>	<u>368,944</u>	<u>29,986</u>	<u>20,509</u>	<u>980,111</u>
<u>\$ 127,835</u>	<u>\$ 583,625</u>	<u>\$ 28,400</u>	<u>\$ 25,437</u>	<u>\$ 1,198,603</u>

CITY OF GOLDEN VALLEY

Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2022

	Brookview Lease Revenue Bonds	Douglas Drive Reconstruction Bonds	Hwy 55 West Bonds	Totals
Assets				
Cash and temporary investments	\$ 1,438,014	\$ 293,057	\$ 18,948	\$ 1,750,019
Receivables				
Special assessments	—	—	149,885	149,885
Total assets	<u>\$ 1,438,014</u>	<u>\$ 293,057</u>	<u>\$ 168,833</u>	<u>\$ 1,899,904</u>
Liabilities				
Accounts payables	\$ 1,975	\$ —	\$ —	1,975
Deferred inflows of resources				
Unavailable revenue – special assessments	—	—	149,885	149,885
Fund balances				
Restricted for debt service	<u>1,436,039</u>	<u>293,057</u>	<u>18,948</u>	<u>1,748,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,438,014</u>	<u>\$ 293,057</u>	<u>\$ 168,833</u>	<u>\$ 1,899,904</u>

CITY OF GOLDEN VALLEY

Nonmajor Debt Service Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

	Brookview Lease Revenue Bonds	Douglas Drive Reconstruction Bonds	Hwy 55 West Bonds	Totals
Revenue				
Ad valorem taxes	\$ 1,218,300	\$ —	\$ —	\$ 1,218,300
Special assessments	—	—	38,990	38,990
Franchise taxes	—	370,000	—	370,000
Investment income (charges)	(26,962)	(4,208)	(651)	(31,821)
Total revenue	<u>1,191,338</u>	<u>365,792</u>	<u>38,339</u>	<u>1,595,469</u>
Expenditures				
Debt service				
Principal	710,000	240,000	205,000	1,155,000
Interest and fiscal charges	498,873	130,262	33,475	662,610
Total expenditures	<u>1,208,873</u>	<u>370,262</u>	<u>238,475</u>	<u>1,817,610</u>
Net change in fund balances	(17,535)	(4,470)	(200,136)	(222,141)
Fund balances				
Beginning of year	<u>1,453,574</u>	<u>297,527</u>	<u>219,084</u>	<u>1,970,185</u>
End of year	<u>\$ 1,436,039</u>	<u>\$ 293,057</u>	<u>\$ 18,948</u>	<u>\$ 1,748,044</u>

CITY OF GOLDEN VALLEY

Nonmajor Capital Project Funds
Combining Balance Sheet
December 31, 2022

	Building	Cable Improvement	Park Capital Improvement	Equipment Replacement	HRA Capital Project
Assets					
Cash and temporary investments	\$ 3,034,127	\$ 128,902	\$ 1,266,319	\$ 3,714,336	\$ 74,870
Receivables					
Special assessments	—	—	—	—	—
Due from other funds	—	—	—	—	—
Advances to other funds	—	—	—	—	—
Due from other governmental units	—	—	—	—	1,180
Total assets	<u>\$ 3,034,127</u>	<u>\$ 128,902</u>	<u>\$ 1,266,319</u>	<u>\$ 3,714,336</u>	<u>\$ 76,050</u>
Liabilities					
Accounts payable	\$ 2,100	\$ —	\$ 950	\$ 23,968	\$ —
Contracts payable	1,942	14,936	—	—	—
Due to other governmental units	—	—	—	—	—
Deposits	—	—	—	—	—
Total liabilities	<u>4,042</u>	<u>14,936</u>	<u>950</u>	<u>23,968</u>	<u>—</u>
Deferred inflows of resources					
Unavailable revenue – special assessments	—	—	—	—	—
Fund balances					
Restricted for redevelopment	—	—	—	—	76,050
Restricted for street improvements	—	—	—	—	—
Assigned for cable improvements	—	113,966	—	—	—
Assigned for park improvements	—	—	1,265,369	—	—
Assigned for equipment replacement	—	—	—	3,690,368	—
Assigned for street improvements	—	—	—	—	—
Assigned for capital improvements	3,030,085	—	—	—	—
Total fund balances	<u>3,030,085</u>	<u>113,966</u>	<u>1,265,369</u>	<u>3,690,368</u>	<u>76,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,034,127</u>	<u>\$ 128,902</u>	<u>\$ 1,266,319</u>	<u>\$ 3,714,336</u>	<u>\$ 76,050</u>

North Wirth Tax Increment	Hwy 55 West Tax Increment	Cornerstone Creek Tax Increment	Capital Improvement	Douglas Drive Improvement	Totals
\$ 28,604	\$ 785,650	\$ 55,559	\$ 2,858,066	\$ 1,015,947	\$ 12,962,380
22,284	—	—	45,276	—	67,560
—	—	—	182,340	—	182,340
—	—	—	360,000	—	360,000
—	—	—	—	—	1,180
<u>\$ 50,888</u>	<u>\$ 785,650</u>	<u>\$ 55,559</u>	<u>\$ 3,445,682</u>	<u>\$ 1,015,947</u>	<u>\$ 13,573,460</u>
\$ —	\$ —	\$ —	\$ 27,127	\$ —	\$ 54,145
—	—	—	16,477	—	33,355
5,529	—	—	—	—	5,529
8,686	—	—	510,651	—	519,337
14,215	—	—	554,255	—	612,366
22,284	—	—	45,276	—	67,560
14,389	785,650	55,559	—	—	931,648
—	—	—	—	945,019	945,019
—	—	—	—	—	113,966
—	—	—	—	—	1,265,369
—	—	—	—	—	3,690,368
—	—	—	—	70,928	70,928
—	—	—	2,846,151	—	5,876,236
<u>14,389</u>	<u>785,650</u>	<u>55,559</u>	<u>2,846,151</u>	<u>1,015,947</u>	<u>12,893,534</u>
<u>\$ 50,888</u>	<u>\$ 785,650</u>	<u>\$ 55,559</u>	<u>\$ 3,445,682</u>	<u>\$ 1,015,947</u>	<u>\$ 13,573,460</u>

CITY OF GOLDEN VALLEY

Nonmajor Capital Project Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

	Building	Cable Improvement	Park Capital Improvement	Equipment Replacement	HRA Capital Project
Revenue					
Ad valorem taxes	\$ —	\$ —	\$ —	\$ —	\$ 213,241
Tax increments	—	—	—	—	—
Special assessments	—	—	—	—	—
Franchise taxes	—	—	—	—	—
Intergovernmental revenue	—	—	4,902	70,000	—
Charges for services	—	—	—	—	—
Investment income (charges)	(121,008)	(10,350)	(35,855)	(140,132)	(594)
Other revenue					
Contributions	—	—	691,812	—	—
Miscellaneous	—	37,345	—	5,977	—
Total revenue	(121,008)	26,995	660,859	(64,155)	212,647
Expenditures					
Capital outlay					
Street	—	—	—	—	—
City buildings and grounds	536,111	314,293	406,740	—	—
Equipment	—	—	—	1,079,269	—
HRA projects	—	—	—	—	193,052
Total expenditures	536,111	314,293	406,740	1,079,269	193,052
Excess (deficiency) of revenue over expenditures	(657,119)	(287,298)	254,119	(1,143,424)	19,595
Other financing sources					
Sale of capital assets	—	—	—	192,330	—
Transfers in	500,000	—	400,000	1,150,000	25,000
Total other financing sources	500,000	—	400,000	1,342,330	25,000
Net change in fund balances	(157,119)	(287,298)	654,119	198,906	44,595
Fund balances					
Beginning of year	3,187,204	401,264	611,250	3,491,462	31,455
End of year	\$ 3,030,085	\$ 113,966	\$ 1,265,369	\$ 3,690,368	\$ 76,050

North Wirth Tax Increment	Hwy 55 West Tax Increment	Cornerstone Creek Tax Increment	Capital Improvement	Douglas Drive Improvement	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,241
26,316	607,219	65,536	-	-	699,071
6,690	-	-	9,406	-	16,096
-	-	-	200,000	-	200,000
-	-	-	41,140	-	116,042
-	-	-	68,676	-	68,676
(411)	(16,260)	(837)	(103,850)	(55,538)	(484,835)
-	-	-	148,628	-	840,440
-	-	-	-	-	43,322
32,595	590,959	64,699	364,000	(55,538)	1,712,053
-	-	-	1,250,527	513,251	1,763,778
-	-	-	-	-	1,257,144
-	-	-	-	-	1,079,269
32,177	341,677	53,221	-	-	620,127
32,177	341,677	53,221	1,250,527	513,251	4,720,318
418	249,282	11,478	(886,527)	(568,789)	(3,008,265)
-	-	-	-	-	192,330
-	-	-	-	-	2,075,000
-	-	-	-	-	2,267,330
418	249,282	11,478	(886,527)	(568,789)	(740,935)
13,971	536,368	44,081	3,732,678	1,584,736	13,634,469
\$ 14,389	\$ 785,650	\$ 55,559	\$ 2,846,151	\$ 1,015,947	\$ 12,893,534

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CITY OF GOLDEN VALLEY

General Fund
Schedule of Revenue – Budget and Actual
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022		2021	
	Final Budget	Actual	Over (Under) Budget	Actual
Revenue				
Taxes				
Ad valorem	\$ 22,116,855	\$ 22,186,610	\$ 69,755	\$ 20,274,481
Penalties and interest	–	21,389	21,389	18,665
Total taxes	<u>22,116,855</u>	<u>22,207,999</u>	<u>91,144</u>	<u>20,293,146</u>
Special assessments	6,000	8,857	2,857	7,344
Licenses and permits				
Licenses	244,165	250,102	5,937	248,595
Permits	<u>963,650</u>	<u>1,592,132</u>	<u>628,482</u>	<u>1,347,121</u>
Total licenses and permits	<u>1,207,815</u>	<u>1,842,234</u>	<u>634,419</u>	<u>1,595,716</u>
Intergovernmental revenue				
Federal grants	121,800	125,000	3,200	2,500
State grants	<u>50,000</u>	<u>29,084</u>	<u>(20,916)</u>	<u>54,464</u>
Total intergovernmental revenue	<u>171,800</u>	<u>154,084</u>	<u>(17,716)</u>	<u>56,964</u>
Charges for services				
General government	20,200	18,816	(1,384)	17,833
Police	35,350	48,109	12,759	54,458
Fire	850	583	(267)	1,150
Community development	7,500	11,878	4,378	21,466
Public works	178,900	199,764	20,864	177,244
Parks and recreation	438,700	295,951	(142,749)	215,043
Other funds	<u>790,000</u>	<u>768,213</u>	<u>(21,787)</u>	<u>805,260</u>
Total charges for services	<u>1,471,500</u>	<u>1,343,314</u>	<u>(128,186)</u>	<u>1,292,454</u>
Fines and forfeitures	125,000	81,852	(43,148)	127,096
Investment income (charges)	150,000	(512,471)	(662,471)	(63,306)
Other revenue				
Rents	160,820	189,932	29,112	189,177
Miscellaneous	<u>7,800</u>	<u>8,814</u>	<u>1,014</u>	<u>13,096</u>
Total other revenue	<u>168,620</u>	<u>198,746</u>	<u>30,126</u>	<u>202,273</u>
Total revenue	<u>\$ 25,417,590</u>	<u>\$ 25,324,615</u>	<u>\$ (92,975)</u>	<u>\$ 23,511,687</u>

CITY OF GOLDEN VALLEY

General Fund
Schedule of Expenditures – Budget and Actual
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	Final Budget	2022 Actual		
		Personal Services	Supplies and Services	Capital Outlay
Expenditures				
General government				
City Council	\$ 458,210	\$ 252,365	\$ 246,603	\$ –
City manager	1,285,825	1,105,063	188,408	–
Legal service	428,045	230,931	136,567	–
Total general government	2,172,080	1,588,359	571,578	–
Administrative services	2,573,030	1,199,842	1,216,461	7,993
Casualty insurance	355,000	–	277,610	–
Public safety				
Police	7,178,575	4,564,696	1,243,862	19,378
Fire	1,843,165	1,320,072	386,719	68,259
Total public safety	9,021,740	5,884,768	1,630,581	87,637
Community development				
Administration	350,690	322,369	10,311	–
Engineering	819,975	491,721	68,391	–
Inspections	912,335	733,892	150,418	–
Planning	392,330	381,808	10,650	–
Total community development	2,475,330	1,929,790	239,770	–
Public works				
Building operations	816,045	64,780	847,106	–
Street maintenance	2,474,815	1,071,977	1,438,954	–
Park maintenance	1,452,555	971,937	551,511	–
Total public works	4,743,415	2,108,694	2,837,571	–
Parks and recreation				
Administration	928,445	797,832	150,828	–
Recreation programs	428,550	128,964	167,926	–
Total parks and recreation	1,356,995	926,796	318,754	–
Total expenditures	\$ 22,697,590	\$ 13,638,249	\$ 7,092,325	\$ 95,630

		2021
Total	Over (Under) Budget	Actual
\$ 498,968	\$ 40,758	\$ 373,280
1,293,471	7,646	1,102,027
367,498	(60,547)	235,234
2,159,937	(12,143)	1,710,541
2,424,296	(148,734)	2,308,688
277,610	(77,390)	269,420
5,827,936	(1,350,639)	6,162,461
1,775,050	(68,115)	1,450,511
7,602,986	(1,418,754)	7,612,972
332,680	(18,010)	324,003
560,112	(259,863)	561,482
884,310	(28,025)	797,008
392,458	128	412,822
2,169,560	(305,770)	2,095,315
911,886	95,841	791,567
2,510,931	36,116	2,304,612
1,523,448	70,893	1,403,635
4,946,265	202,850	4,499,814
948,660	20,215	864,289
296,890	(131,660)	135,209
1,245,550	(111,445)	999,498
<u>\$ 20,826,204</u>	<u>\$ (1,871,386)</u>	<u>\$ 19,496,248</u>

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INTERNAL SERVICE FUNDS

Workers' Compensation Fund – used to account for the financing of all of the City's workers' compensation benefits.

Payroll Benefits Fund – used to account for the financing of all of the City's employee benefits, such as compensated absences, pension contributions, other post-employment benefits, and termination pay.

Vehicle Maintenance Fund – used to account for the maintenance of motor vehicles of all departments and related costs.

CITY OF GOLDEN VALLEY

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

	Workers' Compensation	Payroll Benefits	Vehicle Maintenance	Totals
Assets				
Current assets				
Cash and temporary investments	\$ 30,949	\$ 2,328,339	\$ 483,221	\$ 2,842,509
Receivables				
Accounts	–	6,474	–	6,474
Inventory	–	–	113,228	113,228
Total current assets	30,949	2,334,813	596,449	2,962,211
Noncurrent assets				
Net pension asset – fire relief	–	3,128,030	–	3,128,030
Capital assets				
Machinery and equipment	–	–	263,971	263,971
Less accumulated depreciation	–	–	(248,961)	(248,961)
Capital assets, net	–	–	15,010	15,010
Total noncurrent assets	–	3,128,030	15,010	3,143,040
Total assets	30,949	5,462,843	611,459	6,105,251
Deferred outflows of resources				
Pension plan deferments – PERA	–	11,477,064	–	11,477,064
Pension plan deferments – fire relief	–	357,857	–	357,857
OPEB plan deferments	–	1,798,466	–	1,798,466
Total deferred outflows of resources	–	13,633,387	–	13,633,387
Total assets and deferred outflows of resources	\$ 30,949	\$ 19,096,230	\$ 611,459	\$ 19,738,638
Liabilities				
Current liabilities				
Accounts payable	\$ –	\$ 486	\$ 11,471	\$ 11,957
Accrued compensated absences – current	–	1,327,391	–	1,327,391
Due to other governmental units	–	–	129	129
Deposits	–	21,878	–	21,878
Total current liabilities	–	1,349,755	11,600	1,361,355
Noncurrent liabilities				
Accrued compensated absences	–	282,091	–	282,091
Net pension liability – PERA	–	21,200,462	–	21,200,462
Total OPEB liability	–	3,045,439	–	3,045,439
Total noncurrent liabilities	–	24,527,992	–	24,527,992
Total liabilities	–	25,877,747	11,600	25,889,347
Deferred inflows of resources				
Pension plan deferments – PERA	–	1,119,451	–	1,119,451
Pension plan deferments – fire relief	–	1,500,586	–	1,500,586
OPEB plan deferments	–	845,432	–	845,432
Total deferred inflows of resources	–	3,465,469	–	3,465,469
Net position				
Net investment in capital assets	–	–	15,010	15,010
Restricted for fire relief pensions	–	1,985,301	–	1,985,301
Unrestricted	30,949	(12,232,287)	584,849	(11,616,489)
Total net position	30,949	(10,246,986)	599,859	(9,616,178)
Total liabilities, deferred inflows of resources, and net position	\$ 30,949	\$ 19,096,230	\$ 611,459	\$ 19,738,638

CITY OF GOLDEN VALLEY

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended December 31, 2022

	Workers' Compensation	Payroll Benefits	Vehicle Maintenance	Totals
Operating revenue				
Charges to other funds	\$ 600,000	\$ 7,175,202	\$ 677,508	\$ 8,452,710
Payroll benefits charged to employees	—	1,843,193	—	1,843,193
Total operating revenue	<u>600,000</u>	<u>9,018,395</u>	<u>677,508</u>	<u>10,295,903</u>
Operating expenses				
Workers' compensation charges	820,207	—	—	820,207
Payroll benefits charges	—	10,810,070	—	10,810,070
Vehicle maintenance operations	—	—	463,357	463,357
Depreciation	—	—	17,445	17,445
Total operating expenses	<u>820,207</u>	<u>10,810,070</u>	<u>480,802</u>	<u>12,111,079</u>
Operating income (loss)	(220,207)	(1,791,675)	196,706	(1,815,176)
Nonoperating revenue				
Intergovernmental revenue	—	638,910	—	638,910
Investment income (charges)	—	(97,503)	(14,094)	(111,597)
Other income	—	147	—	147
Total nonoperating revenue	<u>—</u>	<u>541,554</u>	<u>(14,094)</u>	<u>527,460</u>
Change in net position	(220,207)	(1,250,121)	182,612	(1,287,716)
Net position				
Beginning of year	<u>251,156</u>	<u>(8,996,865)</u>	<u>417,247</u>	<u>(8,328,462)</u>
End of year	<u>\$ 30,949</u>	<u>\$ (10,246,986)</u>	<u>\$ 599,859</u>	<u>\$ (9,616,178)</u>

CITY OF GOLDEN VALLEY

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Payroll</u> <u>Benefits</u>	<u>Vehicle</u> <u>Maintenance</u>	<u>Totals</u>
Cash flows from operating activities				
Receipts from customers and users	\$ —	\$ 7,193,413	\$ —	\$ 7,193,413
Receipts from interfund services provided	600,000	1,848,711	677,508	3,126,219
Paid to suppliers/service providers	(820,207)	(6,987,118)	(81,749)	(7,889,074)
Paid to employees	—	(2,827,826)	(361,560)	(3,189,386)
Net cash flows from operating activities	<u>(220,207)</u>	<u>(772,820)</u>	<u>234,199</u>	<u>(758,828)</u>
Cash flows from investing activities				
Interest received (charged) on investments	—	(97,503)	(14,094)	(111,597)
Cash flows from noncapital financing activities				
Intergovernmental revenue	<u>—</u>	<u>638,910</u>	<u>—</u>	<u>638,910</u>
Net increase in cash and temporary investments/cash equivalents	(220,207)	(231,413)	220,105	(231,515)
Cash and temporary investments/cash equivalents				
Beginning of year	<u>251,156</u>	<u>2,559,752</u>	<u>263,116</u>	<u>3,074,024</u>
End of year	<u>\$ 30,949</u>	<u>\$ 2,328,339</u>	<u>\$ 483,221</u>	<u>\$ 2,842,509</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (220,207)	\$ (1,791,675)	\$ 196,706	\$ (1,815,176)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	—	—	17,445	17,445
Other income	—	147	—	147
Changes in assets, liabilities, and deferred outflows/inflows				
Accounts receivable	—	5,518	—	5,518
Due from other governmental units	—	18,064	—	18,064
Inventory	—	—	10,805	10,805
Net pension asset – fire relief	—	(8,968)	—	(8,968)
Deferred outflows – pension and OPEB plans	—	(4,864,353)	—	(4,864,353)
Accounts payable	—	(4,378)	9,114	4,736
Due to other governmental units	—	—	129	129
Deposits	—	(12,117)	—	(12,117)
Accrued compensated absences	—	(26,697)	—	(26,697)
Net pension liability – PERA	—	13,798,666	—	13,798,666
Total OPEB liability	—	1,172,217	—	1,172,217
Deferred inflows – pension and OPEB plans	—	(9,059,244)	—	(9,059,244)
Net cash flows from operating activities	<u>\$ (220,207)</u>	<u>\$ (772,820)</u>	<u>\$ 234,199</u>	<u>\$ (758,828)</u>

OTHER CITY INFORMATION

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CITY OF GOLDEN VALLEY

Schedule of Sources and Uses of Public Funds
for North Wirth Parkway No. 1505, a Tax Increment Financing District
Year Ended December 31, 2022

	<u>Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Sources of funds				
Tax increments received	\$ 920,000	\$ 397,893	\$ 26,316	\$ 495,791
Special assessments	—	—	6,690	(6,690)
Real estate sales	575,000	523,431	—	51,569
Interest income (charges)	<u>—</u>	<u>4,388</u>	<u>(411)</u>	<u>(3,977)</u>
Total sources of funds	1,495,000	925,712	32,595	536,693
Uses of funds				
Land and building acquisition	—	267,696	25,970	(293,666)
Site preparation and improvements	1,000,000	623,515	6,158	370,327
Administrative costs	—	16,058	—	(16,058)
Interest and fiscal costs	<u>495,000</u>	<u>4,472</u>	<u>49</u>	<u>490,479</u>
Total uses of funds	<u>1,495,000</u>	<u>911,741</u>	<u>32,177</u>	<u>551,082</u>
Funds remaining (deficit)	<u>\$ —</u>	<u>\$ 13,971</u>	<u>\$ 418</u>	<u>\$ (14,389)</u>

Note: Real estate sales
Property purchased and sold to developers:

<u>Purchaser/Developer</u>	<u>Project</u>	<u>Sale Price</u>	<u>Cost</u>
GVEC, LLC	Business Center	<u>\$ 523,431</u>	<u>\$ 1,093,241</u>

The cost of the property sold to GVEC, LLC includes the \$567,685 original purchase price that was paid by the North Wirth Parkway No. 1501 Tax Increment Financing District prior to the establishment of this district.

CITY OF GOLDEN VALLEY

Schedule of Sources and Uses of Public Funds
for Highway 55 West No. 1506, a Tax Increment Financing District
Year Ended December 31, 2022

	<u>Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Sources of funds				
Bond proceeds	\$ —	\$ 2,008,681	\$ —	\$ (2,008,681)
Tax increments received	8,814,808	2,064,650	607,219	6,142,939
Special assessments	—	423,885	38,990	(462,875)
Interest income (charges)	<u>—</u>	<u>39,467</u>	<u>(16,911)</u>	<u>(22,556)</u>
Total sources of funds	8,814,808	4,536,683	629,298	3,648,827
Uses of funds				
Site acquisition and improvements	4,545,891	3,092,894	340,226	1,112,771
Administrative costs	881,480	4,473	1,451	875,556
Principal	—	495,000	205,000	(700,000)
Interest and fiscal costs	<u>3,387,437</u>	<u>188,864</u>	<u>33,475</u>	<u>3,165,098</u>
Total uses of funds	<u>8,814,808</u>	<u>3,781,231</u>	<u>580,152</u>	<u>4,453,425</u>
Funds remaining (deficit)	<u>\$ —</u>	<u>\$ 755,452</u>	<u>\$ 49,146</u>	<u>\$ (804,598)</u>

CITY OF GOLDEN VALLEY

Schedule of Sources and Uses of Public Funds
for Cornerstone Creek No. 1507, a Tax Increment Financing District
Year Ended December 31, 2022

	<u>Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Sources of funds				
Tax increments received	\$ 1,535,716	\$ 222,795	\$ 65,536	\$ 1,247,385
Interest income (charges)	<u>—</u>	<u>79</u>	<u>(837)</u>	<u>758</u>
Total sources of funds	<u>1,535,716</u>	<u>222,874</u>	<u>64,699</u>	<u>1,248,143</u>
Uses of funds				
Site acquisition and improvements	687,975	178,793	53,221	455,961
Administrative costs	171,571	—	—	171,571
Interest and fiscal costs	<u>676,170</u>	<u>—</u>	<u>—</u>	<u>676,170</u>
Total uses of funds	<u>1,535,716</u>	<u>178,793</u>	<u>53,221</u>	<u>1,303,702</u>
Funds remaining (deficit)	<u><u>\$ —</u></u>	<u><u>\$ 44,081</u></u>	<u><u>\$ 11,478</u></u>	<u><u>\$ (55,559)</u></u>

CITY OF GOLDEN VALLEY

Schedule of Sources and Uses of Public Funds
for Winnetka/Medicine Lake (Liberty Crossing) No. 1508, a Tax Increment Financing District
Year Ended December 31, 2022

	<u>Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Sources of funds				
Tax increments received	\$ 19,052,584	\$ 2,329,602	\$ 814,894	\$ 15,908,088
Interest income (charges)	<u>—</u>	<u>766</u>	<u>(38,195)</u>	<u>37,429</u>
Total sources of funds	19,052,584	2,330,368	776,699	15,945,517
Uses of funds				
Site improvements – utilities	7,913,693	2,756,273	2,049	5,155,371
Administrative costs	1,945,145	—	—	1,945,145
Interest and fiscal costs	<u>9,193,746</u>	<u>321,013</u>	<u>56,710</u>	<u>8,816,023</u>
Total uses of funds	<u>19,052,584</u>	<u>3,077,286</u>	<u>58,759</u>	<u>15,916,539</u>
Funds remaining (deficit)	<u>\$ —</u>	<u>\$ (746,918)</u>	<u>\$ 717,940</u>	<u>\$ 28,978</u>

STATISTICAL SECTION

(UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Golden Valley, Minnesota's (the City) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Contents:

Financial Trends 115

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 126

These schedules contain information to help the reader assess the City's most significant revenue source, including the property tax and utility revenue.

Debt Capacity 132

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.

Demographic and Economic Information 140

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Indicators 142

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.

Source: Unless otherwise noted, the information in these schedules is derived from the ACFR for the relevant year.

CITY OF GOLDEN VALLEY

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 21,829,745	\$ 21,499,939	\$ 24,816,606	\$ 23,527,470
Restricted	29,535,846	29,553,484	17,942,353	18,567,757
Unrestricted	9,306,292	14,349,901	15,401,264	12,900,989
Total governmental activities net position	<u>\$ 60,671,883</u>	<u>\$ 65,403,324</u>	<u>\$ 58,160,223</u>	<u>\$ 54,996,216</u>
Business-type activities				
Net investment in capital assets	\$ 28,427,621	\$ 29,588,257	\$ 30,101,294	\$ 31,809,835
Unrestricted	18,562,323	16,164,578	14,010,619	17,561,589
Total business-type activities net position	<u>\$ 46,989,944</u>	<u>\$ 45,752,835</u>	<u>\$ 44,111,913</u>	<u>\$ 49,371,424</u>
Primary government				
Net investment in capital assets	\$ 50,257,366	\$ 51,088,196	\$ 54,917,900	\$ 55,337,305
Restricted	29,535,846	29,553,484	17,942,353	18,567,757
Unrestricted	27,868,615	30,514,479	29,411,883	30,462,578
Total primary government net position	<u>\$ 107,661,827</u>	<u>\$ 111,156,159</u>	<u>\$ 102,272,136</u>	<u>\$ 104,367,640</u>

Note 1: The City implemented GASB Statement No. 68 in 2015, resulting in a restatement of beginning net position for the effects of implementing this standard. Net position for previous years has not been restated.

Note 2: The City implemented GASB Statement No. 75 in 2018, resulting in a restatement of beginning net position for the effects of implementing this standard. Net position for previous years has not been restated.

2017	2018	2019	2020	2021	2022
\$ 24,239,358	\$ 27,973,471	\$ 30,178,374	\$ 28,994,273	\$ 32,036,524	\$ 33,605,654
21,342,170	24,401,665	25,785,567	26,738,440	29,277,763	31,050,961
14,755,485	11,015,315	13,001,567	18,192,074	19,676,353	20,618,692
<u>\$ 60,337,013</u>	<u>\$ 63,390,451</u>	<u>\$ 68,965,508</u>	<u>\$ 73,924,787</u>	<u>\$ 80,990,640</u>	<u>\$ 85,275,307</u>
\$ 35,854,260	\$ 36,950,518	\$ 39,110,394	\$ 40,380,232	\$ 40,749,737	\$ 45,675,680
16,068,264	19,689,949	23,980,781	28,238,723	32,328,662	30,587,263
<u>\$ 51,922,524</u>	<u>\$ 56,640,467</u>	<u>\$ 63,091,175</u>	<u>\$ 68,618,955</u>	<u>\$ 73,078,399</u>	<u>\$ 76,262,943</u>
\$ 60,093,618	\$ 64,923,989	\$ 69,288,768	\$ 69,374,505	\$ 72,786,261	\$ 79,281,334
21,342,170	24,401,665	25,785,567	26,738,440	29,277,763	31,050,961
30,823,749	30,705,264	36,982,348	46,430,797	52,005,015	51,205,955
<u>\$ 112,259,537</u>	<u>\$ 120,030,918</u>	<u>\$ 132,056,683</u>	<u>\$ 142,543,742</u>	<u>\$ 154,069,039</u>	<u>\$ 161,538,250</u>

CITY OF GOLDEN VALLEY

Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 2,914,823	\$ 3,066,025	\$ 11,327,689	\$ 4,182,777
Public safety	7,310,946	6,831,136	6,907,661	8,213,351
Community development	10,325,068	11,396,748	13,448,443	11,274,790
Public works	—	—	—	—
Parks and recreation	1,588,798	1,545,616	1,486,218	1,736,619
Interest and fiscal charges	2,633,359	2,456,490	2,066,076	2,172,554
Total governmental activities expenses	24,772,994	25,296,015	35,236,087	27,580,091
Business-type activities				
Water and sewer	7,611,927	9,867,531	9,867,731	8,327,113
Storm sewer	1,589,410	1,944,935	1,795,260	1,685,494
Golf course	1,645,728	1,693,028	1,848,745	2,172,621
Motor vehicle licensing	326,382	326,201	349,019	401,363
Recycling	410,808	393,280	392,239	407,664
Total business-type activities expenses	11,584,255	14,224,975	14,252,994	12,994,255
Total primary government expenses	<u>\$ 36,357,249</u>	<u>\$ 39,520,990</u>	<u>\$ 49,489,081</u>	<u>\$ 40,574,346</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 279,725	\$ 276,782	\$ 263,205	\$ 223,237
Public safety	1,861,481	1,837,076	1,985,746	2,155,832
Community development	407,938	342,809	415,395	400,351
Public works	—	—	—	—
Parks and recreation	594,142	534,821	594,130	489,959
Operating grants and contributions	559,246	538,956	600,264	643,970
Capital grants and contributions	1,882,698	2,028,250	6,377,610	1,578,699
Total governmental activities program revenues	5,585,230	5,558,694	10,236,350	5,492,048
Business-type activities				
Charges for services				
Water and sewer	7,831,307	7,751,250	8,266,107	8,814,629
Storm sewer	2,274,549	2,278,128	2,281,125	2,241,536
Golf course	1,502,897	1,543,151	2,071,141	2,106,472
Motor vehicle licensing	304,424	347,382	395,718	457,275
Recycling	276,099	323,184	331,630	378,934
Operating grants and contributions	495,451	701,605	209,831	167,557
Capital grants and contributions	852,075	—	—	1,561,135
Total business-type activities program revenues	13,536,802	12,944,700	13,555,552	15,727,538
Total primary government program revenues	<u>\$ 19,122,032</u>	<u>\$ 18,503,394</u>	<u>\$ 23,791,902</u>	<u>\$ 21,219,586</u>

2017	2018	2019	2020	2021	2022
\$ 3,260,989	\$ 3,633,644	\$ 3,645,284	\$ 4,169,858	\$ 3,788,382	\$ 5,359,991
8,128,614	7,979,009	8,611,294	8,870,757	8,089,691	8,919,678
11,539,091	12,019,371	2,102,527	2,157,872	1,903,327	3,014,245
–	–	9,226,210	9,716,950	10,477,892	11,003,765
2,205,615	2,710,862	2,470,334	2,033,540	2,067,373	2,764,425
2,321,780	1,947,173	1,907,064	1,697,077	1,587,120	1,608,289
27,456,089	28,290,059	27,962,713	28,646,054	27,913,785	32,670,393
8,395,036	9,374,281	8,863,414	9,211,358	9,643,763	10,222,237
2,526,607	1,861,392	2,331,381	2,217,110	1,968,509	2,270,408
2,348,327	3,235,267	3,163,981	2,741,444	3,185,361	4,096,568
405,407	399,060	410,430	462,777	443,418	573,795
389,472	408,286	477,286	504,119	526,822	1,059,807
14,064,849	15,278,286	15,246,492	15,136,808	15,767,873	18,222,815
<u>\$ 41,520,938</u>	<u>\$ 43,568,345</u>	<u>\$ 43,209,205</u>	<u>\$ 43,782,862</u>	<u>\$ 43,681,658</u>	<u>\$ 50,893,208</u>
\$ 238,339	\$ 267,543	\$ 209,369	\$ 225,998	\$ 206,956	\$ 208,323
3,460,736	2,132,083	537,505	355,245	295,902	253,437
565,550	663,328	1,621,151	1,230,765	1,504,988	1,734,969
–	–	348,830	410,814	315,753	366,854
443,632	981,624	920,139	273,995	353,199	774,513
1,444,260	1,261,435	724,609	617,891	888,261	871,950
2,689,043	3,140,938	2,791,326	733,444	3,478,561	3,698,737
8,841,560	8,446,951	7,152,929	3,848,152	7,043,620	7,908,783
9,574,647	10,482,578	10,022,356	10,621,632	11,203,708	11,802,888
2,328,336	2,446,828	2,480,095	2,559,800	2,592,294	2,775,129
2,059,405	2,956,984	3,205,252	2,914,216	3,927,131	4,376,050
453,215	435,698	477,523	256,748	317,229	418,035
389,894	391,131	408,058	439,160	501,335	1,040,416
966,871	395,134	188,765	66,990	34,261	388,508
1,227,470	398,387	2,795,362	1,605,931	–	215,747
16,999,838	17,506,740	19,577,411	18,464,477	18,575,958	21,016,773
<u>\$ 25,841,398</u>	<u>\$ 25,953,691</u>	<u>\$ 26,730,340</u>	<u>\$ 22,312,629</u>	<u>\$ 25,619,578</u>	<u>\$ 28,925,556</u>

CITY OF GOLDEN VALLEY

Changes in Net Position (continued)
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Net (expense) revenue				
Governmental activities	\$ (19,187,764)	\$ (19,737,321)	\$ (24,999,737)	\$ (22,088,043)
Business-type activities	1,952,547	(1,280,275)	(697,442)	2,733,283
Total primary government net expense	<u>\$ (17,235,217)</u>	<u>\$ (21,017,596)</u>	<u>\$ (25,697,179)</u>	<u>\$ (19,354,760)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes	\$ 21,757,173	\$ 22,616,003	\$ 21,934,817	\$ 19,473,750
Franchise taxes	904,928	1,048,227	1,028,368	402,017
Unrestricted grants and contributions	—	—	—	—
Other general revenues	338,245	286,108	372,590	347,543
Investment earnings (charges)	112,817	347,197	221,237	313,888
Gain on sale of capital assets	24,735	71,227	18,337	56,838
Transfers	(73,606)	100,000	100,000	(1,670,000)
Total governmental activities	<u>23,064,292</u>	<u>24,468,762</u>	<u>23,675,349</u>	<u>18,924,036</u>
Business-type activities				
Franchise taxes	—	—	—	700,000
Investment earnings (charges)	38,459	142,866	122,591	156,228
Transfers	73,606	(100,000)	(100,000)	1,670,000
Total business-type activities	<u>112,065</u>	<u>42,866</u>	<u>22,591</u>	<u>2,526,228</u>
Total primary government	<u>\$ 23,176,357</u>	<u>\$ 24,511,628</u>	<u>\$ 23,697,940</u>	<u>\$ 21,450,264</u>
Changes in net position				
Governmental activities	\$ 3,876,528	\$ 4,731,441	\$ (1,324,388)	\$ (3,164,007)
Business-type activities	2,064,612	(1,237,409)	(674,851)	5,259,511
Total primary government	<u>\$ 5,941,140</u>	<u>\$ 3,494,032</u>	<u>\$ (1,999,239)</u>	<u>\$ 2,095,504</u>

Note: The City reorganized its governmental activities functions in 2019, creating a separate public works function and moving certain other departments between functions to better reflect the organization of city operations.

2017	2018	2019	2020	2021	2022
\$ (18,614,529)	\$ (19,843,108)	\$ (20,809,784)	\$ (24,797,902)	\$ (20,870,165)	\$ (24,761,610)
2,934,989	2,228,454	4,330,919	3,327,669	2,808,085	2,793,958
<u>\$ (15,679,540)</u>	<u>\$ (17,614,654)</u>	<u>\$ (16,478,865)</u>	<u>\$ (21,470,233)</u>	<u>\$ (18,062,080)</u>	<u>\$ (21,967,652)</u>
\$ 21,419,195	\$ 22,825,055	\$ 24,399,021	\$ 26,593,034	\$ 27,352,013	\$ 29,565,166
687,773	836,780	719,131	750,959	772,266	796,783
—	—	—	1,693,378	16,398	239,785
291,837	264,266	165,936	122,994	80,706	114,781
522,746	788,823	1,032,727	788,401	(204,549)	(1,789,925)
3,775	80,997	101,526	11,876	121,369	89,687
1,030,000	(1,149,855)	(33,500)	(203,461)	(202,185)	30,000
23,955,326	23,646,066	26,384,841	29,757,181	27,936,018	29,046,277
400,000	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000
246,111	339,634	586,289	496,650	(50,826)	(1,079,414)
(1,030,000)	1,149,855	33,500	203,461	202,185	(30,000)
(383,889)	2,489,489	2,119,789	2,200,111	1,651,359	390,586
<u>\$ 23,571,437</u>	<u>\$ 26,135,555</u>	<u>\$ 28,504,630</u>	<u>\$ 31,957,292</u>	<u>\$ 29,587,377</u>	<u>\$ 29,436,863</u>
\$ 5,340,797	\$ 3,802,958	\$ 5,575,057	\$ 4,959,279	\$ 7,065,853	\$ 4,284,667
2,551,100	4,717,943	6,450,708	5,527,780	4,459,444	3,184,544
<u>\$ 7,891,897</u>	<u>\$ 8,520,901</u>	<u>\$ 12,025,765</u>	<u>\$ 10,487,059</u>	<u>\$ 11,525,297</u>	<u>\$ 7,469,211</u>

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CITY OF GOLDEN VALLEY

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Ad Valorem Property Taxes</u>	<u>Tax Increments</u>	<u>Franchise Taxes</u>	<u>Total</u>
2013	\$ 16,922,610	\$ 4,834,563	\$ 904,928	\$ 22,662,101
2014	17,431,741	5,184,262	1,048,227	23,664,230
2015	21,911,378	23,439	1,028,368	22,963,185
2016	19,449,023	24,727	402,017	19,875,767
2017	21,398,275	20,920	687,773	22,106,968
2018	22,178,550	646,505	836,780	23,661,835
2019	23,292,820	1,106,201	719,131	25,118,152
2020	25,101,371	1,491,663	750,959	27,343,993
2021	25,886,865	1,465,148	772,266	28,124,279
2022	28,051,201	1,513,965	796,783	30,361,949

CITY OF GOLDEN VALLEY

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ —	\$ 1,256	\$ 7,617	\$ 18,822
Committed	—	—	—	—
Assigned	1,500,000	1,500,000	2,000,000	2,000,000
Unassigned	8,207,985	8,640,108	8,719,447	8,954,274
Total General Fund	<u>\$ 9,707,985</u>	<u>\$ 10,141,364</u>	<u>\$ 10,727,064</u>	<u>\$ 10,973,096</u>
All other governmental funds				
Nonspendable	\$ —	\$ —	\$ 285	\$ —
Restricted	43,287,123	47,308,126	33,222,298	44,457,090
Committed	718,723	743,633	202,270	208,846
Assigned	7,032,562	7,224,030	11,357,732	11,702,718
Unassigned, reported in Capital project funds	<u>—</u>	<u>—</u>	<u>(41,288)</u>	<u>(1,023,153)</u>
Total all other governmental funds	<u>\$ 51,038,408</u>	<u>\$ 55,275,789</u>	<u>\$ 44,741,297</u>	<u>\$ 55,345,501</u>

2017	2018	2019	2020	2021	2022
\$ 3,610	\$ –	\$ 14,029	\$ 23,010	\$ 26,653	\$ 8,976
–	–	111,960	111,960	–	–
2,000,000	2,045,000	3,350,000	4,350,000	2,269,499	2,612,910
10,400,239	11,014,502	11,676,100	13,192,079	13,258,756	14,711,433
<u>\$ 12,403,849</u>	<u>\$ 13,059,502</u>	<u>\$ 15,152,089</u>	<u>\$ 17,677,049</u>	<u>\$ 15,554,908</u>	<u>\$ 17,333,319</u>
\$ –	\$ –	\$ –	\$ –	\$ –	\$ 58,951
32,513,969	26,311,344	21,568,499	22,904,513	22,970,466	24,286,876
213,524	213,624	212,939	127,269	161,790	169,113
13,355,185	10,183,554	9,910,623	11,513,179	13,215,884	12,363,189
<u>(1,066,647)</u>	<u>(2,164,862)</u>	<u>(1,825,910)</u>	<u>(1,271,708)</u>	<u>(746,918)</u>	<u>(28,978)</u>
<u>\$ 45,016,031</u>	<u>\$ 34,543,660</u>	<u>\$ 29,866,151</u>	<u>\$ 33,273,253</u>	<u>\$ 35,601,222</u>	<u>\$ 36,849,151</u>

CITY OF GOLDEN VALLEY

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 16,847,769	\$ 17,334,800	\$ 21,874,958	\$ 19,539,516
Tax increments	4,834,563	5,184,262	23,439	24,727
Special assessments	1,223,120	1,217,205	1,060,839	806,891
Franchise taxes	904,928	1,048,227	1,028,368	402,017
Licenses and permits	1,496,453	1,479,304	1,626,113	1,859,208
Intergovernmental	984,620	1,410,427	4,717,848	1,554,964
Charges for services	1,889,478	1,718,592	1,607,143	1,544,898
Fines and forfeits	366,059	310,318	354,066	283,483
Investment income (charges)	107,763	328,554	209,866	302,230
Other revenue	650,750	716,133	879,395	727,904
Total revenues	29,305,503	30,747,822	33,382,035	27,045,838
Expenditures				
General government	1,268,041	1,310,190	9,340,987	1,299,871
Administrative services	1,558,386	1,682,784	1,712,183	1,812,545
Casualty insurance	222,559	240,918	169,213	154,842
Public safety	6,594,376	6,156,396	6,116,997	6,563,064
Community development	4,142,979	5,051,206	4,790,646	5,188,881
Public works	—	—	—	—
Parks and recreation	1,183,263	1,028,809	1,092,198	1,078,032
Capital outlay – not capitalized	1,575,739	1,779,425	3,943,954	1,262,482
Construction/acquisition of capital assets	4,623,106	5,043,790	8,312,307	10,192,081
Debt service				
Principal retirement	6,295,000	8,720,000	9,320,000	4,960,000
Interest and fiscal charges	2,833,093	2,695,660	2,405,710	2,305,673
Total expenditures	30,296,542	33,709,178	47,204,195	34,817,471
Excess of revenues over (under) expenditures	(991,039)	(2,961,356)	(13,822,160)	(7,771,633)
Other financing sources (uses)				
Sale of capital assets	80,875	222,432	53,442	80,627
Bonds issued	2,485,000	3,085,000	2,670,000	25,130,000
Refunding bonds issued	9,100,000	3,950,000	6,600,000	—
Premiums on debt issues	452,503	274,684	164,926	1,026,242
Payments to refunded bond escrow agent	(2,085,000)	—	(5,715,000)	(6,945,000)
Transfers in	6,448,710	6,545,710	5,742,041	2,551,950
Transfers (out)	(6,548,710)	(6,445,710)	(5,642,041)	(3,221,950)
Total other financing sources (uses)	9,933,378	7,632,116	3,873,368	18,621,869
Net change in fund balances	\$ 8,942,339	\$ 4,670,760	\$ (9,948,792)	\$ 10,850,236
Debt service as a percentage of noncapital expenditures	35.6%	39.8%	30.1%	29.5%

Note: The City reorganized its governmental activities functions in 2019, creating a separate public works function and moving certain other departments between functions to better reflect the organization of city operations.

2017	2018	2019	2020	2021	2022
\$ 21,388,915	\$ 22,175,461	\$ 23,266,074	\$ 24,836,506	\$ 26,146,076	\$ 28,056,828
20,920	646,505	1,106,201	1,491,663	1,465,148	1,513,965
1,106,697	1,050,049	1,057,652	592,614	774,362	901,054
687,773	836,780	719,131	750,959	772,266	796,783
3,141,910	1,778,321	1,705,864	1,350,417	1,595,716	1,842,234
2,181,104	3,032,083	1,760,103	2,366,086	821,731	1,666,421
1,577,194	2,070,277	2,160,237	1,210,902	1,433,460	1,891,525
400,233	379,708	260,565	148,672	127,096	81,852
503,416	752,246	978,546	747,355	(191,110)	(1,678,328)
679,913	883,449	528,833	587,356	484,126	1,296,181
31,688,075	33,604,879	33,543,206	34,082,530	33,428,871	36,368,515
1,325,205	1,362,468	1,404,362	1,779,000	1,780,998	2,231,565
1,860,542	1,963,163	1,967,267	2,213,472	2,308,688	2,424,296
225,617	318,934	316,206	318,902	269,420	277,610
6,937,709	7,048,837	7,312,126	7,817,588	7,621,891	7,621,406
5,152,616	5,738,929	2,053,347	2,222,461	2,095,315	2,169,560
—	—	4,051,707	3,942,738	4,499,814	4,946,265
1,192,679	1,496,138	1,454,209	1,170,725	1,241,033	1,641,813
1,501,845	2,025,000	365,612	589,793	1,044,253	1,405,433
22,281,092	11,046,962	7,263,621	1,617,652	6,734,018	8,134,653
4,905,000	5,715,000	5,670,000	5,100,000	7,390,000	5,065,000
2,460,593	2,426,163	2,174,818	1,942,181	1,877,201	1,781,313
47,842,898	39,141,594	34,033,275	28,714,512	36,862,631	37,698,914
(16,154,823)	(5,536,715)	(490,069)	5,368,018	(3,433,760)	(1,330,399)
143,274	239,795	200,217	147,736	263,333	192,330
5,330,000	2,950,000	1,770,000	—	3,420,000	3,895,000
4,100,000	—	—	—	—	—
537,832	31,117	188,430	—	158,440	239,409
(3,885,000)	(6,345,000)	(4,220,000)	—	—	—
4,144,838	5,276,409	2,757,128	3,357,604	6,427,360	2,805,000
(3,114,838)	(6,432,324)	(2,790,628)	(2,941,296)	(6,629,545)	(2,775,000)
7,256,106	(4,280,003)	(2,094,853)	564,044	3,639,588	4,356,739
\$ (8,898,717)	\$ (9,816,718)	\$ (2,584,922)	\$ 5,932,062	\$ 205,828	\$ 3,026,340
28.8%	29.0%	29.3%	26.0%	30.8%	23.2%

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CITY OF GOLDEN VALLEY

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Ad Valorem Property Tax	Tax Increments	Franchise Tax	Total
2013	\$ 16,847,769	\$ 4,834,563	\$ 904,928	\$ 22,587,260
2014	17,334,800	5,184,262	1,048,227	23,567,289
2015	21,874,958	23,439	1,028,368	22,926,765
2016	19,539,516	24,727	402,017	19,966,260
2017	21,388,915	20,920	687,773	22,097,608
2018	22,175,461	646,505	836,780	23,658,746
2019	23,266,074	1,106,201	719,131	25,091,406
2020	24,836,506	1,491,663	750,959	27,079,128
2021	26,146,076	1,465,148	772,266	28,383,490
2022	28,056,828	1,513,965	796,783	30,367,576

CITY OF GOLDEN VALLEY

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Levy Collectible in Fiscal Year	Tax Capacities (1)				
	Real Property	Personal Property	Fiscal Disparities Contribution	Decrease From Tax Increments	Applied Tax Capacity
2013	\$ 35,693,380	\$ 416,456	\$ (5,460,857)	\$ (3,275,801)	\$ 27,373,178
2014	35,543,286	413,722	(5,888,222)	(3,352,209)	26,716,577
2015	37,743,877	423,575	(5,994,022)	(20,214)	32,153,216
2016	40,233,072	433,290	(5,880,892)	(21,325)	34,764,145
2017	42,748,968	472,938	(6,636,623)	(21,692)	36,563,591
2018	45,436,776	505,617	(6,748,649)	(472,613)	38,721,131
2019	49,442,493	525,094	(7,107,691)	(834,500)	42,025,396
2020	53,111,161	566,562	(7,678,701)	(1,151,026)	44,847,996
2021	55,644,963	604,764	(7,680,860)	(1,184,458)	47,384,409
2022	58,262,162	310,598	(8,480,624)	(1,184,278)	48,907,858

- (1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: Hennepin County

Total City Tax Capacity Rate Applied	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
58.21	\$ 2,744,389,240	1.00 %
61.84	2,719,232,050	0.98
54.63	2,934,477,667	1.10
54.45	3,097,563,064	1.12
56.11	3,271,878,353	1.12
55.15	3,523,108,955	1.10
53.78	3,842,319,483	1.09
53.40	4,136,243,370	1.08
52.44	4,325,815,780	1.10
54.31	4,540,229,944	1.08

CITY OF GOLDEN VALLEY

Property Tax Rates (1)
Direct and Overlapping (2) Governments
Last Ten Fiscal Years

For the City/ISD No. 281 – Robbinsdale

Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	General Levy	Debt Levy	City Total	Hennepin County	ISD No. 281 Robbinsdale	Special Districts	
2013	43.00	15.21	58.21	49.46	32.35	10.93	150.95
2014	45.51	16.33	61.84	49.96	34.78	11.30	157.88
2015	40.46	14.17	54.63	46.40	33.22	10.56	144.81
2016	39.72	14.73	54.45	45.36	33.83	10.43	144.07
2017	39.08	17.03	56.11	44.09	31.61	10.20	142.01
2018	42.87	12.28	55.15	42.81	31.96	8.98	138.90
2019	42.22	11.56	53.78	41.86	29.91	9.42	134.97
2020	41.85	11.55	53.40	41.08	26.45	9.07	130.00
2021	40.83	11.61	52.44	38.21	25.53	8.75	124.93
2022	43.35	10.96	54.31	38.54	26.50	9.17	128.52

For the City/ISD No. 270 – Hopkins

Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	General Levy	Debt Levy	City Total	Hennepin County	ISD No. 270 Hopkins	Special Districts	
2013	43.00	15.21	58.21	49.46	29.73	10.93	148.33
2014	45.51	16.33	61.84	49.96	32.36	11.30	155.46
2015	40.46	14.17	54.63	46.40	30.34	10.56	141.93
2016	39.72	14.73	54.45	45.36	28.51	10.43	138.75
2017	39.08	17.03	56.11	44.09	25.61	10.20	136.01
2018	42.87	12.28	55.15	42.81	29.03	8.98	135.97
2019	42.22	11.56	53.78	41.86	27.02	9.42	132.08
2020	41.85	11.55	53.40	41.08	27.19	9.07	130.74
2021	40.83	11.61	52.44	38.21	26.48	8.75	125.88
2022	43.35	10.96	54.31	38.54	26.78	9.17	128.80

- (1) Information reflects total tax rates levied by each entity. Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city 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).

Source: Hennepin County

CITY OF GOLDEN VALLEY

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percentage of Applied Tax Capacity	Net Tax Capacity	Rank	Percentage of Applied Tax Capacity
General Mills, Inc.	\$ 2,123,800	1	4.3 %	\$ 1,817,220	1	6.6 %
Allianz Life Insurance Company	1,721,650	2	3.5	1,281,790	2	4.7
Colonnade Ridge LLC	1,390,770	3	2.8	—	—	—
394 Associates, LLC	1,040,363	4	2.1	—	—	—
SFI Ltd Partnership	823,863	5	1.7	—	—	—
ALTUS Golden Hills, LLC	821,250	6	1.7	—	—	—
Liberty Xing Investment Partners	595,550	7	1.2	—	—	—
IRET Properties LP	561,713	8	1.1	—	—	—
North Wirth Associates	554,010	9	1.1	220,430	8	0.8
PC Hello, LLC	550,150	10	1.1	—	—	—
ND Properties Inc.	—	—	—	855,290	3	3.1
Golden Jack, LLC	—	—	—	561,990	4	2.1
Menards, Incorporated	—	—	—	481,510	5	1.8
United Healthcare	—	—	—	402,130	6	1.5
Honeywell Incorporated	—	—	—	274,750	7	1.0
TCA Real Estate, LLC	—	—	—	214,550	9	0.8
The Luther Company, LLP	—	—	—	206,790	10	0.8
Total	<u>\$ 10,183,119</u>		<u>20.8 %</u>	<u>\$ 6,316,450</u>		<u>23.1 %</u>

Source: Hennepin County

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CITY OF GOLDEN VALLEY

Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year (2)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (4)	Total Collections to Date	
		Amount (3)	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 16,932,407	\$ 16,777,814	99.1 %	\$ 151,812	\$ 16,929,626	100.0 %
2014	17,403,839	17,242,324	99.1	159,610	17,401,934	100.0
2015	18,546,364	18,391,561	99.2	146,941	18,538,502	100.0
2016	19,603,886	19,511,104	99.5	92,782	19,603,886	100.0
2017	21,314,250	21,246,826	99.7	67,424	21,314,250	100.0
2018	22,365,161	22,297,307	99.7	54,130	22,351,437	99.9
2019	23,539,855	23,439,259	99.6	91,227	23,530,486	100.0
2020	25,073,550	24,783,738	98.8	264,693	25,048,431	99.9
2021	26,153,341	25,964,849	99.3	150,244	26,115,093	99.9
2022	28,098,031	28,000,109	99.7	—	28,000,109	99.7

(1) Does not include tax increments levied and collected.

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

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

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

CITY OF GOLDEN VALLEY

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	Special Assessment Bonds	Street Reconstruction Bonds	Certificates of Indebtedness	Tax Abatement Bonds	Tax Increment Bonds	State Aid Street Bonds	Lease Revenue Bonds
2013	\$ 62,230,000	\$ —	\$ 2,145,000	\$ 2,075,000	\$ 9,290,000	\$ 1,985,000	\$ —
2014	65,320,000	—	2,205,000	1,705,000	4,935,000	1,875,000	—
2015	64,860,000	—	2,295,000	1,360,000	—	1,760,000	—
2016	55,455,000	5,630,000	2,350,000	1,015,000	—	1,640,000	17,410,000
2017	55,340,000	5,630,000	2,400,000	670,000	1,170,000	1,520,000	17,410,000
2018	48,175,000	5,405,000	1,620,000	330,000	1,170,000	1,395,000	16,935,000
2019	42,205,000	5,180,000	820,000	—	1,155,000	1,265,000	16,285,000
2020	38,800,000	4,950,000	280,000	—	1,035,000	1,130,000	15,615,000
2021	36,300,000	4,715,000	—	—	915,000	985,000	14,925,000
2022	36,355,000	4,475,000	—	—	790,000	835,000	14,215,000

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

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

			Business-Type Activities					
Net Premiums (Discounts)		Total	Utility Revenue Bonds	Net Premiums (Discounts)	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	1,116,249	\$ 78,841,249	\$ 2,550,000	\$ —	\$ 2,550,000	\$ 81,391,249	6.68 %	\$ 3,935
	1,221,767	77,261,767	1,040,000	—	1,040,000	78,301,767	6.21	3,766
	1,200,577	71,475,577	910,000	—	910,000	72,385,577	5.25	3,356
	2,043,531	85,543,531	2,580,000	41,745	2,621,745	88,165,276	6.27	4,090
	2,352,017	86,492,017	2,580,000	39,688	2,619,688	89,111,705	6.11	4,117
	2,084,966	77,114,966	2,580,000	37,631	2,617,631	79,732,597	5.20	3,695
	2,068,449	68,978,449	2,580,000	35,574	2,615,574	71,594,023	4.22	3,152
	1,876,422	63,686,422	2,460,000	33,517	2,493,517	66,179,939	3.83	2,935
	1,800,991	59,640,991	2,340,000	31,460	2,371,460	62,012,451	3.21	2,777
	1,849,847	58,519,847	2,215,000	29,403	2,244,403	60,764,250	3.23	2,758

CITY OF GOLDEN VALLEY

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less Amounts Restricted for Repaying Principal (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2013	\$ 78,841,249	\$ 28,063,240	\$ 50,778,009	1.85 %	\$ 2,455
2014	77,261,767	32,650,606	44,611,161	1.64	2,146
2015	71,475,577	28,040,782	43,434,795	1.48	2,014
2016	85,543,531	21,578,026	63,965,505	2.07	2,967
2017	86,492,017	23,277,113	63,214,904	1.93	2,920
2018	77,114,966	16,334,331	60,780,635	1.73	2,817
2019	68,978,449	11,741,205	57,237,244	1.49	2,520
2020	63,686,422	11,591,023	52,095,399	1.26	2,310
2021	59,640,991	11,700,328	47,940,663	1.11	2,147
2022	58,519,847	11,735,049	46,784,798	1.03	2,123

- (1) Reported net of premiums and discounts. Does not include revenue bonds. Tax increment, special assessment, and tax abatement bonds are included because property taxes will be levied to pay the debt service on these issues should the primary sources fail to provide adequate revenue.
- (2) The amounts restricted for repaying principal include the amounts restricted in all debt service funds for future debt service. We believe this is the most accurate and consistent representation of the resources restricted for debt service when crossover refunding bond proceeds are being held in escrow, as those resources are not included in the governmental activities net position restricted for debt service, due to conversion for full accrual accounting.
- (3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics.

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

CITY OF GOLDEN VALLEY

Direct and Overlapping Governmental Activities Debt
as of December 31, 2022

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of Golden Valley	\$ 58,519,847	100.00 %	\$ 58,519,847
Overlapping debt			
ISD No. 270, Hopkins	155,465,000	19.59	30,455,594
ISD No. 281, Robbinsdale	203,195,000	18.08	36,737,656
ISD No. 283, St. Louis Park	254,895,000	0.02	50,979
Hennepin County	1,439,270,000	2.29	32,959,283
Hennepin Suburban Park District	58,975,000	3.25	1,916,688
Hennepin Regional Railroad Authority	86,235,000	2.29	1,974,782
Metropolitan Council	1,717,186,171	1.12	19,232,485
Total overlapping debt	<u>\$ 3,915,221,171</u>		<u>123,327,466</u>
Total direct and overlapping debt			<u>\$ 181,847,313</u>

- (1) Special assessment, tax abatement, tax increment, lease revenue, and state-aid street bonds have been included in this table because property taxes will be used to pay the debt on these issues should other revenue sources fail to provide adequate amounts.

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. This process recognizes that, when considering the City'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.

Source: Hennepin County Taxpayer Services

CITY OF GOLDEN VALLEY

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 82,331,677	\$ 81,576,962	\$ 88,034,330	\$ 92,926,892
Total net debt applicable to the limit	2,927,363	2,833,906	1,712,141	7,032,733
Legal debt margin	<u>\$ 79,404,314</u>	<u>\$ 78,743,056</u>	<u>\$ 86,322,189</u>	<u>\$ 85,894,159</u>
Total net debt applicable to the limit as a percentage of the debt limit	3.56%	3.47%	1.94%	7.57%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 3 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

2017	2018	2019	2020	2021	2022
\$ 98,156,351	\$ 105,693,269	\$ 115,269,584	\$ 124,087,301	\$ 129,774,473	\$ 136,206,898
6,800,074	5,732,558	4,630,783	4,385,269	4,417,473	4,181,943
<u>\$ 91,356,277</u>	<u>\$ 99,960,711</u>	<u>\$ 110,638,801</u>	<u>\$ 119,702,032</u>	<u>\$ 125,357,000</u>	<u>\$ 132,024,955</u>
6.93%	5.42%	4.02%	3.53%	3.40%	3.07%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value		\$4,540,229,944
Debt limit (3% of market value)		136,206,898
Total bonded debt	\$ 58,885,000	
Less		
Debt not payable primarily from tax levies		
Special assessment bonds	36,355,000	
Tax increment bonds	790,000	
State aid street bonds	835,000	
Lease revenue bonds	14,215,000	
Utility revenue bonds	2,215,000	
Fund balances available for tax supported debt	293,057	
Total net debt applicable to the limit		<u>4,181,943</u>
Legal debt margin		<u>\$ 132,024,955</u>

CITY OF GOLDEN VALLEY

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds (1)				
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Interest
2013	\$ 2,502,536	\$ 1,470,273	\$ 1,032,263	\$ 320,000	\$ 118,749
2014	2,483,612	1,871,604	612,008	1,510,000 (2)	94,968
2015	2,455,263	1,748,165	707,098	130,000	41,718
2016	2,406,073	1,567,226	838,847	910,000 (3)	90,099
2017	3,330,505	2,465,516	864,989	—	50,191
2018	2,952,615	1,803,506	1,149,109	—	63,950
2019	2,774,078	2,253,908	520,170	—	63,950
2020	2,806,204	2,165,598	640,606	120,000	62,300
2021	2,599,053	1,992,442	606,611	120,000	60,350
2022	2,524,194	2,201,581	322,613	125,000	61,600

(1) Utility revenue bonds, payable from the Storm Sewer Utility Fund.

(2) In 2014, the City used available funds to exercise an early call provision and retire \$1,180,000 of utility revenue bonds before their stated maturity dates.

(3) In 2016, the City used available funds to exercise an early call provision and retire \$775,000 of utility revenue bonds before their stated maturity dates.

(4) Excludes principal refunded from the proceeds of refunding bond issues.

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements. Gross revenue includes investment earnings and intergovernmental grants. Operating expenses do not include interest.

Special Assessment Bonds					
Coverage	Special Assessment Collections	Debt Service		Coverage	
		Principal (4)	Interest		
2.35	\$ 1,223,120	\$ 2,880,000	\$ 1,955,697	0.25	
0.38	1,124,414	3,195,000	2,047,723	0.21	
4.12	980,375	3,215,000	1,999,619	0.19	
0.84	667,606	3,750,000	1,826,001	0.12	
17.23	1,039,971	3,675,000	1,510,438	0.20	
17.97	731,351	3,770,000	1,404,916	0.14	
8.13	1,189,401	3,520,000	1,191,082	0.25	
3.51	521,297	3,405,000	1,088,847	0.12	
3.36	709,213	6,040,000	1,040,894	0.10	
1.73	781,804	3,840,000	969,174	0.16	

CITY OF GOLDEN VALLEY

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2013	20,683	\$ 1,218,187,334	\$ 58,898	2,088	4.1 %
2014	20,790	1,259,894,790	60,601	2,074	3.2
2015	21,571	1,378,408,471	63,901	2,115	3.2
2016	21,556	1,406,119,436	65,231	1,994	3.6
2017	21,646	1,459,524,842	67,427	2,074	2.9
2018	21,580	1,533,625,860	71,067	2,085	2.8
2019	22,715	1,696,765,070	74,698	2,084	3.0
2020	22,552	1,726,400,704	76,552	2,018	4.5
2021	22,334	1,932,382,348	86,522	2,022	2.4
2022	22,034	1,884,017,170	85,505	2,224	2.6

Sources:

- (1) Metropolitan Council – Regional Statistics and Data except for 2022 – City estimate.
- (2) This estimated personal income number is calculated by taking the per capita personal income of Hennepin County and multiplying it by the City’s population. Also see note (3) regarding the per capita personal income figures.
- (3) Bureau of Economic Analysis, U.S. Department of Commerce – Hennepin County. The per capita personal income used is for that of Hennepin County, in which the City resides, the smallest region applicable to the City that this information is available.
- (4) Robbinsdale and Hopkins school districts.
- (5) Minnesota Department of Economic Security – Hennepin County.

CITY OF GOLDEN VALLEY

Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
General Mills, Inc.	4,500	1	13.1 %	5,500	1	15.7 %
Allianz Life Insurance Company	1,800	2	5.2	2,096	3	6.0
Optum Health	1,700	3	4.9	1,700	4	4.9
Honeywell Incorporated	1,700	3	4.9	1,350	5	3.9
G.H. Tennant Company	729	5	2.1	700	6	2.0
M.A. Mortenson	600	6	1.7	2,102	2	6.0
Courage Center	450	7	1.3	600	7	1.7
Preferred One	368	8	1.1	315	9	0.9
Liberty Carton	360	9	1.0	—	—	—
Breck School	338	10	1.0	—	—	—
Jim Lupient Oldsmobile	—	—	—	325	8	0.9
McKesson Corporation	—	—	—	300	10	0.9
Total	12,545		36.5 %	14,988		42.9 %

Source: Metropolitan Council – Regional Statistics and Data

CITY OF GOLDEN VALLEY

Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Function				
General government	23.10	23.10	23.50	23.50
Public safety	44.75	47.25	47.25	47.25
Community development	31.66	30.66	29.66	29.66
Public works	—	—	—	—
Parks and recreation	5.50	5.50	5.50	5.50
Water and sewer	12.34	12.34	12.34	12.34
Storm sewer	—	1.00	1.00	1.00
Golf course	7.00	7.00	7.00	7.00
Motor vehicle licensing	4.00	4.00	4.00	4.00
Total	128.35	130.85	130.25	130.25

Note: The City reorganized its governmental functions in 2019, creating a separate public works function and moving certain other departments between functions to better reflect the organization of city operations.

Source: Various city departments

2017	2018	2019	2020	2021	2022
23.50	24.25	17.00	18.00	19.00	20.00
47.50	47.50	48.50	51.50	50.50	50.00
29.66	29.66	18.00	18.00	18.00	18.50
—	—	20.66	20.66	20.66	21.16
7.50	7.50	8.38	8.38	8.38	9.13
12.34	12.34	12.34	12.34	12.34	12.34
1.00	1.00	1.00	1.00	1.00	1.00
8.50	8.50	11.00	11.00	11.00	11.00
4.00	4.00	5.00	5.00	5.00	5.00
134.00	134.75	141.88	145.88	145.88	148.13

CITY OF GOLDEN VALLEY

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Function				
Police				
Adult arrests	1,103	905	1,025	1,027
Juvenile arrests	61	38	33	20
Citations written	3,524	3,488	3,138	2,659
Fire				
Number of calls answered	797	631	711	747
Highways and streets				
Street resurfacing (miles)	1.0	1.2	1.2	0.5
Water				
New (removed) connections	2	8	(1)	9
Water main breaks	10	30	28	15
Average daily consumption (thousands of gallons)	2,518	2,213	2,156	2,106

Source: Various city departments

2017	2018	2019	2020	2021	2022
817	906	681	461	244	111
29	41	51	28	4	7
4,761	3,465	2,180	1,251	708	529
649	643	734	724	651	1,432
1.2	1.3	1.6	—	1.3	3.8
46	37	5	—	8	(1)
11	22	14	28	36	30
2,171	2,275	1,849	1,860	2,119	1,955

CITY OF GOLDEN VALLEY

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	8	8	8	8
Fire stations	3	3	3	3
Highways and streets				
Streets (miles)	144	144	144	144
Streetlights	1,840	1,840	1,840	1,836
Parks and recreation				
Parks acreage	462	462	462	462
Parks and nature areas	30	30	30	30
Tennis court locations	9	9	9	9
Community centers	2	2	2	2
Water				
Connections	7,141	7,149	7,148	7,157
Sewer				
Connections	7,179	7,188	7,234	7,205

Source: Various city departments

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
8	8	8	8	8	8
3	3	3	3	3	3
144	144	144	144	144	144
1,813	1,942	1,942	2,209	2,219	2,219
462	462	462	462	462	462
30	30	30	30	30	30
9	9	9	9	9	6
2	2	2	2	2	1
7,203	7,240	7,245	7,245	7,253	7,344
7,249	7,288	7,296	7,299	7,361	7,295

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FORM OF LEGAL OPINION

(See following pages)

\$3,710,000
General Obligation Improvement Bonds
Series 2024A
City of Golden Valley
Hennepin County, Minnesota

We have acted as bond counsel to the City of Golden Valley, Hennepin County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement Bonds, Series 2024A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$3,710,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments levied or to be levied on property specially benefited by local improvements and ad valorem taxes for the Issuer’s share of the cost of the improvements, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated April __, 2024 at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

\$3,710,000
Golden Valley, Minnesota
General Obligation Improvement Bonds
Series 2024A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Golden Valley, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2024A (the “Bonds”) in the original aggregate principal amount of \$3,710,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Improvement Bonds, Series 2024A, issued by the Issuer in the original aggregate principal amount of \$3,710,000.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final Official Statement, dated _____, 2024 which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the Golden Valley, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means _____, _____, _____.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF GOLDEN VALLEY, MINNESOTA

Mayor

City Clerk

TERMS OF PROPOSAL

\$3,710,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2024A CITY OF GOLDEN VALLEY, MINNESOTA

Proposals for the purchase of \$3,710,000* General Obligation Improvement Bonds, Series 2024A (the "Bonds") of the City of Golden Valley, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on March 19, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City, for the purpose of financing the 2024 Pavement Management Projects. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated April 9, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$225,000	2031	\$250,000	2036	\$230,000
2027	230,000	2032	255,000	2037	235,000
2028	235,000	2033	260,000	2038	245,000
2029	240,000	2034	265,000	2039	255,000
2030	245,000	2035	275,000	2040	265,000

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about April 9, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$3,665,480 plus accrued interest on the principal sum of \$3,710,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$74,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Golden Valley, Minnesota

PROPOSAL FORM

The City Council
City of Golden Valley, Minnesota (the "City")

March 19, 2024

RE: \$3,710,000* General Obligation Improvement Bonds, Series 2024A (the "Bonds")
DATED: April 9, 2024

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$3,665,480) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2026	_____ % due 2031	_____ % due 2036
_____ % due 2027	_____ % due 2032	_____ % due 2037
_____ % due 2028	_____ % due 2033	_____ % due 2038
_____ % due 2029	_____ % due 2034	_____ % due 2039
_____ % due 2030	_____ % due 2035	_____ % due 2040

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%. **A good faith deposit ("Deposit") in the amount of \$74,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about April 9, 2024.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 9, 2024 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Golden Valley, Minnesota, on March 19, 2024.

By: _____ By: _____
Title: _____ Title: _____