

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 3, 2024**

**NEW ISSUE  
NOT BANK QUALIFIED  
BOOK ENTRY ONLY**

**S&P RATING: AA**

In the opinion of Kennedy & Graven, Chartered, Bond Counsel for the Bonds, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, 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, estates and trusts 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 Kennedy & Graven, Chartered regarding 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. The Bonds will not be designated 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. See "TAX EXEMPTION" and "OTHER FEDERAL AND STATE TAX CONSIDERATIONS" herein.

**CITY OF BROOKLYN CENTER, MINNESOTA  
\$12,020,000\* General Obligation Improvement and Utility Revenue Bonds, Series 2024A  
(the "Bonds")**

<b>Dated Date</b>	Date of Delivery (anticipated to be June 13, 2024)
<b>Sale Date</b>	Monday, May 13, 2024 until 10:30 A.M., Central Time
<b>Consideration of Award</b>	City Council meeting commencing at 7:00 P.M., Central Time on Monday, May 13, 2024.
<b>Security</b>	The Bonds will be general obligations of the City of Brooklyn Center, Minnesota (the "City") for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge (i) special assessments filed against benefited properties for repayment of a portion of the Bonds, and (ii) net revenues of the City's water, sanitary sewer, and storm drainage utility funds for repayment of a portion of the Bonds.
<b>Authorization</b>	The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475. See "Authority and Security" herein.
<b>Purpose</b>	The proceeds of the Bonds will be used to finance (i) various street improvements including without limitation the Orchard Lane East improvement project, (ii) related utility improvements within the City, and (iii) cost of issuance. See "Authority and Security" herein.
<b>Principal and Interest Payments</b>	Principal will be paid annually on February 1, beginning February 1, 2026. Interest will be payable semiannually on February 1 and August 1 beginning February 1, 2025.
<b>Redemption Provisions</b>	The City may elect on February 1, 2033, and on any day thereafter, to redeem Bonds due on or after February 1, 2034 at a price of par plus accrued interest.  The Bonds may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
<b>Book Entry</b>	The Bonds will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See Appendix B for "Book Entry".
<b>Denominations</b>	The Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.
<b>Registrar and Paying Agent</b>	Zions Bancorporation located in Chicago, Illinois ("Registrar" and "Paying Agent").
<b>Bidding Information</b>	Interested bidders should review the Terms of Proposal for additional instructions. See Appendix G herein.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Further information may be obtained from Baker Tilly Municipal Advisors, LLC 30 East Seventh Street, Suite 3025, Saint Paul, MN 55101 (651) 223-3000 or bids@bakertilly.com.

\*Preliminary, subject to change.

MATURITY SCHEDULE  
(Base CUSIP(1) \_\_\_\_\_)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal(2)</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026	\$1,090,000				
2027	\$1,105,000				
2028	\$1,130,000				
2029	\$1,160,000				
2030	\$1,185,000				
2031	\$1,210,000				
2032	\$1,235,000				
2033	\$1,270,000				
2034	\$1,300,000				
2035	\$1,335,000				

(1) CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services (“CGS”), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about June 13, 2024.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final 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 Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Bonds, the City and the merits and risks of the investment opportunity.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

## **CITY CONTACT INFORMATION**

Additional information regarding the City may be obtained by contacting Angela Holm, Director of Fiscal and Support Services, City of Brooklyn Center, 6301 Shingle Creek Parkway, Brooklyn Center, Minnesota, 55430, phone (763) 569-3345, email: [aholm@ci.brooklyn-center.mn.us](mailto:aholm@ci.brooklyn-center.mn.us).

**CITY OF BROOKLYN CENTER, MINNESOTA**

**CITY COUNCIL**

April Graves	Mayor
Marquita Butler	Councilmember
Dan Jerzak	Councilmember
Teneshia Kragness	Councilmember
Kris Lawrence-Anderson	Councilmember

**CITY MANAGER**

Dr. Reginald Edwards

**DIRECTOR OF FISCAL AND SUPPORT SERVICES**

Angela Holm

**MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC  
Saint Paul, Minnesota

**BOND COUNSEL**

Kennedy & Graven, Chartered  
Minneapolis, Minnesota

**REGISTRAR AND PAYING AGENT**

Zions Bancorporation  
Chicago, Illinois

**UNDERWRITER**

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**OFFICIAL STATEMENT**

**CITY OF BROOKLYN CENTER, MINNESOTA  
\$12,020,000\* GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS,  
SERIES 2024A**

**PURPOSE OF THE ISSUE AND USE OF FUNDS**

**PURPOSE OF THE BONDS**

The proceeds of the Bonds will be used to finance (i) various street improvements including without limitation the Orchard Lane East improvement project (the "Improvement Portion"), (ii) related utility improvements (the "Utility Portion"), and (iii) cost of issuance.

**SOURCES AND USES OF FUNDS**

The composition of the Bonds is as follows:

	<u>Improvement Portion</u>	<u>Utility Portion</u>	<u>Total</u>
Sources of Funds:			
Principal Amount	\$ _____	\$ _____	\$ _____
[Net] Reoffering Premium	_____	_____	_____
Total Sources of Funds	\$ _____	\$ _____	\$ _____
Uses of Funds:			
Deposit to Project Fund	\$ _____	\$ _____	\$ _____
Costs of Issuance(1)	_____	_____	_____
Underwriter's Compensation	_____	_____	_____
Total Uses of Funds	\$ _____	\$ _____	\$ _____

(1) Includes fees for bond counsel, municipal advisor, registrar, rating, and other miscellaneous expenses.

**INVESTMENT OF FUNDS**

The proceeds of this issue are to be invested in accordance with the laws of the State relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Bonds proceeds.

**DESCRIPTION OF THE BONDS**

**INTEREST CALCULATION**

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2025. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

**REGISTRATION AND EXCHANGE FEATURES**

Each registered Bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," Zions Bancorporation in Chicago, Illinois, at the written request of the registered owner thereof or the owner's attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney.

\*Preliminary; subject to change.

**BOOK ENTRY**

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Bonds will be made in book entry only form. See Appendix B: Book Entry.

**PROVISIONS FOR PAYMENT**

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid to the registered owners as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants.

**NOTICE OF REDEMPTION**

Mailed notice of redemption shall be given to the registered owner(s) of the Bonds in accordance with the requirements of DTC which currently requires no less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

**OPTIONAL REDEMPTION**

The City may elect on February 1, 2033, and on any day thereafter, to redeem Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City 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 interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

**[MANDATORY REDEMPTION**

The Term Bonds maturing on \_\_\_\_\_ [and \_\_\_\_\_] (the “Term Bonds”) are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>Year</u>	<u>[ ] Term Bond Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[ ] Term Bond Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____



<u>Year</u>	<u>[ ] Term Bond Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

\* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.]

## **AUTHORITY AND SECURITY**

### **AUTHORITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475.

### **SECURITY AND SOURCES OF PAYMENT**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are described below.

#### Improvement Portion

The City will also pledge special assessments against benefited properties for repayment of a portion of the Improvement Portion of the Bonds. Special assessments in the principal amount of approximately \$1,438,753 were filed in 2024 for first collection in 2025. Assessments will be filed over a term of 10 years with equal annual payments of principal. Interest on the unpaid balance will be charged at an interest rate of 5.00%.

The City will also levy taxes for repayment of a portion of the Improvement Portion of the Bonds, and will make its first levy in 2024 for collection in 2025. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year on the Improvement Portion of the Bonds.

#### Utility Portion

Pursuant to Minnesota Statutes, Chapter 444, and the resolution awarding the sale of the Bonds, the City will covenant to impose and collect charges for the service, use, availability and connection to the water, sanitary sewer, and storm drainage utilities (the "Utilities") to produce net revenues in amounts sufficient to support the operation of the Utilities and to pay 105% of the debt service due on obligations to which it has pledged its Utility revenues, including the Utility Portion of the Bonds. The City is required to annually review the budget of the Utilities to determine whether current rates and charges are sufficient and to adjust such rates and charges as necessary. The City does not anticipate the need to levy taxes for repayment of the Utility Portion of the Bonds.

## **RATING**

S&P Global Ratings ("S&P"), 55 Water Street, New York, New York have assigned a rating of "AA" to the Bonds. Such rating reflects only the view of S&P and any explanation of the significance of such rating may only be obtained from S&P.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by S&P. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The City has not applied to any other rating service for a rating on the Bonds.

## **RISK FACTORS AND INVESTOR CONSIDERATIONS**

Prospective purchasers of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain investment considerations are set forth below.

### **MAINTENANCE OF RATINGS**

The Bonds have been rated as to their creditworthiness by S&P. While the City does not anticipate any material changes in the future, no assurance can be given that the Bonds will maintain their original rating. If the rating on the Bonds decreases or is withdrawn, the Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Rating" herein.

### **SECONDARY MARKET**

While the purchaser of the Bonds may expect, insofar as possible, to maintain a secondary market in the Bonds, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold their Bonds to maturity or prior redemption, if any.

### **FUTURE CHANGES IN LAW**

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Bonds.

Legislation affecting municipal bonds is considered from time to time by the Minnesota legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

### **LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE BONDS**

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal or of interest on the Bonds. Consequently, the owners of the Bonds may have to enforce available remedies.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Bonds, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

#### **POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS**

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

#### **CYBERSECURITY**

The City relies on computer networks, data storage, collection, and transmission to conduct the operations of the City and has implemented security measures to protect data and limit financial exposure, including securing cyber security insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. Even with these security measures, the City, its information technology, data stored by the City and its infrastructure may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If breached or compromised, the networks could be disrupted and information could be accessed, disclosed, lost, or stolen. The City acknowledges that its systems could be affected by a cybersecurity attack and that a loss, disruption, or unauthorized access to data held by the City could have a material impact on the City. Further, as cybersecurity threats evolve, the City will continue to evaluate and implement security measures and work to mitigate any vulnerabilities in its system.

#### **PURCHASER/UNDERWRITING**

The Bonds are being purchased by \_\_\_\_\_ (the "Underwriter") [and its syndicate] at a purchase price of \$\_\_\_\_\_, which is the par amount of the Bonds of \$\_\_\_\_\_, less the Underwriter's discount of \$\_\_\_\_\_, plus the [net] original issue premium/discount of \$\_\_\_\_\_, plus accrued interest \$\_\_\_\_\_.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Bonds.

#### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Awarding Resolution, the City has covenanted to comply with the continuing disclosure certificate (the "Undertaking") for the benefit of holders or beneficial owners of the Bonds to provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of certain events enumerated in the Rule to the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Undertaking in substantially the form attached hereto as Appendix II, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Bonds from the City, and (iii) acceptable to the Mayor and the Manager of the City.

Except to the extent the following deficiencies are deemed to be material, the City believes it has complied for the past five years in all material respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. In reviewing its past disclosure practices, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although the City did not always file "as soon as available," the audited financial statements were timely filed within the required twelve (12) month timeframe as provided for in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders or other beneficial owners of the Bonds will have the sole remedy of bringing an action for specific performance). Nevertheless, such a 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. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **FUTURE FINANCING**

As of the date of the Official Statement, the City does not currently anticipate issuing additional debt in the calendar year 2024.

The City periodically evaluates market conditions and outstanding financial obligations for refunding and refinancing opportunities and may issue refunding obligations if debt service savings can be achieved.

## **LITIGATION**

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings relating to the authorization, issuance and sale of the Bonds that would result in a material adverse impact on the financial condition of the City.

## **LEGAL MATTERS**

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix C herein will be delivered at closing.

## **TAX MATTERS**

### **TAX EXEMPTION**

At closing Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel for the City, will render an opinion that, at the time of their issuance and delivery to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), the interest on the Bonds is excluded from gross income for purposes of United States income tax and is excluded, to the same extent, from taxable net income of individuals, estates and trusts 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 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 for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes measured by income and imposed on certain corporations (including financial institutions). Section 59(k) of the Code defines "applicable corporations" 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(i) of the Code in one or more taxable years.” No opinion will be expressed by Kennedy & Graven, Chartered regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. Preservation of the exclusion of interest on the Bonds from federal gross income and state gross and taxable net income, however, depends upon compliance by the City 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) excluded from federal gross income and state gross and taxable net income.

The City will covenant to comply with requirements necessary under the Code to establish and maintain the Bonds as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

#### **ORIGINAL ISSUE PREMIUM**

Certain maturities of the Bonds (the “Premium Bonds”) may be sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of such Premium Bonds over the stated redemption price at maturity constitutes original issue premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize any original issue premium over the term of such Premium Bond using constant yield principles, based on the purchaser’s yield to maturity. As original issue premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or a decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

#### **ORIGINAL ISSUE DISCOUNT**

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased at a price that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning such Discount Bonds.

## **RELATED TAX CONSIDERATIONS**

### Property and Casualty Insurance Companies

Property and casualty insurance companies are required to reduce the amount of their loss reserve deduction by the applicable percentage of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations, including interest on the Bonds.

### Foreign Insurance Companies

Foreign companies carrying on an insurance business in the United States are subject to a tax on income which is effectively connected with their conduct of any trade or business in the United States, including "net investment income." Net investment income includes tax-exempt interest such as interest on the Bonds.

### Branch Profits Tax

A foreign corporation is subject to a branch profits tax imposed by Section 884 of the Code. A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Bonds.

### Passive Investment Income of S Corporations

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporation is passive investment income.

### General

The preceding is not a comprehensive list of all federal or State tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. 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.

## **NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will not designate the Bonds 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**

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Bonds (the "Municipal Advisor" or "BTMA"). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP ("BTUS"), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not verified and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

### **MUNICIPAL ADVISOR REGISTRATION**

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms.

Baker Tilly Wealth Management, LLC ("BTWM"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser under the Federal Investment Advisers Act of 1940. Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). Baker Tilly Financial, LLC ("BTF"), is a wholly owned subsidiary of BTUS, registered with the SEC as an investment advisor.

BTUS, BTWM and subsidiaries of BTUS may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

### **MISCELLANEOUS**

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

## **CERTIFICATION**

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

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## GENERAL INFORMATION OF THE CITY

## CITY PROPERTY VALUES

## Trend of Values(1)

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(2)	Economic Market Value(3)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2023/24	\$3,278,893,900	N/A	N/A	\$ 93,244,705	\$3,173,049,695	\$43,403,262
2022/23	3,168,007,300	94.4%	\$3,355,632,773	95,835,010	3,060,549,290	41,448,937
2021/22	2,749,369,500	91.0	3,021,575,661	121,139,267	2,617,105,233	36,686,382
2020/21	2,606,518,800	94.6	2,756,949,732	128,892,345	2,468,226,455	30,738,953
2019/20	2,448,176,800	95.2	2,573,197,729	135,015,397	2,304,437,403	29,240,979

(1) For a description of the Minnesota property tax system, see Appendix E.

(2) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

(3) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Hennepin County, Minnesota, April 2024, except as otherwise noted.

**2023/24 Adjusted Taxable Net Tax Capacity: \$43,403,262**

Real Estate:		
Residential Homestead	\$20,423,754	52.84%
Commercial/Industrial, Public Utility and Railroad	12,993,595	33.61
Residential Non-Homestead	4,961,188	12.83
Commercial & Residential and Seasonal/Recreational	10,974	0.03
Personal Property	<u>265,812</u>	<u>0.69</u>
2023/24 Net Tax Capacity	\$38,655,323	100.00%
Less: Captured Tax Increment	(863,728)	
Fiscal Disparity Contribution	(4,367,831)	
Plus : Fiscal Disparity Distribution	<u>9,979,498</u>	
2023/24 Adjusted Taxable Net Tax Capacity	\$43,403,262	

**Ten of the Largest Taxpayers in the City**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2023/24 Net Tax Capacity</u>
The Luther Company LLLP	Commercial	\$ 535,050
The Molasky Group of Cos	Commercial	505,250
Medtronic Inc	Industrial	464,890
Marvin F Poer and Company	Commercial	409,250
TLN Lanel A Ltd Partnership	Apartment	393,613
Lake Point Apartments LLC	Apartment	367,750
Gateway Commons	Apartment	345,550
Melrose Gates LLC	Apartment	292,625
Brookdale Corner LLC	Commercial	291,750
Capital Partners	Industrial	<u>270,620</u>
Total		\$3,876,348(1)

(1) Represents 8.9% of the City's 2023/24 adjusted taxable net tax capacity.

## CITY INDEBTEDNESS

### Legal Debt Limit and Debt Margin(1)

Legal Debt Limit (3% of 2023/24 Estimated Market Value)	\$98,366,817
Less: Outstanding Debt Subject to Limit	<u>0</u>
 Legal Debt Margin as of June 13, 2024	 \$98,366,817

(1) The legal debt margin is referred to statutorily as the “Net Debt Limit” and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix E – Debt Limitations.

### General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-13-24</u>
7-9-15	\$5,240,000	Improvements	2-1-2026	\$ 1,095,000
10-13-16	1,820,000	Street Improvements	2-1-2027	585,000
6-8-17	3,735,000	Street Improvements	2-1-2028	1,570,000
7-10-18	3,835,000	Street Improvements	2-1-2029	2,035,000
9-12-19	4,050,000	Street Improvements	2-1-2030	2,275,000
11-24-20	2,050,000	Improvements	2-1-2031	1,520,000
9-22-21	3,355,000	Improvements	2-1-2032	2,475,000
12-15-22	2,095,000	Improvements	2-1-2033	1,920,000
6-20-24	5,865,000	Improvements (the Improvement Portion of the Bonds)	2-1-2035	<u>5,865,000</u>
 Total				 \$19,340,000

### General Obligation Tax Increment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-13-24</u>
12-8-16	\$2,075,000	Tax Increment Refunding	2-1-2029	\$1,745,000

### General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-13-24</u>
7-9-15	\$1,660,000	Utility Revenue Refunding	2-1-2025	\$ 170,000
10-13-16	3,605,000	Utility Revenue	2-1-2027	1,160,000
6-8-17	4,880,000	Utility Revenue	2-1-2028	2,020,000
7-10-18	4,350,000	Utility Revenue	2-1-2029	2,425,000
9-12-19	5,800,000	Utility Revenue	2-1-2030	3,430,000
11-24-20	2,955,000	Utility Revenue	2-1-2031	2,040,000
9-22-21	5,595,000	Utility Revenue	2-1-2032	4,185,000
12-15-22	2,240,000	Utility Revenue	2-1-2033	2,075,000
6-13-24	6,155,000	Utility Revenue (the Utility Portion of the Bonds)	2-1-2035	<u>6,155,000</u>
 Total				 \$23,660,000

**Revenue Debt**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-13-24</u>
1-20-15	\$19,662,798	Taxable GO PFA Water Loan	8-20-2034	\$11,785,445

**Liquor Enterprise Debt(1)**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-13-24</u>
9-26-19	\$2,620,000	Lease Revenue	2-1-2035	\$2,000,000*

(1) These bonds were issued through means of an operating lease-purchase agreement between the City and the Economic Development Authority of Brooklyn Center, Minnesota (the "EDA"). This issue is repaid with annual appropriation lease payments to be made by the City.

**Estimated Calendar Year Debt Service Payments**

<u>Year</u>	<u>G.O. Special Assessment Debt</u>		<u>G.O. Tax Increment</u>	
	<u>Principal</u>	<u>Principal &amp; Interest(1)</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>
2024 (at 6-13)	(Paid)	\$ 227,931	(Paid)	\$ 20,113
2025	\$ 2,545,000	3,158,568	\$ 335,000	371,875
2026	3,150,000	3,638,440	340,000	369,700
2027	2,645,000	3,034,172	350,000	371,938
2028	2,495,000	2,799,637	355,000	368,563
2029	2,135,000	2,365,024	365,000	369,563
2030	1,740,000	1,908,313		
2031	1,365,000	1,486,354		
2032	1,160,000	1,245,644		
2033	850,000	905,107		
2034	620,000	651,513		
2035	<u>635,000</u>	<u>645,859</u>		
Total	\$19,340,000(2)	\$22,066,562	\$1,745,000	\$1,871,752

(1) Includes estimated debt service on the Improvement Portion on the Bonds

(2) 96.7% of this debt will be retired within ten years.

Year	G.O. Utility Revenue Debt		Revenue Debt	
	Principal	Principal & Interest(1)	Principal	Principal & Interest
2024 (at 6-13)	(Paid)	\$ 295,103	\$ 1,022,000	\$ 1,081,125
2025	\$ 2,815,000	3,567,336	1,033,000	1,141,030
2026	3,380,000	3,993,460	1,043,000	1,140,700
2027	3,525,000	4,017,748	1,053,000	1,140,270
2028	3,235,000	3,615,959	1,064,000	1,140,740
2029	2,810,000	3,092,971	1,075,000	1,141,100
2030	2,360,000	2,560,501	1,085,000	1,140,350
2031	1,740,000	1,879,562	1,096,000	1,140,500
2032	1,480,000	1,576,301	1,107,000	1,140,540
2033	935,000	995,663	1,118,000	1,140,470
2034	680,000	714,684	1,089,445	1,100,735
2035	700,000	711,970		
Total	\$23,660,000(2)	\$27,021,258	\$23,660,000(3)	\$27,021,258

Year	Liquor Enterprise	
	Principal	Principal & Interest
2024 (at 6-13)	(Paid)	\$ 32,400
2025	\$ 155,000	216,700
2026	160,000	215,400
2027	165,000	213,900
2028	170,000	213,050
2029	175,000	212,875
2030	180,000	212,550
2031	185,000	212,075
2032	195,000	216,375
2033	200,000	215,450
2034	205,000	214,375
2035	210,000	213,150
Total	\$2,000,000(4)	\$2,388,300

(1) Includes estimated debt service on the Utility Portion on the Bonds.

(2) 97.0% of this debt will be retired within ten years.

(3) 90.8% of this debt will be retired within ten years.

(4) 89.5% of this debt will be retired within ten years.

### Other Debt Obligations

#### Charter School Lease Revenue Bonds

The City issued \$8,225,000 Charter School Lease Revenue Bonds (Twin Lakes STEM Academy Project), Series 2021A and \$730,000 Taxable Charter School Lease Revenue Bonds (Twin Lakes STEM Academy Project), Series 2021B (collectively, the "Lease Revenue Bonds") on behalf of SYH Brooklyn Center LLC (the "Company"), a Minnesota nonprofit limited liability company, the sole member of which is Spark Youth. Proceeds of the Lease Revenue Bonds will be used by the Company to finance the acquisition and improvement of an existing school facility located at 6201 Noble Avenue North, Brooklyn Center, Minnesota (the "School Facility") to be owned by the Company and leased to Twin Lakes STEM Academy, a Minnesota nonprofit corporation and 501(c)(3) organization (the "Charter School").

The Lease Revenue Bonds are secured by and payable from an assignment and pledge of all money held under a trust indenture, and lease payments to be made by the Charter School in amounts sufficient to pay debt service on the Lease Revenue Bonds. The Lease Revenue Bonds are also secured by a mortgage lien on and security interest in the School Facility pursuant to an agreement between the Company and U.S. Bank National Association as Trustee. The Lease Revenue Bonds are not secured by or payable from any taxes, revenues or assets of the City, except for the City's interest in revenues derived from a loan agreement and amounts held pursuant to a trust indenture. Please reference "Note 3: Detailed Notes on all Funds, Conduit Debt Obligations with Limited Commitments" in the City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022 for additional information. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 is not yet available.)

### Leases

The City has various leases outstanding. Please reference "Note 3: Detailed Notes on all Funds, Lease Receivable" in the City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022 for additional information. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 is not yet available.)

### **Overlapping Debt**

<u>Taxing Unit(1)</u>	2023/24		Debt Applicable to	
	<u>Adjusted Taxable</u>	<u>Est. G.O. Debt</u>	<u>Tax Capacity in City</u>	
	<u>Net Tax Capacity</u>	<u>As of 5-23-24(2)</u>	<u>Percent</u>	<u>Amount</u>
Hennepin County	\$2,859,451,218	\$1,077,185,000	1.5%	\$16,157,775
Hennepin County Regional Railroad	2,859,451,218	81,665,000	1.5	1,224,975
Three Rivers Park District	2,052,772,775	49,680,000	2.1	1,043,280
I.S.D. No. 11 (Anoka-Hennepin)	386,396,977(5)	231,070,000	1.4	3,234,980
I.S.D. No. 279 (Osseo)	306,316,726	369,710,000	4.5	16,636,950
I.S.D. No. 281 (Robbinsdale)	166,272,254	192,195,000	5.9	11,339,505
I.S.D. No. 286 (Brooklyn Center)	14,146,492	43,172,000	100.0	43,172,000
Metropolitan Council	5,878,108,871(5) (3)(4)	5,025,000	0.7	35,175
Metropolitan Transit	4,832,108,676(5) (3)	186,410,000	0.9	<u>1,677,690</u>
<b>Total</b>				<b>\$94,522,330</b>

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

(3) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

(4) Excludes general obligation grant anticipation notes.

(5) 2022/23 Values. Most recent available.

### **Debt Ratios(1)**

	<u>G.O.</u>	<u>G.O. Direct &amp;</u>
	<u>Direct Debt</u>	<u>Overlapping Debt</u>
2023/24 Estimated Market Value (\$3,278,893,900)	0.64%	3.53%
Per Capita (32,217 – 2022 U.S. Census Estimate)	\$654	\$3,588

(1) Excludes general obligation utility revenue debt, revenue debt, and other debt obligations. Includes lease obligations.

**CITY TAX RATES, LEVIES AND COLLECTIONS**

**Tax Capacity Rates for a Resident in Independent School District No. 286 (Brooklyn Center)**

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	
					<u>Total</u>	<u>For Debt Only</u>
Hennepin County	41.084%	38.210%	38.535%	34.542%	34.681%	3.499%
City of Brooklyn Center(1)	66.589	66.260	57.109	55.969	58.155	4.226
I.S.D. No. 286 (Brooklyn Center)(2)	47.372	45.987	33.393	32.839	38.110	25.006
Special Districts(3)	<u>8.519</u>	<u>7.813</u>	<u>7.849</u>	<u>6.944</u>	<u>6.723</u>	<u>1.678</u>
<b>Total</b>	<b>163.264%</b>	<b>158.270%</b>	<b>136.886%</b>	<b>130.294%</b>	<b>137.669%</b>	<b>34.409%</b>

(1) In addition, Independent School District No. 286 (Brooklyn Center) has a 2023/24 market value tax rate of 0.18569% spread across the market value of property in support of an excess operating levy.

(2) Special districts include Metropolitan Council, Metropolitan Transit, Metropolitan Mosquito Control, Hennepin Park Museum, Hennepin County Regional Rail Authority, Three Rivers Park District, and the Hennepin County Housing and Redevelopment Authority

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix E.

**Tax Levies and Collections**

<u>Levy/Collect</u>	<u>Net Levy(1)</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 1-1-24</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2023/24	\$25,023,053				
2022/23	23,212,340	\$23,040,217	99.3%	\$23,040,217	99.3%
2021/22	21,770,826	21,578,048	99.1	21,697,321	99.7
2020/21	20,346,243	20,146,371	99.0	20,376,120	100.1
2019/20	19,836,092	19,857,378	100.1	20,036,272	101.0

(1) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix E.

**FUNDS ON HAND  
As of December 31, 2023 (Unaudited)**

General Fund	\$13,014,023
Special Revenue Funds	9,547,766
Debt Service Funds	2,938,252
Capital Project Funds	9,866,880
Enterprise Fund	9,378,515
Internal Services	<u>4,578,421</u>
<b>Total Cash and Investments</b>	<b>\$49,323,857</b>

## INVESTMENTS

The City's investment policy, last revised in April 2016, has the objectives of preserving safety of principal, retaining sufficient liquidity, providing a market rate of return, and yielding stable earnings on invested City funds.

Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Safety of principal is the foremost objective.

Liquidity and yield are also important considerations. It is essential that the investment portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

The investment portfolio of the City shall be designed to attain a market-average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and liquidity needs. Return on investment is of least importance compared to the objectives for safety and liquidity. Securities shall be held to maturity with the exceptions of meeting the liquidity needs of the portfolio and minimizing loss of principal for a security of declining credit.

Minnesota Statutes, Chapter 118A, authorizes and defines an investment program for municipal governments. The City may invest in the following instruments allowed by Minnesota Statutes:

- a. United States Securities: including bonds, notes, bills or other securities which are direct obligations of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, which carry the full faith and credit of the United States.
- b. Commercial paper issued by U.S. corporations or their Canadian subsidiaries that is rated in the highest quality by at least two nationally recognized rating agencies and matures in 90 days or less.
- c. Certificates of Deposit (Time Deposits) that are fully insured by the Federal Deposit Insurance Corporation.
- d. Repurchase agreements and reverse repurchase agreements may be entered into with financial institutions identified by Minnesota Statutes, Chapter 118A. Reverse repurchase agreements may only be entered into for a period of 90 days or less and only to meet short-term cash flow needs.
- e. Securities lending agreements may be entered into with financial institutions identified by Minnesota Statutes, Chapter 118A.
- f. Minnesota joint powers investment trusts may be entered into with trusts identified by Minnesota Statutes, Chapter 118A
- g. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of short-term securities permitted by Minnesota Statutes, Chapter 118A.
- h. Bonds of the City of Brooklyn Center issued in prior years may be redeemed at current market price, which may include a premium, prior to maturity using surplus funds of the debt service fund set up for that issue. Such repurchased bonds shall be canceled and removed from the obligation of the fund.
- i. General obligation bonds of state or local governments rated A or better by a national bond rating services.
- j. Revenue obligations of state or local governments rated AA or better by a national bond rating agency.
- k. The Minnesota Municipal Money Market Fund (4M) that was established by the League of Minnesota Cities to address the investment needs of the Minnesota cities.

Authority to manage the investment program is vested in the City Manager and City Treasurer/Director of Fiscal and Support Services, with the City Treasurer responsible for establishing and maintaining an internal control structure to provide reasonable assurance that the objectives of the investment policy are met.

As of February 29, 2024, the City had \$49,505,945 invested, including the following: \$8,000,000 (16.2%) in government agency securities; \$8,222,000 (16.6%) in certificates of deposit; \$15,838,945 (32%) in money market accounts; and \$17,445,000 (35.2%) in municipal bonds.. The total market value of the investments is \$48,261,687 (97%). All of the investments in the City’s portfolio mature within 72 months or less. The longest investment held by the City is currently scheduled to mature in October 2027.

**GENERAL INFORMATION CONCERNING THE CITY**

The City, a northern suburb of the Minneapolis/Saint Paul metropolitan area, adjacent to the City of Minneapolis. The City is wholly within Hennepin County and encompasses an area of approximately 8.5 square miles (5,440 acres).

**Population**

The City’s population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2022 U.S. Census Estimate	32,217	(4.6)%
2020 U.S. Census	33,782	12.2
2010 U.S. Census	30,104	3.2
2000 U.S. Census	29,172	1.0
1990 U.S. Census	28,887	(7.5)
1980 U.S. Census	31,230	--

Sources: United States Census Bureau, <http://www.census.gov/>.

The City’s estimated population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2023/24	9,148	8,053	12,338	4,488
2022/23	9,300	7,681	12,349	4,776
2021/22	9,184	7,524	11,603	4,171
2020/21	9,117	7,560	11,459	4,075
2019/20	9,031	7,596	11,342	3,976

Source: Claritas, LLC.

**Transportation**

Major transportation routes in and through the City, including Interstate Highways 94 and 694 and State Highways 100 and 252, have provided a continued impetus for the development of the City’s commercial tax base.



## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Hennepin County	Government	10,246(1)
Promeon, Inc. (a division of Medtronic)	Medical devices	569
Luther Auto Group (five locations)	Automobile dealership	555
City of Brooklyn Center	Government	363
University of Minnesota Physicians	Healthcare	330
Independent School District No. 286 (Brooklyn Center)	Education	275
Walmart	Retail	278
Caribou Coffee (Headquarters)	Coffee retailer	240
Maranatha Care Center, Presbyterian Homes	Continuing care/retirement community	215
Cass Screw Machine Products	Screw machine parts	140
Health Partners-Brooklyn Center	Medical and dental clinic	97
Cub Foods	Grocery	90

Note: Previously reported information was obtained through a telephone survey of individual employers. Any differences may be attributable to the change in the source of this information, as provided below.

Source: Information obtained from D&B Hoovers, <https://app.dnbhoovers.com/>. This does not purport to be a comprehensive list.

## Labor Force Data

	<u>Annual Average</u>				<u>February 2024</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Labor Force:					
City of Brooklyn Center	15,480	14,949	14,880	14,993	14,951
Hennepin County	715,219	694,964	701,738	708,159	706,309
Minneapolis-St. Paul-Bloomington MSA	2,038,876	1,982,486	2,004,153	2,023,956	2,023,408
State of Minnesota	3,122,015	3,049,037	3,077,500	3,099,922	3,095,510
Unemployment Rate (%):					
City of Brooklyn Center	9.6%	6.2%	3.5%	3.6%	3.9%
Hennepin County	6.6	3.8	2.4	2.6	3.0
Minneapolis-St. Paul-Bloomington MSA	6.5	3.7	2.5	2.7	3.3
State of Minnesota	6.3	3.7	2.7	2.8	3.6

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2024 data are preliminary.

## Retail Sales and Effective Buying Income (EBI)

### City of Brooklyn Center

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$ 825,352	\$802,050	\$62,688
2022/23	942,483	800,926	61,987
2021/22	1,166,216	810,397	60,751
2020/21	928,992	698,139	51,116
2019/20	690,888	685,562	50,024

### Hennepin County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$42,979,704	\$56,799,542	\$77,555
2022/23	45,798,169	57,000,438	77,014
2021/22	40,738,482	57,791,277	76,358
2020/21	37,562,633	60,644,521	67,002
2019/20	37,920,168	50,058,891	66,440

The 2023/24 Median Household EBI for the State of Minnesota was \$73,750. The 2022/23 Median Household EBI for the United States was \$64,600.

Source: Claritas, LLC.

## Permits Issued by the City

	<u>New Single Family Residential</u>		<u>New Commercial/Industrial</u>		<u>Total Number (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2024 (to 2-29)	436	\$ 2,040,163	62	\$ 2,368,217	498
2023	2,797	18,260,349	321	65,530,221	3,118
2022	2,564	14,654,012	310	19,271,229	2,874
2021	2,520	32,443,099	245	9,488,638	2,765
2020	2,422	17,966,080	461	38,479,410	2,883
2019	2,700	11,756,497	923	67,320,334	3,623
2018	2,700	13,922,608	481	63,424,938	3,181
2017	2,716	17,612,466	3,042	41,405,474	5,758
2016	2,198	22,413,890	2,547	48,819,051	4,745
2015	2,179	16,687,382	2,655	34,769,633	4,834

Source: The City

## Recent Development

Successful redevelopment continues to be the key to commercial and industrial tax base growth, including:

The 80-acre Opportunity Site, which is planned for a mix of commercial and residential redevelopment, along with regional recreational and entertainment amenities.

- Since 2008, the EDA has acquired 44 acres of land within the Opportunity Site. This includes the former Brookdale Square shopping center site, former Brookdale Ford dealership property, and former Target store.
- In 2016, the City Council approved the creation of a 25-year tax increment redevelopment district and completed the soil corrections and final demolition of the former Brookdale Ford building, floor lifts, and underground LP tank.
- The EDA entered into a Preliminary Development Agreement (PDA) with Alatus, LLC, a Minneapolis-based developer, in April 2018 for the southern 35 acres of the Opportunity Site. The PDA identified Alatus as the master developer to plan the site and initiate a Phase I development.
- In May 2018, the census tract (27053020200) that the Opportunity Site is located within was designated as an Opportunity Zone.
- City EDA renewed its PDA with Alatus in April of 2019, taking the lead on the master planning for the entire 80-acre Opportunity Site in collaboration with Alatus. The timing was structured to allow Alatus to move forward with Phase I in conjunction with the creation of a master plan. The initiatives for 2024-2025 include:
  - Completing the Opportunity Site Master Plan.
  - Complete community engagement process and deliver a community-based term sheet of community benefits to be included with private development.
  - Completing an Opportunity Site regulatory framework to implement the Master Plan.
  - Completing a housing policy plan to implement the housing goals within the Master Plan.
  - Amending Tax Increment Financing District 7 to encompass the entire Opportunity Site area.
  - Initiating a development within the Opportunity Site area.
  - Implementing a public market/business incubator within the Opportunity Site area.

Additional development activities in 2024-2025 include:

- Redevelopment of EDA-owned Properties

The desired outcome is to identify property to acquire and dispose of in order to facilitate development that forwards the City's strategic priorities. The initiatives for 2024-2025 include:

- Identifying EDA-owned properties to strategically position for resale.
- Market EDA-owned properties to attract development opportunity that forwards the City's strategic priorities.
- Respond to the market as needed to respond to interest in EDA-owned properties.
- Develop tools to reduce barriers for developers and investors to access EDA-owned property and repurpose it.

- Former Sear's Site

The desired outcome is an inviting, attractive, and vibrant development that forwards the City's Strategic Priorities. The initiatives include:

- Understand the market opportunities and constraints of the site.
- Work with the property owner to identify a use for the site that aligns with the City's desired outcomes.

- In conjunction with the Brooklyn Boulevard reconstruction the City is undertaking a land use study along the corridor and the creation of an overlay district with regulatory framework intended to facilitate redevelopment. The study will include the numerous EDA-owned properties along the corridor and identify a plan for their reuse.

## Education

### Public Education

The following districts serve the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment</u>
ISD No. 11 (Anoka-Hennepin)	City of Anoka	PK-12	38,631
ISD No. 279 (Osseo)	City of Osseo	PK-12	20,776
ISD No. 281 (Robbinsdale)	City of Robbinsdale	PK-12	10,735
ISD No. 286 (Brooklyn Center)	City of Brooklyn Center	PK-12	2,099

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us)

<u>School</u>	<u>Portion of 2023/24 Taxable Net Tax Capacity Located in the City</u>	<u>% of Total</u>
ISD No. 286 (Brooklyn Center)(1)	\$14,146,492	32.6
ISD No. 279 (Osseo)	13,836,597	31.9
ISD No. 281 (Robbinsdale)	9,750,083	22.5
ISD No. 11 (Anoka-Hennepin)	<u>5,670,090</u>	<u>13.0</u>
Total	\$43,403,262	100.0

(1) Located entirely within the City.

### Non-Public Education

City residents are also served by the following private schools:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment</u>
King of Grace Lutheran School	City of Golden Valley	K-8	173
St. Raphael Catholic School	City of Crystal	K-8	150
RiverTree School	City of Crystal	K-12	144
Sacred Heart Catholic School	City of Robbinsdale	K-8	142
St. Alphonsus	City of Brooklyn Center	K-8	96
Holy Trinity Lutheran School	City of New Hope	K-8	73

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us)

### Post-Secondary Education

City residents have access to various colleges and universities located throughout the Minneapolis/St. Paul metropolitan area.

## GOVERNMENTAL ORGANIZATION AND SERVICES

### Organization

The City has been a municipal corporation since 1911 and is governed under a Home Rule Charter adopted in 1966 and subsequently amended. The City has a Council-Manager form of government and the Mayor and four Council Members are elected to serve overlapping four-year terms. The following individuals comprise the current City Council:

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
April Graves	Mayor	December 31, 2026
Marquita Butler	Council Member	December 31, 2024
Dan Jerzak	Council Member	December 31, 2026
Teneshia Kragness	Council Member	December 31, 2026
Kris Lawrence-Anderson	Council Member	December 31, 2024

The City Manager, Dr. Reggie Edwards, is responsible for the administration of Council policy and the daily management of the City. The Manager is appointed by the Council and serves at its discretion. Dr. Edwards has served the City in this position since April 2021. Prior to that, Dr. Edwards served as the City's Assistant Manager.

The Director of Fiscal and Support Services, Ms. Angela Holm, is responsible for directing the City's financial operations, including preparation of the comprehensive annual financial report and interim reports, and the investment of City funds.

The City has 166 regular full-time and 197 seasonal full- and part-time employees.

### Services

The City has 40 full-time sworn police officers and a support staff of 11 providing protective services. Fire protection is provided by one full-time Chief, one full-time Deputy Chief, two full-time fire inspector/educators, and a 25 member volunteer force. The City has two fire stations and a class 4 insurance rating.

All areas of the City are serviced by municipal water and sewer systems, with exception to one property located at 5306 Perry Avenue North. Water is supplied by nine wells and storage is provided by three elevated tanks with a combined total capacity of 3.0 million gallons. The municipal water system has a pumping capacity of 16.4 million gallons per day (mgd). In 2016, the City brought a new water treatment plant online, capable of filtering 10 mgd. When combined with the capacity of 1.7 mdg from Well #2, the City now has a total finished water capacity of 11.7 mgd. The average daily water demand is estimated to be 2.9 mgd and peak demand is estimated to be 9.7 mgd. Water connections totaled 9,014 as of February 29, 2024.

Although the City owns and maintains its own sanitary and storm sewer collection systems, wastewater treatment facilities are owned and operated by the Metropolitan Council Environmental Services (MCES). The City is billed an annual service charge by MCES, which is adjusted each year based on the prior years' actual usage. The City had 8,851 sewer connections as of February 29, 2024.

## Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
IUOE Local 49	27	December 31, 2025
LELS Local 82	32	December 31, 2024
LELS Local 86	8	December 31, 2024
LELS Local 512	10	December 31, 2024
LELS Local 520	<u>1</u>	December 31, 2024
Subtotal	78	
Non-unionized employees	<u>0</u>	
Total employees	<u>78</u>	

## Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF) and the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. In addition, the City participates in the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 is not yet available.)

## Other Postemployment Benefits

The City has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 is not yet available.)

Sources: City's Annual Comprehensive Financial Reports.

## Federal Financial Assistance

As of the date of this Official Statement, the City has received \$2,433,415 of CARES Act Assistance and \$3,353,872 of American Rescue Plan Act (ARPA) Funds.

### Major General Fund Revenue Sources

<u>Revenue</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxes	\$17,361,854	\$18,357,019	\$18,800,513	\$19,164,973	\$20,304,982
Intergovernmental	1,658,391	1,692,425	3,371,120	2,043,721	2,091,518
Licenses and Permits	1,209,029	1,172,439	991,972	774,592	872,456
Charges for Services	861,965	792,319	293,498	387,295	571,510
Fines & Forfeits	273,507	239,893	155,462	161,915	175,901

Sources: City's Annual Comprehensive Financial Reports.

### General Fund Budget Summary

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2023 Budget</u>
Revenues:			
Taxes	\$20,347,394	\$20,304,982	\$21,986,995
Licenses and Permits	1,397,250	872,456	2,168,475
Intergovernmental	2,867,950	2,091,518	2,491,485
Fines and Forfeits	161,000	175,901	530,500
Charges for Services	631,100	571,510	161,000
Special Assessments	50,000	34,393	40,000
Investment Earnings	81,500	(403,158)	106,600
Transfers In	0	0	0
Miscellaneous	<u>172,000</u>	<u>159,983</u>	<u>193,242</u>
Total Revenues	\$25,708,194	\$23,807,585	\$27,678,297
Expenditures:			
General Government	\$ 6,531,185	\$ 5,058,806	\$4,728,399
Public Safety	11,615,158	12,261,979	12,911,530
Public Works	4,366,372	2,659,068	4,801,432
Parks and Recreation	2,217,388	3,761,762	2,431,458
Economic Development	1,795,741	654,896	1,952,562
Non-Departmental	606,167	452,822	672,916
Capital Outlay	0	306,920	0
Transfers Out	<u>(1,423,817)</u>	<u>1,227,048</u>	<u>180,000</u>
Total Expenditures	\$25,708,194	\$26,383,301	\$27,678,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ (2,575,716)	\$ 0
Other Financing Sources (Uses):			
Transfers In	\$ 0	\$ 1,437,048	\$ 0
Transfers Out	<u>0</u>	<u>(210,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$ 0	\$ 1,227,048	\$ 0
Net Change in Fund Balance	\$ 0	\$ (1,348,668)	\$ 0
Beginning Fund Balance - January 1	\$13,159,839	\$13,159,839	\$11,811,171
Ending Fund Balance - December 31	\$13,159,839	\$11,811,171	\$11,811,171

Sources: City's Annual Comprehensive Financial Reports and 2023 Budget.

**BOOK ENTRY**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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”). 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](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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.



Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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 its agent on the 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 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 its 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

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, certificates will be printed and delivered to DTC.

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 BOND COUNSEL OPINION

City of Brooklyn Center, Minnesota  
 \$ \_\_\_\_\_  
 General Obligation Improvement and Utility Revenue Bonds  
 Series 2024A

We have acted as bond counsel to the City of Brooklyn Center, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement and Utility Revenue Bonds, Series 2024A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined such 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 primarily from special assessments levied or to be levied on property specially benefited by local improvements, ad valorem taxes for the Issuer’s share of the cost of the improvements and revenues of the water, sanitary sewer and storm drainage systems of the Issuer, 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 \_\_\_\_\_, 2024 at Minneapolis, Minnesota.

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
 City of Brooklyn Center, Minnesota  
 General Obligation Improvement and Utility Revenue Bonds  
 Series 2024A

\_\_\_\_\_, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Brooklyn Center, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement and Utility Revenue Bonds, Series 2024A (the “Bonds”) in the original aggregate principal amount of \$ \_\_\_\_\_. 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 and Utility Revenue Bonds, Series 2024A, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“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 City of Brooklyn Center, 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. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

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 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.

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 BROOKLYN CENTER, MINNESOTA**

---

Its Mayor

---

Its City Manager



**SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND  
MINNESOTA REAL PROPERTY VALUATION**

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

**PROPERTY VALUATIONS (CHAPTER 273, MINNESOTA STATUTES)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

**PROPERTY TAX PAYMENTS AND DELINQUENCIES  
(CHAPTERS 275, 276, 277, 279-282 AND 549, MINNESOTA STATUTES)**

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes

due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

#### **PROPERTY TAX CREDITS (CHAPTER 273, MINNESOTA STATUTES)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

#### **DEBT LIMITATIONS**

All Minnesota municipalities (counties, cities, towns, and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**LEVIES FOR GENERAL OBLIGATION DEBT  
(SECTIONS 475.61 AND 475.74, MINNESOTA STATUTES)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**METROPOLITAN REVENUE DISTRIBUTION (CHAPTER 473F, MINNESOTA STATUTES)  
“FISCAL DISPARITIES LAW”**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as “Fiscal Disparities,” was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO  
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2019-2023</u>
<b>Residential Homestead (1a)</b>	
Up to \$500,000	1.00%
Over \$500,000	1.25%
<b>Residential Non-homestead</b>	
Single Unit (4bb)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
2-3 unit and undeveloped land (4b1)	1.25%
<b>Market Rate Apartments</b>	
Regular (4a)	1.25%
Low-Income (4d)	
Up to \$100,000 <sup>(3)</sup>	0.75%
Over \$100,000 <sup>(3)</sup>	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>	
Up to \$150,000	1.50% <sup>(1)</sup>
Over \$150,000	2.00% <sup>(1)</sup>
Electric Generation Machinery	2.00%
<b>Commercial Seasonal Residential</b>	
Homestead Resorts (1c)	
Up to \$600,000	0.50%
\$600,000 - \$2,300,000	1.00%
Over \$2,300,000	1.25% <sup>(1)</sup>
Seasonal Resorts (4c1)	
Up to \$500,000	1.00% <sup>(1)</sup>
Over \$500,000	1.25% <sup>(1)</sup>
<b>Non-Commercial (4c12)</b>	
Up to \$500,000	1.00% <sup>(1)(2)</sup>
Over \$500,000	1.25% <sup>(1)(2)</sup>
<b>Disabled Homestead (1b)</b>	
Up to \$50,000	0.45%
<b>Agricultural Land &amp; Buildings</b>	
Homestead (2a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Remainder of Farm	
Up to \$1,890,000 <sup>(4)</sup>	0.50% <sup>(2)</sup>
Over \$1,890,000 <sup>(4)</sup>	1.00% <sup>(2)</sup>
Non-homestead (2b)	1.00% <sup>(2)</sup>

(1) State tax is applicable to these classifications.

(2) Exempt from referendum market value-based taxes.

(3) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$100,000; Payable 2021 - \$174,000; Payable 2020 - \$150,000; and Payable 2019 - \$139,000.

(4) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$1,890,000; Payable 2021 - \$1,890,000; Payable 2020 - \$1,880,000; and Payable 2019 - \$1,900,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

**2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The following pages include the City's Annual Comprehensive Financial Report ("ACFR") for fiscal year ended December 31, 2022. (The City's ACFR for fiscal year ended December 31, 2023 is not yet available.)



**Annual Comprehensive Financial Report**  
For the year ended December 31, 2022  
City of Brooklyn Center, Minnesota

Member of the Government Finance Officers Association of the United States

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**OF THE**

**CITY OF BROOKLYN CENTER,**

**MINNESOTA**

**Dr. Reginald M. Edwards**  
City Manager

**Prepared By:**

**FINANCE DIVISION  
DEPARTMENT OF FISCAL & SUPPORT SERVICES**

**Angela Holm**  
Finance Director

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**



**Member of Government Finance Officers  
Association of the United States and Canada**



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City of Brooklyn Center, Minnesota  
Annual Comprehensive Financial Report  
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Annual Comprehensive Financial Report  
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INTRODUCTORY SECTION  
CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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October 26, 2023

Honorable Mayor and Members of the City Council  
City of Brooklyn Center

Transmitted herewith is the Annual Comprehensive Financial Report of the City of Brooklyn Center for the fiscal year ended December 31, 2022.

Management of the City of Brooklyn Center assumes full responsibility for the completeness and reliability of the information contained in this report based on the current system of internal control. 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.

Minnesota Statutes and City Charter Section 7.12 require that the financial statements of the City of Brooklyn Center be audited annually by the State Auditor or a certified public accountant selected by the City Council. These financial statements have been audited by Abdo. Their opinion is included in the financial section of this report.

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

### **Profile of the City of Brooklyn Center**

The City of Brooklyn Center was incorporated in 1911. It is a northern suburb of the Twin Cities metropolitan area, adjacent to the City of Minneapolis and located 10 miles from its downtown area. The City is wholly within Hennepin County and covers an area of about 8.5 square miles. The Mississippi River forms the City's eastern boundary.

The City has operated under the council-manager form of government since the adoption of the City Charter in 1966. The governing body is comprised of the Mayor and four Council Members elected at large. All members serve four-year terms with two of the Council Members standing for election during each national election year cycle. The Mayor and Council Members hire a City Manager who is responsible for the daily operations of the City.

The City provides a full range of municipal services to its citizens. These include police and fire protection and services, zoning and code enforcement, municipal planning, parks, recreation activities, construction and maintenance of streets, provision of water, wastewater collection and treatment, stormwater collection and treatment, and street lighting. Community and economic



development are facilitated through a Housing and Redevelopment Authority and an Economic Development Authority (EDA). The Boards of those two organizations are comprised of the Mayor and members of the City Council. The City also has internal departments providing human resources, engineering, financial management and information technology support to these various functions. The City operates a conference and meeting facility at the Earle Brown Heritage Center, two municipal liquor stores, and Centerbrook, an executive nine-hole golf course.

Financial planning and control for the City of Brooklyn Center is based on the Annual Operating Budget and the multi-year Capital Improvement Program. Under Minnesota Statutes, a preliminary property tax levy must be adopted no later than September 30 of each year for the ensuing year's collection. This establishes a maximum levy that may subsequently be lowered but not raised. Effective establishment of this levy requires that a preliminary budget be prepared. The City Manager, with the assistance of staff, prepares such a budget each year and presents it to the City Council in August, prior to the consideration of the preliminary tax levy. In addition, the City Council reviews the recommended rates and charges for utility funds and other operations on an annual basis as part of the budget process. Citizens receive a notice of taxes proposed for their individual properties in November based on the preliminary levies established by all taxing districts. Following the receipt of this notice citizens are invited to public meetings in each taxing jurisdiction. The City's meeting includes information about the budget, the property tax levy and the priorities of the City Council for the coming year as reflected by the budget allocations proposed. Public comment is received and considered at this meeting. The final property tax levy and the resulting operational budgets for the ensuing fiscal year are adopted at a subsequent meeting.

In addition, a Capital Improvement Program is reviewed and revised during the budget process each year. This includes projects for which the City may issue debt and/or assess portions of the cost to adjacent or benefited property owners. Because there are limited funds available each year and the City does not wish to issue excessive amounts of debt, these projects are reviewed and reprioritized each year.

The City Council remains focused on the achievement of strategic priorities. City financial planning, policies, spending and initiatives reflect these priorities. The City Council adopted six strategic priorities as follows:

**Resident Economic Stability**

The economic stability of residents is essential to vibrant neighborhoods and to retail, restaurant, and business growth. We will lead by supporting collaborative efforts of education, business, and government sectors to improve income opportunities for residents.

**Targeted Redevelopment**

Redeveloping properties to the highest value and best use will accomplish our goals regarding housing, job creation, and growth of the City's tax base. We will appropriately prepare sites and provide the necessary supporting infrastructure investments to guide redevelopment of publicly- and privately-owned properties.

### **Enhanced Community Image**

Our ability to attract and retain residents and businesses is influenced by the perception of the City. We will take specific actions to assure that Brooklyn Center is recognized by residents, businesses, stakeholders, and visitors as a high quality, attractive, and safe community.

### **Inclusive Community Engagement**

In order to provide effective and appropriate services, we must clearly understand and respond to community needs. We will consistently seek input from a broad range of stakeholders from the general public, non-profit, and for-profit sectors. Efforts to engage the community will be transparent, responsive, deliberately inclusive, and culturally sensitive.

### **Safe, Secure, and Stable Community**

For residents and visitors to fully appreciate and enjoy a great quality of life, it is essential that all neighborhoods are safe, secure, and stable. We are committed to assuring compliance with neighborhood conditions and building safety standards, providing proactive and responsive public safety protection, wise stewardship of City resources and policies that promote safety, security, and a lasting stable environment.

### **Key Transportation Investments**

Proactively maintaining an efficient and effective infrastructure will meet the high level of community expectations. We will plan for and invest in critical infrastructure improvements that enhance safety, improve life quality, and support opportunities for redevelopment, while sustaining the natural environment.

## **Local Economy**

Brooklyn Center is a mature, fully developed first ring suburb of Minneapolis. With its affordable housing, excellent schools, beautiful parks, and convenient transportation access it has the attributes to continue as a vibrant community for many years to come.

The City experienced its most rapid growth from 1950 to 1970 when the City's population grew from 4,300 to its peak of 35,173. The 2020 population estimated from the Metropolitan Council estimates the population for Brooklyn Center at 33,782. The number of housing units has increased from 10,812 in 2012 to an estimated 11,309.

The City's taxable market value is \$3,059,933,190 for taxes payable 2023, which is an increase of \$442,557,197 or 16.9 percent from last year. The taxable market value increase is driven by large increases in residential (19.6%), apartment properties (16.1%), and industrial properties (19.4%). The net tax capacity of the City is estimated at \$41,434,859 compared to \$36,690,434 for taxes payable 2022, which was an increase of \$4,744,425 (12.9%). Residential housing makes up 54.5% of the 2023 tax capacity base. According to the Hennepin County Assessor's Office, for the valuation used to calculate the 2023 property tax payments, the median value home in Brooklyn Center is \$259,000 compared to \$223,000 in the previous valuation.

Major transportation routes in and through the City, including Interstates 94 and 694, and State Highways 100 and 252, have provided a continued impetus for development of a strong commercial tax base in the City along these corridors.

There are no large, undeveloped tracts of land in Brooklyn Center and no potential for annexation of additional undeveloped land. Therefore, the revitalization of Brooklyn Center is proceeding on three tracks: redevelopment and renewal of the commercial and industrial areas of the City; reconstruction and enhancement of its streets, utilities, and parks; and the revitalization of neighborhoods.

The hospitality industry contributes a significant amount to Brooklyn Center's economy. Lodging tax receipts for fiscal year 2021 totaled \$732,538, which was an increase from 2020 as the industry began to recover from the impacts of COVID-19. In 2022, receipts continued to increase to \$895,883.

City issued building permits in 2022 had a total permit value of \$33,849,715, showing a continued trend of significant investments being made in the community.

### **Long Term Financial Planning**

The City maintains a comprehensive Capital Improvement Plan to facilitate the replacement of its aging infrastructure. When streets are reconstructed in this program, aging water, sanitary and storm sewer infrastructure is also repaired or replaced. These improvements are funded by a combination of general obligation improvement bonds supported with special assessments against benefited properties and cash from the capital projects funds and utility enterprise funds. About one twenty-fifth of the City's streets and utilities are reconstructed each year. It is expected that this will be an ongoing process and the Plan is reviewed and amended as a part of each budget cycle. In addition, cash flows for all funds providing financing for the Plan are updated for cash flow projections during the 15-year timeframe of the Plan. Projected completion of the first round of reconstruction of streets and utilities throughout the entire community was attained in 2022. A similar plan for Citywide neighborhood improvements is proposed in the 2024 – 2039 Capital Improvement Plan. A key benefit of these neighborhood projects has been increased investment by residents in their properties following reconstruction projects.

The development of utility rate models and of non-utility cash flow projection models has improved the City's ability to plan and generate cash for operations, scheduled maintenance and capital improvements. A plan for the maintenance and upgrading of the City's buildings and facilities is being incorporated into spending plans for both operational repairs and for large capital expenditure type improvements.

### **Major Initiatives**

Successful redevelopment continues to be the key to commercial and industrial tax base growth including:

The 80-acre Opportunity Site, which is planned for a mix of commercial and residential redevelopment, along with recreational and entertainment amenities.

- Since 2008, the EDA has acquired 44 acres of land within the Opportunity Site. This includes the former Brookdale Square shopping center site, former Brookdale Ford dealership property, and former Target store.
- In 2016, the City Council approved the creation of a 25 year tax increment redevelopment district and completed the soil corrections and final demolition of the former Brookdale Ford building, floor lifts, and underground LP tank.
- The EDA entered into a Preliminary Development Agreement (PDA) with Alatus, LLC, a Minneapolis-based developer, in April 2018 for the southern 35 acres of the Opportunity Site. The PDA identified Alatus as the master developer to plan the site and initiate a Phase I development.
- In May 2018, the census tract (27053020200) that the Opportunity Site is located within was designated as an Opportunity Zone.
- City EDA renewed its PDA with Alatus in April of 2019, taking the lead on the master planning for the entire 80-acre Opportunity Site in collaboration with Alatus. The timing was structured to allow Alatus to move forward with Phase I in conjunction with the creation of a master plan.
- The initiatives for 2023-2024 include:
  - Completing the Opportunity Site Master Plan
  - Completing an Opportunity Site regulatory framework to implement the Master Plan
  - Completing a housing policy plan to implement the housing goals within the Master Plan
  - Initiating a development within the Opportunity Site area
  - Implementing a public market/business incubator within the Opportunity Site area

Additional development activities in 2023/2024 include:

- Redevelopment of EDA-owned Properties

The desired outcome is to identify property to acquire and dispose of in order to facilitate development that forwards the City’s strategic priorities.

The initiatives for 2023-2024 include:

- Identifying EDA-owned properties to strategically position for resale
  - Market EDA-owned properties to attract development opportunity that forwards the City’s strategic priorities.
  - Respond to the market as needed to respond to interest in EDA-owned properties.
  - Develop tools to reduce barriers for developers and investors to access EDA-owned property and repurpose it.
- The City recently completed a revision of its zoning ordinances. This included the creation of several new mixed-use zoning districts to implement the recent 2040 Comprehensive Plan. The mixed-use zoning districts will introduce higher density housing to currently underdeveloped areas of the City where housing has historically not

been allowed, such as the Opportunity Site, along Brooklyn Boulevard, and in other key redevelopment sites in the City.

### **Relevant Financial Policies**

The City of Brooklyn Center includes in its Financial Policies a requirement that the General Fund balance at year end must be between 50.0% and 52.0% of the ensuing year's General Fund operating budget. This provides for both cash flow needs and emergency expenditures in the short term.

The City's Capital Project Funding Policy provides recurring sources of funding for the City's 15-year Capital Improvement Plan. The Policy specifically identifies three main funding sources as follows:

1. Audited year-end General Fund unassigned fund balance above 52% of the next year's General Fund operating budget
2. Audited year-end Liquor Fund unrestricted cash balance that exceeds two months of the next year's operating budget and one year of budgeted capital equipment needs.
3. Local Governmental Aid (LGA) received in the amount of \$650,000 or half of the amount received by the City (whichever is greater).

Also included in the Financial Policies are internal control directives to protect the City's assets from loss, theft or misuse. These controls provide reasonable assurance of the safety of the City's assets while recognizing that management estimates and judgments as to the cost of such controls are also important to deriving maximum benefit from these controls.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brooklyn Center for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. The City was first awarded this certificate in 1966. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both accounting principles generally accepted in the United States and applicable federal, state and local legal requirements.

A Certificate of Achievement is valid for a period of one year. It is expected that the 2022 report conforms to Certificate of Achievement Program requirements. It will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation and publication of this report would not have been possible without the dedicated and efficient work of the Finance staff. We would like to acknowledge all staff that contributed their efforts to the Finance operations in 2022. We would also like to thank the Mayor and City

Council for their support in promoting and maintaining the highest standards of professionalism and management of the City of Brooklyn Center.

Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'R. Edwards', with a long horizontal stroke extending to the right.

Dr. Reginald M. Edwards  
City Manager

A handwritten signature in black ink, appearing to be 'Angela J. Holm', written in a cursive style.

Angela J. Holm  
Finance Director

City of Brooklyn Center, Minnesota  
Principal City Officials  
For the Year Ended December 31, 2022

**Elected**

Name	Title	Term Expires
Mike Elliot	Mayor	12/31/22
April Graves	Council Member	12/31/22
Kris Lawrence-Anderson	Council Member	12/31/24
Dan Ryan	Council Member	12/31/22
Marquita Butler	Council Member	12/31/24

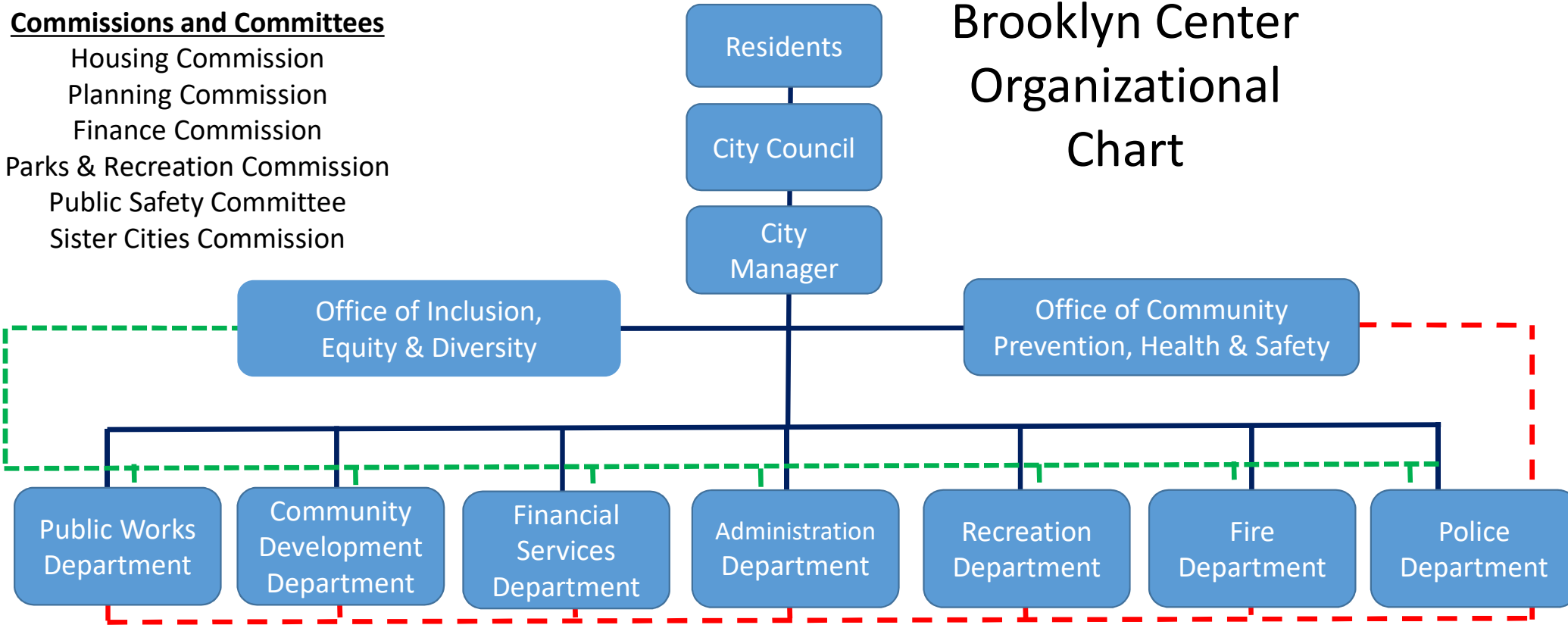
**Appointed**

Dr. Reginald Edwards	City Manager
Troy Gilchrist	City Attorney
Barb Suciu	City Clerk
Kellace McDaniel	Police Chief
Meg Beekman	Community Development Director
Todd Berg	Fire Chief
Cordell Wiseman	Recreation Services Director
Elizabeth Heyman	Director of Public Works
Angela Holm	Finance Director

**Commissions and Committees**

- Housing Commission
- Planning Commission
- Finance Commission
- Parks & Recreation Commission
- Public Safety Committee
- Sister Cities Commission

# Brooklyn Center Organizational Chart



**Line Key**  
Direct Report —————  
Direct Coordinating Influence - - - - -







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brooklyn Center  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

FINANCIAL SECTION  
CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Brooklyn Center, 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 Brooklyn Center, 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 cash flows, where applicable, thereof and the budgetary comparison for the General fund and Tax Increment District No. 3 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, the Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios, the Schedule of Changes in the City's OPEB Liability and Related Ratios and the related note disclosures starting on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



## **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 combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are 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 in the report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement 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 October 26, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.



**Abdo**  
Mankato, Minnesota  
October 26, 2023



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## Management's Discussion and Analysis

As management of the City of Brooklyn Center (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 11 of 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 the most recent fiscal year by \$165,042,395 (*net position*). Of this amount, \$27,595,522 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3,378,520 as compared to an increase of \$7,870,086 in the previous year. This decrease is mostly due to unrealized losses related to investment activity, tax increment property forfeitures, less capital grants and contributions during the year related to project reimbursements and a general increase in expenses due to inflationary pressures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,359,836, a decrease of \$2,638,202 in comparison with the prior year. The key factor in this decrease was tax increment reserves being used for debt service and the spend down of capital reserves for street related capital projects. Of this total amount, \$12,731,783, is *available for spending* at the City's discretion (*unassigned fund balance*).



## Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

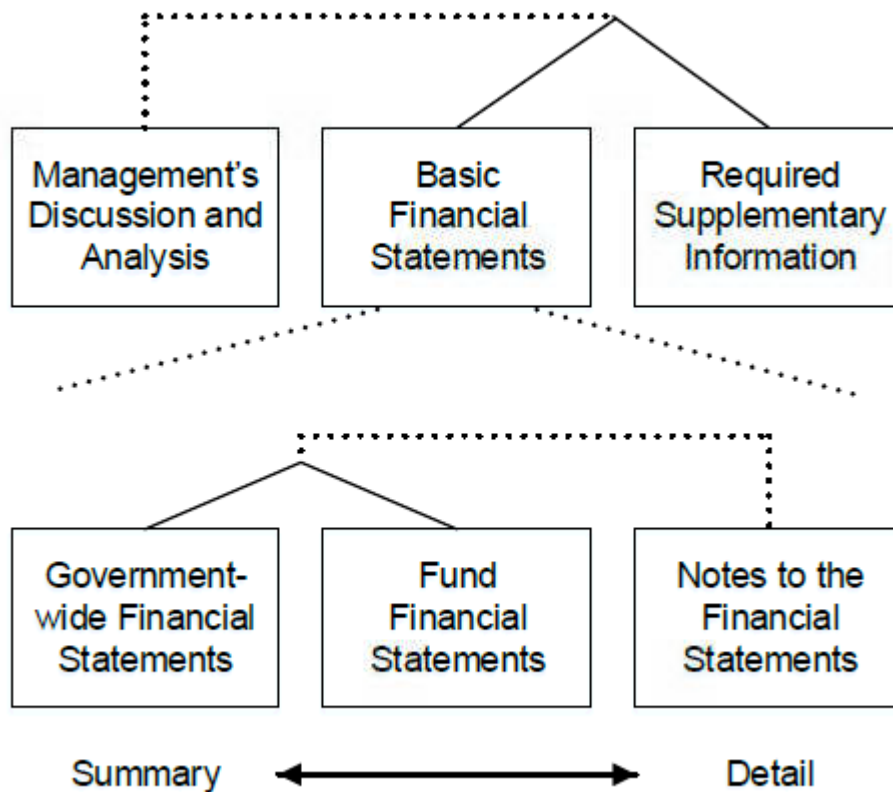


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources and 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, parks and recreation and economic development. The business-type activities of the City include water, Earle Brown Heritage Center, municipal liquor, sanitary sewer utility, storm drainage utility, street lighting utility and recycling utility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Economic Development Authority and Housing Redevelopment Authority for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 43 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds, several of which are Debt Service funds that are considered one fund for financial reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Tax Increment District No. 3, Capital Improvements, Municipal State Aid for Construction, Special Assessment Construction and Street Construction funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Tax Increment District No. 3. Budgetary comparison statements have been provided for the General fund and Tax Increment District No. 3 fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found starting on page 48 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor, Earle Brown Heritage Center, water utility, sanitary sewer utility, storm drainage utility, street light utility and recycling utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage operations, employee retirement benefit, employee compensation and pension activity for the GERP and PEPFP programs. Because these services predominately benefit governmental rather than *business-type functions*, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major fund of the City. Internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal services funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 57 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 61 of this report.

**Required Supplementary Information.** The required supplementary information can be found starting on page 102 if this report.

**Supplementary Information.** The combining statements and schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 114 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$165,042,395 at the close of the most recent fiscal year.

By far, the largest portion of the City’s net position (60.6 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.), less any related debt used to acquire those assets that are 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 be used to liquidate these liabilities.

### City of Brooklyn Center’s Summary of Net Position

	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
<b>Assets</b>								
Current and other assets	\$ 79,768,506	\$ 85,487,799	\$ (5,719,293)	\$ 19,608,998	\$ 17,243,510	\$ 2,365,488	\$ 99,377,504	\$ 102,731,309
Capital assets	76,752,159	76,577,405	174,754	83,409,689	84,507,334	(1,097,645)	160,161,848	161,084,739
Total Assets	156,520,665	162,065,204	(5,544,539)	103,018,687	101,750,844	1,267,843	259,539,352	263,816,048
Deferred outflows of resources	15,558,941	10,414,884	5,144,057	-	-	-	15,558,941	10,414,884
<b>Liabilities</b>								
Noncurrent liabilities	50,858,368	36,665,277	14,193,091	40,821,352	41,807,462	(986,110)	91,679,720	78,472,739
Other liabilities	5,831,077	7,040,265	(1,209,188)	1,464,530	2,274,009	(809,479)	7,295,607	9,314,274
Total Liabilities	56,689,445	43,705,542	12,983,903	42,285,882	44,081,471	(1,795,589)	98,975,327	87,787,013
Deferred inflows of resources	6,176,680	18,023,004	(11,846,324)	4,903,891	-	4,903,891	11,080,571	18,023,004
<b>Net Position</b>								
Net investment in capital assets	57,483,482	57,524,408	(40,926)	42,437,926	44,340,339	(1,902,413)	99,921,408	101,864,747
Restricted	37,525,465	42,528,484	(5,003,019)	-	-	-	37,525,465	42,528,484
Unrestricted	14,204,534	10,698,650	3,505,884	13,390,988	13,329,034	61,954	27,595,522	24,027,684
Total Net Position	\$ 109,213,481	\$ 110,751,542	\$ (1,538,061)	\$ 55,828,914	\$ 57,669,373	\$ (1,840,459)	\$ 165,042,395	\$ 168,420,915

An additional portion of the City's net position (22.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (16.7 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The City's net position decreased by \$3,378,520 during the current fiscal year.

**Governmental Activities.** Governmental activities decreased the City's net position by \$1,538,061, accounting for 45.5 percent of the total change in net position. Key elements of these changes are as follows:

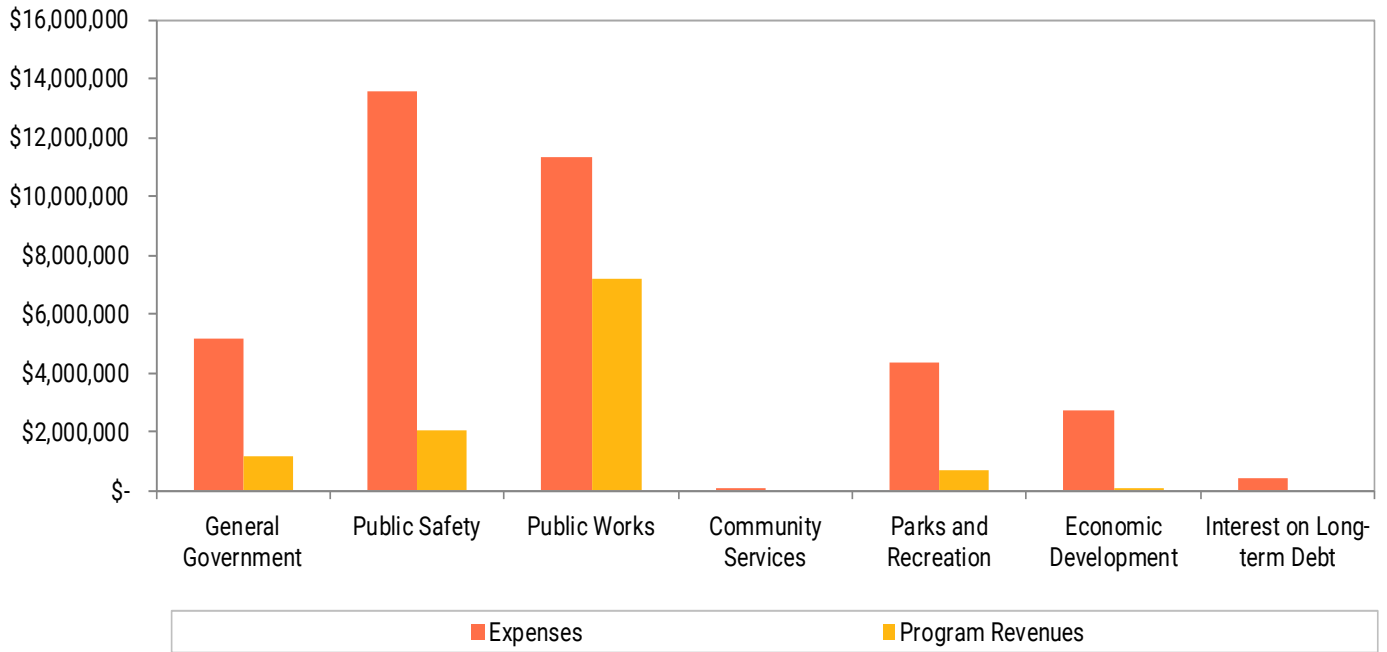
- Tax increment revenues decreased \$6,904,710 mainly due to tax forfeitures.
- Operating grants and capital grants decreased \$2,444,215 and \$1,264,154, respectively, mainly due to a decrease in various state and federal funding and less contributions during the year related to project reimbursements
- Public safety expenditures increased by \$1,309,192 due to various public safety response initiatives taken on by the City during the year.

## City of Brooklyn Center's Changes in Net Position

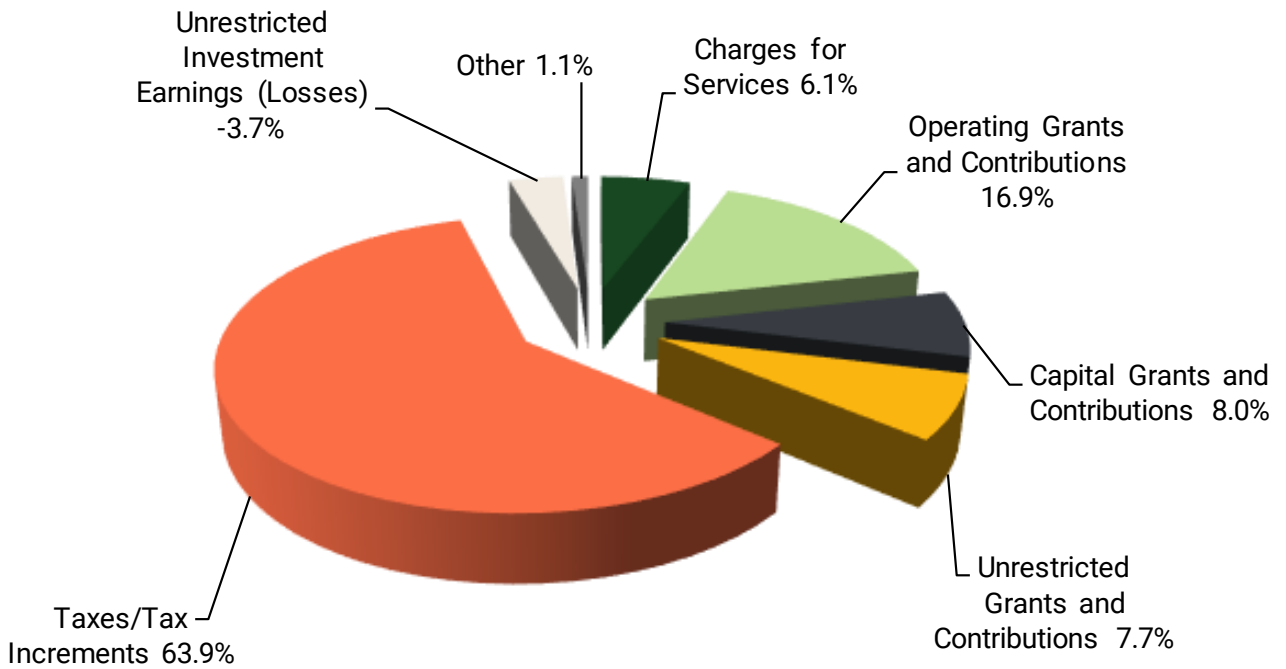
	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
<b>Revenues</b>								
<b>Program Revenues</b>								
Charges for services	\$ 2,217,407	\$ 1,648,798	\$ 568,609	\$ 22,665,610	\$ 19,362,165	\$ 3,303,445	\$ 24,883,017	\$ 21,010,963
Operating grants and contributions	6,128,777	8,572,992	(2,444,215)	227	-	227	6,129,004	8,572,992
Capital grants and contributions	2,888,721	4,152,875	(1,264,154)	72,999	50,000	22,999	2,961,720	4,202,875
<b>General Revenues</b>								
Property taxes	21,801,640	20,359,868	1,441,772	-	-	-	21,801,640	20,359,868
Tax increments	475,474	7,380,184	(6,904,710)	-	-	-	475,474	7,380,184
Lodging taxes	895,883	732,538	163,345	-	-	-	895,883	732,538
Grants and contributions not restricted to specific programs	2,800,461	2,916,618	(116,157)	-	-	-	2,800,461	2,916,618
Unrestricted investment earnings (loss)	(1,357,564)	(100,702)	(1,256,862)	(483,959)	300,000	(783,959)	(1,841,523)	199,298
Other	405,204	-	405,204	-	(49,848)	49,848	405,204	(49,848)
Gain on sale of capital assets	-	99,450	(99,450)	-	-	-	-	99,450
<b>Total Revenues</b>	<b>36,256,003</b>	<b>45,762,621</b>	<b>(9,506,618)</b>	<b>22,254,877</b>	<b>19,662,317</b>	<b>2,592,560</b>	<b>58,510,880</b>	<b>65,424,938</b>
<b>Expenses</b>								
General government	5,199,377	4,954,933	244,444	-	-	-	5,199,377	4,954,933
Public safety	13,560,562	12,251,370	1,309,192	-	-	-	13,560,562	12,251,370
Public works	11,343,594	12,756,066	(1,412,472)	-	-	-	11,343,594	12,756,066
Community services	70,958	210,488	(139,530)	-	-	-	70,958	210,488
Park and recreation	4,356,123	3,859,928	496,195	-	-	-	4,356,123	3,859,928
Economic development	2,770,033	2,192,700	577,333	-	-	-	2,770,033	2,192,700
Interest on long-term debt	467,590	565,379	(97,789)	-	-	-	467,590	565,379
Municipal liquor	-	-	-	7,034,847	5,911,141	1,123,706	7,034,847	5,911,141
Earle Brown Heritage Center	-	-	-	4,102,266	2,670,277	1,431,989	4,102,266	2,670,277
Water utility	-	-	-	4,816,998	4,452,157	364,841	4,816,998	4,452,157
Sanitary sewer utility	-	-	-	4,754,623	4,499,797	254,826	4,754,623	4,499,797
Storm drainage utility	-	-	-	2,476,252	2,437,706	38,546	2,476,252	2,437,706
Street light utility	-	-	-	541,422	389,853	151,569	541,422	389,853
Recycling utility	-	-	-	394,755	403,057	(8,302)	394,755	403,057
<b>Total Expenses</b>	<b>37,768,237</b>	<b>36,790,864</b>	<b>977,373</b>	<b>24,121,163</b>	<b>20,763,988</b>	<b>3,357,175</b>	<b>61,889,400</b>	<b>57,554,852</b>
<b>Increase in Net Position</b>								
Before Contributions and Transfers	(1,512,234)	8,971,757	(10,483,991)	(1,866,286)	(1,101,671)	(764,615)	(3,378,520)	7,870,086
Capital Contributions	(25,827)	(500,779)	474,952	25,827	500,779	(474,952)	-	-
<b>Change in Net Position</b>	<b>(1,538,061)</b>	<b>8,470,978</b>	<b>(10,009,039)</b>	<b>(1,840,459)</b>	<b>(600,892)</b>	<b>(1,239,567)</b>	<b>(3,378,520)</b>	<b>7,870,086</b>
<b>Net Position - January 1</b>	<b>110,751,542</b>	<b>102,280,564</b>	<b>8,470,978</b>	<b>57,669,373</b>	<b>58,270,265</b>	<b>(600,892)</b>	<b>168,420,915</b>	<b>160,550,829</b>
<b>Net Position - December 31</b>	<b>\$ 109,213,481</b>	<b>\$ 110,751,542</b>	<b>\$ (1,538,061)</b>	<b>\$ 55,828,914</b>	<b>\$ 57,669,373</b>	<b>\$ (1,840,459)</b>	<b>\$ 165,042,395</b>	<b>\$ 168,420,915</b>

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



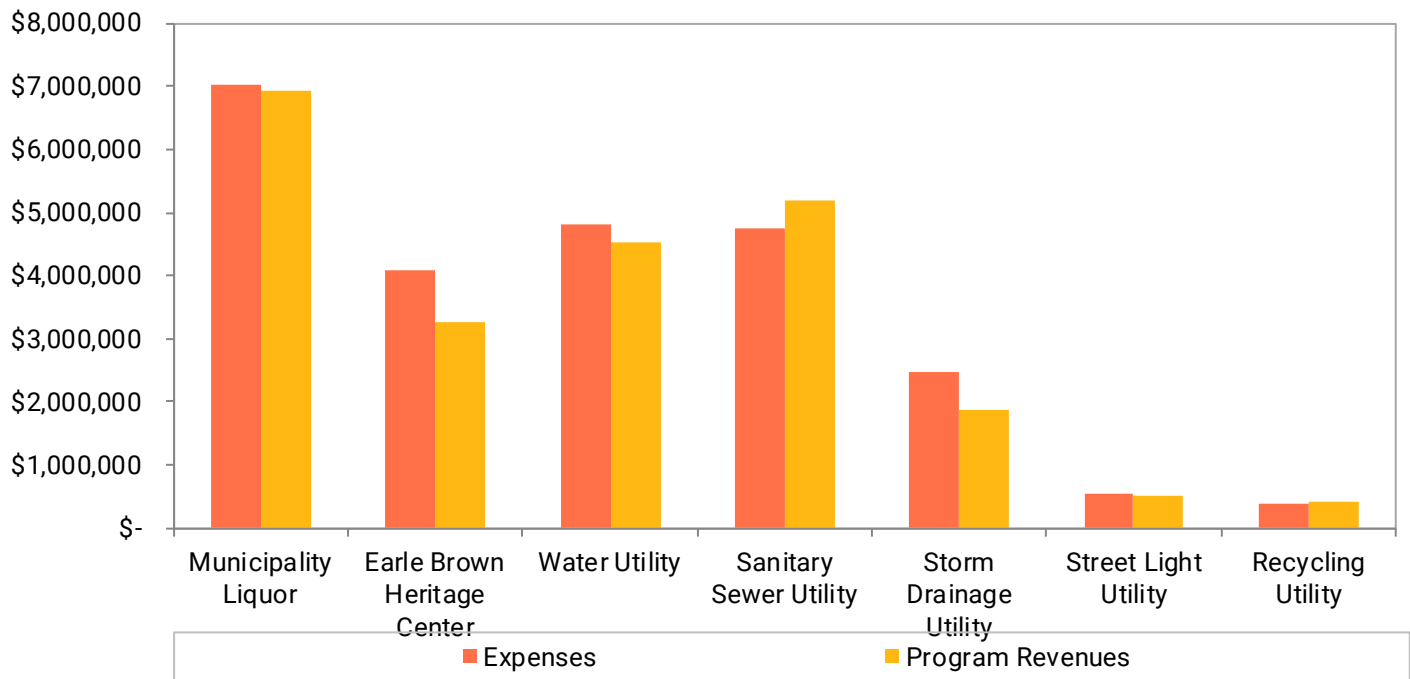
### Revenues by Source - Governmental Activities



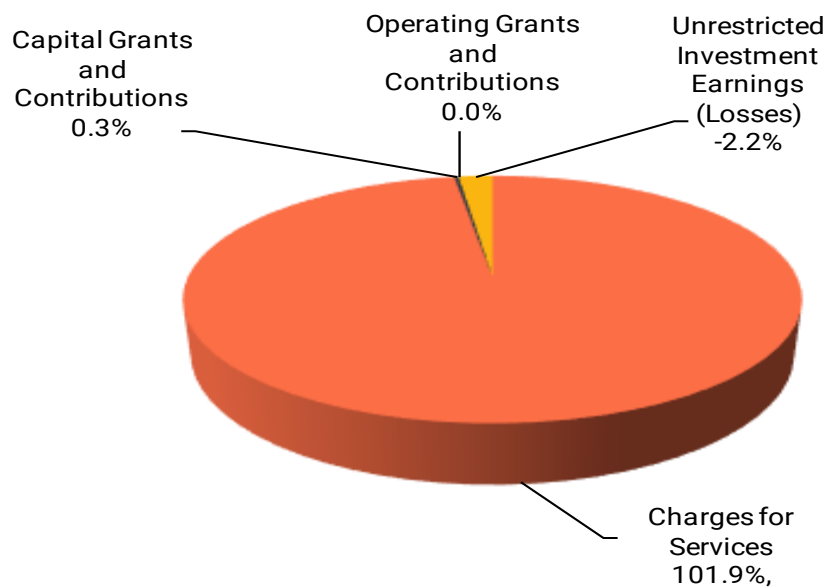
**Business-type Activities.** Business-type activities decreased the City's net position by \$1,840,459, accounting for 56.6 percent of the total decrease. Key elements of this decrease are as follows:

- Charges for services increased by \$3,303,445 due to an increase in usage and utility rates.
- Investment earnings decreased by \$783,959 due to an increase in interest rates and market value adjustments.
- Due to inflationary pressures, all business-related expenses trended upward, with the exception of recycling costs, resulting in an increase of \$3,357,175 from the prior year.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**





## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,359,836, a decrease of \$2,638,202 in comparison with the prior year. The key factor in this decrease was tax increment reserves being used for debt service and the spend down of capital reserves for street related capital projects. Of this total amount, \$12,731,783, is available for spending at the City's discretion (unassigned fund balance). The remainder of fund balance is not available for new spending because it is nonspendable (\$82,291), restricted (\$35,339,586), committed (\$8,337,333) or assigned (\$868,843).

The *General fund* is the chief operating fund of the City. At the end of the current year total fund balance of the General fund was \$13,038,219, the majority of which was unassigned. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 51.5 percent of total General fund expenditures.

The fund balance of the City's General fund decreased \$121,620 compared to a balanced budget during the year. Major variances that occurred in the General fund from its budget are noted below in the General Fund Budgetary Highlights.

The *Tax Increment District No. 3 fund* has a total fund balance of \$22,741,645, all of which is restricted for economic development. The decrease in fund balance during the current year in the fund was \$3,473,273 due to a decrease in TIF revenue related to tax forfeitures.

The *Debt Service fund* has a total fund balance of \$4,752,875, all of which is restricted for the payment of debt service. The decrease in fund balance during the current year in the Debt Service fund was \$56,276 due to taxes and assessment collections during the year coming in under debt payments for the year of \$5,600,744.

The *Capital Improvements fund* has a total fund balance at year end of \$1,463,955, all of which is committed. The decrease in fund balance during the current year was \$1,114,713 due to the completion of various county related street and highway projects, mainly the Brooklyn Boulevard Phase 2 project.

The *Municipal State Aid for Construction fund* has a total fund balance at year end of \$2,582,195, all of which is restricted. The increase in fund balance during the current year was \$626,076 due to the timing of various MSA related street and highway projects and intergovernmental funding.

The *Special Assessment Construction fund* has a total fund balance at year end of \$868,843, all of which is assigned. The increase in fund balance during the current year was \$402,127 due to the timing of various street and highway projects and special assessment funding, mainly the Grandview South Area neighborhood project.

The *Street Reconstruction fund* has a total fund balance of \$5,465,268, of which \$186,777 is restricted and \$5,278,491 is committed. The increase in fund balance during the current year was \$410,703 due to the timing of various street and highway projects, unspent bond proceeds and franchise fee funding, mainly the Grandview South Area neighborhood project.

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

Unrestricted net position of the municipal liquor, Early Brown Heritage Center, water utility, sanitary sewer utility, storm drainage utility, street light utility and recycling utility at the end of the year totaled \$13,390,988. Major changes that occurred in the proprietary funds are noted above in the Business-type Activities section.

## General Fund Budgetary Highlights

Revenues were under budget by \$1,900,609, expenditures were under budget by \$1,975,758 and the other financing sources (uses) were under budget by \$196,769, causing fund balance to decrease by \$121,620 in 2022. The budget was balanced during the year.

The major variances in the budget for the General fund were:

- Building permit revenue was under budget by \$650,241 mainly due to deferred anticipated project activity on the opportunity site because of rising interest rates.
- Intergovernmental revenue was under budget by \$776,432 mainly due to the increased use of the City Initiative Grants and American Rescue Plan Act special revenue funds to house various grant activity.
- Investment earnings were under by \$484,658 due to an increase in interest rates and market value adjustments.
- Police expenditures were under budget by \$2,028,034. This positive variance was mainly due to the increased use of the City Initiative Grants and American Rescue Plan Act special revenue funds to house various grant activity amounting to \$1,162,274. Personal services in the police department were under budget by \$1,252,370 due to staffing shortages.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$160,161,848 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 0.6 percent.

Major capital asset activity during the current fiscal year included the following

:

- Costs related to the Woodbine Area Street project totaled \$4,516,775.
- Costs related to the Brooklyn Boulevard Phase 2 project totaled \$1,928,635.
- Costs related to the 53<sup>rd</sup> Avenue project totaled \$529,235
- Tower truck additions amounted to \$577,848.
- Playground equipment replacements amounted to \$540,344.

Additional information on the City's capital assets can be found in Note 3C starting on page 75 of this report.

## City of Brooklyn Center's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	Restated 2021	Increase (Decrease)	2022	2021
	Land	\$ 5,638,873	\$ 5,632,883	\$ 5,990	\$ 2,698,879	\$ 2,698,879	\$ -	\$ 8,337,752
Easements	88,704	88,704	-	10,285	10,285	-	98,989	98,989
Construction in Progress	3,076,709	3,444,546	(367,837)	2,371,969	3,129,782	(757,813)	5,448,678	6,574,328
Land Improvements	9,988,261	8,667,723	1,320,538	180,447	209,523	(29,076)	10,168,708	8,877,246
Buildings and Improvements	7,710,556	8,331,464	(620,908)	22,635,302	23,926,537	(1,291,235)	30,345,858	32,258,001
Machinery and Equipment	5,983,583	5,294,857	688,726	287,651	310,009	-	6,271,234	5,604,866
Leased Equipment	84,148	-	84,148	68,465	159,751	-	152,613	159,751
Street Infrastructure	44,181,325	45,117,228	(935,903)	-	-	-	44,181,325	45,117,228
Street light systems	-	-	-	2,188,277	1,404,269	-	2,188,277	1,404,269
Mains and lines	-	-	-	52,968,414	52,658,299	-	52,968,414	52,658,299
<b>Total</b>	<b>\$ 76,752,159</b>	<b>\$ 76,577,405</b>	<b>\$ 174,754</b>	<b>\$ 83,409,689</b>	<b>\$ 84,507,334</b>	<b>\$ (2,078,124)</b>	<b>\$ 160,161,848</b>	<b>\$ 161,084,739</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$58,277,445. Of this amount, \$2,285,000 comprises debt backed by the full faith and credit of the City, \$18,190,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, and \$2,380,000 represents tax increment bonds. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) in the amount of \$22,625,000. Additionally, leases payable amounted to \$153,963.

## City of Brooklyn Center's Outstanding Debt

	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	Restated 2021	Increase (Decrease)	2022	2021
	General Obligation Lease Revenue Bonds	\$ -	\$ -	\$ -	\$ 2,285,000	\$ 2,420,000	\$ (135,000)	\$ 2,285,000
General Obligation Improvement Bonds	17,438,225	17,815,502	(377,277)	751,775	934,498	(182,723)	18,190,000	18,750,000
General Obligation Tax Increment Bonds	2,380,000	4,870,000	(2,490,000)	-	-	-	2,380,000	4,870,000
General Obligation Revenue Bonds	-	-	-	22,625,000	22,350,000	275,000	22,625,000	22,350,000
General Obligation Revenue Notes	-	-	-	12,797,445	13,799,445	(1,002,000)	12,797,445	13,799,445
Leases Payable	84,727	-	84,727	69,236	159,751	(90,515)	153,963	159,751
<b>Total</b>	<b>\$ 19,902,952</b>	<b>\$ 22,685,502</b>	<b>\$ (2,782,550)</b>	<b>\$ 38,528,456</b>	<b>\$ 39,663,694</b>	<b>\$ (1,135,238)</b>	<b>\$ 58,431,408</b>	<b>\$ 62,349,196</b>

The City's total debt decreased by \$3,917,788 (2.6 percent) during the current fiscal year. The key factors in this decrease was the issuance of debt totaling \$4,432,434 and the retirement of debt totaled \$4,449,984. The City's bond rating was 'AA' from Standard & Poor's for their 2022 issues.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$49,740,171, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 78 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- Continuing redevelopment throughout the City will yield net growth in tax base and stability in tax base along with providing job growth in the City.
- Since 2008, the EDA has acquired approximately 35 acres of land including the former Brookdale Square shopping center site and former Brookdale Ford dealership property. The EDA entered into a Preliminary Development Agreement with Alatus, LLC as the master developer of this site. In May 2018, the site was federally designated as an Opportunity Zone. The preliminary development concept proposed involves the construction of a mixed-use apartment/hotel/commercial/single-family development together with related improvements including a centralized park area, new roads and storm water ponding improvements.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

The City's policy is to maintain a General fund unassigned fund balance of 50.0% - 52.0% of the ensuing year's budgeted General fund operations. Additionally the City's capital project funding policy transfers the amount of fund balance exceeding 52% to the Capital Improvements fund following the completed audit of the City's ACFR. Total unassigned fund balance at the end of 2022 was \$12,731,783 (46.8%) of the adopted 2023 budgeted expenditures.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Brooklyn Center, 6301 Shingle Creek Parkway, Brooklyn Center, Minnesota 55430.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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City of Brooklyn Center, Minnesota  
Statement of Net Position  
December 31, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 44,969,431	\$ 12,041,075	\$ 57,010,506
Receivables			
Interest	11,788	125,769	137,557
Taxes	432,829	-	432,829
Accounts, net of allowances	460,669	3,369,403	3,830,072
Notes	118,455	-	118,455
Leases	468,724	4,638,746	5,107,470
Special assessments	5,105,664	818,061	5,923,725
Intergovernmental	3,569,503	91,466	3,660,969
Internal balances	2,803,691	(2,803,691)	-
Inventories	65,526	1,055,437	1,120,963
Prepaid items	57,708	272,732	330,440
Assets held for resale	20,642,822	-	20,642,822
Capital assets			
Nondepreciable	8,804,286	5,081,133	13,885,419
Depreciable	67,947,873	78,328,556	146,276,429
Net pension asset	1,061,696	-	1,061,696
Total Assets	<u>156,520,665</u>	<u>103,018,687</u>	<u>259,539,352</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	14,235,113	-	14,235,113
Deferred other postemployment benefit resources	1,323,828	-	1,323,828
Total Deferred Outflows of Resources	<u>15,558,941</u>	<u>-</u>	<u>15,558,941</u>
<b>Liabilities</b>			
Accounts payable	987,802	321,037	1,308,839
Contracts payable	347,768	150,411	498,179
Due to other governments	232,950	123,225	356,175
Accrued interest payable	235,446	366,811	602,257
Accrued salaries and wages	698,402	109,397	807,799
Deposits payable	422,665	369,401	792,066
Unearned revenue	2,906,044	24,248	2,930,292
Noncurrent liabilities			
Due within one year			
Long-term liabilities	2,509,926	3,810,699	6,320,625
Due in more than one year			
Long-term liabilities	20,351,274	37,010,653	57,361,927
Net pension liability	24,821,695	-	24,821,695
Total other postemployment benefits liability	3,175,473	-	3,175,473
Total Liabilities	<u>56,689,445</u>	<u>42,285,882</u>	<u>98,975,327</u>
<b>Deferred Inflows of Resources</b>			
Intergovernmental	3,179,940	-	3,179,940
Deferred pension resources	2,113,195	-	2,113,195
Deferred other postemployment benefit resources	454,914	-	454,914
Deferred lease resources	428,631	4,903,891	5,332,522
Total Deferred Inflows of Resources	<u>6,176,680</u>	<u>4,903,891</u>	<u>11,080,571</u>
<b>Net Position</b>			
Net investment in capital assets	57,483,482	42,437,926	99,921,408
Restricted			
Tax increment financing	25,153,385	-	25,153,385
Statutory housing obligation	47,699	-	47,699
Economic development	1,798,095	-	1,798,095
Debt service	5,849,429	-	5,849,429
Law enforcement enhancements	87,490	-	87,490
Opioids	10,140	-	10,140
Community prevention, health and safety	732,558	-	732,558
State-aid street systems	2,582,195	-	2,582,195
Fire relief pension	1,264,474	-	1,264,474
Unrestricted	14,204,534	13,390,988	27,595,522
Total Net Position	<u>\$ 109,213,481</u>	<u>\$ 55,828,914</u>	<u>\$ 165,042,395</u>

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



City of Brooklyn Center, Minnesota  
Statement of Activities  
For the 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	\$ 5,199,377	\$ 532,015	\$ 665,000	\$ -
Public safety	13,560,562	736,873	1,307,162	-
Public works	11,343,594	227,399	4,085,582	2,888,721
Community services	70,958	-	-	-
Parks and recreation	4,356,123	697,800	36,033	-
Economic development	2,770,033	23,320	35,000	-
Interest on long-term debt	467,590	-	-	-
Total Governmental Activities	<u>37,768,237</u>	<u>2,217,407</u>	<u>6,128,777</u>	<u>2,888,721</u>
Business-type Activities				
Municipal liquor	7,034,847	6,935,571	-	-
Earle Brown Heritage Center	4,102,266	3,267,790	-	-
Water utility	4,816,998	4,543,666	227	-
Sanitary sewer utility	4,754,623	5,117,729	-	72,999
Storm drainage utility	2,476,252	1,887,218	-	-
Street light utility	541,422	512,299	-	-
Recycling utility	394,755	401,337	-	-
Total Business-type Activities	<u>24,121,163</u>	<u>22,665,610</u>	<u>227</u>	<u>72,999</u>
Total	<u>\$ 61,889,400</u>	<u>\$ 24,883,017</u>	<u>\$ 6,129,004</u>	<u>\$ 2,961,720</u>

General Revenues

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Tax increments
- Lodging taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings (loss)
- Other
- Capital Contributions From (to) Other Funds
- Total General Revenues and Contributions

Change in Net Position

Net Position, January 1

Net Position, December 31

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,002,362)	\$ -	\$ (4,002,362)
(11,516,527)	-	(11,516,527)
(4,141,892)	-	(4,141,892)
(70,958)	-	(70,958)
(3,622,290)	-	(3,622,290)
(2,711,713)	-	(2,711,713)
(467,590)	-	(467,590)
<u>(26,533,332)</u>	<u>-</u>	<u>(26,533,332)</u>
-	(99,276)	(99,276)
-	(834,476)	(834,476)
-	(273,105)	(273,105)
-	436,105	436,105
-	(589,034)	(589,034)
-	(29,123)	(29,123)
-	6,582	6,582
-	<u>(1,382,327)</u>	<u>(1,382,327)</u>
<u>(26,533,332)</u>	<u>(1,382,327)</u>	<u>(27,915,659)</u>
20,023,440	-	20,023,440
1,778,200	-	1,778,200
475,474	-	475,474
895,883	-	895,883
2,800,461	-	2,800,461
(1,357,564)	(483,959)	(1,841,523)
405,204	-	405,204
(25,827)	25,827	-
<u>24,995,271</u>	<u>(458,132)</u>	<u>24,537,139</u>
(1,538,061)	(1,840,459)	(3,378,520)
<u>110,751,542</u>	<u>57,669,373</u>	<u>168,420,915</u>
<u>\$ 109,213,481</u>	<u>\$ 55,828,914</u>	<u>\$ 165,042,395</u>

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

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FUND FINANCIAL STATEMENTS  
CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Brooklyn Center, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2022

	General	Tax Increment District No. 3	Debt Service	Capital Improvements	Municipal State Aid for Construction	Special Assessment Construction
<b>Assets</b>						
Cash and investments	13,957,331	2,594,067	\$ 4,735,416	1,393,310	2,640,374	1,378,584
Receivables						
Interest	886	-	-	-	-	-
Current taxes	97,485	-	8,955	-	-	-
Delinquent taxes	280,383	11,628	-	-	-	-
Accounts, net of allowances	68,928	-	-	-	-	-
Notes	-	-	-	-	-	-
Leases	34,797	-	-	-	-	-
Special assessments	148,710	-	3,721,004	524	-	1,235,426
Intergovernmental	12,524	-	-	288,854	3,179,940	-
Due from other funds	509,182	-	-	-	-	-
Inventories	21,800	-	-	-	-	-
Prepaid items	54,685	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Assets held for resale	-	20,207,844	-	-	-	-
<b>Total Assets</b>	<b>\$ 15,186,711</b>	<b>\$ 22,813,539</b>	<b>\$ 8,465,375</b>	<b>\$ 1,682,688</b>	<b>\$ 5,820,314</b>	<b>\$ 2,614,010</b>
<b>Liabilities</b>						
Accounts payable	\$ 419,905	36,715	\$ 500	22,647	58,179	309,165
Contracts payable	-	-	-	125,258	-	203,609
Due to other funds	-	-	-	-	-	-
Due to other governments	192,052	20,660	-	-	-	-
Accrued salaries and wages	667,890	-	-	-	-	-
Deposits payable	404,678	1,856	-	-	-	-
Unearned revenue	675	1,035	-	70,304	-	-
Advance from other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,685,200</b>	<b>60,266</b>	<b>500</b>	<b>218,209</b>	<b>58,179</b>	<b>512,774</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue						
Taxes	280,383	11,628	-	-	-	-
Special assessments	148,428	-	3,712,000	524	-	1,232,393
Intergovernmental	-	-	-	-	3,179,940	-
Deferred lease resources	34,481	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>463,292</b>	<b>11,628</b>	<b>3,712,000</b>	<b>524</b>	<b>3,179,940</b>	<b>1,232,393</b>
<b>Fund Balances</b>						
Nonspendable	76,485	-	-	-	-	-
Restricted	-	22,741,645	4,752,875	-	2,582,195	-
Committed	-	-	-	1,463,955	-	-
Assigned	-	-	-	-	-	868,843
Unassigned	12,961,734	-	-	-	-	-
<b>Total Fund Balances</b>	<b>13,038,219</b>	<b>22,741,645</b>	<b>4,752,875</b>	<b>1,463,955</b>	<b>2,582,195</b>	<b>868,843</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 15,186,711</b>	<b>\$ 22,813,539</b>	<b>\$ 8,465,375</b>	<b>\$ 1,682,688</b>	<b>\$ 5,820,314</b>	<b>\$ 2,614,010</b>

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

Street Reconstruction	Other Nonmajor Governmental	Total
5,193,661	\$ 8,939,417	\$ 40,832,160
-	10,902	11,788
-	34,378	140,818
-	-	292,011
303,886	15,742	388,556
-	118,455	118,455
-	433,927	468,724
-	-	5,105,664
-	85,213	3,566,531
-	-	509,182
-	2,783	24,583
-	3,023	57,708
-	168,651	168,651
-	434,978	20,642,822
<u>\$ 5,497,547</u>	<u>\$ 10,247,469</u>	<u>\$ 72,327,653</u>
13,378	\$ 69,199	\$ 929,688
18,901	-	347,768
-	289,240	289,240
-	14,888	227,600
-	14,344	682,234
-	16,131	422,665
-	2,834,030	2,906,044
-	168,651	168,651
<u>32,279</u>	<u>3,406,483</u>	<u>5,973,890</u>
-	-	292,011
-	-	5,093,345
-	-	3,179,940
-	394,150	428,631
<u>-</u>	<u>394,150</u>	<u>8,993,927</u>
-	5,806	82,291
186,777	5,076,094	35,339,586
5,278,491	1,594,887	8,337,333
-	-	868,843
-	(229,951)	12,731,783
<u>5,465,268</u>	<u>6,446,836</u>	<u>57,359,836</u>
<u>\$ 5,497,547</u>	<u>\$ 10,247,469</u>	<u>\$ 72,327,653</u>

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

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City of Brooklyn Center, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2022

Fund balances - governmental funds	\$ 57,359,836
Amounts reported for governmental activities within the statement of net position are different because:	
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	71,346,935
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(19,818,225)
Unamortized premium	(1,584,734)
Leases payable	(84,727)
Some receivables are not available soon enough to pay current-period's expenditure, and therefore are unavailable in governmental funds.	
Delinquent taxes receivable	292,011
Special assessments receivable	5,093,345
Governmental funds do not report long-term amounts related to the City's Fire Relief Association Pension Fund	
Net pension asset	1,061,696
Deferred outflows of pension resources	238,918
Deferred inflows of pension resources	(441,696)
Governmental funds do not report a liability for accrued interest until due and payable.	(235,446)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>(4,014,432)</u>
Total Net Position - Governmental Activities	<u>\$ 109,213,481</u>

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



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

	General	Tax Increment District No. 3	Debt Service	Capital Improvements	Municipal State Aid for Construction	Special Assessment Construction
<b>Revenues</b>						
Taxes	\$ 20,304,982	\$ -	\$ 1,778,200	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-
Special assessments	34,393	-	1,271,959	-	-	515,102
Licenses and permits	872,456	-	-	-	-	-
Intergovernmental	2,091,518	-	-	4,881,381	1,564,038	-
Charges for services	571,510	5,305	-	-	-	1,124
Fines and forfeits	175,901	-	-	-	-	-
Investment earnings (loss)	(403,158)	(192,859)	(95,871)	(62,437)	(113,652)	2,156
Miscellaneous	159,983	-	-	-	-	208,816
<b>Total Revenues</b>	<u>23,807,585</u>	<u>(187,554)</u>	<u>2,954,288</u>	<u>4,818,944</u>	<u>1,450,386</u>	<u>727,198</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	5,058,806	-	-	-	-	-
Public safety	12,261,979	-	-	-	-	-
Public works	2,588,110	-	-	-	299,079	-
Community services	70,958	-	-	-	-	-
Parks and recreation	3,761,762	-	-	-	-	-
Economic development	654,896	1,053,550	-	-	-	-
Nondepartmental	452,822	-	-	-	-	-
<b>Capital outlay</b>						
General government	13,995	-	-	-	-	-
Public safety	119,972	-	-	-	-	-
Public works	13,138	-	-	5,933,657	525,231	1,227,072
Parks and recreation	-	-	-	-	-	-
Economic development	159,815	-	-	-	-	-
<b>Debt service</b>						
Principal	-	-	4,962,277	-	-	-
Interest and other	-	-	638,467	-	-	-
Bond issuance costs	-	-	-	-	-	17,728
<b>Total Expenditures</b>	<u>25,156,253</u>	<u>1,053,550</u>	<u>5,600,744</u>	<u>5,933,657</u>	<u>824,310</u>	<u>1,244,800</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,348,668)</u>	<u>(1,241,104)</u>	<u>(2,646,456)</u>	<u>(1,114,713)</u>	<u>626,076</u>	<u>(517,602)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	2,590,180	-	-	-
Administrative services reimbursement	1,437,048	-	-	-	-	-
Bonds and leases issued	-	-	-	-	-	857,045
Premium on bonds issued	-	-	-	-	-	62,684
Transfers out	(210,000)	(2,232,169)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,227,048</u>	<u>(2,232,169)</u>	<u>2,590,180</u>	<u>-</u>	<u>-</u>	<u>919,729</u>
<b>Net Change in Fund Balances</b>	(121,620)	(3,473,273)	(56,276)	(1,114,713)	626,076	402,127
<b>Fund Balances, January 1</b>	<u>13,159,839</u>	<u>26,214,918</u>	<u>4,809,151</u>	<u>2,578,668</u>	<u>1,956,119</u>	<u>466,716</u>
<b>Fund Balances, December 31</b>	<u>\$ 13,038,219</u>	<u>\$ 22,741,645</u>	<u>\$ 4,752,875</u>	<u>\$ 1,463,955</u>	<u>\$ 2,582,195</u>	<u>\$ 868,843</u>

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

Street Reconstruction	Other Nonmajor Governmental	Total
\$ -	\$ 1,442,670	\$ 23,525,852
746,101	-	746,101
-	-	1,821,454
-	-	872,456
-	898,981	9,435,918
-	329,887	907,826
-	3,746	179,647
(198,014)	(160,280)	(1,224,115)
-	680,249	1,049,048
<u>548,087</u>	<u>3,195,253</u>	<u>37,314,187</u>
-	350,742	5,409,548
-	548,421	12,810,400
-	-	2,887,189
-	-	70,958
-	446,337	4,208,099
-	1,012,968	2,721,414
-	-	452,822
-	-	13,995
-	-	119,972
1,442,721	-	9,141,819
-	97,434	97,434
-	-	159,815
-	-	4,962,277
-	-	638,467
23,162	-	40,890
<u>1,465,883</u>	<u>2,455,902</u>	<u>43,735,099</u>
<u>(917,796)</u>	<u>739,351</u>	<u>(6,420,912)</u>
-	688,822	3,279,002
-	-	1,437,048
1,237,955	97,434	2,192,434
90,544	-	153,228
-	(836,833)	(3,279,002)
<u>1,328,499</u>	<u>(50,577)</u>	<u>3,782,710</u>
410,703	688,774	(2,638,202)
<u>5,054,565</u>	<u>5,758,062</u>	<u>59,998,038</u>
<u>\$ 5,465,268</u>	<u>\$ 6,446,836</u>	<u>\$ 57,359,836</u>

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

City of Brooklyn Center, Minnesota  
Reconciliation of the Statement of  
Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2022

	Primary Government
Amounts reported for governmental activities in the statement of activities are different because	
Net Change in Fund Balances - Governmental Funds	\$ (2,638,202)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	4,462,340
Depreciation/amortization expense	(4,250,419)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Capital contributions to business-type activities, net	(25,827)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	4,962,277
Long-term debt issued (including premiums on current year bonds)	(2,192,434)
Premium on bonds issued, net of amortization expense	10,853
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.	
	47,686
Long-term pension activity related to the City's Fire Relief Association Pension Fund is not reported in governmental funds.	(38,912)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	135,269
Tax increments	(488,124)
Special assessments	(817,469)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	(705,099)
Change in Net Position - Governmental Activities	\$ (1,538,061)

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 20,347,394	\$ 20,347,394	\$ 20,304,982	\$ (42,412)
Special assessments	50,000	50,000	34,393	(15,607)
Licenses and permits	1,397,250	1,397,250	872,456	(524,794)
Intergovernmental	2,867,950	2,867,950	2,091,518	(776,432)
Charges for services	631,100	631,100	571,510	(59,590)
Fines and forfeits	161,000	161,000	175,901	14,901
Investment earnings (loss)	81,500	81,500	(403,158)	(484,658)
Miscellaneous	172,000	172,000	159,983	(12,017)
Total Revenues	<u>25,708,194</u>	<u>25,708,194</u>	<u>23,807,585</u>	<u>(1,900,609)</u>
Expenditures				
Current				
General government	5,208,878	5,208,878	5,058,806	150,072
Public safety	14,290,013	14,290,013	12,261,979	2,028,034
Public works	2,880,366	2,880,366	2,588,110	292,256
Community services	187,000	187,000	70,958	116,042
Parks and recreation	3,703,394	3,703,394	3,761,762	(58,368)
Community development	745,193	745,193	654,896	90,297
Nondepartmental	(8,333)	(8,333)	452,822	(461,155)
Capital outlay				
General government	500	500	13,995	(13,495)
Public safety	125,000	125,000	119,972	5,028
Public works	-	-	13,138	(13,138)
Economic development	-	-	159,815	(159,815)
Total Expenditures	<u>27,132,011</u>	<u>27,132,011</u>	<u>25,156,253</u>	<u>1,975,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,423,817)</u>	<u>(1,423,817)</u>	<u>(1,348,668)</u>	<u>75,149</u>
Other Financing Sources (Uses)				
Administrative services reimbursement	1,633,817	1,633,817	1,437,048	(196,769)
Transfers out	(210,000)	(210,000)	(210,000)	-
Total Other Financing Sources (Uses)	<u>1,423,817</u>	<u>1,423,817</u>	<u>1,227,048</u>	<u>(196,769)</u>
Net Change in Fund Balances	-	-	(121,620)	(121,620)
Fund Balances, January 1	<u>13,159,839</u>	<u>13,159,839</u>	<u>13,159,839</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 13,159,839</u>	<u>\$ 13,159,839</u>	<u>\$ 13,038,219</u>	<u>\$ (121,620)</u>

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

City of Brooklyn Center, Minnesota  
Tax Increment District No. 3  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 5,305	\$ 5,305
Investment earnings (loss)	29,100	29,100	(192,859)	(221,959)
Total Revenues	<u>29,100</u>	<u>29,100</u>	<u>(187,554)</u>	<u>(216,654)</u>
Expenditures				
Current				
Economic development				
Supplies	-	-	92	(92)
Other services and charges	652,267	652,267	1,053,458	(401,191)
Total Expenditures	<u>652,267</u>	<u>652,267</u>	<u>1,053,550</u>	<u>(401,283)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(623,167)	(623,167)	(1,241,104)	(617,937)
Other Financing Sources (Uses)				
Transfers out	<u>(2,232,169)</u>	<u>(2,232,169)</u>	<u>(2,232,169)</u>	<u>-</u>
Net Change in Fund Balances	(2,855,336)	(2,855,336)	(3,473,273)	(617,937)
Fund Balances, January 1	<u>26,214,918</u>	<u>26,214,918</u>	<u>26,214,918</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 23,359,582</u>	<u>\$ 23,359,582</u>	<u>\$ 22,741,645</u>	<u>\$ (617,937)</u>

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

City of Brooklyn Center, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	411   601 Water Utility	602 Sanitary Sewer Utility	651 Storm Drainage Utility	Other Enterprise Funds		
<b>Assets</b>						
<b>Current Assets</b>						
Cash and investments	\$ 1,223,814	\$ 4,397,803	\$ 4,425,391	\$ 1,994,067	\$ 12,041,075	\$ 4,137,271
Receivables						
Accounts, net of allowances	1,409,335	1,195,700	453,745	310,623	3,369,403	72,113
Interest	125,769	-	-	-	125,769	-
Special assessments	817,549	512	-	-	818,061	-
Due from other governments	-	72,999	-	18,467	91,466	2,972
Prepaid items	1,259	242,068	1,259	28,146	272,732	-
Inventories	93,285	-	-	962,152	1,055,437	40,943
Lease receivables	4,638,746	-	-	-	4,638,746	-
<b>Total Current Assets</b>	<b>8,309,757</b>	<b>5,909,082</b>	<b>4,880,395</b>	<b>3,313,455</b>	<b>22,412,689</b>	<b>4,253,299</b>
<b>Noncurrent Assets</b>						
<b>Capital assets</b>						
Land	20,734	3,389	587,158	2,087,598	2,698,879	-
Easements	-	-	10,285	-	10,285	-
Land improvements	-	-	-	570,769	570,769	-
Building and improvements	27,011,754	2,991,669	-	16,010,018	46,013,441	166,108
Machinery and equipment	187,968	179,130	147,162	847,728	1,361,988	13,126,892
Leased equipment (intangible right to use asset)	-	-	-	159,751	159,751	-
Street light systems	-	-	-	2,963,653	2,963,653	-
Mains and lines	34,596,752	34,580,189	43,189,503	-	112,366,444	-
Construction in progress	1,328,629	583,338	442,819	17,183	2,371,969	40,272
<b>Total capital assets</b>	<b>63,145,837</b>	<b>38,337,715</b>	<b>44,376,927</b>	<b>22,656,700</b>	<b>168,517,179</b>	<b>13,333,272</b>
Less: accumulated depreciation	(27,735,420)	(20,452,628)	(22,751,207)	(14,168,235)	(85,107,490)	(7,928,048)
<b>Net capital assets</b>	<b>35,410,417</b>	<b>17,885,087</b>	<b>21,625,720</b>	<b>8,488,465</b>	<b>83,409,689</b>	<b>5,405,224</b>
<b>Total Assets</b>	<b>43,720,174</b>	<b>23,794,169</b>	<b>26,506,115</b>	<b>11,801,920</b>	<b>105,822,378</b>	<b>9,658,523</b>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	-	-	-	-	-	13,996,195
Deferred other postemployment benefit resources	-	-	-	-	-	1,323,828
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,320,023</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	59,668	20,262	2,675	238,432	321,037	58,114
Contracts payable	-	-	9,740	140,671	150,411	-
Accrued salaries and wages payable	22,336	9,409	11,100	66,552	109,397	16,168
Accrued interest payable	184,629	78,223	72,365	31,594	366,811	-
Due to other funds	-	-	-	-	-	219,942
Due to other governments	4,742	1,890	-	116,593	123,225	5,350
Deposits payable	3,896	-	-	365,505	369,401	-
Unearned revenue	-	-	-	24,248	24,248	-
Leases payable	-	-	-	69,236	69,236	-
Notes payable	1,012,000	-	-	-	1,012,000	-
Bonds payable	1,241,250	833,213	515,000	140,000	2,729,463	-
Compensated absences payable	-	-	-	-	-	137,351
<b>Total Current Liabilities</b>	<b>2,528,521</b>	<b>942,997</b>	<b>610,880</b>	<b>1,192,831</b>	<b>5,275,229</b>	<b>436,925</b>
<b>Noncurrent Liabilities</b>						
Notes payable	11,785,445	-	-	-	11,785,445	-
Bonds payable	11,358,174	6,441,535	5,098,667	2,326,832	25,225,208	-
Compensated absences payable	-	-	-	-	-	1,236,163
Total other postemployment benefits liability	-	-	-	-	-	3,175,473
Net pension liability	-	-	-	-	-	24,821,695
<b>Total Noncurrent Liabilities</b>	<b>23,143,619</b>	<b>6,441,535</b>	<b>5,098,667</b>	<b>2,326,832</b>	<b>37,010,653</b>	<b>29,233,331</b>
<b>Total Liabilities</b>	<b>25,672,140</b>	<b>7,384,532</b>	<b>5,709,547</b>	<b>3,519,663</b>	<b>42,285,882</b>	<b>29,670,256</b>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	-	-	-	-	-	1,671,499
Deferred other postemployment benefit resources	-	-	-	-	-	454,914
Deferred lease resources	4,903,891	-	-	-	4,903,891	-
<b>Total Deferred Inflows of Resources</b>	<b>4,903,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,903,891</b>	<b>2,126,413</b>
<b>Net Position</b>						
Net investment in capital assets	10,013,548	10,610,339	16,002,313	5,811,726	42,437,926	5,405,224
Unrestricted	3,130,595	5,799,298	4,794,255	2,470,531	16,194,679	(12,223,347)
<b>Total Net Position</b>	<b>\$ 13,144,143</b>	<b>\$ 16,409,637</b>	<b>\$ 20,796,568</b>	<b>\$ 8,282,257</b>	<b>\$ 58,632,605</b>	<b>\$ (6,818,123)</b>
					(2,803,691)	
					<u>\$ 55,828,914</u>	

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

Net position of business-type  
activities

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

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	411   601 Water Utility	602 Sanitary Sewer Utility	651 Storm Drainage Utility	Other Enterprise Funds		
Operating Revenues						
Sales and user fees	\$ 4,629,601	\$ 5,117,729	\$ 1,887,218	\$ 10,157,330	\$ 21,791,878	\$ 3,984,339
Cost of sales	-	-	-	(6,822,285)	(6,822,285)	-
Gross Profit	4,629,601	5,117,729	1,887,218	3,335,045	14,969,593	3,984,339
Charges for services	-	-	-	868,358	868,358	-
Total Operating Revenues	<u>4,629,601</u>	<u>5,117,729</u>	<u>1,887,218</u>	<u>4,203,403</u>	<u>15,837,951</u>	<u>3,984,339</u>
Operating Expenses						
Personal services	714,114	269,967	339,650	2,081,571	3,405,302	3,278,105
Supplies	566,712	27,761	36,013	118,092	748,578	455,609
Other services	947,743	3,099,298	411,435	1,640,821	6,099,297	239,124
Insurance	62,549	25,839	2,267	72,402	163,057	64,257
Utilities	320,946	69,026	2,560	513,388	905,920	1,460
Rent	-	-	-	11,218	11,218	-
Depreciation/amortization	1,970,439	1,092,596	1,493,669	607,862	5,164,566	1,002,458
Total Operating Expenses	<u>4,582,503</u>	<u>4,584,487</u>	<u>2,285,594</u>	<u>5,045,354</u>	<u>16,497,938</u>	<u>5,041,013</u>
Operating Income (Loss)	<u>47,098</u>	<u>533,242</u>	<u>(398,376)</u>	<u>(841,951)</u>	<u>(659,987)</u>	<u>(1,056,674)</u>
Nonoperating Revenues (Expenses)						
Intergovernmental	227	-	-	-	227	200,657
Interest earnings (loss)	(58,314)	(144,335)	(167,496)	(113,814)	(483,959)	(133,611)
Gain (loss) on sale/disposal of capital assets	-	-	-	-	-	(2,069)
Other revenue	127,629	-	-	91,309	218,938	45,094
Interest and other costs	(398,861)	(145,171)	(162,209)	(66,759)	(773,000)	-
Total Nonoperating Revenues (Expenses)	<u>(329,319)</u>	<u>(289,506)</u>	<u>(329,705)</u>	<u>(89,264)</u>	<u>(1,037,794)</u>	<u>110,071</u>
Income (Loss) Before Contributions and Transfers	<u>(282,221)</u>	<u>243,736</u>	<u>(728,081)</u>	<u>(931,215)</u>	<u>(1,697,781)</u>	<u>(946,603)</u>
Capital Contributions From (to) Others	-	72,999	-	-	72,999	-
Capital Contributions From (to) Other Funds	-	-	36,663	(10,836)	25,827	-
Change in Net Position	<u>(282,221)</u>	<u>316,735</u>	<u>(691,418)</u>	<u>(942,051)</u>	<u>(1,598,955)</u>	<u>(946,603)</u>
Net Position, January 1	<u>13,426,364</u>	<u>16,092,902</u>	<u>21,487,986</u>	<u>9,224,308</u>	<u>60,231,560</u>	<u>(5,871,520)</u>
Net Position, December 31	<u>\$ 13,144,143</u>	<u>\$ 16,409,637</u>	<u>\$ 20,796,568</u>	<u>\$ 8,282,257</u>	<u>\$ 58,632,605</u>	<u>\$ (6,818,123)</u>
					Change in net position as shown above	\$ (1,598,955)
					Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(241,504)</u>
					Change in net position of business-type activities.	<u>\$ (1,840,459)</u>

City of Brooklyn Center, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	411   601	602	651	Other	Total	
	Water Utility	Sanitary Sewer Utility	Storm Drainage Utility	Enterprise Funds		
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 4,046,088	\$ 5,001,344	\$ 1,814,981	\$ 11,396,453	\$ 22,258,866	\$ 4,163,100
Payments to suppliers	(1,913,657)	(3,401,529)	(525,064)	(9,230,947)	(15,071,197)	(748,909)
Payments to employees	(711,091)	(269,313)	(338,961)	(2,076,028)	(3,395,393)	(2,601,674)
Other operating receipts	127,629	-	-	91,309	218,938	45,094
Net Cash Provided (Used) by Operating Activities	<u>1,548,969</u>	<u>1,330,502</u>	<u>950,956</u>	<u>180,787</u>	<u>4,011,214</u>	<u>857,611</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Lease receipts	265,145	-	-	-	265,145	-
Intergovernmental grants	227	-	-	-	227	-
Increase (decrease) in due to other funds	-	-	-	-	-	219,942
Net Cash Provided (Used) by Noncapital Financing Activities	<u>265,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,372</u>	<u>219,942</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition of capital assets	(1,724,052)	(788,617)	(1,089,645)	(438,780)	(4,041,094)	(1,112,406)
Proceeds from sale of capital assets	-	-	-	-	-	126,670
Proceeds from issuance of debt	1,530,015	612,125	288,767	-	2,430,907	-
Principal paid on long-term debt	(2,073,250)	(721,474)	(355,000)	(225,514)	(3,375,238)	-
Interest paid on long-term debt	(498,212)	(199,528)	(200,938)	(69,165)	(967,843)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,765,499)</u>	<u>(1,097,494)</u>	<u>(1,356,816)</u>	<u>(733,459)</u>	<u>(5,953,268)</u>	<u>(985,736)</u>
<b>Cash Flows from Investing Activities</b>						
Interest received (paid) on cash and investments	(184,083)	(144,335)	(167,496)	(113,814)	(609,728)	(133,611)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(1,135,241)</u>	<u>88,673</u>	<u>(573,356)</u>	<u>(666,486)</u>	<u>(2,286,410)</u>	<u>(41,794)</u>
Cash and Cash Equivalents, January 1	<u>2,359,055</u>	<u>4,309,130</u>	<u>4,998,747</u>	<u>2,660,553</u>	<u>14,327,485</u>	<u>4,179,065</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,223,814</u>	<u>\$ 4,397,803</u>	<u>\$ 4,425,391</u>	<u>\$ 1,994,067</u>	<u>\$ 12,041,075</u>	<u>\$ 4,137,271</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ 47,098	\$ 533,242	\$ (398,376)	\$ (841,951)	\$ (659,987)	\$ (1,056,674)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	1,970,439	1,092,596	1,493,669	607,862	5,164,566	1,002,458
Other income (expense) related to operations	127,629	-	-	91,309	218,938	245,751
(Increase) decrease in assets						
Accounts receivable	99,442	(115,873)	(72,237)	466,830	378,162	(53,375)
Intergovernmental	-	-	-	(18,467)	(18,467)	4,329
Special assessments	(255,746)	(512)	-	-	(256,258)	-
Prepaid items	-	(29,814)	-	(4,555)	(34,369)	14
Inventories	(30,597)	-	-	(108,347)	(138,944)	(15,847)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	-	-	-	-	-	(4,458,615)
Deferred other postemployment benefit resources	-	-	-	-	-	(682,827)
Increase (decrease) in liabilities						
Accounts payable	31,677	(120,975)	(82,529)	4,901	(166,926)	22,923
Contracts payable	-	-	9,740	5,075	14,815	-
Due to other governments	(16,787)	(28,816)	-	50,185	4,582	4,451
Net pension liability	-	-	-	-	-	16,459,683
Accrued salaries and wages	3,023	654	689	5,543	9,909	11,242
Deposits payable	(754)	-	-	(54,129)	(54,883)	-
Unearned revenue	(426,455)	-	-	(23,469)	(449,924)	-
Compensated absences payable	-	-	-	-	-	31,283
Other postemployment benefits liability	-	-	-	-	-	495,528
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	-	-	-	-	-	(11,536,439)
Deferred other postemployment benefit resources	-	-	-	-	-	383,726
Net cash flows provided (used) by operating activities	<u>\$ 1,548,969</u>	<u>\$ 1,330,502</u>	<u>\$ 950,956</u>	<u>\$ 180,787</u>	<u>\$ 4,011,214</u>	<u>\$ 857,611</u>
<b>Schedule of Noncash Investing Capital and Financing Activities</b>						
Capital assets contributed by (to) other funds	\$ -	\$ -	\$ (36,663)	\$ 10,836	\$ (25,827)	\$ -
Book value of disposed/traded of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,739
Capital assets acquired on account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,987

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



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City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Brooklyn Center (the City) was incorporated in 1911. The City operates under a Home Rule Charter as defined by Minnesota Statutes which provides for a Mayor Council form of government. The governing body consists of a Mayor and four City Council members. The Council exercises legislative authority and determines all matters of policy. The Council appoints the city administrator who is responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Each discretely presented component unit is reported in a separate column in the government-wide financial statements. Included in the City's reporting entity, based upon the application of these criteria, are the following blended component units.

***Housing and Redevelopment Authority (HRA)***

The HRA was created by the City to carry out certain redevelopment and low rent assistance programs pursuant to state law. The HRA is primarily responsible for residential development and redevelopment. The City Council serves as the Board of Directors for the HRA, with the power to levy taxes and enter into contracts. The Council reviews and approves the tax levy and all expenditures for the HRA which is reported as a special revenue fund. The HRA does not issue separate financial statements. Financial information may be obtained at the City's offices.

***Economic Development Authority (EDA)***

The EDA was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The governing board for the EDA is the City Council, with the power to issue bonds and enter into contracts. The council reviews and approves major community development improvement activities. City general obligation tax increment financing bonds are issued to finance EDA activities which is reported as a special revenue fund. The EDA does not issue separate financial statements. Financial information may be obtained at the City's offices.

**B. Government-wide and Fund Financial Statements**

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

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

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Tax Increment District No. 3 special revenue fund* accounts the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities throughout the City. This fund also provides the resources to repay the debt service on bonds issued to finance these redevelopment activities.

The *Debt Service fund* accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Improvements capital project fund* accounts for the expenditures of such funds, for major capital outlays. The accumulation of funds to provide for such outlays is an attempt to reduce future debt issuance. The financing sources of the fund primarily consist of transfer from other funds

The *Municipal State Aid for Construction capital project fund* accounts for the state allotment of construction and maintenance aid. The source of the State funding is provided for the through the collection of gasoline taxes. The funds accumulated must be used on transportation related construction and maintenance projects.

The *Special Assessment Construction capital project fund* accounts for the resources and expenditures required for the acquisition and construction of capital facilities or improvements financed wholly or in part by special assessments levied against benefited properties.

The *Street Reconstruction capital project fund* accounts for the resources and expenditures required for the acquisition and construction of capital facilities or improvements financed wholly or in part by franchise fees.

The City reports the following major proprietary funds:

The *Water fund* accounts for the water service charges which are used to finance the pumping, treatment and distribution of water to customers. Administration, wells, water treatment, water storage and distribution are included.

The *Sanitary Sewer fund* accounts for the wastewater service charges which are used to finance the collection and pumping of sanitary sewage through a system of sewer lines and lift stations. Sewage is treated by the Metropolitan Council Environmental Services whose fees represent about 60 percent of the fund's operating expenses.

The *Storm Drainage Utility fund* accounts for collection and treatment of surface runoff water that does not require sanitary wastewater treatment. It incorporates not only the storm sewer collection system, but also structures such as holding ponds and facilities to improve water quality. Fees are based upon the quantity of water running off a property and vary with both size and absorption characteristics of the parcel.

Additionally, the City reports the following fund types:

*Internal Service funds* are used to account for central garage services, health care insurance benefits for retired employees, compensated absences and pension activity provided to other departments of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Deferred Outflows of Resources Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 61 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2022:

- Negotiable certificates of deposits of \$11,616,760, municipal bonds of \$18,896,062, federal agency securities of \$11,649,234 and U.S. treasury securities of \$4,659,579 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

***Investment Policy***

The City's investment policy follows Minnesota statutes, which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Custodial Credit Risk* - For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the government would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2022 all investments were insured or registered, or securities were held by the City or its agent in the City's name.
- *Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies. The City's investment policy does not further limit the ratings of their investments. The policy also requires that any counterparty in investment transactions be pre-qualified and approved by the City Council and that the portfolio be diversified to limit potential losses on individual securities.
- *Concentration Risk* - The City's investment policy does requires that the investment portfolio be diversified to minimize potential losses on individual securities. As of the year end, the City had portfolio concentrations in excess of five percent (excluding external investment pools) in the following federal agencies: Federal Farm Credit Bank (5.85 percent)
- *Interest Rate Risk* - The City's investment policy mitigates interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in short-term securities. The City's policy restricts investments to investments maturing no more than six years from the date of purchase. No more than ten percent of the City's portfolio at any time shall be invested in securities with maturities of more than five years. The policy also states that the portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably expected.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Property Taxes***

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Delinquent utility charges are annually certified to the county for collection. As a result, there is no allowance for uncollectable amounts in the enterprise funds.

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

***Inventories and Prepaid Items***

Inventories in the governmental funds are reported using the consumption method and valued at cost, using the first in/first out (FIFO) method. Inventories in the proprietary funds are valued at cost, using the weighted average method in the Municipal Liquor and Earle Brown Heritage Center funds and the FIFO method in all other funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Lease Receivable***

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***Assets Held for Resale***

Assets held for resale represent various property purchases made by the City with the intent to sell in order to increase tax base or to attract new business. These assets are stated at the lower of cost or acquisition value. During the year ended December 31, 2022 management has reviewed the cost value reported for these assets and has indicated the properties are fairly presented for financial purposes.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than the amounts in the table listed below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Assets	Amount
Infrastructure	\$ 250,000
Buildings and Building Improvements	50,000
Land Improvements	25,000
Heavy Equipment	25,000
Furniture and Furnishings	10,000
Motorized Vehicles	10,000
Technology Equipment	10,000
Land Easements	10,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.



City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

Property, plant and equipment of the City, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Temporary Easements	Based on Contract
Land Improvements	25
Buildings and Structures	25
Water and Sewer Mains and Lines, Wells and Storage Tanks, Sewer Lift Stations	25
Infrastructure	25
Street Light Systems	15
Machinery and Equipment	5 - 15

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension Resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year contributions made subsequent to the respective measurement dates.

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and vested sick leave pay is accrued in the Public Employee Compensated Absences internal service fund. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, a liability is recognized for that portion of accumulating sick leave benefits that is vested. The City pays out up to 230 hours of vacation upon separation and one third of accrued sick leave time. The Public Employee Compensated Absences internal service fund is typically used to liquidate the applicable liabilities.

***Postemployment Benefits Other Than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2022. The Public Employee Retirement internal service fund is typically used to liquidate the applicable liabilities.

***Pensions***

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

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

The total pension expense for the GERP, PEPFP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Single Employer	Total
	GERP	PEPFP	DCP	Fire Relief	
Pension Expense	\$ 1,242,904	\$ 2,780,286	\$ 915	\$ 225,709	\$ 4,249,814
Proportionate Share of State's Contribution	290,319	126,416	-	-	416,735
<b>Total</b>	<b>\$ 1,533,223</b>	<b>\$ 2,906,702</b>	<b>\$ 915</b>	<b>\$ 225,709</b>	<b>\$ 4,666,549</b>

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are an expense in the period incurred.

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, *unavailable* revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. Deferred pension resources and deferred other postemployment benefit resources are reported only in the statement of net position and results from actuarial calculations. Deferred lease resources are reported as deferred inflows resulting from lease amortization calculations. Additionally, imposed nonexchange revenue transactions, state aid, and capital funding received for subsequent years, is deferred and recognized as an inflow of resources in the period that the resources are required to be used. This item is reported both in the governmental fund balance sheet and the statement of net position as a deferred inflow of resources.

**Fund Balance**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The policy establishes a year-end target unassigned fund balance amount of 50.0 to 52.0 percent of the next year's operating budget for cash flow needs (working capital). At December 31, 2022 unassigned fund balance was 47.3 percent of the subsequent year's budgeted expenditures.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquiring capital assets.
- b. Restricted net position - Consists of net position balances restricted by limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

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

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on January 1 of the following year. At least one special City Council meeting is conducted to obtain public comments as required by the State Truth in Taxation Law.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 2: Stewardship, Compliance and Accountability (Continued)**

The City Council annually adopts budgets prior to January 1 on a basis consistent with accounting principles generally accepted in the United States of America for the General and special revenue funds; however, the City did not budget for the Community Development Block Grant, Tax Increment District No. 8, Opioid Settlement and American Rescue Plan Act funds, which are not legally obligated to complete budgets. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before September 30th, the proposed budget is presented to the Council for review and the proposed levy is adopted. The Council holds public hearings and a final budget and a final tax levy are prepared and adopted in early December.

The City's legal level of budgetary control is at the fund level for funds other than the General fund. The legal level of budgetary control for the General fund is at the department level. The City's department heads may make transfers of appropriations within a department with the approval of the City Manager. Transfers of appropriations between departments require the approval of the City Manager. Transfers of appropriations between funds require the approval of the Council. Budgeted amounts are as originally adopted, or as amended by the Council. There were no budget amendments made during the year.

**B. Excess of Expenditures Over Appropriations**

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

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Tax Increment District No. 3	\$ 652,267	\$ 1,053,550	\$ 401,283

These over expenditures were funded by available fund balances.

**C. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2022:

Fund	Amount
Nonmajor	
Special Revenue	
Centerbrook Golf Course	\$ 224,145
Internal Service	
EE Retirement Benefit	2,499,351
Pension - GERP	7,020,007
Pension - PEPFP	5,476,992

These deficits will be funded through future charges for services and interfund transfers. Internal service fund deficits will be funded through future interfund charges, grant revenues and employee withholdings.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds**

**A. Deposits and Investments**

***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was a deficit of \$85,179 while the bank balance was \$0.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

**Investments**

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the city or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
<b>Pooled Investments at Amortized Costs</b>						
4M Fund	N/A	less than 1 year	\$ 9,820,035			
Broker Money Market Accounts	N/A	less than 1 year	437,610			
<b>Non-pooled Investments at Fair Value</b>						
Negotiable Certificate of Deposits	N/A	less than 1 year	3,247,840	\$ -	\$ 3,247,840	\$ -
Negotiable Certificate of Deposits	N/A	1 to 5 years	8,368,920	-	8,368,920	-
Municipal Bonds	A1 or better	less than 1 year	2,571,962	-	2,571,962	-
Municipal Bonds	A1 or better	1 to 5 years	16,324,100	-	16,324,100	-
Federal Agency Securities	AAA	less than 1 year	2,502,102	-	2,502,102	-
Federal Agency Securities	AAA	1 to 5 years	9,147,132	-	9,147,132	-
U.S. Treasury Securities	AAA	less than 1 year	2,442,468	-	2,442,468	-
U.S. Treasury Securities	AAA	1 to 5 years	2,217,111	-	2,217,111	-
<b>Total Investments</b>			<b>\$ 57,079,280</b>	<b>\$ -</b>	<b>\$ 46,821,635</b>	<b>\$ -</b>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

**Cash on Hand**

Cash in the possession of the City, consisting of petty cash and change funds, totals \$16,405.

A reconciliation of cash and investments as shown on the statement of net position for the City is as follows:

	Primary Government
Deposits - City Pooled Account	\$ (85,179)
Investments - City Pooled Account	57,079,280
Cash on Hand	<u>16,405</u>
<b>Total Cash and Investments</b>	<b><u>\$ 57,010,506</u></b>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

**Notes Receivable**

The Revolving Loan Fund received a grant from Minnesota Investment Fund and disbursed an interest-free loan to Get Bizzy coffee in the amount of \$101,513 in 2018. It will be repaid in 60 monthly installments of \$1,692 ending December 1, 2023. As the repayments are made the City will remit 60 percent to the Minnesota Department of Employment and Economic Development. The balance as of December 31, 2022 is \$20,303.

The Revolving Loan Fund disbursed a loan to Phu Bia in the amount of \$70,000 on February 15, 2022. It will be repaid in 85 monthly payments of \$871 with an interest rate of 1.25 percent. This loan is secured by the borrower. The balance as of December 31, 2022 is \$70,000.

The Revolving Loan Fund disbursed a loan to Taste of Africa in the amount of \$30,000 on February 15, 2022. It will be repaid in 84 monthly payments of \$871 with an interest rate of 1.25 percent. This loan is secured by the borrower. The balance as of December 31, 2022 is \$28,152.

**Lease Receivable**

The City leases various tower sites to companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2039, however, the City anticipates new or revised leasing arrangements to occur in the future. Additionally, the City has leased a portion of their building for a Logis Hot Site effective January 1, 2022 for 48 months until December 31, 2025. Furthermore, the EDA has leased a building the Phu Bia Grocery effective February 15, 2022 for monthly lease payments 120 months until January 15, 2032.

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

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Verizon Tower Lease 1	1/1/2022	2.71 %	\$ 62,805	\$ 1,013,860
AT&T Tower Lease 2	4/1/2022	2.71	61,967	773,859
Sprint Tower 1	1/1/2022	2.71	60,444	747,736
T-Mobile Tower 2	1/1/2022	2.71	58,153	778,191
T-Mobile Tower 3	1/1/2022	2.71	52,100	225,602
Verizon Tower Lease 2	1/1/2022	2.71	63,318	895,987
Azyo Group Tower 2	1/1/2022	2.71	15,700	130,941
Dish Wireless Tower Lease	11/1/2022	5.43	3,023	72,571
Phu Bia Grocery Lease	2/15/2022	2.71	39,777	433,927
Logis Hot Site Lease	1/1/2022	2.22	11,494	34,796
Total				<u>\$ 5,107,470</u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated/Amortized				
Land	\$ 5,632,883	\$ 5,990	\$ -	\$ 5,638,873
Perpetual easements	88,704	-	-	88,704
Construction in progress	3,444,546	3,698,223	(4,066,060)	3,076,709
Total Capital Assets not Being Depreciated/Amortized	<u>9,166,133</u>	<u>3,704,213</u>	<u>(4,066,060)</u>	<u>8,804,286</u>
Capital Assets Being Depreciated/Amortized				
Temporary easements	22,715	-	(22,715)	-
Buildings and improvements	26,290,510	279,788	-	26,570,298
Land improvements	15,689,067	1,849,397	-	17,538,464
Machinery and equipment	13,183,905	1,943,498	(310,215)	14,817,188
Leased equipment (intangible right to use asset)	-	97,434	-	97,434
Street infrastructure	75,918,854	1,760,636	-	77,679,490
Total Capital Assets Being Depreciated/Amortized	<u>131,105,051</u>	<u>5,930,753</u>	<u>(332,930)</u>	<u>136,702,874</u>
Less Accumulated Depreciation/Amortization for				
Temporary easements	(22,715)	-	22,715	-
Buildings and improvements	(17,959,046)	(900,696)	-	(18,859,742)
Land improvements	(7,021,344)	(528,859)	-	(7,550,203)
Machinery and equipment	(7,889,048)	(1,126,033)	181,476	(8,833,605)
Leased equipment (intangible right to use asset)	-	(13,286)	-	(13,286)
Street infrastructure	(30,801,626)	(2,696,539)	-	(33,498,165)
Total Accumulated Depreciation/Amortization	<u>(63,693,779)</u>	<u>(5,265,413)</u>	<u>204,191</u>	<u>(68,755,001)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>67,411,272</u>	<u>665,340</u>	<u>(128,739)</u>	<u>67,947,873</u>
Governmental Activities Capital Assets, Net	<u>\$ 76,577,405</u>	<u>\$ 4,369,553</u>	<u>\$ (4,194,799)</u>	<u>\$ 76,752,159</u>



City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated/Amortized				
Land	2,698,879	\$ -	\$ -	\$ 2,698,879
Perpetual easements	10,285	-	-	10,285
Construction in progress	3,129,782	3,930,168	(4,687,981)	2,371,969
Total Capital Assets not Being Depreciated/Amortized	<u>5,838,946</u>	<u>3,930,168</u>	<u>(4,687,981)</u>	<u>5,081,133</u>
Capital Assets Being Depreciated/Amortized				
Temporary easements	20,335	-	(20,335)	-
Land improvements	570,769	-	-	570,769
Buildings and improvements	46,013,441	-	-	46,013,441
Machinery and equipment	1,320,704	41,284	-	1,361,988
Leased equipment (intangible right to use asset)	159,751	-	-	159,751
Street light systems	2,016,839	946,814	-	2,963,653
Mains and lines	108,529,808	3,836,636	-	112,366,444
Total Capital Assets Being Depreciated/Amortized	<u>158,631,647</u>	<u>4,824,734</u>	<u>(20,335)</u>	<u>163,436,046</u>
Less Accumulated Depreciation/Amortization for				
Temporary easements	(20,335)	-	20,335	-
Land improvements	(361,246)	(29,076)	-	(390,322)
Buildings and improvements	(22,086,904)	(1,291,235)	-	(23,378,139)
Machinery and equipment	(1,010,695)	(63,642)	-	(1,074,337)
Leased equipment (intangible right to use asset)	-	(91,286)	-	(91,286)
Street light systems	(612,570)	(162,806)	-	(775,376)
Mains and lines	(55,871,509)	(3,526,521)	-	(59,398,030)
Total Accumulated Depreciation/Amortization	<u>(79,963,259)</u>	<u>(5,164,566)</u>	<u>20,335</u>	<u>(85,107,490)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>78,668,388</u>	<u>(339,832)</u>	<u>-</u>	<u>78,328,556</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,507,334</u>	<u>\$ 3,590,336</u>	<u>\$ -</u>	<u>\$ 83,409,689</u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental Activities**

General government	\$ 156,132
Public safety	496,297
Public works	3,076,075
Parks and recreation	521,011
Economic development	13,440
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>1,002,458</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 5,265,413</u></u>

**Business-type Activities**

Water	\$ 1,970,439
Sanitary Sewer	1,092,596
Storm Drainage	1,493,669
Municipal Liquor Store	210,803
Earle Brown Heritage Center	234,253
Street Light Utility	<u>162,806</u>
Total Depreciation/Amortization Expense - Business-type Activities	<u><u>\$ 5,164,566</u></u>

**Construction Commitments**

The City has active construction projects as of December 31, 2022. The projects include street construction and various public facilities. At year end the City's commitments with contractors are as follows:

Project	Contract Amount	Remaining Commitment
2022 53rd Ave Mill and Overlay	\$ 606,004	\$ 94,423
2022 Woodbine Area	4,183,883	111,707
2022 Pond Dredging	86,569	6,258
Ryan Lake Industrial Park Area Improvements	<u>2,362,116</u>	<u>54,456</u>
Total	<u><u>\$ 7,238,572</u></u>	<u><u>\$ 266,844</u></u>

**D. Interfund Receivables, Payables and Transfers**

**Due to/from other funds**

The General fund has a due from other funds \$289,240 and \$219,942, respectively, to the nonmajor and internal service funds which represents lending/borrowing arrangements to cover temporary deficit cash balances at the end of the fiscal year. Balances will be paid with future tax increments, interoperating revenues and/or interfund transfers.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

**Advances to/from Other Funds**

The Tax Increment District No. 2 made an advance to the Tax Increment District No. 5 fund \$168,651 for specific funding for a development project within the City. The financing plan for the Tax Increment District projects payments of approximately \$110,000 in 2019 through 2024.

**Interfund Transfers**

	Transfers In		Total
	Debt Service Fund	Nonmajor Governmental Funds	
Transfers Out			
General Fund	\$ -	\$ 210,000	\$ 210,000
Tax Increment District No. 3 Fund	2,232,169	-	2,232,169
Nonmajor Governmental Funds	358,011	478,822	836,833
<b>Total</b>	<b>\$ 2,590,180</b>	<b>\$ 688,822</b>	<b>\$ 3,279,002</b>

During the year ended December 31, 2022 the City made the following transfers:

- From the General fund to nonmajor governmental funds for current and future technology needs (\$130,000) and cash flow purposes for the Centerbrook Golf Course (\$80,000).
- From the Tax Increment District No. 3 and nonmajor government funds to the Debt Service fund (\$2,590,180) for tax increment bond payments.
- From the nonmajor HRA fund to the nonmajor EDA fund (\$478,822) as an annual cash inflow.

**E. General Long-term Debt**

General Obligation Tax Increment Bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity of redevelopment properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Bonds of 2016B	2,075,000	2.00 - 2.50	12/08/16	02/01/29	\$ 2,075,000
G.O. Tax Increment Bonds of 2016C	1,725,000	2.00 - 2.30	12/08/16	02/01/23	305,000
<b>Total General Obligation Tax Increment Bonds</b>					<b>\$ 2,380,000</b>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

The annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31	<b>General Obligation Tax Increment Bonds</b> Governmental Activities		
	Principal	Interest	Total
2023	\$ 305,000	\$ 50,333	\$ 355,333
2024	330,000	43,525	373,525
2025	335,000	36,875	371,875
2026	340,000	29,700	369,700
2027	350,000	21,938	371,938
2028 - 2029	720,000	18,124	738,124
Total	<u>\$ 2,380,000</u>	<u>\$ 200,495</u>	<u>\$ 2,580,495</u>

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
<b>Governmental</b>					
G.O. Improvement Bonds of 2015A	\$ 3,416,248	2.00 - 2.50 %	7/9/2015	2/1/2026	\$ 1,408,225
G.O. Improvement Bonds of 2016A	1,820,000	0.95 - 1.85	10/13/2016	2/1/2027	960,000
G.O. Improvement Bonds of 2017A	3,735,000	2.375 - 3.00	6/8/2017	2/1/2028	2,315,000
G.O. Improvement Bonds of 2018A	3,835,000	3.00 - 5.00	6/11/2018	2/1/2029	2,780,000
G.O. Improvement Bonds of 2019A	3,355,000	4.00 - 5.00	9/12/2019	2/1/2030	2,960,000
G.O. Improvement Bonds of 2020A	1,955,000	1.00 - 2.00	11/24/2020	2/1/2031	1,915,000
G.O. Improvement Bonds of 2021A	3,005,000	2.00 - 4.00	9/22/2021	2/1/2032	3,005,000
G.O. Improvement Bonds of 2022A	2,095,000	4.00 - 5.00	12/15/2022	2/1/2033	2,095,000
Total G.O. Special Assessments Bonds - Governmental					<u>17,438,225</u>
<b>Business-type</b>					
G.O. Improvement Bonds of 2015A	1,823,752	2.00 - 2.50	7/9/2015	2/1/2026	<u>751,775</u>
Total General Obligation Improvement Bonds					<u>\$ 18,190,000</u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

The annual debt service requirements to maturity for general obligation special assessments bonds are as follows:

Year Ending December 31	<b>G.O. Special Assessment Bonds</b>		
	Governmental Activities		
	Principal	Interest	Total
2023	\$ 2,050,537	\$ 527,641	\$ 2,578,178
2024	2,293,796	487,884	2,781,680
2025	2,355,316	403,118	2,758,434
2026	2,403,576	315,745	2,719,321
2027	2,095,000	236,469	2,331,469
2028 - 2032	6,000,000	398,787	6,398,787
2033	240,000	4,800	244,800
Total	<u>\$ 17,438,225</u>	<u>\$ 2,374,444</u>	<u>\$ 19,812,669</u>

Year Ending December 31	<b>G.O. Special Assessment Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2023	\$ 184,463	\$ 15,562	\$ 200,025
2024	186,204	11,623	197,827
2025	189,684	7,157	196,841
2026	191,424	2,392	193,816
Total	<u>\$ 751,775</u>	<u>\$ 36,734</u>	<u>\$ 788,509</u>

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Revenue Refunding Bonds of 2015B	\$ 1,660,000	2.00 - 2.50 %	7/9/2015	2/1/2026	\$ 520,000
Revenue Bonds of 2016A	3,605,000	0.95 - 1.85	10/13/2016	2/1/2027	1,900,000
Revenue Bonds of 2017A	4,625,000	2.375 - 3.00	6/8/2017	2/1/2028	2,940,000
Revenue Bonds of 2018A	4,350,000	3.00 - 5.00	6/11/2018	2/1/2029	3,250,000
Revenue Bonds of 2019A	4,790,000	4.00 - 5.00	9/12/2019	2/1/2030	4,190,000
Revenue Bonds of 2020A	2,830,000	1.00 - 2.00	11/24/2020	2/1/2031	2,580,000
Revenue Bonds of 2021A	5,005,000	2.00 - 4.00	9/22/2021	2/1/2032	5,005,000
Revenue Bonds of 2022A	2,240,000	4.00 - 5.00	12/15/2022	2/1/2033	2,240,000
Total G.O. Revenue Bonds					<u>\$ 22,625,000</u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31	<b>G.O. Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2023	\$ 2,405,000	\$ 689,790	\$ 3,094,790
2024	2,715,000	639,000	3,354,000
2025	2,815,000	538,956	3,353,956
2026	2,845,000	433,931	3,278,931
2027	2,970,000	330,569	3,300,569
2028 - 2032	8,600,000	619,878	9,219,878
2033	275,000	5,500	280,500
<b>Total</b>	<b>\$ 22,625,000</b>	<b>\$ 3,257,624</b>	<b>\$ 25,882,624</b>

G.O. Lease Revenue Bonds

These notes were issued to fund the construction of a City-owned municipal liquor store.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Lease Revenue Bonds of 2019B	\$ 2,520,000	3.00 - 4.00 %	09/18/19	02/01/35	<u>\$ 2,285,000</u>

The annual debt service requirements to maturity for notes payable are as follows:

Year Ending December 31	<b>General Obligation Lease Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2023	\$ 140,000	\$ 73,400	\$ 213,400
2024	145,000	67,700	212,700
2025	155,000	61,700	216,700
2026	160,000	55,400	215,400
2027	165,000	48,900	213,900
2028 - 2032	905,000	161,925	1,066,925
2033 - 2035	615,000	27,975	642,975
<b>Total</b>	<b>\$ 2,285,000</b>	<b>\$ 497,000</b>	<b>\$ 2,782,000</b>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

General Obligation Revenue Note

The General Obligation Revenue Note was financed by the MN Public Facilities Authority Drinking Water State Revolving Fund for the construction of a new water treatment plant.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
PFA Revenue Note of 2015	\$ 19,622,797	1.00 %	01/20/15	08/20/34	<u>\$ 12,797,445</u>

The annual debt service requirements to maturity for notes payable are as follows:

Year Ending December 31	<b>General Obligation Revenue Notes</b> Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,012,000	\$ 128,370	\$ 1,140,370
2024	1,022,000	118,250	1,140,250
2025	1,033,000	108,030	1,141,030
2026	1,043,000	97,700	1,140,700
2027	1,053,000	87,270	1,140,270
2028 - 2032	5,427,000	276,230	5,703,230
2033 - 2034	<u>2,207,445</u>	<u>33,760</u>	<u>2,241,205</u>
Total	<u>\$ 12,797,445</u>	<u>\$ 849,610</u>	<u>\$ 13,647,055</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sanitary Sewer	Storm Drainage	Municipal Liquor
Revenue	\$ 4,629,601	\$ 5,117,729	\$ 1,887,218	\$ 1,801,481
Principal and Interest	2,571,462	921,002	555,938	294,679
Percent of Revenue	55.5%	18.0%	29.5%	16.4%

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
General obligation					
tax increment bonds	\$ 4,870,000	\$ -	\$ (2,490,000)	\$ 2,380,000	\$ 305,000
General obligation					
special assessment bonds	17,815,502	2,095,000	(2,472,277)	17,438,225	2,050,537
Bond premium	1,595,587	153,228	(164,081)	1,584,734	-
Total Bonds Payable	<u>24,281,089</u>	<u>2,248,228</u>	<u>(5,126,358)</u>	<u>21,402,959</u>	<u>2,355,537</u>
Leases Payable	-	97,434	(12,707)	84,727	17,038
Compensated Absences Payable	<u>1,342,231</u>	<u>234,149</u>	<u>(202,866)</u>	<u>1,373,514</u>	<u>137,351</u>
Governmental Activity Long-term Liabilities	<u>\$ 25,623,320</u>	<u>\$ 2,579,811</u>	<u>\$ (5,341,931)</u>	<u>\$ 22,861,200</u>	<u>\$ 2,509,926</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation					
improvement bonds	\$ 934,498	\$ -	\$ (182,723)	\$ 751,775	\$ 184,463
General obligation					
revenue bonds	22,350,000	2,240,000	(1,965,000)	22,625,000	2,405,000
General obligation lease					
revenue bonds	2,420,000	-	(135,000)	2,285,000	140,000
Bond premium	2,303,519	190,907	(201,530)	2,292,896	-
Total Bonds Payable	<u>28,008,017</u>	<u>2,430,907</u>	<u>(2,484,253)</u>	<u>27,954,671</u>	<u>2,729,463</u>
Leases Payable	159,751	-	(90,515)	69,236	69,236
Notes Payable					
General obligation					
revenue notes	<u>13,799,445</u>	<u>-</u>	<u>(1,002,000)</u>	<u>12,797,445</u>	<u>1,012,000</u>
Business-type Activity Long-term Liabilities	<u>\$ 41,967,213</u>	<u>\$ 2,430,907</u>	<u>\$ (3,576,768)</u>	<u>\$ 40,821,352</u>	<u>\$ 3,810,699</u>



City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

Conduit Debt Obligations with Limited Commitments

From time to time, the City has issued Housing Revenue Bonds, Health Care Facilities Revenue Bonds and School Facilities Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of rental housing, educational or health care 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, the State, 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 accompanying financial statements.

As of December 31, 2022, there were two series of fixed rate Multifamily Housing Revenue Refunding bonds, one Housing Revenue Development Refinancing Note, two Healthcare Revenue Notes, four Senior Housing Development Revenue Notes, three Multifamily Housing Revenue bonds, One Multifamily Housing Note and four Charter School Lease Revenue bonds outstanding. The aggregate amount of the conduit debt as of December 31, 2022 is \$92,820,134.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on all Funds (Continued)**

**F. Components of Fund Balance**

At December 31, 2022 portions of the City's fund balance are not available for appropriation due to not being in spendable form (nonspendable), legal restrictions (restricted), City Council action (committed) and policy and/or intent (assigned). The following is a summary of the components of fund balance:

	General	Tax Increment District No. 3	Debt Service	Capital Improvements	Municipal State State Aid for Construction	Special Assessment Construction	Street Reconstruction	Other Governmental Funds	Total
<b>Nonspendable</b>									
Inventories	\$ 21,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,783	\$ 24,583
Prepaid items	54,685	-	-	-	-	-	-	3,023	57,708
<b>Total Nonspendable</b>	<b>\$ 76,485</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,806</b>	<b>\$ 82,291</b>
<b>Restricted</b>									
Debt service	\$ -	\$ -	\$ 4,752,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,752,875
Tax increment financing	-	22,693,946	-	-	-	-	-	2,447,811	25,141,757
Statutory housing obligation	-	47,699	-	-	-	-	-	-	47,699
Economic development	-	-	-	-	-	-	-	1,798,095	1,798,095
Law enforcement enhancements	-	-	-	-	-	-	-	87,490	87,490
Opioids	-	-	-	-	-	-	-	10,140	10,140
Community prevention, health and safety	-	-	-	-	-	-	-	732,558	732,558
Municipal street projects	-	-	-	-	2,582,195	-	186,777	-	2,768,972
<b>Total Restricted</b>	<b>\$ -</b>	<b>\$ 22,741,645</b>	<b>\$ 4,752,875</b>	<b>\$ -</b>	<b>\$ 2,582,195</b>	<b>\$ -</b>	<b>\$ 186,777</b>	<b>\$ 5,076,094</b>	<b>\$ 35,339,586</b>
<b>Committed</b>									
Cable communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,354	\$ 159,354
Community recreation	-	-	-	-	-	-	-	57,760	57,760
Emergency capital improvements	-	-	-	-	-	-	-	1,092,613	1,092,613
Technology improvements	-	-	-	-	-	-	-	285,160	285,160
Capital projects	-	-	-	1,463,955	-	-	5,278,491	-	6,742,446
<b>Total Committed</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,463,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,278,491</b>	<b>\$ 1,594,887</b>	<b>\$ 8,337,333</b>
<b>Assigned</b>									
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 868,843	\$ -	\$ -	\$ 868,843
<b>Unassigned</b>									
	\$ 12,961,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (229,951)	\$ 12,731,783

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. Benefits Provided**

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

*Minnesota statutes* chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund 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 General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$727,505, \$673,181 and 649,561 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Fund 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 Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$734,786, \$832,803 and \$887,315, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**D. Pension costs**

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$9,900,041 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer 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 \$290,319. 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 PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1250 percent at the end of the measurement period and 0.1206 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 9,900,041
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>290,319</u>
Total	<u><u>\$ 10,190,360</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$1,242,904 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$290,319 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 82,693	\$ 102,290
Changes in Actuarial Assumptions	2,164,073	39,944
Net Difference Between Projected and Actual Earnings on Plan Investments	301,433	-
Changes in Proportion	211,417	101,923
Contributions Paid to PERA Subsequent to the Measurement Date	<u>364,575</u>	<u>-</u>
Total	<u><u>\$ 3,124,191</u></u>	<u><u>\$ 244,157</u></u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$364,575 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 938,024
2024	906,257
2025	(224,133)
2026	895,311

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$14,921,654 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3429 percent at the end of the measurement period and 0.4161 percent for the beginning of the period.

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$2,780,286 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$126,416 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$30,861 for the year ended December 31, 2022, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 997,396	\$ -
Changes in Actuarial Assumptions	9,448,044	115,216
Net Difference Between Projected and Actual Earnings on Plan Investments	-	567,289
Changes in Proportion	54,362	744,837
Contributions Paid to PERA Subsequent to the Measurement Date	372,202	-
Total	\$ 10,872,004	\$ 1,427,342

The \$372,202 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 1,685,016
2023	1,702,492
2024	1,427,924
2025	3,109,686
2026	1,147,342

**E. Long-Term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.00 %	

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 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 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 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 3.0 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 is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become 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. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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



City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**H. Pension Liability Sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 22,582,009	\$ 14,921,654	\$ 8,728,715
	1 Percent Decrease (4.40%)	Current (5.40%)	1 Percent Increase (6.40%)
Police and Fire Fund	\$ 15,637,634	\$ 9,900,041	\$ 5,194,330

**I. Pension Plan Fiduciary Net Position**

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

**Note 5: Other Pension Plans**

The City has City Council members that are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

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

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 915	\$ 915	5.00%	5.00%	5.00%

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 5: Other Pension Plans (Continued)**

Additional City employees belonging to International Union of Operating Engineers (IUOE) are participants in a multiple-employer defined benefit pension plan Central Pension Fund of the International Union of Operating Engineers and Participating Employers (CPF) administered by the Board of Trustees of the Central Pension Fund. The plan is a cost-sharing pension mutli-employer plan that is not a state or local governmental pension plan. The plan issues a publicly available financial report located on their website at [www.cpfiuoe.org](http://www.cpfiuoe.org). The City has 26 employees who are covered by this pension plan. The plan provides benefits such as monthly retirement income, special and early retirement benefits, post-retirement surviving spouse benefits, pre-retirement surviving spouse benefits, and disability benefits. The plan is a supplemental pension fund authorized by Minnesota Statutes, 356.24, subdivision 1(9). The City's contributions to the plan are pursuant to a collective bargaining agreement. Total employer contributions for the year ended December 31, 2022 were \$54,180.

**Note 6: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the City's fire department (the Department) are covered by a defined benefit plan administered by the Sample Fire Department Relief Association (the Association). As of December 31, 2022, the plan covered 31 active firefighters, 14 inactive members, five retired/disabled firefighters and eight surviving spouses/beneficiaries. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69. The City levies property taxes at the direction of and for the benefit of the plan and passes through state aids allocated to the plan, all in accordance with enabling state statutes. The minimum tax levy obligation is the financial contribution requirement for the year less anticipated state aids.

**B. Benefits Provided**

Basic Service Pension for Retired Members

Upon retirement each individual will receive a lump sum distribution of \$10,000 per year of service. This benefit level was placed into effect on June 28, 2021. Prior to 1998, a monthly benefit level of \$26.50 was available for retirees. The monthly benefit is no longer an option for retiring members. Vested, terminated members, who are entitled to benefits but are not yet receiving them, are bound by the provisions in effect at the time of termination from membership. 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.

Basic Service Pension for Deferred Pensioner

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 prescribed 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 non-forfeitable percentage of pension.

**C. Contributions**

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$187,797 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2022, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2022, the City reported a net pension liability (asset) of (\$1,061,696) for the Association. 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 68 was determined by specialist applying an actuarial formula to specific census data certified by the Department. 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)
Balances at January 1, 2022	\$ 2,473,766	\$ 3,545,920	\$ (1,072,154)
Changes for the Year			
Service cost	114,281	-	114,281
Interest	124,570	-	124,570
Changes in benefit terms	242,775	-	242,775
Contributions - state and local	-	186,797	(186,797)
Investment income (loss)	-	308,374	(308,374)
Benefit payments	(430,577)	(430,577)	-
Administrative expense	-	(24,003)	24,003
Net Changes	<u>51,049</u>	<u>40,591</u>	<u>10,458</u>
Balances at December 31, 2022	<u>\$ 2,524,815</u>	<u>\$ 3,586,511</u>	<u>\$ (1,061,696)</u>

For the year ended December 31, 2022, the City recognized pension expense of \$225,709.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 32,358	\$ 416
Liability Experience (Gains) and Losses	-	77,140
Net Difference Between Projected and Actual Earnings on Plan Investments	-	157,580
Total	<u>\$ 32,358</u>	<u>\$ 235,136</u>

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

2023	\$ (16,367)
2024	(110,848)
2025	(42,873)
2026	(29,983)
2027	(1,487)
Thereafter	(1,220)

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability at December 31, 2022 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Investment Rate of Return	5.25%
Inflation Rate	2.25%
Mortality	
Pre-retirement	RP-2014 employee generational mortality table projected with mortality improvement scale MP-2019, from a base year of 2006.
Post-retirement	RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2019 from a base year of 2006. Male rates are adjusted by a factor of .96.
Post-disability	RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2019 from a base year of 2006. Male rates are adjusted by a factor of .96.

There were no changes in actuarial assumptions in 2022. Plan provision changes included an increase in the lump sum multiplier from \$8,500 to \$10,000 per year of service.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the actual statutory contribution rate. Based on those assumptions, the Association's fiduciary net position was projected to be available to make all projected future benefit payments of the 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.

**G. Asset Allocation**

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.0 %	4.90 %
International Equity	15.0	5.32
Fixed Income	35.0	4.43
Private Markets	5.0	0.09
Total	100.00 %	

City of Brooklyn Center, Minnesota  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**H. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (4.25%)</u>	<u>Current (5.25%)</u>	<u>1 Percent Increase (6.25%)</u>
Defined Benefit Plan	\$ (970,300)	\$ (1,061,696)	\$ (1,147,535)

**I. Pension Plan Fiduciary Net Position**

The Association issues a financial report that includes financial statements and required supplementary information for the Brooklyn Center Fire Department Relief Association. That report is available at the City of Brooklyn Center City offices.

**Note 7: Postemployment Benefits Other Than Pensions**

**A. Plan Description**

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	16
Active Plan Members	144
Total Plan Members	160

**B. Funding Policy**

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2022, the City's average contribution rate was 19.46 percent of covered-employee payroll. For the year 2022, the City directly contributed \$150,986 to the Plan, while implicit contributions totaled \$53,465.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$3,175,473 was measured as of January 1, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City of Brooklyn Center, Minnesota  
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**Note 7: Postemployment Benefits Other Than Pensions (Continued)**

Discount Rate	2.06%
20-Year Municipal Bond Yield	2.06%
Inflation Rate	2.50%
Salary Increases	N/A
Medical Trend Rate	6.2% in 2022 grading to 3.9% over 4 years

The discount rate used to measure the total OPEB liability was 2.06 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balances at January 1, 2021	\$ 2,679,945
Changes for the Year	
Service cost	168,883
Interest	58,794
Differences between expected and actual experience	861,034
Changes in assumptions or other inputs	(442,197)
Benefit payments	(150,986)
Net Changes	495,528
Balances at January 1, 2022	\$ 3,175,473

Since the prior measurement date, the following assumptions changed:

- Medical trend was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate was updated from 2.12% to 2.06% based on recent muni bond index rates.
- Withdrawal, retirement, mortality, disability and salary scale assumptions were updated to those included in the recently published PERA actuarial valuations.
- Future retiree participation rates were updated from 65% to 50% based on analysis of pas plan experience.

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 7: Postemployment Benefits Other Than Pensions (Continued)**

- Future retiree spouse participation rates were updated from 40% for PERA Coordinated and 60% for PERA Police and Fire to 40% based on analysis of past plan experience.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

**E. Sensitivity of the Total OPEB Liability**

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

	1 Percent Decrease (1.06%)	Current (2.06%)	1 Percent Increase (3.06%)
City of Brooklyn Center	\$ 3,513,579	\$ 3,175,473	\$ 2,882,182

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 Healthcare Cost Trend Rates that is one percentage point lower or one percentage-point higher than the current cost trend rate:

	1 Percent Decrease (5.2% Decreasing to 2.9%)	Healthcare Cost Trend Rates (6.2% Decreasing to 3.9%)	1 Percent Increase (7.2% Decreasing to 4.9%)
City of Brooklyn Center	\$ 2,817,975	\$ 3,175,473	\$ 3,600,478

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$495,529. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 873,000	\$ -
Changes in Actuarial Assumptions	318,891	454,914
Contributions to OPEB Subsequent to the Measurement Date	131,937	-
Total	<u>\$ 1,323,828</u>	<u>\$ 454,914</u>

City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 7: Postemployment Benefits Other Than Pensions (Continued)**

Deferred outflows of resources totaling \$131,937 related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Primary Government
2023	\$ 100,687
2024	100,687
2025	100,687
2026	100,687
2027	100,687
Thereafter	365,479

**Note 8: Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Contingent Liabilities**

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

**C. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2022, the City is under the legal debt margin.

**D. Tax Increment Districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). 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.



City of Brooklyn Center, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 8: Other Information (Continued)**

**E. Arbitrage Rebate**

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditures of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. The City issued greater than \$5 million of bonds in subsequent years and thereafter is required to rebate excess investment income relating to these issues to the federal government. The extent of the City's liability for the arbitrage rebates on the remaining bond issues is not determined at this time. However, in the opinion of management any such liability would be immaterial.

**Note 9: Jointly Governed Organizations**

The City has several agreements with other entities that provide reduced costs, better service, and additional benefits to the participants. The programs in which the City participates are listed below and amounts recorded within the current year's financial statements are disclosed.

**Local Government Information Systems Association (LOGIS)**

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2022 financial statements of the City is \$902,050 for general services and application upgrades provided. Costs were allocated to the various funds based on applications and/or use of services. Complete financial statements for LOGIS may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

**LOGIS Insurance Group**

This group provides cooperative purchasing of health and life insurance benefits for approximately 45 governmental entities. The total of 2022 health and life insurance costs paid by the City was \$2,004,514. Complete financial statements may be obtained from Gallagher Benefit Services, Inc. located at 3600 American Blvd West, Bloomington, MN 55431.

**Note 10: Change in Accounting Principle**

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. The City's recognition of the beginning balances related to the lease liabilities and the intangible right to use lease assets were equal balances and had no effect on the beginning net position of the governmental activities.

**Note 11: Subsequent Event**

In 2023, a settlement was agreed by the City's insurance carrier related to an officer involved shooting. The settlement agreement necessitated a related cash disbursement by the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Brooklyn Center, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2022

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.1250 %	\$ 9,900,041	\$ 290,319	\$ 10,190,360	\$ 7,042,154	140.6 %	112.5 %
06/30/21	0.1206	5,150,160	157,297	5,307,457	8,685,747	59.3	87.0
06/30/20	0.1240	7,434,368	229,207	7,663,575	8,843,395	84.1	79.1
06/30/19	0.1189	6,573,715	204,324	6,778,039	8,411,938	78.1	80.2
06/30/18	0.1194	6,623,822	217,244	6,841,066	7,892,915	83.9	79.5
06/30/17	0.1201	7,667,105	96,388	7,763,493	7,735,587	99.1	75.9
06/30/16	0.1172	9,516,060	124,251	9,640,311	7,269,667	130.9	68.9
06/30/15	0.1243	6,441,872	-	6,441,872	7,303,595	88.2	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB - compliant trust.

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 727,505	\$ 727,505	\$ -	\$ 9,700,067	7.50 %
12/31/21	673,181	673,181	-	8,977,525	7.50
12/31/20	649,561	649,561	-	8,660,814	7.50
12/31/19	651,633	651,633	-	8,688,397	7.50
12/31/18	612,983	612,983	-	8,173,316	7.50
12/31/17	572,442	572,442	-	7,634,297	7.50
12/31/16	550,846	550,846	-	7,344,613	7.50
12/31/15	564,168	564,168	-	7,522,240	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - 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 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - 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.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)**

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

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Brooklyn Center, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2022

**Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.3429 %	\$ 2,646,825	\$ 126,416	\$ 2,773,241	\$ 1,127,314	234.8 %	70.5 %
06/30/21	0.4161	3,211,852	144,394	3,356,246	5,100,055	63.0	93.7
06/30/20	0.4405	5,806,261	136,792	5,943,053	4,970,710	116.8	87.2
06/30/19	0.4483	4,772,607	-	4,772,607	4,729,530	100.9	89.3
06/30/18	0.4330	4,615,334	-	4,615,334	4,549,453	101.4	88.8
06/30/17	0.4410	5,954,026	-	5,954,026	4,529,519	131.4	85.4
06/30/16	0.4290	17,216,517	-	17,216,517	4,128,855	417.0	63.9
06/30/15	0.4460	5,067,604	-	5,067,604	4,031,138	125.7	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB - compliant trust

**Schedule of Employer's PERA Contributions - Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 734,786	\$ 734,786	\$ -	\$ 4,151,333	17.70 %
12/31/21	832,803	832,803	-	4,705,104	17.70
12/31/20	887,315	887,315	-	5,013,084	17.70
12/31/19	818,676	818,676	-	4,829,945	16.95
12/31/18	761,952	761,952	-	4,703,405	16.20
12/31/17	720,865	720,865	-	4,449,784	16.20
12/31/16	689,601	689,601	-	4,256,796	16.20
12/31/15	687,935	687,935	-	4,246,511	16.20

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - 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 MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - Police and Fire Fund (Continued)**

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested 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 postretirement 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.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.



**City of Brooklyn Center, Minnesota**  
**Required Supplementary Information (Continued)**  
**For the Year Ended December 31, 2022**

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>								
Service cost	\$ 114,281	\$ 112,974	\$ 99,907	\$ 107,405	\$ 98,240	\$ 120,802	\$ 88,266	\$ 85,904
Interest	124,570	136,948	137,983	171,057	191,790	174,191	173,219	178,242
Changes in benefit terms	242,775	-	164,525	18,251	-	26,709	-	-
Changes in assumptions	-	5,863	-	52,746	44,974	(50,396)	358,422	-
Differences between expected and actual experience	-	(17,492)	-	(141,409)	-	(75,613)	-	-
Benefit payments	(430,577)	(520,165)	(350,222)	(744,211)	(131,608)	(136,168)	(59,016)	(617,541)
Net Changes	51,049	(281,872)	52,193	(536,161)	203,396	59,525	560,891	(353,395)
Total Pension Liability - January 1	2,473,766	2,755,638	2,703,445	3,239,606	3,036,210	2,976,685	2,415,794	2,769,189
Total Pension Liability - December 31 (a)	<u>\$ 2,524,815</u>	<u>\$ 2,473,766</u>	<u>\$ 2,755,638</u>	<u>\$ 2,703,445</u>	<u>\$ 3,239,606</u>	<u>\$ 3,036,210</u>	<u>\$ 2,976,685</u>	<u>\$ 2,415,794</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - state and local	\$ 186,797	\$ 180,079	\$ 165,652	\$ 164,147	\$ 154,366	\$ 147,002	\$ 143,061	\$ 158,545
Investment income (loss)	308,374	199,905	503,214	(236,910)	557,117	275,625	(181,185)	149,635
Benefit payments	(430,577)	(520,165)	(350,222)	(744,211)	(131,608)	(136,168)	(59,016)	(617,541)
Administrative expense	(24,003)	(17,060)	(21,126)	(15,708)	(15,024)	(9,495)	(14,560)	(10,080)
Net Changes	40,591	(157,241)	297,518	(832,682)	564,851	276,964	(111,700)	(319,441)
Total Plan Fiduciary Net Position - January 1	3,545,920	3,703,161	3,405,643	4,238,325	3,673,474	3,396,510	3,508,210	3,827,651
Total Plan Fiduciary Net Position - December 31 (b)	<u>\$ 3,586,511</u>	<u>\$ 3,545,920</u>	<u>\$ 3,703,161</u>	<u>\$ 3,405,643</u>	<u>\$ 4,238,325</u>	<u>\$ 3,673,474</u>	<u>\$ 3,396,510</u>	<u>\$ 3,508,210</u>
Total Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ (1,061,696)</u>	<u>\$ (1,072,154)</u>	<u>\$ (947,523)</u>	<u>\$ (702,198)</u>	<u>\$ (998,719)</u>	<u>\$ (637,264)</u>	<u>\$ (419,825)</u>	<u>\$ (1,092,416)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	142.1%	143.3%	134.4%	126.0%	130.8%	121.0%	114.1%	145.2%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Actuarial Assumptions

2022 - There were no changes in actuarial assumptions since the previous valuation.

2021 - The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 - There were no changes in actuarial assumptions since the previous valuation.

2019 - The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption was changed from 2.75 percent to 2.50 percent.

2018 - The discount rate was changed from 6.25 percent to 5.75 percent to reflect updated capital market assumptions.

2017 - The discount rate was changed from 5.75 percent to 6.25 percent to reflect updated capital market assumptions.

2016 - The discount rate was changed from 7.00 percent to 5.75 percent to reflect updated capital market assumptions.

Changes in Benefit Terms

2022 - The lump sum distribution upon retirement per year of service was changed from \$8,500 to \$10,000.

2021 - There were no changes in benefit terms since the previous valuation.

2020 - The lump sum distribution upon retirement per year of service was changed from \$7,700 to \$8,500.

2019 - The lump sum distribution upon retirement per year of service was changed from \$7,600 to \$7,700.

2018 - There were no changes in benefit terms since the previous valuation.

2017 - The lump sum distribution upon retirement per year of service was changed from \$7,500 to \$7,600.

2016 - There were no changes in benefit terms since the previous valuation.

City of Brooklyn Center, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2022

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Excess (Deficiency) (a-b)
12/31/22	\$ 48,372	\$ 186,797	\$ 138,425
12/31/21	67,773	187,797	120,024
12/31/20	67,773	170,652	102,879
12/31/19	85,089	159,147	74,058
12/31/18	85,089	154,366	69,277
12/31/17	71,203	147,002	75,799
12/31/16	101,453	143,061	41,608
12/31/15	101,453	158,545	57,092

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 168,883	\$ 144,086	\$ 114,736	\$ 143,059	\$ 130,096
Interest	58,795	69,311	85,818	71,986	71,659
Differences between expected and actual experience	861,034	16,844	45,132	43,355	73,751
Changes in assumptions	(442,198)	130,147	277,698	(103,957)	51,929
Benefit payments	(150,986)	(131,937)	(110,790)	(130,222)	(156,791)
Net Changes	495,528	228,451	412,594	24,221	170,644
Total OPEB Liability - January 1	2,679,945	2,451,494	2,038,900	2,014,679	1,844,035
Total OPEB Liability - December 31	<u>\$ 3,175,473</u>	<u>\$ 2,679,945</u>	<u>\$ 2,451,494</u>	<u>\$ 2,038,900</u>	<u>\$ 2,014,679</u>
Covered-Employee Payroll	\$ 12,200,000	\$ 12,190,688	\$ 12,599,989	\$ 12,122,568	\$ 11,524,587
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	26.0%	22.0%	19.5%	16.8%	17.5%

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB-compliant trust.*

City of Brooklyn Center, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - Total OPEB Liability and Related Ratios**

Changes in Actuarial Assumptions

2022 - The medical trend rate was updated based on recently published trend model and trend surveys to better reflect future anticipated experience. Medical per capita claims tables were updated based on recent experience and demographics. The discount rate was updated from 2.12 percent to 2.06 percent based on recent municipal bond index rates. Withdrawal, retirement, mortality, disability and salary scale assumptions were updated to those included in the recently published PERA actuarial valuations. Future retiree participation rates were updated from 65% to 50% based on analysis of past plan experience. Future retiree spouse participation rates were updated from 40% for PERA Coordinated and 60% for PERA Police and Fire to 40% based on analysis of past plan experience. Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

2021 - The discount rate was changed from 2.74 percent to 2.12 percent.

2020 - The discount rate was changed from 4.09 percent to 2.74 percent. The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

2019 - The discount rate was changed from 3.44 percent to 4.09 percent.

2018 - The discount rate was changed from 4.50 percent to 3.44 percent. The health care trend rates were changed to better anticipate short-term and long-term medical increases. The mortality table was updated from RP-2014 adjusted to 2006 to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale. The actuarial cost method was changed from entry age, level dollar to entry age, level percent of pay as prescribed by GASB 75.

Changes in Benefit Terms

2022 - No changes noted.

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

2018 - No changes noted.

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Brooklyn Center, Minnesota  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
<b>Assets</b>			
Cash and investments	\$ 7,561,644	\$ 1,377,773	\$ 8,939,417
Receivables			
Interest	10,902	-	10,902
Current taxes	34,378	-	34,378
Accounts, net of allowances	15,742	-	15,742
Intergovernmental	85,213	-	85,213
Notes	118,455	-	118,455
Leases	433,927	-	433,927
Inventories	2,783	-	2,783
Advances to other funds	168,651	-	168,651
Prepaid items	3,023	-	3,023
Assets held for resale	434,978	-	434,978
Total Assets	\$ 8,869,696	\$ 1,377,773	\$ 10,247,469
<b>Liabilities</b>			
Accounts payable	\$ 69,199	\$ -	\$ 69,199
Accrued salaries and wages	14,344	-	14,344
Due to other funds	289,240	-	289,240
Due to other governments	14,888	-	14,888
Deposits payable	16,131	-	16,131
Advance from other funds	168,651	-	168,651
Unearned revenue	2,834,030	-	2,834,030
Total Liabilities	3,406,483	-	3,406,483
<b>Deferred Inflows of Resources</b>			
Deferred lease resources	394,150	-	394,150
<b>Fund Balances</b>			
Nonspendable	5,806	-	5,806
Restricted	5,076,094	-	5,076,094
Committed	217,114	1,377,773	1,594,887
Unassigned	(229,951)	-	(229,951)
Total Fund Balances	5,069,063	1,377,773	6,446,836
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,869,696	\$ 1,377,773	\$ 10,247,469

City of Brooklyn Center, Minnesota  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ 479,072	\$ -	\$ 479,072
Tax increments	963,598	-	963,598
Intergovernmental	898,981	-	898,981
Charges for services	329,887	-	329,887
Fines and forfeits	3,746	-	3,746
Investment earnings (loss)	(73,976)	(86,304)	(160,280)
Miscellaneous	680,249	-	680,249
Total Revenues	3,281,557	(86,304)	3,195,253
Expenditures			
Current			
General government	247,317	103,425	350,742
Public safety	548,421	-	548,421
Parks and recreation	446,337	-	446,337
Economic development	1,012,968	-	1,012,968
Capital outlay			
Parks and recreation	97,434	-	97,434
Total Expenditures	2,255,043	103,425	2,358,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,026,514	(189,729)	836,785
Other Financing Sources (Uses)			
Transfers in	558,822	130,000	688,822
Leases issued	97,434	-	97,434
Transfers out	(836,833)	-	(836,833)
Total Other Financing Sources (Uses)	(180,577)	130,000	(50,577)
Net Change in Fund Balances	845,937	(59,729)	786,208
Fund Balances, January 1	4,320,560	1,437,502	5,758,062
Fund Balances, December 31	\$ 5,069,063	\$ 1,377,773	\$ 6,446,836



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## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

### Housing and Redevelopment Authority (HRA)

This fund was established to account for housing and redevelopment projects within the City of Brooklyn Center. The HRA has the authority to levy an ad-valorem property tax levy, which is the primary funding source for the expenditures from this fund. Annually, the cash balance at the end of the year is transferred into the EDA fund.

### Economic Development Authority (EDA)

This fund was established to account for the development related activities in the City of Brooklyn Center. The EDA generates the funding to accomplish the development projects from grants, excess funding from the HRA property tax levy, or from transfers from other funds of the City.

### Community Development Block Grant

This fund was established to account for the collection of grant funding for related projects within the City. During the year, the City received grant funding through the Neighborhood Stabilization Program, which is for the acquisition of run-down properties, the improvement of said properties, and then marketing them to the public.

### Police Forfeitures

This fund was established to account for the proceeds from property seized by Police Department personnel.

### Revolving Loan

This fund was established to account for the proceeds and disbursement of revolving loan funds granted from the Minnesota Investment Fund.

### Centerbrook Golf Course

The Centerbrook Golf Course fund accounts for operations of Centerbrook Golf Course, a 9 hole executive golf course owned by the City.

### Tax Increment District No. 2

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities within the District, which consisted of the redevelopment of the properties historically referred to as the Earle Brown Farm.

### Tax Increment District No. 5

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities within the District, which consisted of the redevelopment of the former Brookdale mall site, which is now called Shingle Creek Crossing.

### Tax Increment District No. 6

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities within the District.

### Tax Increment District No. 7

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities within the District.

### Tax Increment District No. 8

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities within the District.

### City Initiative Grants

Revenues and expenditures from grants received from outside entities are accounted for in the fund. The Police Department receive several federal, state and other local grants, which are accounted for here. Other activities include grant funding for local recreation programs and cable television.

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## **NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**

### Opioid Settlement Funds

Revenues and future expenditures from opioid settlements received from outside entities are accounted for in the fund.

### American Rescue Plan Act

Revenues and expenditures from federal grants related to COVID-19 response are accounted for in the fund.

City of Brooklyn Center, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2022

	202 Housing and Redevelopment Authority	203 Economic Development Authority	204 Community Development Block Grant	205 Police Forfeitures	206 Revolving Loan	613 Centerbrook Golf Course	277 Tax Increment District No. 2
<b>Assets</b>							
Cash and investments	\$ -	\$ 1,614,133	\$ 62,376	\$ 104,181	\$ -	\$ -	\$ 1,073,297
Receivables							
Interest	-	10,902	-	-	-	-	-
Current taxes	2,338	-	-	-	-	-	-
Accounts, net of allowances	-	15,735	-	-	-	7	-
Intergovernmental	-	-	10,000	-	-	-	-
Notes	-	-	-	-	118,455	-	-
Leases	-	433,927	-	-	-	-	-
Inventories	-	-	-	-	-	2,783	-
Advances to other funds	-	-	-	-	-	-	168,651
Prepaid items	-	-	-	-	-	3,023	-
Assets held for resale	-	12,000	-	-	-	-	422,978
<b>Total Assets</b>	<b><u>\$ 2,338</u></b>	<b><u>\$ 2,086,697</u></b>	<b><u>\$ 72,376</u></b>	<b><u>\$ 104,181</u></b>	<b><u>\$ 118,455</u></b>	<b><u>\$ 5,813</u></b>	<b><u>\$ 1,664,926</u></b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 560	\$ -	\$ 1,813	\$ -
Accrued wages payable	-	10,438	-	-	-	3,906	-
Due to other funds	-	-	-	-	65,001	224,239	-
Due to other governments	-	-	-	-	12,182	-	-
Deposits payable	-	-	-	16,131	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>10,438</u></b>	<b><u>-</u></b>	<b><u>16,691</u></b>	<b><u>77,183</u></b>	<b><u>229,958</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources</b>							
Deferred lease resources	-	394,150	-	-	-	-	-
<b>Fund Balances</b>							
<b>Nonspendable</b>							
Inventories	-	-	-	-	-	2,783	-
Prepaid items	-	-	-	-	-	3,023	-
<b>Restricted</b>							
Tax increment financing	-	-	-	-	-	-	1,664,926
Economic development	2,338	1,682,109	72,376	-	41,272	-	-
Law enforcement enhancements	-	-	-	87,490	-	-	-
Opioids	-	-	-	-	-	-	-
Community prevention, health and safety	-	-	-	-	-	-	-
<b>Committed</b>							
Cable communications	-	-	-	-	-	-	-
Community recreation	-	-	-	-	-	-	-
<b>Unassigned</b>							
Total Fund Balances	<b><u>2,338</u></b>	<b><u>1,682,109</u></b>	<b><u>72,376</u></b>	<b><u>87,490</u></b>	<b><u>41,272</u></b>	<b><u>(224,145)</u></b>	<b><u>1,664,926</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 2,338</u></b>	<b><u>\$ 2,086,697</u></b>	<b><u>\$ 72,376</u></b>	<b><u>\$ 104,181</u></b>	<b><u>\$ 118,455</u></b>	<b><u>\$ 5,813</u></b>	<b><u>\$ 1,664,926</u></b>

<b>280</b> Tax Increment District No. 5	<b>281</b> Tax Increment District No. 6	<b>282</b> Tax Increment District No. 7	<b>283</b> Tax Increment District No. 8	<b>286</b> City Initiative Grants	<b>287</b> Opioid Settlement Funds	<b>292</b> American Rescue Plan Act	Total
\$ 548,037	\$ 55,869	\$ 305,386	\$ 66,313	\$ 877,882	\$ 10,140	\$ 2,844,030	\$ 7,561,644
-	-	-	-	-	-	-	10,902
-	-	-	32,040	-	-	-	34,378
-	-	-	-	-	-	-	15,742
-	-	-	-	75,213	-	-	85,213
-	-	-	-	-	-	-	118,455
-	-	-	-	-	-	-	433,927
-	-	-	-	-	-	-	2,783
-	-	-	-	-	-	-	168,651
-	-	-	-	-	-	-	3,023
-	-	-	-	-	-	-	434,978
<u>\$ 548,037</u>	<u>\$ 55,869</u>	<u>\$ 305,386</u>	<u>\$ 98,353</u>	<u>\$ 953,095</u>	<u>\$ 10,140</u>	<u>\$ 2,844,030</u>	<u>\$ 8,869,696</u>
\$ -	\$ -	\$ -	\$ 53,403	\$ 3,423	\$ -	\$ 10,000	\$ 69,199
-	-	-	-	-	-	-	14,344
-	-	-	-	-	-	-	289,240
-	907	890	909	-	-	-	14,888
-	-	-	-	-	-	-	16,131
-	-	-	-	-	-	2,834,030	2,834,030
168,651	-	-	-	-	-	-	168,651
<u>168,651</u>	<u>907</u>	<u>890</u>	<u>54,312</u>	<u>3,423</u>	<u>-</u>	<u>2,844,030</u>	<u>3,406,483</u>
-	-	-	-	-	-	-	394,150
-	-	-	-	-	-	-	2,783
-	-	-	-	-	-	-	3,023
379,386	54,962	304,496	44,041	-	-	-	2,447,811
-	-	-	-	-	-	-	1,798,095
-	-	-	-	-	-	-	87,490
-	-	-	-	-	10,140	-	10,140
-	-	-	-	732,558	-	-	732,558
-	-	-	-	159,354	-	-	159,354
-	-	-	-	57,760	-	-	57,760
-	-	-	-	-	-	-	(229,951)
<u>379,386</u>	<u>54,962</u>	<u>304,496</u>	<u>44,041</u>	<u>949,672</u>	<u>10,140</u>	<u>-</u>	<u>5,069,063</u>
<u>\$ 548,037</u>	<u>\$ 55,869</u>	<u>\$ 305,386</u>	<u>\$ 98,353</u>	<u>\$ 953,095</u>	<u>\$ 10,140</u>	<u>\$ 2,844,030</u>	<u>\$ 8,869,696</u>

City of Brooklyn Center, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
 (Continued on the Following Pages)  
 For the Year Ended December 31, 2022

	<b>202</b>	<b>203</b>	<b>204</b>	<b>205</b>	<b>206</b>	<b>613</b>	<b>277</b>
	Housing and Redevelopment Authority	Economic Development Authority	Community Development Block Grant	Police Forfeitures	Revolving Loan	Centerbrook Golf Course	Tax Increment District No. 2
<b>Revenues</b>							
Taxes							
Property taxes	\$ 479,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-	-	-	-
Intergovernmental	-	35,000	-	20,000	-	-	-
Charges for services	-	15,737	-	-	-	295,226	-
Fines and forfeits	-	-	-	3,746	-	-	-
Investment earnings (loss)	-	(1,837)	-	(3,505)	49	-	(33,671)
Miscellaneous	-	-	-	-	152	1,936	2,126
<b>Total Revenues</b>	<u>479,072</u>	<u>48,900</u>	<u>-</u>	<u>20,241</u>	<u>201</u>	<u>297,162</u>	<u>(31,545)</u>
<b>Expenditures</b>							
<b>Current</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	414,580	-
Economic development	-	640,585	-	-	-	-	7,753
<b>Capital outlay</b>							
Parks and recreation	-	-	-	-	-	97,434	-
<b>Total Expenditures</b>	<u>-</u>	<u>640,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,014</u>	<u>7,753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>479,072</u>	<u>(591,685)</u>	<u>-</u>	<u>20,241</u>	<u>201</u>	<u>(214,852)</u>	<u>(39,298)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	478,822	-	-	-	80,000	-
Leases issued	-	-	-	-	-	97,434	-
Transfers out	(478,822)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(478,822)</u>	<u>478,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,434</u>	<u>-</u>
Net Change in Fund Balances	250	(112,863)	-	20,241	201	(37,418)	(39,298)
Fund Balances, January 1	<u>2,088</u>	<u>1,794,972</u>	<u>72,376</u>	<u>67,249</u>	<u>41,071</u>	<u>(186,727)</u>	<u>1,704,224</u>
Fund Balances, December 31	<u>\$ 2,338</u>	<u>\$ 1,682,109</u>	<u>\$ 72,376</u>	<u>\$ 87,490</u>	<u>\$ 41,272</u>	<u>\$ (224,145)</u>	<u>\$ 1,664,926</u>

<b>280</b> Tax Increment District No. 5	<b>281</b> Tax Increment District No. 6	<b>282</b> Tax Increment District No. 7	<b>283</b> Tax Increment District No. 8	<b>286</b> City Initiative Grants	<b>287</b> Opioid Settlement Funds	<b>292</b> American Rescue Plan Act	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479,072
463,763	174,039	139,779	186,017	-	-	-	963,598
-	-	-	-	417,138	-	426,843	898,981
-	-	-	-	18,924	-	-	329,887
-	-	-	-	-	-	-	3,746
(18,503)	113	(8,698)	(42)	(7,882)	-	-	(73,976)
-	-	-	-	665,895	10,140	-	680,249
<u>445,260</u>	<u>174,152</u>	<u>131,081</u>	<u>185,975</u>	<u>1,094,075</u>	<u>10,140</u>	<u>426,843</u>	<u>3,281,557</u>
-	-	-	-	247,317	-	-	247,317
-	-	-	-	121,578	-	426,843	548,421
-	-	-	-	31,757	-	-	446,337
15,733	188,405	40,688	119,804	-	-	-	1,012,968
-	-	-	-	-	-	-	97,434
<u>15,733</u>	<u>188,405</u>	<u>40,688</u>	<u>119,804</u>	<u>400,652</u>	<u>-</u>	<u>426,843</u>	<u>2,352,477</u>
429,527	(14,253)	90,393	66,171	693,423	10,140	-	929,080
-	-	-	-	-	-	-	558,822
-	-	-	-	-	-	-	97,434
(358,011)	-	-	-	-	-	-	(836,833)
<u>(358,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,577)</u>
71,516	(14,253)	90,393	66,171	693,423	10,140	-	748,503
307,870	69,215	214,103	(22,130)	256,249	-	-	4,320,560
<u>\$ 379,386</u>	<u>\$ 54,962</u>	<u>\$ 304,496</u>	<u>\$ 44,041</u>	<u>\$ 949,672</u>	<u>\$ 10,140</u>	<u>\$ -</u>	<u>\$ 5,069,063</u>



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## **NONMAJOR CAPITAL PROJECT FUNDS**

The Capital Project Funds accounts for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

### Capital Reserve Emergency

This fund was established to account for monies held in reserve for catastrophic losses or unforeseen capital items.

### Technology

This fund was established to provide funds and to account for the expenditure of such funds, for technological improvements/renovations.

City of Brooklyn Center, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2022

	<b>406</b>	<b>410</b>	
	Capital Reserve		
	<u>Emergency</u>	<u>Technology</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	<u>\$ 1,092,613</u>	<u>\$ 285,160</u>	<u>\$ 1,377,773</u>
<b>Fund Balances</b>			
<b>Committed</b>			
Emergency capital improvements	1,092,613	-	1,092,613
Technology improvements	-	<u>285,160</u>	<u>285,160</u>
<b>Total Fund Balances</b>	<u>\$ 1,092,613</u>	<u>\$ 285,160</u>	<u>\$ 1,377,773</u>

City of Brooklyn Center, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended December 31, 2022

	<b>406</b>	<b>410</b>	
	Capital Reserve		
	<u>Emergency</u>	<u>Technology</u>	<u>Total</u>
Revenues			
Investment earnings (loss)	\$ (76,660)	\$ (9,644)	\$ (86,304)
Expenditures			
Current			
General government	<u>-</u>	<u>103,425</u>	<u>103,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,660)	(113,069)	(189,729)
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>130,000</u>	<u>130,000</u>
Net Change in Fund Balances	(76,660)	16,931	(59,729)
Fund Balances, January 1	<u>1,169,273</u>	<u>268,229</u>	<u>1,437,502</u>
Fund Balances, December 31	<u><u>\$ 1,092,613</u></u>	<u><u>\$ 285,160</u></u>	<u><u>\$ 1,377,773</u></u>

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## **THE GENERAL FUND**

The General fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

City of Brooklyn Center, Minnesota  
General Fund  
Comparative Balance Sheets  
December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 13,957,331	\$ 15,282,088
Receivables		
Interest	886	-
Accounts - net	68,928	683,017
Current taxes	97,485	82,358
Delinquent taxes	280,383	145,114
Leases	34,797	-
Special assessments	148,710	77,596
Intergovernmental	12,524	8,093
Due from other funds	509,182	199,333
Inventories	21,800	38,575
Prepaid items	54,685	30,577
	<u>\$ 15,186,711</u>	<u>\$ 16,546,751</u>
<b>Liabilities</b>		
Accounts payable	419,905	369,721
Accrued wages payable	667,890	517,065
Due to other governments	192,052	32,618
Deposits payable	404,678	164,617
Unearned revenue	675	2,084,514
Total Liabilities	<u>1,685,200</u>	<u>3,168,535</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue		
Property taxes	280,383	145,114
Special assessments	148,428	73,263
Deferred lease resources	34,481	-
Total Deferred Inflows of Resources	<u>463,292</u>	<u>218,377</u>
<b>Fund Balances</b>		
Nonspendable	76,485	69,152
Unassigned	12,961,734	13,090,687
Total Fund Balances	<u>13,038,219</u>	<u>13,159,839</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 15,186,711</u>	<u>\$ 16,546,751</u>

City of Brooklyn Center, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued on Following Pages)  
For the Year Ended December 31, 2022  
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
<b>Revenues</b>					
<b>Taxes</b>					
Property taxes	\$ 19,435,394	\$ 19,435,394	\$ 19,400,899	\$ (34,495)	\$ 18,420,805
Penalties and interest	12,000	12,000	8,200	(3,800)	11,630
Lodging tax	900,000	900,000	895,883	(4,117)	732,538
<b>Total taxes</b>	<u>20,347,394</u>	<u>20,347,394</u>	<u>20,304,982</u>	<u>(42,412)</u>	<u>19,164,973</u>
Special assessments	50,000	50,000	34,393	(15,607)	40,766
<b>Licenses and permits</b>					
Liquor and beer licenses	57,500	57,500	45,525	(11,975)	69,925
Building permits	920,500	920,500	270,259	(650,241)	365,811
Mechanical permits	45,000	45,000	79,843	34,843	48,339
Sewer and water permits	3,000	3,000	2,040	(960)	2,420
Plumbing permits	65,000	65,000	78,023	13,023	43,448
Garbage licenses	3,000	3,000	2,350	(650)	2,870
Mechanical licenses	9,000	9,000	8,300	(700)	7,100
Service station licenses	2,200	2,200	3,070	870	1,820
Vehicle dealer licenses	1,500	1,500	1,500	-	1,500
Cigarette licenses	3,150	3,150	3,840	690	2,600
Sign permits	2,000	2,000	1,385	(615)	2,040
Rental dwelling licenses	200,000	200,000	271,758	71,758	155,814
Amusement licenses	400	400	105	(295)	55
Electrical permits	75,000	75,000	81,328	6,328	63,600
ROW permits	4,000	4,000	18,850	14,850	1,750
Miscellaneous	6,000	6,000	4,280	(1,720)	5,500
<b>Total licenses and permits</b>	<u>1,397,250</u>	<u>1,397,250</u>	<u>872,456</u>	<u>(524,794)</u>	<u>774,592</u>
<b>Intergovernmental</b>					
<b>Federal</b>					
CARES	-	-	-	-	93,000
FEMA	273,574	273,574	113,076	(160,498)	-
SHSP	-	-	150,000	150,000	-
<b>State</b>					
Local government aid	1,186,376	1,186,376	1,186,809	433	1,141,915
Police pension aid	440,000	440,000	397,319	(42,681)	442,009
Fireperson pension aid	180,000	180,000	206,560	26,560	187,797
Police training	48,000	48,000	25,706	(22,294)	44,306
Other	15,000	15,000	12,048	(2,952)	59,694
<b>Local</b>					
Miscellaneous	725,000	725,000	-	(725,000)	75,000
<b>Total intergovernmental</b>	<u>2,867,950</u>	<u>2,867,950</u>	<u>2,091,518</u>	<u>(776,432)</u>	<u>2,043,721</u>
<b>Charges for services</b>					
General government	50,000	50,000	152,739	102,739	73,414
Public safety	91,100	91,100	13,883	(77,217)	32,038
Public works	-	-	5,600	5,600	-
Community development	-	-	17,459	17,459	257
Recreation	214,000	214,000	134,428	(79,572)	108,741
Community center	276,000	276,000	247,401	(28,599)	172,845
<b>Total charges for services</b>	<u>631,100</u>	<u>631,100</u>	<u>571,510</u>	<u>(59,590)</u>	<u>387,295</u>
Fines and forfeits	161,000	161,000	175,901	14,901	161,915
Investment earnings (loss)	81,500	81,500	(403,158)	(484,658)	(19,188)
<b>Miscellaneous</b>					
Other	172,000	172,000	159,983	(12,017)	373,580
<b>Total Revenues</b>	<u>25,708,194</u>	<u>25,708,194</u>	<u>23,807,585</u>	<u>(1,900,609)</u>	<u>22,927,654</u>



City of Brooklyn Center, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2022  
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 58,384	\$ 58,384	\$ 60,696	\$ (2,312)	\$ 59,196
Supplies	10,450	10,450	7,565	2,885	1,581
Other services and charges	98,560	98,560	66,582	31,978	115,619
Total Mayor and Council	<u>167,394</u>	<u>167,394</u>	<u>134,843</u>	<u>32,551</u>	<u>176,396</u>
Administrative (Manager, Clerk, HR) offices					
Personal services	852,808	852,808	818,764	34,044	750,801
Supplies	9,600	9,600	3,446	6,154	5,183
Other services and charges	218,700	218,700	151,876	66,824	201,056
Total administrative (Manager, Clerk, HR) offices	<u>1,081,108</u>	<u>1,081,108</u>	<u>974,086</u>	<u>107,022</u>	<u>957,040</u>
Elections and voter registration					
Personal services	149,967	149,967	134,954	15,013	85,967
Supplies	9,750	9,750	4,544	5,206	5,076
Other services and charges	26,775	26,775	24,937	1,838	18,154
Total elections and voter registration	<u>186,492</u>	<u>186,492</u>	<u>164,435</u>	<u>22,057</u>	<u>109,197</u>
Finance					
Personal services	592,360	592,360	613,645	(21,285)	536,023
Supplies	5,700	5,700	2,230	3,470	2,633
Other services and charges	53,885	53,885	12,223	41,662	58,101
Total finance	<u>651,945</u>	<u>651,945</u>	<u>628,098</u>	<u>23,847</u>	<u>596,757</u>
Assessing					
Other services and charges	<u>260,500</u>	<u>260,500</u>	<u>263,704</u>	<u>(3,204)</u>	<u>258,175</u>
Legal					
Other services and charges	<u>440,000</u>	<u>440,000</u>	<u>475,825</u>	<u>(35,825)</u>	<u>477,689</u>
Communications and engagements					
Personal services	398,236	398,236	270,164	128,072	237,618
Supplies	6,100	6,100	5,183	917	2,708
Other services and charges	189,200	189,200	197,000	(7,800)	240,017
Total communications and engagements	<u>593,536</u>	<u>593,536</u>	<u>472,347</u>	<u>121,189</u>	<u>480,343</u>
Government buildings					
Personal services	486,994	486,994	369,045	117,949	278,654
Supplies	91,200	91,200	83,632	7,568	65,357
Other services and charges	531,938	531,938	718,589	(186,651)	605,280
Total government buildings	<u>1,110,132</u>	<u>1,110,132</u>	<u>1,171,266</u>	<u>(61,134)</u>	<u>949,291</u>
Information technology					
Personal services	359,931	359,931	378,415	(18,484)	340,082
Supplies	6,000	6,000	48,662	(42,662)	11,434
Other services and charges	351,840	351,840	347,125	4,715	372,766
Total information technology	<u>717,771</u>	<u>717,771</u>	<u>774,202</u>	<u>(56,431)</u>	<u>724,282</u>
Total general government	<u>5,208,878</u>	<u>5,208,878</u>	<u>5,058,806</u>	<u>150,072</u>	<u>4,729,170</u>

City of Brooklyn Center, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2022  
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public safety					
Community prevention, health and safety					
Personal services	\$ 104,850	\$ 104,850	\$ 100,821	\$ 4,029	\$ -
Supplies	3,500	3,500	2,125	1,375	-
Other services and charges	1,213,457	1,213,457	56,587	1,156,870	-
Total community prevention, health and safety	<u>1,321,807</u>	<u>1,321,807</u>	<u>159,533</u>	<u>1,162,274</u>	<u>-</u>
Police protection					
Personal services	8,050,560	8,050,560	6,798,190	1,252,370	7,490,705
Supplies	187,700	187,700	239,327	(51,627)	306,230
Other services and charges	1,396,770	1,396,770	1,632,061	(235,291)	1,597,921
Total police protection	<u>9,635,030</u>	<u>9,635,030</u>	<u>8,669,578</u>	<u>965,452</u>	<u>9,394,856</u>
Fire protection					
Personal services	1,107,824	1,107,824	1,134,162	(26,338)	1,161,642
Supplies	73,000	73,000	65,450	7,550	99,768
Other services and charges	640,304	640,304	656,200	(15,896)	490,605
Total fire protection	<u>1,821,128</u>	<u>1,821,128</u>	<u>1,855,812</u>	<u>(34,684)</u>	<u>1,752,015</u>
Protective inspection					
Personal services	220,514	220,514	240,342	(19,828)	328,908
Supplies	-	-	632	(632)	4,434
Other services and charges	12,875	12,875	23,753	(10,878)	56,639
Total protective inspection	<u>233,389</u>	<u>233,389</u>	<u>264,727</u>	<u>(31,338)</u>	<u>389,981</u>
Building and community standards					
Personal services	1,102,151	1,102,151	1,095,251	6,900	1,025,383
Supplies	2,200	2,200	6,662	(4,462)	5,120
Other services and charges	140,308	140,308	207,277	(66,969)	167,485
Total building and community standards	<u>1,244,659</u>	<u>1,244,659</u>	<u>1,309,190</u>	<u>(64,531)</u>	<u>1,197,988</u>
Emergency preparedness					
Supplies	19,600	19,600	303	19,297	11,995
Other services and charges	14,400	14,400	2,836	11,564	3,951
Total emergency preparedness	<u>34,000</u>	<u>34,000</u>	<u>3,139</u>	<u>30,861</u>	<u>15,946</u>
Total public safety	<u>14,290,013</u>	<u>14,290,013</u>	<u>12,261,979</u>	<u>2,028,034</u>	<u>12,750,786</u>
Public works					
Engineering department					
Personal services	1,058,650	1,058,650	724,935	333,715	1,045,764
Supplies	6,865	6,865	19,811	(12,946)	13,941
Other services and charges	72,370	72,370	115,756	(43,386)	66,231
Total engineering department	<u>1,137,885</u>	<u>1,137,885</u>	<u>860,502</u>	<u>277,383</u>	<u>1,125,936</u>
Street department					
Personal services	793,305	793,305	855,242	(61,937)	964,366
Supplies	167,850	167,850	204,409	(36,559)	127,910
Other services and charges	781,326	781,326	667,957	113,369	642,557
Total street department	<u>1,742,481</u>	<u>1,742,481</u>	<u>1,727,608</u>	<u>14,873</u>	<u>1,734,833</u>
Total public works	<u>2,880,366</u>	<u>2,880,366</u>	<u>2,588,110</u>	<u>292,256</u>	<u>2,860,769</u>

City of Brooklyn Center, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2022  
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Community services					
Other services and charges	\$ 187,000	\$ 187,000	\$ 70,958	\$ 116,042	\$ 210,488
Parks and recreation					
Administration					
Personal services	253,076	253,076	124,394	128,682	205,697
Supplies	1,000	1,000	1,926	(926)	3,474
Other services and charges	7,200	7,200	16,174	(8,974)	10,915
Total administration	<u>261,276</u>	<u>261,276</u>	<u>142,494</u>	<u>118,782</u>	<u>220,086</u>
Recreation programs					
Personal services	899,918	899,918	973,416	(73,498)	693,828
Supplies	77,550	77,550	54,223	23,327	40,338
Other services and charges	273,660	273,660	237,587	36,073	274,149
Total recreation programs	<u>1,251,128</u>	<u>1,251,128</u>	<u>1,265,226</u>	<u>(14,098)</u>	<u>1,008,315</u>
Community center					
Personal services	470,884	470,884	561,414	(90,530)	442,873
Supplies	44,850	44,850	60,801	(15,951)	32,323
Other services and charges	189,250	189,250	205,498	(16,248)	178,204
Total community center	<u>704,984</u>	<u>704,984</u>	<u>827,713</u>	<u>(122,729)</u>	<u>653,400</u>
Park maintenance					
Personal services	892,140	892,140	878,167	13,973	847,642
Supplies	105,950	105,950	110,169	(4,219)	59,820
Other services and charges	487,916	487,916	537,993	(50,077)	486,740
Total park maintenance	<u>1,486,006</u>	<u>1,486,006</u>	<u>1,526,329</u>	<u>(40,323)</u>	<u>1,394,202</u>
Total parks and recreation	<u>3,703,394</u>	<u>3,703,394</u>	<u>3,761,762</u>	<u>(58,368)</u>	<u>3,276,003</u>
Economic development					
Convention bureau					
Other services and charges	427,500	427,500	368,875	58,625	349,617
Community development administration					
Personal services	260,741	260,741	220,139	40,602	191,184
Supplies	3,500	3,500	4,452	(952)	5,145
Other services and charges	53,452	53,452	61,430	(7,978)	79,920
Total community development administration	<u>317,693</u>	<u>317,693</u>	<u>286,021</u>	<u>31,672</u>	<u>276,249</u>
Total economic development	<u>745,193</u>	<u>745,193</u>	<u>654,896</u>	<u>90,297</u>	<u>625,866</u>
Nondepartmental					
Unallocated					
Personal services	(600,000)	(600,000)	61,554	(661,554)	-
Supplies	13,000	13,000	9,905	3,095	6,986
Other services and charges	578,667	578,667	381,363	197,304	974,684
Total nondepartmental	<u>(8,333)</u>	<u>(8,333)</u>	<u>452,822</u>	<u>(461,155)</u>	<u>981,670</u>
Total Current	<u>27,006,511</u>	<u>27,006,511</u>	<u>24,849,333</u>	<u>2,157,178</u>	<u>25,434,752</u>

City of Brooklyn Center, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2022  
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital Outlay					
General government	\$ 500	\$ 500	\$ 13,995	\$ (13,495)	\$ -
Public safety	125,000	125,000	119,972	5,028	-
Public works	-	-	13,138	(13,138)	-
Parks and recreation	-	-	-	-	10,000
Economic development	-	-	159,815	(159,815)	1,752
Total Capital Outlay	<u>125,500</u>	<u>125,500</u>	<u>306,920</u>	<u>(181,420)</u>	<u>11,752</u>
Total Expenditures	<u>27,132,011</u>	<u>27,132,011</u>	<u>25,156,253</u>	<u>1,975,758</u>	<u>25,446,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,423,817)</u>	<u>(1,423,817)</u>	<u>(1,348,668)</u>	<u>(75,149)</u>	<u>(2,518,850)</u>
Other Financing Sources (Uses)					
Transfers in					
Operating	-	-	-	-	108,410
Administrative services reimbursed	1,633,817	1,633,817	1,437,048	196,769	1,579,711
Transfers out	<u>(210,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>-</u>	<u>(215,000)</u>
Total Other Financing Sources (Uses)	<u>1,423,817</u>	<u>1,423,817</u>	<u>1,227,048</u>	<u>196,769</u>	<u>1,473,121</u>
Net Change in Fund Balances	-	-	(121,620)	121,620	(1,045,729)
Fund Balances, January 1	<u>13,159,839</u>	<u>13,159,839</u>	<u>13,159,839</u>	<u>-</u>	<u>14,205,568</u>
Fund Balances, December 31	<u>\$ 13,159,839</u>	<u>\$ 13,159,839</u>	<u>\$ 13,038,219</u>	<u>\$ 121,620</u>	<u>\$ 13,159,839</u>

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## **DEBT SERVICE FUNDS**

Debt Service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

City of Brooklyn Center, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued on the Following Pages)  
December 31, 2022

	<b>316</b>	<b>317</b>	<b>318</b>	<b>319</b>	<b>320</b>	<b>321</b>
	General Obligation Improvement Bonds 2013B	General Obligation Improvement Bonds 2015A	General Obligation Improvement Bonds 2016A	General Obligation Improvement Bonds 2017A	General Obligation Improvement Bonds 2018A	General Obligation Improvement Bonds 2019A
<b>Assets</b>						
Cash and investments	\$ 34,725	\$ 567,059	\$ 244,906	\$ 768,354	\$ 836,562	\$ 1,098,378
Receivables						
Current taxes	735	1,278	1,071	1,416	1,233	956
Special assessments	57,254	231,587	-	320,899	722,539	1,003,404
	<u>\$ 92,714</u>	<u>\$ 799,924</u>	<u>\$ 245,977</u>	<u>\$ 1,090,669</u>	<u>\$ 1,560,334</u>	<u>\$ 2,102,738</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -
<b>Deferred Inflows of Resources</b>						
Unavailable revenue						
Special assessments	56,957	230,996	-	320,899	720,951	999,851
<b>Fund Balances</b>						
Restricted						
Debt service	35,757	568,928	245,477	769,770	839,383	1,102,887
	<u>\$ 92,714</u>	<u>\$ 799,924</u>	<u>\$ 245,977</u>	<u>\$ 1,090,669</u>	<u>\$ 1,560,334</u>	<u>\$ 2,102,738</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 92,714</u>	<u>\$ 799,924</u>	<u>\$ 245,977</u>	<u>\$ 1,090,669</u>	<u>\$ 1,560,334</u>	<u>\$ 2,102,738</u>

<b>322</b> General Obligation Improvement Bonds 2020A	<b>323</b> General Obligation Improvement Bonds 2021A	<b>324</b> General Obligation Improvement Bonds 2022A	<b>372</b> Tax Increment Bonds 2016C	<b>373</b> Tax Increment Bonds 2016B	<b>375</b> Tax Increment Bonds 2013A	Total
\$ 216,259	\$ 670,259	\$ 296,514	\$ 850	\$ 750	\$ 800	\$ 4,735,416
1,196	1,070	-	-	-	-	8,955
2,975	1,037,606	344,740	-	-	-	3,721,004
<u>\$ 220,430</u>	<u>\$ 1,708,935</u>	<u>\$ 641,254</u>	<u>\$ 850</u>	<u>\$ 750</u>	<u>\$ 800</u>	<u>\$ 8,465,375</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
-	1,037,606	344,740	-	-	-	3,712,000
<u>220,430</u>	<u>671,329</u>	<u>296,514</u>	<u>850</u>	<u>750</u>	<u>800</u>	<u>4,752,875</u>
<u>\$ 220,430</u>	<u>\$ 1,708,935</u>	<u>\$ 641,254</u>	<u>\$ 850</u>	<u>\$ 750</u>	<u>\$ 800</u>	<u>\$ 8,465,375</u>



City of Brooklyn Center, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
(Continued on the Following Pages)  
For the Year Ended December 31, 2022

	<b>316</b> General Obligation Improvement Bonds 2013B	<b>317</b> General Obligation Improvement Bonds 2015A	<b>318</b> General Obligation Improvement Bonds 2016A	<b>319</b> General Obligation Improvement Bonds 2017A	<b>320</b> General Obligation Improvement Bonds 2018A	<b>321</b> General Obligation Improvement Bonds 2019A
<b>Revenues</b>						
Taxes						
Property taxes	\$ 146,744	\$ 253,909	\$ 212,782	\$ 281,363	\$ 244,945	\$ 189,543
Special assessments	62,174	103,650	-	102,874	201,521	273,156
Investment earnings (loss)	56	(11,021)	(3,334)	(17,604)	(18,944)	(27,830)
<b>Total Revenues</b>	<u>208,974</u>	<u>346,538</u>	<u>209,448</u>	<u>366,633</u>	<u>427,522</u>	<u>434,869</u>
<b>Expenditures</b>						
Debt service						
Principal	965,000	342,277	180,000	365,000	360,000	220,000
Interest	14,475	36,029	21,000	69,463	123,100	145,550
Fiscal agent fees	3,853	1,328	500	4,165	1,343	2,050
<b>Total Expenditures</b>	<u>983,328</u>	<u>379,634</u>	<u>201,500</u>	<u>438,628</u>	<u>484,443</u>	<u>367,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(774,354)	(33,096)	7,948	(71,995)	(56,921)	67,269
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	(774,354)	(33,096)	7,948	(71,995)	(56,921)	67,269
Fund Balances, January 1	810,111	602,024	237,529	841,765	896,304	1,035,618
<b>Fund Balances, December 31</b>	<u>\$ 35,757</u>	<u>\$ 568,928</u>	<u>\$ 245,477</u>	<u>\$ 769,770</u>	<u>\$ 839,383</u>	<u>\$ 1,102,887</u>

<b>322</b> General Obligation Improvement Bonds 2020A	<b>323</b> General Obligation Improvement Bonds 2021A	<b>324</b> General Obligation Improvement Bonds 2022A	<b>372</b> Tax Increment Bonds 2016C	<b>373</b> Tax Increment Bonds 2016B	<b>375</b> Tax Increment Bonds 2013A	Total
\$ 237,086	\$ 211,828	\$ -	\$ -	\$ -	\$ -	\$ 1,778,200
-	232,070	296,514	-	-	-	1,271,959
(2,970)	(14,224)	-	-	-	-	(95,871)
<u>234,116</u>	<u>429,674</u>	<u>296,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,954,288</u>
40,000	-	-	295,000	-	2,195,000	4,962,277
32,900	83,988	-	10,186	46,825	35,669	619,185
1,143	400	-	450	3,550	500	19,282
<u>74,043</u>	<u>84,388</u>	<u>-</u>	<u>305,636</u>	<u>50,375</u>	<u>2,231,169</u>	<u>5,600,744</u>
160,073	345,286	296,514	(305,636)	(50,375)	(2,231,169)	(2,646,456)
-	-	-	306,686	51,325	2,232,169	2,590,180
160,073	345,286	296,514	1,050	950	1,000	(56,276)
60,357	326,043	-	(200)	(200)	(200)	4,809,151
<u>\$ 220,430</u>	<u>\$ 671,329</u>	<u>\$ 296,514</u>	<u>\$ 850</u>	<u>\$ 750</u>	<u>\$ 800</u>	<u>\$ 4,752,875</u>

City of Brooklyn Center, Minnesota

Statement of Net Position  
Nonmajor Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds				Total
	609 Municipal Liquor	408   617 Earle Brown Heritage Center	652 Street Light Utility	653 Recycling Utility	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,123,446	\$ 177,821	\$ 461,598	\$ 231,202	\$ 1,994,067
Receivables					
Accounts, net of allowances	8,137	146,809	77,053	78,624	310,623
Intergovernmental	-	18,467	-	-	18,467
Prepaid items	12,148	15,998	-	-	28,146
Inventories	925,495	36,657	-	-	962,152
<b>Total Current Assets</b>	<b>2,069,226</b>	<b>395,752</b>	<b>538,651</b>	<b>309,826</b>	<b>3,313,455</b>
<b>Noncurrent Assets</b>					
<b>Capital assets</b>					
Land	594,298	1,493,300	-	-	2,087,598
Land improvements	-	570,769	-	-	570,769
Leased equipment (intangible right to use asset)	159,751	-	-	-	159,751
Building and improvements	2,952,675	13,057,343	-	-	16,010,018
Machinery and equipment	106,913	740,815	-	-	847,728
Street light systems	-	-	2,963,653	-	2,963,653
Construction in progress	-	-	17,183	-	17,183
Less accumulated depreciation/amortization	(517,851)	(12,875,008)	(775,376)	-	(14,168,235)
<b>Total Capital Assets</b> (Net of Accumulated Depreciation/Amortization)	<b>3,295,786</b>	<b>2,987,219</b>	<b>2,205,460</b>	<b>-</b>	<b>8,488,465</b>
<b>Total Assets</b>	<b>5,365,012</b>	<b>3,382,971</b>	<b>2,744,111</b>	<b>309,826</b>	<b>11,801,920</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	170,700	57,896	9,836	-	238,432
Contracts payable	-	140,671	-	-	140,671
Accrued salaries and wages payable	37,005	29,547	-	-	66,552
Accrued interest payable	31,594	-	-	-	31,594
Due to other governments	66,369	16,714	-	33,510	116,593
Deposits payable	-	365,505	-	-	365,505
Unearned revenue	22,648	1,600	-	-	24,248
Leases payable	69,236	-	-	-	69,236
Bonds payable	140,000	-	-	-	140,000
<b>Total Current Liabilities</b>	<b>537,552</b>	<b>611,933</b>	<b>9,836</b>	<b>33,510</b>	<b>1,192,831</b>
<b>Noncurrent Liabilities</b>					
Bonds payable	2,326,832	-	-	-	2,326,832
<b>Total Liabilities</b>	<b>2,864,384</b>	<b>611,933</b>	<b>9,836</b>	<b>33,510</b>	<b>3,519,663</b>
<b>Net Position</b>					
Net investment in capital assets	759,718	2,846,548	2,205,460	-	5,811,726
Unrestricted	1,740,910	(75,510)	528,815	276,316	2,470,531
<b>Total Net Position</b>	<b>\$ 2,500,628</b>	<b>\$ 2,771,038</b>	<b>\$ 2,734,275</b>	<b>\$ 276,316</b>	<b>\$ 8,282,257</b>

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

City of Brooklyn Center, Minnesota  
Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Total
	609 Municipal Liquor	408   617 Earle Brown Heritage Center	652 Street Light Utility	653 Recycling Utility	
Operating Revenues					
Sales and user fees	\$ 6,909,980	\$ 3,247,350	\$ -	\$ -	\$ 10,157,330
Cost of sales	(5,108,499)	(1,713,786)	-	-	(6,822,285)
Gross Profit	<u>1,801,481</u>	<u>1,533,564</u>	<u>-</u>	<u>-</u>	<u>3,335,045</u>
Charges for services	-	-	467,021	401,337	868,358
Total Operating Revenues	<u>1,801,481</u>	<u>1,533,564</u>	<u>467,021</u>	<u>401,337</u>	<u>4,203,403</u>
Operating Expenses					
Personal services	1,056,274	1,025,297	-	-	2,081,571
Supplies	35,130	81,965	997	-	118,092
Other services	386,875	699,712	160,576	393,658	1,640,821
Insurance	26,705	43,927	673	1,097	72,402
Utilities	63,237	233,781	216,370	-	513,388
Rent	11,218	-	-	-	11,218
Depreciation/amortization	210,803	234,253	162,806	-	607,862
Total Operating Expenses	<u>1,790,242</u>	<u>2,318,935</u>	<u>541,422</u>	<u>394,755</u>	<u>5,045,354</u>
Operating Income (Loss)	<u>11,239</u>	<u>(785,371)</u>	<u>(74,401)</u>	<u>6,582</u>	<u>(841,951)</u>
Nonoperating Revenues (Expenses)					
Interest earnings (loss)	(29,307)	(45,029)	(33,093)	(6,385)	(113,814)
Other revenue	25,591	20,440	45,278	-	91,309
Interest and other costs	(66,759)	-	-	-	(66,759)
Total Nonoperating Revenues (Expenses)	<u>(70,475)</u>	<u>(24,589)</u>	<u>12,185</u>	<u>(6,385)</u>	<u>(89,264)</u>
Income (Loss) Before Contributions and Transfers	(59,236)	(809,960)	(62,216)	197	(931,215)
Capital Contributions to Other Funds	-	-	(10,836)	-	(10,836)
Change in Net Position	(59,236)	(809,960)	(73,052)	197	(942,051)
Net Position, January 1	<u>2,559,864</u>	<u>3,580,998</u>	<u>2,807,327</u>	<u>276,119</u>	<u>9,224,308</u>
Net Position, December 31	<u><u>\$ 2,500,628</u></u>	<u><u>\$ 2,771,038</u></u>	<u><u>\$ 2,734,275</u></u>	<u><u>\$ 276,316</u></u>	<u><u>\$ 8,282,257</u></u>

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

City of Brooklyn Center, Minnesota  
Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities				Total
	609 Municipal Liquor	408   617 Earle Brown Heritage Center	652 Street Light Utility	653 Recycling Utility	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 7,385,753	\$ 3,149,543	\$ 466,464	\$ 394,693	\$ 11,396,453
Payments to suppliers and vendors	(5,760,052)	(2,734,741)	(373,770)	(362,384)	(9,230,947)
Payments to and on behalf of employees	(1,050,317)	(1,025,711)	-	-	(2,076,028)
Other receipts	25,591	20,440	45,278	-	91,309
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>600,975</u>	<u>(590,469)</u>	<u>137,972</u>	<u>32,309</u>	<u>180,787</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	-	-	(438,780)	-	(438,780)
Principal paid on long-term debt	(225,514)	-	-	-	(225,514)
Interest paid on long-term debt	(69,165)	-	-	-	(69,165)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(294,679)</u>	<u>-</u>	<u>(438,780)</u>	<u>-</u>	<u>(733,459)</u>
<b>Cash Flows from Investing Activities</b>					
Interest received (paid) on cash and investments	(29,307)	(45,029)	(33,093)	(6,385)	(113,814)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	276,989	(635,498)	(333,901)	25,924	(666,486)
Cash and Cash Equivalents, January 1	846,457	813,319	795,499	205,278	2,660,553
Cash and Cash Equivalents, December 31	<u>\$ 1,123,446</u>	<u>\$ 177,821</u>	<u>\$ 461,598</u>	<u>\$ 231,202</u>	<u>\$ 1,994,067</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ 11,239	\$ (785,371)	\$ (74,401)	\$ 6,582	(841,951)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation/amortization	210,803	234,253	162,806	-	607,862
Other income (expense) related to operations	25,591	20,440	45,278	-	91,309
(Increase) decrease in assets					
Accounts receivable	499,242	(25,211)	(557)	(6,644)	466,830
Intergovernmental	-	(18,467)	-	-	(18,467)
Prepaid items	(373)	(4,182)	-	-	(4,555)
Inventories	(110,749)	2,402	-	-	(108,347)
Increase (decrease) in liabilities					
Accounts payable	(27,780)	28,974	4,846	(1,139)	4,901
Contract payable	-	5,075	-	-	5,075
Due to other governments	10,514	6,161	-	33,510	50,185
Accrued salaries and wages	5,957	(414)	-	-	5,543
Deposits payable	-	(54,129)	-	-	(54,129)
Unearned revenue	(23,469)	-	-	-	(23,469)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 600,975</u>	<u>\$ (590,469)</u>	<u>\$ 137,972</u>	<u>\$ 32,309</u>	<u>\$ 180,787</u>
<b>Schedule of Noncash Investing Capital and Financing Activities</b>					
Capital assets contributed by (to) other funds	\$ -	\$ -	\$ 10,836	\$ -	\$ 10,836

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

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

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

### Central Garage

This fund was established to account for the acquisition and maintenance of all City vehicles and rolling stock equipment. Vehicle and equipment maintenance and repair costs are charged to the departments as incurred. Replacement costs are charged to the departments over the estimated useful life of the vehicles and equipment.

### Employees (EE) Retirement Benefits

This fund accounts for certain health care insurance benefits for City employees who retire before age 65. Substantially all of the City's full-time police and fire employees and all other full-time employees hired before July 1, 1989 may be eligible for those benefits from the time they qualify for an unreduced PERA pension, until they reach age 65 or become eligible for Medicare. In the event that future costs would exceed earnings, other funds would be charged for the costs associated with their employees.

### Employees (EE) Compensated Absences

This fund accounts for payment of unused vacation and vested sick leave benefits, and the allocation of such costs to the respective departments and funds of the City.

### Pension - GERP

This fund was established to account for the net pension liability and related expense recorded with the adoption of GASB Statement No. 68 related to the PERA Coordinated plan, and the allocation of such costs to the respective departments and funds of the City.

### Pension - PEPFP

This fund was established to account for the net pension liability and related expense recorded with the adoption of GASB Statement No. 68 related to the PERA Police and Fire plan, and the allocation of such costs to the respective departments and funds of the City.

City of Brooklyn Center, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2022

	701 Central Garage	703 EE Retirement Benefit	704 EE Comp Absences	905 Pension - GERP	906 Pension - PEPPF	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and investments	\$ 2,763,757	\$ -	\$ 1,373,514	\$ -	\$ -	\$ 4,137,271
Receivables						
Accounts, net of allowances	44,963	27,150	-	-	-	72,113
Intergovernmental	2,972	-	-	-	-	2,972
Inventories	40,943	-	-	-	-	40,943
Total Current Assets	<u>2,852,635</u>	<u>27,150</u>	<u>1,373,514</u>	<u>-</u>	<u>-</u>	<u>4,253,299</u>
<b>Noncurrent Assets</b>						
<b>Capital assets</b>						
Construction in progress	40,272	-	-	-	-	40,272
Building and improvements	166,108	-	-	-	-	166,108
Machinery and equipment	13,126,892	-	-	-	-	13,126,892
Less accumulated depreciation	<u>(7,928,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,928,048)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,405,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,405,224</u>
Total Assets	<u>8,257,859</u>	<u>27,150</u>	<u>1,373,514</u>	<u>-</u>	<u>-</u>	<u>9,658,523</u>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	-	-	-	3,124,191	10,872,004	13,996,195
Deferred other postemployment benefit resources	-	1,323,828	-	-	-	1,323,828
Total Deferred Outflows of Resources	<u>-</u>	<u>1,323,828</u>	<u>-</u>	<u>3,124,191</u>	<u>10,872,004</u>	<u>15,320,023</u>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	58,114	-	-	-	-	58,114
Accrued salaries and wages payable	16,168	-	-	-	-	16,168
Due to other funds	-	219,942	-	-	-	219,942
Due to other governments	5,350	-	-	-	-	5,350
Compensated absences payable	-	-	137,351	-	-	137,351
Total Current Liabilities	<u>79,632</u>	<u>219,942</u>	<u>137,351</u>	<u>-</u>	<u>-</u>	<u>436,925</u>
<b>Noncurrent Liabilities</b>						
Compensated absences payable	-	-	1,236,163	-	-	1,236,163
Net pension liability	-	-	-	9,900,041	14,921,654	24,821,695
Total other postemployment benefits liability	-	3,175,473	-	-	-	3,175,473
Total Noncurrent Liabilities	<u>-</u>	<u>3,175,473</u>	<u>1,236,163</u>	<u>9,900,041</u>	<u>14,921,654</u>	<u>29,233,331</u>
Total Liabilities	<u>79,632</u>	<u>3,395,415</u>	<u>1,373,514</u>	<u>9,900,041</u>	<u>14,921,654</u>	<u>29,670,256</u>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	-	-	-	244,157	1,427,342	1,671,499
Deferred other postemployment benefit resources	-	454,914	-	-	-	454,914
Total Deferred Inflows of Resources	<u>-</u>	<u>454,914</u>	<u>-</u>	<u>244,157</u>	<u>1,427,342</u>	<u>2,126,413</u>
<b>Net Position</b>						
Investment in capital assets	5,405,224	-	-	-	-	5,405,224
Unrestricted	2,773,003	(2,499,351)	-	(7,020,007)	(5,476,992)	(12,223,347)
Total Net Position	<u>\$ 8,178,227</u>	<u>\$ (2,499,351)</u>	<u>\$ -</u>	<u>\$ (7,020,007)</u>	<u>\$ (5,476,992)</u>	<u>\$ (6,818,123)</u>

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

	<b>701</b> Central Garage	<b>703</b> EE Retirement Benefit	<b>704</b> EE Comp Absences	<b>905</b> Pension - GERP	<b>906</b> Pension - PEPFP	Total
Operating Revenues						
Sales and user fees	\$ 2,244,092	\$ -	\$ 277,958	\$ 727,508	\$ 734,781	\$ 3,984,339
Operating Expenses						
Personal services	574,308	342,072	234,150	1,416,475	711,100	3,278,105
Supplies	455,609	-	-	-	-	455,609
Other services	239,124	-	-	-	-	239,124
Insurance	64,257	-	-	-	-	64,257
Utilities	1,460	-	-	-	-	1,460
Depreciation	1,002,458	-	-	-	-	1,002,458
Total Operating Expenses	<u>2,337,216</u>	<u>342,072</u>	<u>234,150</u>	<u>1,416,475</u>	<u>711,100</u>	<u>5,041,013</u>
Operating Income (Loss)	<u>(93,124)</u>	<u>(342,072)</u>	<u>43,808</u>	<u>(688,967)</u>	<u>23,681</u>	<u>(1,056,674)</u>
Nonoperating Revenues (Expenses)						
Intergovernmental	-	-	-	43,380	157,277	200,657
Interest earnings (loss)	(89,803)	-	(43,808)	-	-	(133,611)
Gain (loss) on sale/disposal of capital assets	(2,069)	-	-	-	-	(2,069)
Other revenue	45,094	-	-	-	-	45,094
Total Nonoperating Revenues (Expenses)	<u>(46,778)</u>	<u>-</u>	<u>(43,808)</u>	<u>43,380</u>	<u>157,277</u>	<u>110,071</u>
Change in Net Position	(139,902)	(342,072)	-	(645,587)	180,958	(946,603)
Net Position, January 1	<u>8,318,129</u>	<u>(2,157,279)</u>	<u>-</u>	<u>(6,374,420)</u>	<u>(5,657,950)</u>	<u>(5,871,520)</u>
Net Position, December 31	<u>\$ 8,178,227</u>	<u>\$ (2,499,351)</u>	<u>\$ -</u>	<u>\$ (7,020,007)</u>	<u>\$ (5,476,992)</u>	<u>\$ (6,818,123)</u>



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

	701 Central Garage	703 EE Retirement Benefit	704 EE Comp Absences	905 Pension - GERF	906 Pension - PEPFF	Total
<b>Cash Flows from Operating Activities</b>						
Receipts from interfund services provided	\$ 2,222,196	\$ -	\$ 277,958	\$ 770,888	\$ 892,058	\$ 4,163,100
Payments to suppliers and vendors	(748,909)	-	-	-	-	(748,909)
Payments to and on behalf of employees	(573,067)	(162,794)	(202,867)	(770,888)	(892,058)	(2,601,674)
Other receipts	45,094	-	-	-	-	45,094
Net Cash Provided (Used) by Operating Activities	<u>945,314</u>	<u>(162,794)</u>	<u>75,091</u>	<u>-</u>	<u>-</u>	<u>857,611</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Increase (decrease) in due to other funds	-	219,942	-	-	-	219,942
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition of capital assets	(1,112,406)	-	-	-	-	(1,112,406)
Proceeds from sale of capital assets	126,670	-	-	-	-	126,670
Net Cash Used by Capital and Related Financing Activities	<u>(985,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(985,736)</u>
<b>Cash Flows from Investing Activities</b>						
Interest received (paid) on cash and investments	(89,803)	-	(43,808)	-	-	(133,611)
Net Increase (Decrease) in Cash and Cash Equivalents	(130,225)	57,148	31,283	-	-	(41,794)
Cash and Cash Equivalents, January 1	<u>2,893,982</u>	<u>(57,148)</u>	<u>1,342,231</u>	<u>-</u>	<u>-</u>	<u>4,179,065</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,763,757</u>	<u>\$ -</u>	<u>\$ 1,373,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,137,271</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (93,124)	\$ (342,072)	\$ 43,808	\$ (688,967)	\$ 23,681	\$ (1,056,674)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	45,094	-	-	43,380	157,277	245,751
Depreciation	1,002,458	-	-	-	-	1,002,458
(Increase) decrease in assets						
Accounts receivable	(26,225)	(27,150)	-	-	-	(53,375)
Intergovernmental	4,329	-	-	-	-	4,329
Prepaid items	14	-	-	-	-	14
Inventories	(15,847)	-	-	-	-	(15,847)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	-	-	-	529,492	(4,988,107)	(4,458,615)
Deferred other postemployment benefit resources	-	(682,827)	-	-	-	(682,827)
Increase (decrease) in liabilities						
Accounts payable	22,923	-	-	-	-	22,923
Due to other governments	4,451	-	-	-	-	4,451
Accrued wages payable	1,241	10,001	-	-	-	11,242
Net pension liability	-	-	-	4,749,881	11,709,802	16,459,683
Compensated absences payable	-	-	31,283	-	-	31,283
Other postemployment benefits liability	-	495,528	-	-	-	495,528
(Increase) decrease in deferred inflows of resources						
Deferred pension resources	-	-	-	(4,633,786)	(6,902,653)	(11,536,439)
Deferred other postemployment benefit resources	-	383,726	-	-	-	383,726
Net Cash Provided (Used) by Operating Activities	<u>\$ 945,314</u>	<u>\$ (162,794)</u>	<u>\$ 75,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,611</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities</b>						
Book value of disposed/traded of capital assets	<u>\$ 128,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,739</u>
Capital assets acquired on account	<u>\$ 19,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,987</u>

City of Brooklyn Center, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Years Ended December 31, 2022 and 2021

	Total 2022	Total 2021	Percent Increase (Decrease)
<b>Revenues</b>			
Taxes	\$ 23,525,852	\$ 28,225,105	(16.65) %
Franchise fees	746,101	748,209	(0.28)
Special assessments	1,821,454	1,874,106	(2.81)
Licenses and permits	872,456	774,592	12.63
Intergovernmental	9,435,918	11,690,468	(19.29)
Charges for services	907,826	828,907	9.52
Fines and forfeits	179,647	229,542	(21.74)
Investment earnings (loss)	(1,224,115)	(92,073)	1,229.50
Miscellaneous	1,049,048	423,408	147.76
	<u>\$ 37,314,187</u>	<u>\$ 44,702,264</u>	(16.53) %
Total Revenues	<u>\$ 37,314,187</u>	<u>\$ 44,702,264</u>	(16.53) %
Per Capita	\$ 1,111	\$ 1,323	(16.04) %
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 5,409,548	\$ 3,908,735	38.40 %
Public safety	12,810,400	12,830,866	(0.16)
Public works	2,887,189	2,519,268	14.60
Community services	70,958	210,488	(66.29)
Culture and recreation	4,208,099	3,694,331	13.91
Economic development	2,721,414	2,198,989	23.76
Nondepartmental	452,822	981,670	(53.87)
<b>Capital outlay</b>			
General government	13,995	-	N/A
Public safety	119,972	-	N/A
Public works	9,141,819	13,845,227	(33.97)
Culture and recreation	97,434	10,000	874.34
Economic development	159,815	1,752	9,021.86
<b>Debt service</b>			
Principal	4,962,277	4,359,017	13.84
Interest and other charges	638,467	739,208	(13.63)
Bond issuance costs	40,890	-	N/A
	<u>\$ 43,735,099</u>	<u>\$ 45,299,551</u>	(3.45) %
Total Expenditures	<u>\$ 43,735,099</u>	<u>\$ 45,299,551</u>	(3.45) %
Per Capita	\$ 1,302	\$ 1,341	(2.89) %
<b>Total Long-term Indebtedness</b>	<u>\$ 19,902,952</u>	<u>\$ 22,685,502</u>	(12.27) %
Per Capita	\$ 593	\$ 672	(11.75)
<b>General Fund Balance - December 31</b>	<u>\$ 13,038,219</u>	<u>\$ 13,159,839</u>	(0.92) %
Per Capita	\$ 388	\$ 390	(0.34)

The purpose of this report is to provide a summary of financial information concerning the City of Brooklyn Center to interested citizens. The complete financial statements may be examined at City Hall, Brooklyn Center, Minnesota. Questions about this report should be directed to the Finance Director at 763-569-3345.

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STATISTICAL SECTION (UNAUDITED)

CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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## STATISTICAL SECTION (UNAUDITED)

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

### **Financial Trends**

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

### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### **Demographic and Economic Information**

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

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Brooklyn Center, Minnesota  
Net Position by Component  
2013 - 2022  
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 57,483,482	\$ 57,524,408	\$ 54,471,240	\$ 52,560,591	\$ 52,794,327
Restricted	37,525,465	42,528,484	38,473,882	35,743,847	30,501,419
Unrestricted	14,204,534	10,698,650	9,335,442	5,152,891	3,010,220
Total Governmental Activities Net Position	<u>109,213,481</u>	<u>110,751,542</u>	<u>102,280,564</u>	<u>93,457,329</u>	<u>86,305,966</u>
<b>Business-type Activities</b>					
Net investment in capital assets	42,437,926	44,340,339	43,786,262	43,450,307	42,831,977
Unrestricted	13,390,988	13,329,034	14,484,003	16,005,070	15,827,178
Total Business-type Activities Net Position	<u>55,828,914</u>	<u>57,669,373</u>	<u>58,270,265</u>	<u>59,455,377</u>	<u>58,659,155</u>
<b>Primary Government</b>					
Net investment in capital assets	99,921,408	101,864,747	98,257,502	96,010,898	95,626,304
Restricted	37,525,465	42,528,484	38,473,882	35,743,847	30,501,419
Unrestricted	27,595,522	24,027,684	23,819,445	21,157,961	18,837,398
Total Net Position	<u>\$ 165,042,395</u>	<u>\$ 168,420,915</u>	<u>\$ 160,550,829</u>	<u>\$ 152,912,706</u>	<u>\$ 144,965,121</u>

**Table 1**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 53,152,985	\$ 48,358,875	\$ 47,941,800	\$ 42,947,577	\$ 42,281,203
27,309,336	29,554,944	36,810,593	28,061,977	27,219,086
1,400,658	789,884	(5,495,836)	12,357,196	11,205,289
<u>81,862,979</u>	<u>78,703,703</u>	<u>79,256,557</u>	<u>83,366,750</u>	<u>80,705,578</u>
43,553,672	43,483,294	47,201,239	48,537,132	42,466,488
14,613,409	13,606,322	8,452,630	6,819,765	12,208,126
<u>58,167,081</u>	<u>57,089,616</u>	<u>55,653,869</u>	<u>55,356,897</u>	<u>54,674,614</u>
96,706,657	91,842,169	95,143,039	91,484,709	84,747,691
27,309,336	29,554,944	36,810,593	28,061,977	27,219,086
16,014,067	14,396,206	2,956,794	19,176,961	23,413,415
<u>\$ 140,030,060</u>	<u>\$ 135,793,319</u>	<u>\$ 134,910,426</u>	<u>\$ 138,723,647</u>	<u>\$ 135,380,192</u>



City of Brooklyn Center, Minnesota  
Changes in Net Position (Continued on the Following Pages)  
2013 - 2022  
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Expenses</b>					
<b>Governmental activities</b>					
General government	\$ 5,199,377	\$ 4,954,933	\$ 4,834,450	\$ 4,423,425	\$ 4,426,549
Public safety	13,560,562	12,251,370	13,057,043	12,706,644	11,757,362
Public works	11,343,594	12,756,066	6,450,769	12,787,805	6,501,746
Community Service	70,958	210,488	171,344	181,159	164,544
Parks and recreation	4,356,123	3,859,928	3,218,266	3,827,299	3,234,386
Economic development	2,770,033	2,192,700	2,872,886	2,146,011	2,543,381
Interest on long-term debt	467,590	565,379	634,139	666,343	693,575
Total governmental activities expenses	<u>37,768,237</u>	<u>36,790,864</u>	<u>31,238,897</u>	<u>36,738,686</u>	<u>29,321,543</u>
<b>Business-type activities</b>					
Municipality liquor	7,034,847	5,911,141	5,699,529	6,775,430	6,478,599
Golf course	-	-	-	-	333,768
Earle Brown Heritage Center	4,102,266	2,670,277	3,034,695	5,242,416	4,874,026
Water utility	4,816,998	4,452,157	4,377,809	4,148,609	3,670,089
Sanitary sewer utility	4,754,623	4,499,797	4,551,331	4,546,350	4,213,511
Storm drainage utility	2,476,252	2,437,706	2,441,109	2,407,046	1,959,195
Recycling utility	541,422	403,057	396,402	410,610	385,811
Street light utility	394,755	389,853	306,619	333,744	274,252
Total Business-type Activities Expenses	<u>24,121,163</u>	<u>20,763,988</u>	<u>20,807,494</u>	<u>23,864,205</u>	<u>22,189,251</u>
Total Primary Government Expenses	<u>\$ 61,889,400</u>	<u>\$ 57,554,852</u>	<u>\$ 52,046,391</u>	<u>\$ 60,602,891</u>	<u>\$ 51,510,794</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
<b>Charges for services</b>					
General government	\$ 532,015	\$ 360,099	\$ 412,993	\$ 476,377	\$ 483,572
Public safety	736,873	560,771	808,885	1,030,980	1,047,683
Public works	227,399	3,681	13,451	259,675	464,254
Parks and recreation	697,800	620,839	408,515	754,408	593,692
Economic development	23,320	103,408	303,046	260,155	212,847
Operating grants and contributions	6,128,777	8,572,992	2,607,134	9,562,139	3,872,109
Capital grants and contributions	2,888,721	4,152,875	3,148,955	3,148,710	3,435,074
Total Governmental Activities	<u>11,234,905</u>	<u>14,374,665</u>	<u>7,702,979</u>	<u>15,492,444</u>	<u>10,109,231</u>
Program Revenues	<u>11,234,905</u>	<u>14,374,665</u>	<u>7,702,979</u>	<u>15,492,444</u>	<u>10,109,231</u>
<b>Business-type Activities</b>					
<b>Charges for services</b>					
Municipality liquor	6,935,571	5,905,844	5,503,163	6,860,482	6,745,617
Earle Brown Heritage Center	3,267,790	1,442,635	1,309,634	5,068,900	4,858,384
Water utility	4,543,666	4,680,155	4,261,455	3,819,747	3,888,716
Sanitary sewer utility	5,117,729	4,681,779	4,662,764	4,555,940	4,406,741
Storm drainage utility	1,887,218	1,770,889	1,691,946	1,680,454	1,681,733
Other activities	913,636	880,863	871,261	871,838	1,119,322
Capital grants and contributions	72,999	50,000	-	455,363	-
Operating grants and contributions	227	-	-	-	-
Total Business-type Activities	<u>22,738,836</u>	<u>19,412,165</u>	<u>18,300,223</u>	<u>23,312,724</u>	<u>22,700,513</u>
Program Revenues	<u>22,738,836</u>	<u>19,412,165</u>	<u>18,300,223</u>	<u>23,312,724</u>	<u>22,700,513</u>
Total Primary Government Program Revenues	<u>\$ 33,973,741</u>	<u>\$ 33,786,830</u>	<u>\$ 26,003,202</u>	<u>\$ 38,805,168</u>	<u>\$ 32,809,744</u>

**Table 2**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 4,007,850	\$ 3,891,671	\$ 3,527,323	\$ 3,736,487	\$ 3,165,400
12,438,818	13,222,625	10,707,602	10,186,645	9,618,906
4,542,244	4,099,559	3,867,406	3,688,238	4,215,855
143,103	136,349	135,604	145,503	149,203
2,995,396	3,183,198	3,053,328	2,977,707	2,752,539
1,917,039	6,825,271	5,419,304	3,234,623	3,833,915
540,799	654,205	723,000	887,190	490,162
<u>26,585,249</u>	<u>32,012,878</u>	<u>27,433,567</u>	<u>24,856,393</u>	<u>24,225,980</u>
6,241,998	6,123,608	5,816,363	5,690,792	5,674,937
335,029	309,910	270,307	271,698	263,425
4,825,489	4,507,406	4,739,543	5,137,712	4,835,131
3,294,345	2,903,198	2,179,892	1,900,518	2,025,496
4,068,468	3,864,514	3,694,880	3,514,687	3,382,810
1,848,887	1,700,515	1,883,154	1,784,907	1,552,327
366,608	291,980	292,282	291,239	289,043
267,069	272,072	281,661	245,426	257,079
<u>21,247,893</u>	<u>19,973,203</u>	<u>19,158,082</u>	<u>18,836,979</u>	<u>18,280,248</u>
<u>\$ 47,833,142</u>	<u>\$ 51,986,081</u>	<u>\$ 46,591,649</u>	<u>\$ 43,693,372</u>	<u>\$ 42,506,228</u>
\$ 530,459	\$ 563,744	\$ 653,535	\$ 651,188	\$ 798,088
683,172	656,642	548,669	722,697	786,828
46,359	79,987	226,645	157,889	5,879
608,590	635,597	564,217	598,173	650,522
296,103	417,332	225,057	477,088	90,656
1,716,671	2,323,913	2,605,477	1,746,637	3,089,220
1,407,482	4,061,903	5,184,381	1,671,830	4,427,586
<u>5,288,836</u>	<u>8,739,118</u>	<u>10,007,981</u>	<u>6,025,502</u>	<u>9,848,779</u>
6,503,094	6,206,584	6,061,680	5,861,066	6,072,334
4,917,167	4,731,876	4,649,162	4,578,433	4,294,723
3,585,597	3,216,506	2,640,665	2,235,332	2,318,176
4,288,655	4,210,081	4,095,017	3,942,534	3,675,936
1,598,624	1,620,452	1,635,655	1,638,575	1,622,012
1,071,232	1,088,695	988,038	1,127,116	882,995
-	106,488	-	-	-
-	16,481	30,522	63,547	52,775
<u>21,964,369</u>	<u>21,197,163</u>	<u>20,100,739</u>	<u>19,446,603</u>	<u>18,918,951</u>
<u>\$ 27,253,205</u>	<u>\$ 29,936,281</u>	<u>\$ 30,108,720</u>	<u>\$ 25,472,105</u>	<u>\$ 28,767,730</u>

City of Brooklyn Center, Minnesota  
Changes in Net Position (Continued)  
2013 - 2022  
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Program Revenues - Continued					
Net (expense)/revenue					
Governmental activities	\$(26,533,332)	\$(22,416,199)	\$(23,535,918)	\$(21,246,242)	\$(19,212,312)
Business-type activities	(1,382,327)	(1,351,823)	(2,507,271)	(551,481)	511,262
<b>Total Primary Government Net Expense</b>	<b><u>\$(27,915,659)</u></b>	<b><u>\$(23,768,022)</u></b>	<b><u>\$(26,043,189)</u></b>	<b><u>\$(21,797,723)</u></b>	<b><u>\$(18,701,050)</u></b>
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 21,801,640	\$ 20,359,868	\$ 20,136,395	\$ 19,073,449	\$ 17,650,461
Tax increments	475,474	7,380,184	6,566,099	5,354,749	5,147,964
Lodging taxes	895,883	732,538	561,602	1,091,105	1,167,961
Unrestricted grants and contributions	2,800,461	2,916,618	4,432,381	2,239,180	2,065,832
Investment earnings(loss)	(1,357,564)	(100,702)	971,753	1,271,500	442,835
Other revenue	405,204	-	-	-	-
Gain on disposal of capital assets	-	99,450	82,875	58,869	80,786
Transfers of capital assets	(25,827)	(500,779)	(391,952)	(1,016,734)	478,610
Transfers	-	-	-	325,487	(782,750)
<b>Total Governmental Activities</b>	<b><u>24,995,271</u></b>	<b><u>30,887,177</u></b>	<b><u>32,359,153</u></b>	<b><u>28,397,605</u></b>	<b><u>26,251,699</u></b>
Business-type Activities					
Investment earnings (loss)	(483,959)	(49,848)	480,975	656,456	258,591
Unrestricted grants and contributions	-	300,000	449,232	-	-
Transfers of capital assets	25,827	500,779	391,952	1,016,734	(478,610)
Transfers	-	-	-	(325,487)	782,750
<b>Total Business-type Activities</b>	<b><u>(458,132)</u></b>	<b><u>750,931</u></b>	<b><u>1,322,159</u></b>	<b><u>1,347,703</u></b>	<b><u>562,731</u></b>
<b>Total Primary Government</b>	<b><u>\$ 24,537,139</u></b>	<b><u>\$ 31,638,108</u></b>	<b><u>\$ 33,681,312</u></b>	<b><u>\$ 29,745,308</u></b>	<b><u>\$ 26,814,430</u></b>
Changes in Net Position					
Governmental activities	\$ (1,538,061)	\$ 8,470,978	\$ 8,823,235	\$ 7,151,363	\$ 7,039,387
Business-type activities	(1,840,459)	(600,892)	(1,185,112)	796,222	1,073,993
<b>Total Primary Government</b>	<b><u>\$ (3,378,520)</u></b>	<b><u>\$ 7,870,086</u></b>	<b><u>\$ 7,638,123</u></b>	<b><u>\$ 7,947,585</u></b>	<b><u>\$ 8,113,380</u></b>

Sources: The data for this table has been extracted from the respective years ACFR document.

The City implemented GASB Statement No. 68 and GASB No. 71 in fiscal 2015. Years prior to 2015 have not been restated

The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

**Table 2 (Continued)**

Fiscal Year				
2017	2016	2015	2014	2013
\$(21,296,413)	\$(23,273,760)	\$(17,425,586)	\$(18,830,891)	\$(14,377,201)
716,476	1,223,960	942,657	609,624	638,703
<u>\$(20,579,937)</u>	<u>\$(22,049,800)</u>	<u>\$(16,482,929)</u>	<u>\$(18,221,267)</u>	<u>\$(13,738,498)</u>
\$ 16,736,759	\$ 15,757,198	\$ 15,320,998	\$ 14,988,007	\$ 14,943,008
4,652,373	3,667,590	3,805,367	3,790,363	3,098,620
1,206,565	1,159,519	1,075,425	914,651	881,252
1,701,232	1,939,431	1,670,928	1,499,015	590,916
265,604	230,705	254,366	236,936	(81,438)
-	-	-	-	-
88,326	57,765	27,800	27,100	54,211
(263,068)	(185,237)	(1,034,574)	(639,266)	-
67,898	93,935	236,312	675,257	200,000
<u>24,455,689</u>	<u>22,720,906</u>	<u>21,356,622</u>	<u>21,492,063</u>	<u>19,686,569</u>
165,819	120,485	127,686	108,650	(27,223)
-	-	-	-	-
263,068	185,237	1,034,574	639,266	-
(67,898)	(93,935)	(236,312)	(675,257)	(200,000)
<u>360,989</u>	<u>211,787</u>	<u>925,948</u>	<u>72,659</u>	<u>(227,223)</u>
<u>\$ 24,816,678</u>	<u>\$ 22,932,693</u>	<u>\$ 22,282,570</u>	<u>\$ 21,564,722</u>	<u>\$ 19,459,346</u>
\$ 3,159,276	\$ (552,854)	\$ 3,931,036	\$ 2,661,172	\$ 5,309,368
1,077,465	1,435,747	1,868,605	682,283	411,480
<u>\$ 4,236,741</u>	<u>\$ 882,893</u>	<u>\$ 5,799,641</u>	<u>\$ 3,343,455</u>	<u>\$ 5,720,848</u>

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City of Brooklyn Center, Minnesota  
 Governmental Activities Tax Revenues by Source  
 2013 - 2022  
 (Accrual Basis of Accounting)

**Table 3**

Fiscal Year	General Property Taxes	Tax Increment Taxes	Lodging Tax	Total
2022	\$ 21,801,640	\$ 475,474	\$ 895,883	\$ 23,172,997
2021	20,359,868	7,380,184	732,538	28,472,590
2020	20,136,395	6,566,099	561,602	27,264,096
2019	19,073,449	5,354,749	1,091,105	25,519,303
2018	17,650,461	5,147,964	1,167,961	23,966,386
2017	16,736,759	4,652,373	1,206,565	22,595,697
2016	15,757,198	3,667,590	1,159,519	20,584,307
2015	15,320,998	3,805,367	1,075,425	20,201,790
2014	14,988,007	3,790,363	914,651	19,693,021
2013	14,943,008	3,098,620	881,252	18,922,880

Sources: The data for this table has been extracted from the respective years ACFR document.

City of Brooklyn Center, Minnesota  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 76,485	\$ 69,152	\$ 84,002	\$ 86,479	\$ 82,309
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	1,769,004	64,874	6,500
Unassigned	12,961,734	13,090,687	12,352,562	12,372,864	11,475,016
Total General Fund	<u>\$ 13,038,219</u>	<u>\$ 13,159,839</u>	<u>\$ 14,205,568</u>	<u>\$ 12,524,217</u>	<u>\$ 11,563,825</u>
All Other Governmental Funds					
Nonspendable	\$ 5,806	\$ 4,374	\$ 1,701	\$ 1,630	\$ 8,163
Restricted	35,339,586	37,577,517	34,032,886	32,219,640	26,097,132
Committed	8,337,333	9,002,823	7,631,587	9,570,360	9,007,923
Assigned	868,843	466,716	1,480,133	1,127,793	1,534,666
Unassigned	(229,951)	(213,231)	(216,217)	(1,131,128)	(1,372,348)
Total All Other Governmental Funds	<u>\$ 44,321,617</u>	<u>\$ 46,838,199</u>	<u>\$ 42,930,090</u>	<u>\$ 41,788,295</u>	<u>\$ 35,275,536</u>

**Table 4**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 105,634	\$ 92,388	\$ 78,859	\$ 21,967	\$ 26,139
-	-	-	-	-
-	-	-	-	-
149,630	715,544	804,815	908,761	2,754,124
<u>11,099,939</u>	<u>10,632,965</u>	<u>10,287,243</u>	<u>10,089,353</u>	<u>9,602,450</u>
<u>\$ 11,355,203</u>	<u>\$ 11,440,897</u>	<u>\$ 11,170,917</u>	<u>\$ 11,020,081</u>	<u>\$ 12,382,713</u>
\$ 7,976	\$ 1,500	\$ 1,500	\$ -	\$ -
23,888,356	23,355,609	30,365,411	26,434,113	26,350,322
9,678,002	10,852,995	9,306,224	10,514,871	7,579,688
567,537	-	-	-	-
<u>(1,671,355)</u>	<u>(1,783,271)</u>	<u>(2,425,064)</u>	<u>(1,763,877)</u>	<u>(1,432,495)</u>
<u>\$ 32,470,516</u>	<u>\$ 32,426,833</u>	<u>\$ 37,248,071</u>	<u>\$ 35,185,107</u>	<u>\$ 32,497,515</u>



City of Brooklyn Center, Minnesota  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Revenues</b>					
Property taxes	\$ 21,210,726	\$20,413,021	\$ 20,100,796	\$ 19,026,811	\$ 17,677,601
Tax Increments	1,442,670	7,079,546	6,396,397	5,384,934	5,116,958
Franchise fees	746,101	748,209	738,213	711,255	705,608
Lodging taxes	872,456	732,538	561,602	1,091,105	1,167,961
Special assessments	1,821,454	1,874,106	1,770,820	2,052,187	1,790,485
Licenses and permits	872,456	774,592	991,972	1,172,439	1,209,029
Intergovernmental	9,435,918	11,690,468	7,835,243	12,241,725	6,349,918
Charges for services	907,826	828,907	829,432	1,233,678	1,060,712
Fines and forfeits	179,647	229,542	156,102	275,183	300,324
Investment earnings (net)	(1,224,115)	(92,073)	827,905	1,074,114	356,841
Miscellaneous	1,049,048	423,408	225,116	734,347	698,993
Total Revenues	<u>37,314,187</u>	<u>44,702,264</u>	<u>40,433,598</u>	<u>44,997,778</u>	<u>36,434,430</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	5,409,548	3,908,735	4,203,795	3,732,084	3,693,876
Public safety	12,810,400	12,830,866	12,389,182	12,004,521	11,406,837
Public works	2,887,189	2,519,268	2,142,853	2,491,449	2,343,902
Community services	70,958	210,488	171,344	181,159	164,544
Park and recreation	4,208,099	3,694,331	2,697,088	3,182,921	2,793,889
Economic development	2,721,414	2,198,989	2,968,379	1,960,093	2,098,968
Nondepartmental	452,822	981,670	547,400	520,518	462,056
Capital Outlay	9,533,035	13,856,979	9,497,602	13,352,312	9,811,817
<b>Debt Service</b>					
Principal	4,962,277	4,359,017	4,090,757	3,677,497	3,275,978
Interest	638,467	670,248	756,623	736,838	674,020
Other charges	40,890	68,960	46,616	42,326	79,167
Total Expenditures	<u>43,735,099</u>	<u>45,299,551</u>	<u>39,511,639</u>	<u>41,881,718</u>	<u>36,805,054</u>
Revenues over (under) expenditures	<u>(6,420,912)</u>	<u>(597,287)</u>	<u>921,959</u>	<u>3,116,060</u>	<u>(370,624)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	3,279,002	3,370,510	3,832,630	4,051,616	3,826,488
Administrative services reimbursement	1,437,048	-	-	-	-
Bonds issued	2,192,434	3,005,000	1,955,000	3,355,000	3,835,000
Bond premium/(discount)	153,228	346,257	81,687	667,404	332,016
Sale of capital assets	-	-	-	9,200	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers out	(3,279,002)	(3,262,100)	(3,968,130)	(3,726,129)	(4,609,238)
Total Other Financing Sources (Uses)	<u>3,782,710</u>	<u>3,459,667</u>	<u>1,901,187</u>	<u>4,357,091</u>	<u>3,384,266</u>
Net Change in Fund Balances	<u>\$ (2,638,202)</u>	<u>\$ 2,862,380</u>	<u>\$ 2,823,146</u>	<u>\$ 7,473,151</u>	<u>\$ 3,013,642</u>
Debt service as a percentage of noncapital expenditures	14.3%	13.0%	15.4%	12.1%	13.4%

Sources: The data for this table has been extracted from the respective years ACFR document.

Note: The 2013 fund balances have been restated to align the City's reporting using GASB No. 65.

**Table 5**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 16,728,993	\$ 15,906,488	\$ 15,115,171	\$ 15,036,602	\$ 15,094,464
4,824,659	3,667,013	3,669,198	3,795,708	3,149,533
702,600	664,501	653,648	647,071	651,832
1,206,565	1,159,519	1,075,425	914,651	881,252
1,766,736	1,788,247	1,715,159	1,794,126	1,877,116
904,785	932,051	859,534	1,021,410	1,084,003
3,882,902	3,745,850	4,748,476	2,706,299	3,159,571
933,608	882,473	967,707	1,229,513	1,073,917
295,184	240,197	291,682	364,927	315,982
208,441	175,675	203,172	188,913	(71,059)
419,034	884,187	429,575	344,690	423,822
<u>31,873,507</u>	<u>30,046,201</u>	<u>29,728,747</u>	<u>28,043,910</u>	<u>27,640,433</u>
3,231,248	3,011,710	2,938,436	3,173,282	3,045,365
10,964,032	10,309,827	10,004,475	9,622,239	9,117,541
2,168,156	2,109,867	2,031,813	2,107,959	1,982,311
143,103	136,349	135,604	145,503	149,203
2,738,418	2,678,944	2,790,624	2,457,622	2,481,763
1,764,198	5,307,692	5,269,625	2,855,983	3,076,454
505,586	527,819	450,129	364,501	400,835
10,210,993	5,987,524	10,475,770	3,950,187	4,319,756
3,502,497	2,720,000	3,025,000	1,905,000	2,655,000
625,032	829,812	826,053	802,892	698,702
51,655	127,194	127,218	9,039	179,044
<u>35,904,918</u>	<u>33,746,738</u>	<u>38,074,747</u>	<u>27,394,207</u>	<u>28,105,974</u>
(4,031,411)	(3,700,537)	(8,346,000)	649,703	(465,541)
3,978,278	4,318,650	4,541,584	10,463,495	4,860,459
-	-	-	-	-
3,735,000	5,620,000	10,016,248	-	10,960,000
186,502	112,879	309,809	-	367,405
-	-	4,820	-	-
-	(6,670,000)	-	-	-
<u>(3,910,380)</u>	<u>(4,232,250)</u>	<u>(4,312,661)</u>	<u>(9,788,238)</u>	<u>(4,660,459)</u>
<u>3,989,400</u>	<u>(850,721)</u>	<u>10,559,800</u>	<u>675,257</u>	<u>11,527,405</u>
<u>\$ (42,011)</u>	<u>\$ (4,551,258)</u>	<u>\$ 2,213,800</u>	<u>\$ 1,324,960</u>	<u>\$ 11,061,864</u>
16.0%	12.8%	14.0%	11.6%	14.1%

City of Brooklyn Center, Minnesota  
Assessed Tax Capacity and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Estimated actual value:					
Real estate	\$ 1,506,661,400	\$ 1,497,679,200	\$ 1,648,833,600	\$ 1,758,565,800	\$ 1,848,110,900
Personal property	18,257,700	18,319,800	18,829,900	20,237,100	22,039,201
Total estimated actual value	<u>\$ 1,524,919,100</u>	<u>\$ 1,515,999,000</u>	<u>\$ 1,667,663,500</u>	<u>\$ 1,778,802,900</u>	<u>\$ 1,870,150,101</u>
Tax Capacity					
Real estate	\$ 17,129,016	\$ 17,358,722	\$ 18,953,288	\$ 20,185,645	\$ 21,298,314
Personal property	358,867	360,506	370,476	398,267	435,044
Contribution to fiscal disparities	(2,335,813)	(2,495,133)	(2,690,138)	(2,635,082)	(2,833,028)
Receipt from fiscal disparities	6,844,540	7,117,154	6,833,738	6,505,797	7,233,190
Tax increments	(2,169,035)	(2,675,416)	(2,764,303)	(2,884,208)	(3,292,251)
Net tax capacity for direct rate	<u>\$ 19,827,575</u>	<u>\$ 19,665,833</u>	<u>\$ 20,703,061</u>	<u>\$ 21,570,419</u>	<u>\$ 22,841,269</u>
Net Tax Capacity as a Percentage of Estimated Actual Market Value	1.30%	1.30%	1.24%	1.21%	1.22%
Property Tax Levies					
General revenues	\$ 13,632,326	\$ 13,673,970	\$ 14,381,534	\$ 14,728,750	\$ 15,344,946
Debt service	711,725	687,000	396,496	639,485	849,968
Housing and Redevelopment Auth.	246,160	282,110	280,460	308,518	329,079
Total property taxes levied	<u>\$ 14,590,211</u>	<u>\$ 14,643,080</u>	<u>\$ 15,058,490</u>	<u>\$ 15,676,753</u>	<u>\$ 16,523,993</u>
Tax Rates					
General revenues	67.485	70.587	68.266	68.788	66.798
Debt service	3.590	3.547	1.760	2.987	3.700
Housing and Redevelopment Auth.	1.128	1.609	1.230	1.517	1.406
Total Direct Tax Rate	<u>72.202</u>	<u>75.742</u>	<u>71.256</u>	<u>73.292</u>	<u>71.904</u>

Sources: The data for this table has been provided by Hennepin County.

**Table 6**

2018	2019	2020	2021	2022
\$ 2,032,296,900	\$ 2,213,280,300	\$ 2,423,198,500	\$ 2,580,188,500	\$ 2,735,229,000
22,289,300	20,965,000	24,978,300	26,330,300	14,140,500
<u>\$ 2,054,586,200</u>	<u>\$ 2,234,245,300</u>	<u>\$ 2,448,176,800</u>	<u>\$ 2,606,518,800</u>	<u>\$ 2,749,369,500</u>
\$ 23,515,623	\$ 25,525,066	\$ 28,320,711	\$ 30,421,876	\$ 31,897,419
440,046	412,752	489,976	517,001	273,190
(2,766,592)	(3,196,246)	(3,186,988)	(3,804,245)	(4,090,602)
7,524,375	7,670,475	8,412,528	8,694,109	9,347,199
(3,592,531)	(3,873,826)	(4,795,248)	(5,089,788)	(740,824)
<u>\$ 25,120,921</u>	<u>\$ 26,538,221</u>	<u>\$ 29,240,979</u>	<u>\$ 30,738,953</u>	<u>\$ 36,686,382</u>
1.22%	1.19%	1.19%	1.18%	1.33%
\$ 15,963,823	\$ 17,034,997	\$ 18,052,263	\$ 18,402,263	\$ 19,532,263
1,142,127	1,392,119	1,457,047	1,540,648	1,791,762
345,978	380,098	405,069	452,913	482,206
<u>\$ 17,451,928</u>	<u>\$ 18,807,214</u>	<u>\$ 20,395,824</u>	<u>\$ 20,395,824</u>	<u>\$ 21,806,231</u>
62.589	65.116	60.361	59.738	51.170
4.478	5.284	4.872	5.002	4.694
1.365	1.460	1.356	1.520	1.245
<u>68.432</u>	<u>71.860</u>	<u>66.589</u>	<u>66.260</u>	<u>57.109</u>

City of Brooklyn Center, Minnesota  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

	City Direct Rate			Overlapping Rates						
	Operating Rate	Debt Service Rate	Total Direct Rate	County	School District 11	School District 279	Districts (1)	Districts (2)	Watershed Districts A(3)	Watershed Districts B(3)
2013	68.613	3.590	72.202	49.461	26.801	27.973	3.242	6.847	0.101	0.101
2014	72.195	3.547	75.742	49.858	28.471	30.128	3.335	7.226	0.101	0.322
2015	69.495	1.760	71.256	46.398	22.695	27.450	3.006	6.779	0.256	0.107
2016	70.305	2.987	73.292	45.356	21.105	26.545	2.899	6.631	0.247	0.072
2017	68.204	3.700	71.904	44.087	18.805	27.005	2.821	6.498	0.267	0.223
2018	63.954	4.478	68.432	42.808	18.651	25.187	2.683	6.290	0.079	0.119
2019	66.576	5.284	71.860	41.661	16.545	24.729	2.529	5.981	0.332	0.134
2020	61.717	4.872	66.589	41.084	16.893	22.008	2.461	5.758	0.157	0.060
2021	61.258	5.002	66.260	38.210	16.325	22.355	2.268	5.545	0.843	0.348
2022	52.415	4.694	57.109	38.535	16.341	21.933	2.240	5.609	0.406	0.114

Sources: The data for this table has been provided by Hennepin County.

Note (1) - Metro Districts include: Mosquito Control, Metropolitan Council, and Metro Transit

Note (2) - Other Districts include: Hennepin Parks, Park Museum, Regional Railroad Authority, and Hennepin HRA.

Note (3) - The Watershed levies are applicable to all of School Districts 279 & 281, and portions of School Districts 11 & 286.

**Table 7**

Total Direct and Overlapping Rates

ISD 11	ISD 11 & A (3)	ISD 11 & B (3)	ISD 279	ISD 281	ISD 286	ISD 286 & A (3)	ISD 286 & B (3)
158.553	158.654	158.654	159.826	164.200	187.783	187.884	187.884
164.632	164.733	164.954	166.391	171.343	190.724	190.825	191.046
150.133	150.389	150.240	155.145	161.205	180.536	180.792	180.643
149.283	149.530	149.355	154.970	162.540	182.898	183.145	182.970
144.115	144.382	144.338	152.582	157.438	165.869	166.136	166.092
138.864	138.943	138.983	145.479	152.483	166.484	166.563	166.603
138.576	138.908	138.710	147.092	151.813	171.775	172.107	171.909
132.785	132.942	132.845	138.057	142.496	163.264	163.421	163.324
128.608	129.451	128.956	135.481	138.896	158.461	159.304	158.809
119.834	120.240	119.948	125.832	130.406	136.886	137.292	137.000

City of Brooklyn Center, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 8**

Taxpayer	2022			2013		
	Taxable Tax Capacity	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
The Luther Company, LLP	\$ 734,870	1	2.00 %	\$ 144,050	8	0.73 %
The Molasky Group	505,250	2	1.38	455,050	1	2.30
Marvin F Poer and Company	344,390	3	0.94			
TLN Lanel Ltd	337,913	4	0.92	169,000	4	0.85
Medtronic, Inc.	335,450	5	0.91	192,250	2	0.97
Lake Point, LLC	334,163	6	0.91			
G B Homes LLC	309,213	7	0.84	147,800	7	0.75
Brookdale Corner, LLC	274,250	8	0.75	188,250	3	0.95
Melrose Gates LLC	260,650	9	0.71			
Lux Apartments LLC	223,688	10	0.61			
AX RER LP				167,250	5	0.84
Target				160,250	6	0.81
Wings Financial				140,810	9	0.71
Brooklyn Hotel Partners, LLC				134,400	10	0.68
Total	<u>\$ 3,659,837</u>		<u>9.97 %</u>	<u>\$ 1,899,110</u>		<u>9.59 %</u>

Sources: The data for this table has been provided by Hennepin County.

City of Brooklyn Center, Minnesota  
Property Tax Levies and Collections  
Last Ten Fiscal Years

**Table 9**

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 21,806,588	\$ 21,613,809	99.10 %	\$ -	\$ 21,613,809	99.10 %
2021	21,806,331	21,606,459	99.10	98,472	21,704,931	99.50
2020	20,395,824	20,262,005	99.30	133,819	20,395,824	100.00
2019	18,807,214	18,673,395	99.30	99,487	18,772,882	99.80
2018	17,451,928	17,356,168	99.50	82,580	17,438,748	99.90
2017	16,523,993	16,411,246	99.30	112,747	16,523,993	100.00
2016	15,676,753	15,563,707	99.30	113,046	15,676,753	100.00
2015	15,058,490	14,815,657	98.40	242,833	15,058,490	100.00
2014	14,643,080	14,470,227	98.80	172,853	14,643,080	100.00
2013	14,590,211	14,472,075	99.20	118,136	14,590,211	100.00

Sources: The data for this table has been provided by Hennepin County and from City financial documents.

Note: The components of the Certified Property Tax Levy can be viewed in table 6 of the statistical section.



City of Brooklyn Center, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year					Percentage of Tax Capacity	Business-type Activities		
	Improvement Bonds	Tax Increment Bonds	Bond Premium (Discounts)	Total Governmental Activities		Utility Revenue Notes (PFA)	Lease Revenue Bonds	Utility Revenue Bonds
2022	\$ 17,438,225	\$ 2,380,000	\$ 1,584,734	\$ 21,402,959	58%	\$ 12,797,445	\$ 2,285,000	\$ 22,625,000
2021	17,815,502	4,870,000	1,595,587	24,281,089	79%	13,799,445	81,424	22,350,000
2020	16,739,519	7,300,000	1,405,244	25,444,763	87%	14,791,445	106,691	18,905,000
2019	16,525,276	9,650,000	1,463,854	27,639,130	104%	15,773,445	131,006	17,350,000
2018	14,552,773	11,945,000	903,685	27,401,458	109%	16,746,445	154,405	13,465,000
2017	11,718,751	14,220,000	660,254	26,599,005	116%	17,709,445	176,922	9,585,000
2016	9,526,248	16,180,000	546,888	26,253,136	122%	18,663,445	198,592	5,125,000
2015	8,591,248	20,885,000	418,858	29,895,106	144%	17,545,158	219,444	1,660,000
2014	6,445,000	16,040,000	106,966	22,591,966	115%	-	236,387	1,800,000
2013	6,920,000	17,470,000	198,657	24,588,657	124%	-	255,697	1,940,000

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

\* Information not available at the time of the audit

**Table 10**

Business-type Activities					
G.O. Improvement Bonds	Bond Premium (Discounts)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 751,775	\$ 2,292,896	\$ 40,752,116	\$ 62,155,075	*	1,851
934,498	2,303,519	39,468,886	63,749,975	4,196.02 %	1,898
1,115,481	1,917,557	36,836,174	62,280,937	4,021.99	1,844
1,294,724	1,883,170	36,432,345	64,071,475	3,836.10	1,958
1,472,227	747,050	32,585,127	59,986,585	3,829.49	1,857
1,646,249	417,622	29,535,238	56,134,243	3,840.65	1,802
1,823,752	191,851	26,002,640	52,255,776	4,029.82	1,673
1,823,752	47,000	21,295,354	51,190,460	3,932.94	1,659
-	(29,767)	2,006,620	24,598,586	7,764.42	823
-	(18,800)	2,176,897	26,765,554	6,888.88	880

City of Brooklyn Center, Minnesota  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

**Table 11**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2022	\$ 21,402,959	\$ 4,752,875	\$ 16,650,084	0.61 %	\$ 496
2021	24,281,089	4,809,151	19,471,938	0.75	580
2020	25,444,763	4,398,682	21,046,081	0.86	623
2019	27,639,130	3,991,322	23,647,808	1.06	723
2018	27,401,458	2,816,343	24,585,115	1.20	761
2017	26,599,005	1,909,441	24,689,564	1.32	793
2016	26,253,136	1,876,481	24,376,655	1.37	781
2015	29,895,106	8,747,914	21,147,192	1.27	685
2014	22,591,966	1,909,441	20,682,525	1.36	692
2013	24,588,657	1,190,975	23,397,682	1.53	769

Sources: The data for this table has been provided from City financial documents.

Note: More detailed information for Population can be viewed in table 15 of the statistical section.

Note: More detailed information for Estimated Property Values can be viewed in table 6 of the statistical section.

City of Brooklyn Center, Minnesota  
 Computation of Direct and Overlapping Debt  
 December 31, 2022

**Table 12**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
School Districts:			
No. 11 Anoka	\$ 245,055,000	1.91%	\$ 4,670,748
No. 279 Osseo	150,535,000	3.83%	5,765,491
No. 281 Robbinsdale	203,195,000	5.25%	10,667,738
No. 286 Brooklyn Center	44,707,000	100.00%	44,707,000
Metropolitan Council	218,520,000	0.71%	1,551,492
Hennepin County	1,027,985,000	1.30%	13,363,805
Hennepin Regional RR Authority	86,235,000	1.30%	1,121,055
Three Rivers Park District	53,865,000	1.80%	969,570
			<hr/>
City of Brooklyn Center direct debt			21,402,959
			<hr/>
Total direct and overlapping debt			\$ 107,097,987
			<hr/> <hr/>

Source: Hennepin County Taxpayer Services Department

Sources: The majority of the data for this table has been provided by Hennepin County.

Sources: The remaining data for this table was provided by Anoka County and School District No. 11.

Note: More detailed information for the City's outstanding debt can be viewed in table 10 of the statistical section.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The City estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within 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 tax resident, and therefore responsible for repaying the debt, of each overlapping government.

Note: The percentage of overlapping debt applicable is estimated using tax capacity values. Applicable percentages were determined by determining the portion of each entity's tax capacity that is within the City's boundaries, and dividing it by the entity's total tax capacity.

City of Brooklyn Center, Minnesota  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Taxable Market Value	\$ 2,617,105,233	\$ 2,468,226,455	\$ 2,280,312,601	\$ 2,060,074,358	\$ 1,870,350,254
Debt Limit Percentage	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Debt Limit	78,513,157	74,046,794	68,409,378	61,802,231	56,110,508
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 78,513,157</u>	<u>\$ 74,046,794</u>	<u>\$ 68,409,378</u>	<u>\$ 61,802,231</u>	<u>\$ 56,110,508</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

**Table 13**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,677,496,115	\$ 1,585,423,689	\$ 1,489,548,076	\$ 1,329,268,428	\$ 1,338,405,415
<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
50,324,883	47,562,711	44,686,442	39,878,053	40,152,162
-	-	-	-	-
<u>\$ 50,324,883</u>	<u>\$ 47,562,711</u>	<u>\$ 44,686,442</u>	<u>\$ 39,878,053</u>	<u>\$ 40,152,162</u>
0.00%	0.00%	0.00%	0.00%	0.00%

City of Brooklyn Center, Minnesota  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Year	Utility Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2022	\$ 11,634,548	\$11,333,372	\$ 301,176	\$ 1,965,000	\$ 674,823	0.11
2021	11,061,697	10,715,119	346,578	2,732,983	832,882	0.10
2020	10,560,571	10,594,886	(34,315)	2,436,243	803,141	-0.01
2019	9,997,139	10,407,257	(410,118)	2,055,503	736,877	-0.15
2018	9,895,247	9,272,926	622,321	1,607,022	532,724	0.29
2017	9,429,371	8,943,670	485,701	1,296,503	211,072	0.32
2016	9,016,802	8,194,267	822,535	1,084,000	226,543	0.63
2015	6,667,218	5,665,327	1,001,891	1,815,352	238,401	0.49
2014	6,151,426	5,334,905	816,521	140,000	76,902	3.76
2013	5,951,703	5,335,477	616,226	135,000	80,188	2.86

Sources: The data for this table has been provided from City financial documents.

**Table 14**

Lease Revenue Bonds							
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Property Tax Collections
			Principal	Interest			
\$ 1,801,481	\$ 1,790,242	\$ 11,239	\$ 135,000	\$ 76,650	0.05	\$ 1,271,959	\$ 1,778,200
1,426,555	1,756,432	(329,877)	100,000	85,050	-1.78	1,343,740	1,531,175
1,501,357	1,590,440	(89,083)	-	75,674	-1.18	1,143,880	1,456,676
-	-	-	-	-	-	1,547,331	1,383,180
-	-	-	-	-	-	1,138,317	1,137,519
-	-	-	-	-	-	1,040,491	842,093
-	-	-	-	-	-	797,089	632,692
-	-	-	-	-	-	1,120,946	389,705
-	-	-	-	-	-	674,253	678,966
-	-	-	-	-	-	485,034	703,019



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City of Brooklyn Center, Minnesota  
Pledged-Revenue Coverage (Continued)  
Last Ten Fiscal Years

**Table 14 (Continued)**

Year	Improvement Bonds				Tax Increment Collections	Debt Service		
	Net Available Revenue	Debt Service		Coverage		Principal	Interest	Coverage
		Principal	Interest					
2022	\$ 3,050,159	\$ 2,472,277	\$ 235,939	0.47	\$ 463,763	\$ 186,606	\$ 54,907	1.92
2021	2,874,915	1,929,017	503,727	1.18	6,730,486	2,430,000	166,521	2.59
2020	2,600,556	1,740,757	521,278	1.15	5,732,249	2,350,000	235,345	2.22
2019	2,930,511	1,382,497	434,643	1.61	5,047,023	2,295,000	434,643	1.85
2018	2,275,836	1,000,978	304,587	1.74	4,757,113	2,275,000	369,433	1.80
2017	1,882,584	1,542,497	221,044	1.07	4,500,329	1,960,000	403,988	1.90
2016	1,429,781	885,000	228,423	1.28	2,969,836	1,835,000	601,389	1.22
2015	1,510,651	1,270,000	187,221	1.04	2,953,728	1,755,000	638,832	1.23
2014	1,353,219	475,000	160,447	2.13	3,038,983	1,430,000	642,445	1.47
2013	1,188,053	590,000	88,870	1.75	2,766,160	1,365,000	598,107	1.41

City of Brooklyn Center, Minnesota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Households	Personal Income	Per Capita Personal Income	Unemployment Rate
2022	33,585	11,513	*	*	5.80 %
2021	33,585	11,309	\$2,674,960,106	\$ 79,183	5.80
2020	33,782	11,309	2,504,934,544	76,552	8.70
2019	32,722	11,318	2,457,847,586	44,096	3.60
2018	32,299	11,289	2,297,183,159	41,787	3.30
2017	31,145	11,063	2,155,919,190	40,167	3.90
2016	31,231	11,042	2,105,812,637	39,532	4.30
2015	30,864	10,994	2,013,289,584	37,320	4.60
2014	29,889	10,756	1,909,936,989	34,524	4.80
2013	30,426	10,862	1,843,846,026	34,877	6.10

\*Information not available

Sources: Population and households from the Minnesota Demographer's Office; personal income and per capita income is for the Faribault-Northfield Metropolitan SA from the Bureau Economic Analysis. U.S. Department of Commerce; unemployment rate is from the Minnesota Department of Employment and Economic Development.

**Table 15**

Median Age	School Enrollments			
	No. 11 Anoka	No. 279 Osseo	No. 281 Robbinsdale	No. 286 Brooklyn Center
33.1	38,403	20,623	12,181	2,177
33.3	38,183	20,689	12,266	2,182
32.3	37,853	20,398	12,385	2,399
32.8	38,016	20,511	12,714	2,401
32.3	38,739	20,847	12,553	2,415
32.1	38,764	21,221	12,553	2,566
31.8	38,802	21,472	12,546	2,492
31.9	39,057	21,509	12,388	2,350
31.9	37,719	20,672	11,692	2,333
31.9	38,230	20,609	11,362	2,167

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City of Brooklyn Center, Minnesota  
Principal Employers  
Current Year and Nine Years Ago

**Table 16**

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment
Promeon Inc., A Division of Medtronic	1,100	1	7.65%	1,100	1	7.11%
Luther Auto Group	555	2	3.86%	303	3	1.96%
City of Brooklyn Center	398	3	2.77%	151	8	0.98%
Independent School District #286	396	4	2.75%	380	2	2.46%
University of Minnesota Physicians	330	5	2.29%	200	7	1.29%
Wal-Mart	278	6	1.93%	300	4	1.94%
Caribou Coffee Headquarters	240	7	1.67%	200	6	1.29%
Presbyterian Homes, Marantha Care Cente	215	8	1.50%	205	5	1.33%
Cass Screw Machine Products	124	9	0.86%			0.00%
Health Partners	97	10	0.67%			0.00%
Cub Foods						0.00%
TCR Corporation				150	9	0.97%
Target				131	10	0.85%
<b>Total</b>	<b>3,733</b>		<b>25.96%</b>	<b>3,120</b>		<b>20.17%</b>

\* Not all employees located in Brooklyn Center

Sources: The data for this table has been extracted from Official Statements for bonds issued in 2013 and 2022.

City of Brooklyn Center, Minnesota  
Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31				
	2022	2021	2020	2019	2018
<b>General government</b>					
Administrative	1.0	2.0	2.0	2.0	2.0
Elections	1.0	1.0	1.0	1.0	1.0
City Clerk	2.0	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0	5.0
Assessor	-	-	-	-	-
Human Resources	4.0	4.0	4.0	3.0	3.0
Communications and Engagement	4.0	2.0	2.0	1.0	1.0
Information technology	3.0	3.0	3.0	3.0	3.0
Building Maintenance	5.0	3.0	3.0	3.0	3.0
<b>Total general government</b>	<b>25.0</b>	<b>22.0</b>	<b>22.0</b>	<b>20.0</b>	<b>20.5</b>
<b>Public safety</b>					
Police					
Administration	2.0	2.0	2.0	2.0	2.0
Investigation	7.0	7.0	7.0	7.0	7.0
Patrol	42.0	41.5	42.0	42.0	42.0
Support Services	9.0	9.0	9.0	9.0	9.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0
Fire	4.0	3.0	3.0	3.0	3.0
Emergency Preparedness	1.0	1.0	1.0	1.0	1.0
<b>Total public safety</b>	<b>66.0</b>	<b>64.5</b>	<b>65.0</b>	<b>65.0</b>	<b>65.0</b>
<b>Community Development</b>					
Community Development Admin	2.5	2.3	2.3	2.3	2.3
Business Development	1.8	2.3	2.2	1.2	1.2
Planning & Zoning	-	-	-	-	-
Inspections	-	-	-	-	-
Code Enforcement	-	-	-	-	-
Building and Community Standards	9.5	8.5	8.5	8.5	8.5
<b>Total Community Development</b>	<b>13.8</b>	<b>13.0</b>	<b>13.0</b>	<b>12.0</b>	<b>12.0</b>
<b>Public works</b>					
Engineering & Admin	8.0	7.0	8.0	8.0	7.0
Street Maintenance	6.0	6.0	6.0	7.0	7.0
Traffic Control	2.0	2.0	2.0	2.0	2.0
<b>Total public works</b>	<b>16.0</b>	<b>15.0</b>	<b>16.0</b>	<b>17.0</b>	<b>16.0</b>
<b>Parks and recreation</b>					
Administration	2.0	2.0	2.0	2.0	2.0
Recreation Programs	6.0	6.0	5.0	5.0	5.0
Parks Maintenance	7.0	7.0	7.0	6.0	6.0
Golf Course	1.0	1.0	1.0	1.0	1.0
Forestry	1.0	1.0	1.0	1.0	1.0
<b>Total park and recreation</b>	<b>17.0</b>	<b>17.0</b>	<b>16.0</b>	<b>15.0</b>	<b>14.0</b>
Economic Development	2.2	2.0	2.0	2.0	2.0
Municipal Liquor	6.0	6.0	6.0	6.0	6.0
Earle Brown Heritage Center	16.0	16.0	16.0	14.0	13.0
Water	5.3	5.3	5.3	5.3	5.3
Sanitary Sewer	2.3	2.3	2.3	2.3	2.3
Storm Drainage	3.4	3.4	3.4	3.4	2.4
Central Garage	5.0	6.0	5.0	5.0	5.0
<b>Total</b>	<b>178.0</b>	<b>172.5</b>	<b>172.0</b>	<b>167.0</b>	<b>164.5</b>

Sources: The data for this table has been extracted from the respective years budget document.

Table 17

Full-time Equivalent Employees as of December 31				
2017	2016	2015	2014	2013
2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0
-	-	-	3.5	3.5
3.0	3.0	3.0	3.0	3.0
1.0	-	-	-	-
3.0	2.0	2.0	2.0	2.0
3.0	3.0	3.0	3.0	3.0
<u>20.0</u>	<u>18.0</u>	<u>18.0</u>	<u>21.5</u>	<u>21.5</u>
2.0	2.0	2.0	2.0	2.0
7.0	7.0	7.0	7.0	7.0
42.0	40.0	41.0	41.0	42.0
9.0	9.0	9.0	9.0	9.0
1.0	1.0	1.0	1.0	1.0
3.0	3.0	2.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<u>65.0</u>	<u>63.0</u>	<u>63.0</u>	<u>62.0</u>	<u>63.0</u>
-	-	-	-	-
-	-	-	-	-
1.2	1.2	1.5	1.5	1.5
4.2	5.2	5.0	5.0	4.0
4.4	3.4	4.0	5.0	5.0
-	-	-	-	-
<u>9.8</u>	<u>9.8</u>	<u>10.5</u>	<u>11.5</u>	<u>10.5</u>
7.0	7.0	7.0	7.0	7.0
7.0	7.0	7.0	7.0	7.0
2.0	2.0	2.0	2.0	2.0
<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>
2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0
6.0	6.0	6.0	6.0	6.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>
2.2	2.2	2.5	2.5	2.5
6.0	6.0	5.0	5.0	5.0
13.0	13.0	12.0	12.0	11.0
5.3	5.3	5.3	5.3	5.3
2.3	2.3	2.3	2.3	2.3
2.4	2.4	2.4	2.4	2.4
5.0	5.0	5.0	5.0	5.0
<u>161.0</u>	<u>157.0</u>	<u>156.0</u>	<u>159.5</u>	<u>158.5</u>



City of Brooklyn Center, Minnesota  
 Operating Indicators by Function  
 Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Police</b>					
Violent crimes	203	184	134	109	118
Property crimes	1,087	1,173	1,284	1,231	1,070
Total calls for service	35,628	32,959	36,420	38,370	37,658
<b>Fire</b>					
Fire/all other calls	1,020	830	447	798	700
Medical calls	1,277	887	772	824	720
Fire inspections performed	442	802	614	281	225
<b>Streets</b>					
Total miles	106.06	106.06	106.06	105.73	105.73
Miles of streets reconstructed	4.11	5.47	4.40	7.00	4.00
<b>Parks and recreation</b>					
Community Center Admissions	33,431	29,812	16,065	53,490	55,734
Acres of park maintained	527	527	527	527	527
<b>Municipal liquor</b>					
Number of stores	2	2	2	2	2
Sales (in thousands)	\$6,886	\$5,573	\$5,470	\$6,915	\$6,809
<b>Golf course</b>					
Rounds sold	14,738	16,046	14,930	11,883	11,106
<b>Earle Brown Heritage Center</b>					
Bookings	223	101	206	1,066	510
Functions	201	148	214	994	782
<b>Water</b>					
Connections	9,014	9,014	8,969	8,969	8,962
Miles of water mains	121.80	121.80	121.80	121.00	121.40
Average daily consumption	2,959,146	2,979,769	2,786,633	2,747,411	2,949,468
<b>Sanitary sewer</b>					
Connections	8,834	8,447	8,748	8,748	8,774
Miles of sanitary sewer	98.60	98.52	98.60	98.00	98.40

**Table 18**

Fiscal Year				
2017	2016	2015	2014	2013
125	112	113	97	129
1,087	1,076	1,080	1,195	1,712
37,041	35,558	34,997	35,914	37,370
726	824	769	844	634
742	1,348	1,212	1,263	1,209
140	33	9	197	270
105.73	105.73	105.73	105.73	105.73
5.57	2.74	3.91	3.01	2.90
55,418	50,944	31,882	56,142	62,434
527	527	527	527	527
2	2	2	2	2
\$6,495	\$6,197	\$6,057	\$5,852	\$6,063
11,960	12,601	12,359	11,023	11,724
371	375	374	409	397
861	955	935	1,014	1,082
8,942	8,933	8,927	8,909	8,896
121.40	121.10	119.40	119.87	119.70
3,067,362	2,927,562	2,794,874	2,819,874	3,000,378
8,769	8,788	8,788	8,789	8,783
98.40	98.40	97.51	105.61	105.61

City of Brooklyn Center, Minnesota  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units					
Marked squads	15	12	12	12	11
Other vehicles	19	18	18	18	18
Fire					
Stations	2	2	2	2	2
Fire trucks	7	8	8	8	8
Other vehicles	6	5	5	5	6
Public works					
Streets (miles)	106.06	106.06	106.06	105.73	105.73
Mobile equipment	14	14	14	14	14
Heavy duty trucks	14	14	14	14	13
Other vehicles	4	4	4	4	4
Parks and recreation					
Parks acreage	527	527	527	527	527
Trails (miles)	16.7	16.1	16.6	16.6	15.7
Community centers	1	1	1	1	1
Ground maintenance equipment	12	12	12	12	11
Other vehicles	8	8	8	8	8
Water					
Water mains (miles)	121.80	121.80	121.80	121.00	121.40
Wells	9	9	9	9	9
Water treatment plant	1	1	1	1	1
Sewer					
Sanitary sewers (miles)	98.60	98.52	98.60	98.00	98.30
Lift Stations	10	10	10	10	10
Storm sewers (miles)	95.02	92.46	91.30	90.16	90.00

**Table 19**

Fiscal Year				
2017	2016	2015	2014	2013
1	1	1	1	1
11	10	10	10	10
18	18	18	18	18
2	2	2	2	2
8	8	8	8	8
5	5	5	3	3
105.73	105.73	105.73	105.73	105.73
14	14	14	14	13
13	13	13	13	12
4	5	4	6	7
527	527	527	527	527
15.7	15.3	14.9	14.2	21.6
1	1	1	1	1
11	11	11	12	14
8	8	8	8	8
121.40	121.10	119.40	119.87	119.70
9	9	9	9	9
1	1	-	-	-
98.40	98.40	97.51	105.61	105.61
10	10	10	10	10
88.60	88.18	86.28	84.55	83.01

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OTHER REQUIRED REPORTS  
CITY OF BROOKLYN CENTER  
BROOKLYN CENTER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Brooklyn Center, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Brooklyn Center, 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, and have issued our report thereon dated October 26, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Mankato, Minnesota  
October 26, 2023



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Brooklyn Center, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brooklyn Center, Minnesota (the City), as of and for the year ended December 31, 2022, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### The City's Responses to Finding

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Mankato, Minnesota  
October 26, 2023



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE***

Honorable Mayor and City Council  
City of Brooklyn Center, Minnesota

### ***Report on Compliance for Each Major Federal Program***

#### ***Opinion on Each Major Federal Program***

We have audited the City of Brooklyn Center, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Abdo**  
Mankato, Minnesota  
October 26, 2023



City of Brooklyn Center, Minnesota  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Federal Funding Source	Administering Department/Entity	Program Name	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	109-020-013 109-020-014	\$ 2,079,721	\$ -
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	None	3,165	-
U.S. Department of Homeland Security	Direct	Assistance to Firefighters Grant	97.044	None	113,076	-
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Homeland Security Grant Program	97.067	A-SHSP-2019-BRKCTRCI-027	150,000	-
U.S. Department of Treasury	Hennepin County	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C	Unknown	37,440	-
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C	G90ARPADIST	<u>426,843</u>	<u>-</u>
	Total Federal Expenditures				<u>\$ 2,810,245</u>	<u>\$ -</u>

City of Brooklyn Center, Minnesota  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Brooklyn Center, Minnesota (the City) for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

**Note 2: Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

**Note 3: Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers, if any, are presented where available.

**Note 4: Subrecipients**

There were no pass through dollars provided to subrecipients.

**Note 5: Indirect Cost Rate**

During the year ended December 31, 2022, the City did not elect to use the 10% de minimis indirect cost rate.

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City of Brooklyn Center, Minnesota  
 Schedule of Findings, Responses and Questioned Costs  
 For the Year Ended December 31, 2022

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.	No

**Identification of Major Programs/Clusters**

	<b>CFDA No.</b>
Coronavirus State and Local Fiscal Recovery Funds	21.027C
Homeland Security Grant Program	97.067
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There was one significant deficiency (2022-001) but no material weaknesses or instances of noncompliance reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* .

**Section III - Major Federal Award Findings and Questioned Costs**

There are was one significant deficiency (2022-001) but no material weaknesses or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Section IV - Schedule of Prior Year Audit Findings**

A Corrective Action Plan is attached as required to be reported under the Uniform Guidance.

**Section IV - Schedule of Prior Year Audit Findings**

There were no prior year findings.



City of Brooklyn Center, Minnesota  
Schedule of Findings, Responses and Questioned Costs (Continued)  
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
<b>2022-001</b>	<b>Internal Controls over Federal Procurement</b>
Condition:	During our audit, we discovered the City did not follow written procedures under their purchasing policy dated November 24, 2019.
Criteria:	The City's policy requires competitive quotations for all federally funded purchases over \$10,000. If competitive quotations do not occur, the purchaser must document one of the following exceptions: the item is available only from a single source, an emergency will not allow a delay from competitive solicitation or the federal awarding agency authorizes noncompetitive proposals in writing.
Cause:	The City could not provide evidence of competitive quotations nor documentation for the aforementioned exceptions related to the Coronavirus State and Local Fiscal Recovery Funds (major program 21.027C).
Effect:	The City did not have proper controls in place to ensure the procurement policy was being followed.
Recommendation:	The City should continuously review, on a recommended annual basis, their written policies and procedures to adhere to ongoing changes in the current environment.
Management response:	
	The City will work to establish changes to ensure future policies and procedures are reviewed on a regular basis.



**2022-001 Internal Controls over Federal Procurement**

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The City will work to establish changes to ensure future policies and procedures are reviewed on a regular basis.

3. Official Response of Ensuring CAP:

Dr. Reginald M. Edwards, City Manager, is the official responsible for ensuring correction of this significant deficiency.

4. Planned Completion Date for CAP:

December 31, 2023

5. Plan to Monitor Completion of CAP

The City Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a long horizontal line that ends in a small dot.

Dr. Reginald M. Edwards  
City Manager

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$12,020,000\*

CITY OF BROOKLYN CENTER, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2024A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Brooklyn Center, Minnesota (the “City”) on Monday, May 13, 2024 (the “Sale Date”) until 10:30 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 30 East 7<sup>th</sup> Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to [bids@bakertilly.com](mailto:bids@bakertilly.com), and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY<sup>®</sup>. For purposes of the electronic bidding process, the time as maintained by PARITY<sup>®</sup> shall constitute the official time with respect to all proposals submitted to PARITY<sup>®</sup>. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY<sup>®</sup> for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY<sup>®</sup> shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY<sup>®</sup> shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY<sup>®</sup>. The City is using the services of PARITY<sup>®</sup> solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY<sup>®</sup> is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY<sup>®</sup>, this Terms of Proposal shall control. Further information about PARITY<sup>®</sup>, including any fee charged, may be obtained from:

PARITY<sup>®</sup>, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018  
Customer Support: (212) 849-5000

\*Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2024 Baker Tilly Municipal Advisors, LLC.

## DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts\* as follows:

2026	\$1,090,000	2028	\$1,130,000	2030	\$1,185,000	2032	\$1,235,000	2034	\$1,300,000
2027	\$1,105,000	2029	\$1,160,000	2031	\$1,210,000	2033	\$1,270,000	2035	\$1,335,000

\*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.

## BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## REGISTRAR/PAYING AGENT

The City will name the registrar/paying agent (the "Registrar") which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the Registrar.

## OPTIONAL REDEMPTION

The City may elect on February 1, 2033, and on any day thereafter, to redeem Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City 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 interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge (i) Special Assessments against benefitted properties and (ii) net revenues of the City's water, sanitary sewer, and storm drainage utility funds for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance (i) street improvements related to the Orchard Lane East improvement project and (ii) related utility improvements and (iii) costs of issuance.

## NOT BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### BIDDING PARAMETERS

Proposals shall be for not less than \$11,899,800 plus accrued interest, if any, on the total principal amount of the Bonds. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date 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. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

### ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal**

**submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

#### GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$120,200 (the “Deposit”) no later than 1:30 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

#### BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

## CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

## SETTLEMENT

On or about June 13, 2024, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

## CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

## OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email [bids@bakertilly.com](mailto:bids@bakertilly.com).

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated April 22, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Barb Suci  
Assistant City Manager/City Clerk

**CITY OF BROOKLYN CENTER, MINNESOTA**  
**\$12,020,000\* General Obligation Improvement and Utility Revenue Bonds, Series 2024A**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (which may not be less than \$11,899,800) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2026	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %

**Designation of Term Maturities**

Years of Term Maturities \_\_\_\_\_  
\_\_\_\_\_

In making this offer on the sale date of May 13, 2024 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated May 3, 2024 including the City’s right to modify the principal amount of the Bonds. (See “Terms of Proposal” herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$\_\_\_\_\_

TRUE INTEREST RATE: \_\_\_\_\_ %

The Bidder  will not  will purchase municipal bond insurance from \_\_\_\_\_.

Account Members

\_\_\_\_\_  
Account Manager  
By: \_\_\_\_\_  
Phone: \_\_\_\_\_

.....  
The foregoing proposal has been accepted by the City.

Attest: \_\_\_\_\_

Date: \_\_\_\_\_

Phone: 651-223-3000

\* Preliminary; subject to change.

Email: [bids@bakertilly.com](mailto:bids@bakertilly.com)