

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE  
CITY OF DEEPHAVEN, MINNESOTA**



**EST. 1900**  
**Deephaven**

**For The Fiscal Year Ended December 31, 2022**

**Annual Comprehensive Financial  
Report of the City Council of  
Deephaven, Minnesota**

*For the Year Ended  
December 31, 2022*

**Dana Young, City Administrator**

**Prepared By:  
The Department of Finance**

**City of Deephaven**  
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# **INTRODUCTORY SECTION**

CITY OF

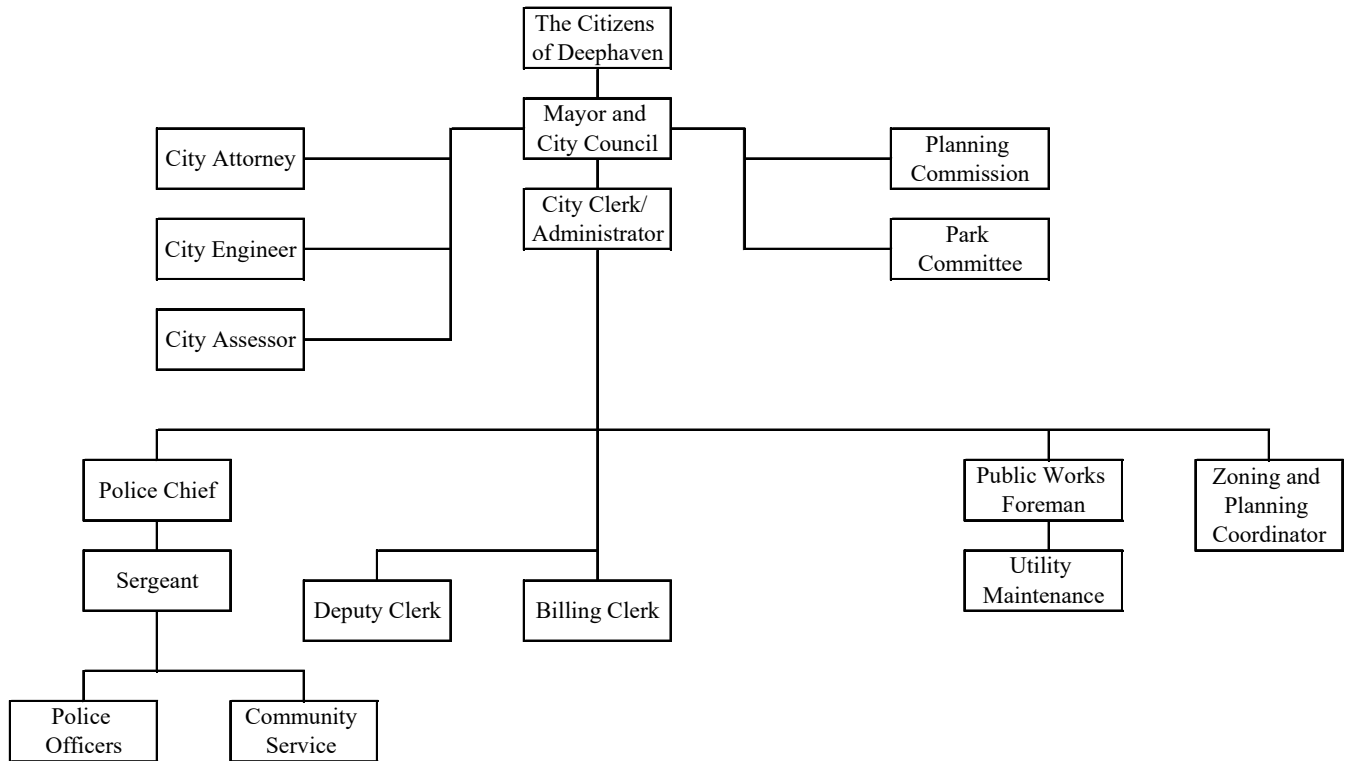
DEEPHAVEN *Minnesota*

— TWO SQUARE MILES OF TRANQUILITY —

**City of Deephaven**  
**Elected Officials and Administration**  
**December 31, 2022**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Melissa McNeill	Mayor	December 31, 2022
Kent Carlson	Council Member	December 31, 2024
Steve Erickson	Council Member	December 31, 2024
John Studer	Council Member	December 31, 2022
Tony Jewett	Council Member	December 31, 2022
<u>Administration</u>		
Dana Young	City Administrator/Clerk/Treasurer	Appointed
Cory Johnson	Police Chief	Appointed
Jeff Kask	Public Works Foreman	Appointed

# City of Deephaven Organization Chart





March 9, 2023

To the Honorable Mayor and  
Members of the Deephaven City Council  
Deephaven, Minnesota

The comprehensive annual financial report of the City of Deephaven, Minnesota, for the year ended December 31, 2022, is hereby submitted for your review. The report was prepared in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board and meets the requirements of the Minnesota State Auditor's Office.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established internal controls designed to protect the City's assets from loss, theft, or misuse and to provide sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. Furthermore, all disclosures necessary to enable the reader to have the maximum understanding of the City's financial activity have been included.

BerganKDV, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented on pages 11-13 of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found starting on page 15.

## Government Profile

The City of Deephaven was incorporated in 1900. It is a western suburb of the Minneapolis/St. Paul area, located in Western Hennepin County. Deephaven covers an area of 2.3 square miles (or 1,440 acres) with an estimated population of 3,885. It is essentially a residential city, with a small commercial area that primarily serves the local community.

One of Deephaven's chief attractions is Lake Minnetonka with its three deep-cut bays bordering the city. The points and peninsulas overlooking the lake provide some of the City's most beautiful home sites, and the lake furnishes endless opportunities for year-round recreational activities. Summer fun is provided at six public beaches and two city marinas, which accommodates approximately 312 boats ranging in size from slender canoes to luxurious powerboats and sailboats. Deephaven's recreational areas include public parks, which contain tennis courts, baseball fields, platform courts, playground equipment, basketball courts and walking trails. Hiking trails and bike paths connect many recreational areas. During the winter, the trails are utilized for cross-county skiing. Deephaven is truly a haven when it comes to peaceful living and active recreation.

Management of the City is responsible for establishing and maintaining budgetary controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriate amount) is established by function and activity within an individual fund.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Deephaven operates.

## Local Economic Condition and Outlook

The housing market in Deephaven has gone through significant growth the past ten years with the redevelopment of the existing housing stock and continued in-fill development. Since 2013, as shown below, the number of building permits have averaged 618 per year and \$24,335,000 per year in added value to the City. With an expected downturn in the economy and increased interest rates starting in 2022, the housing market is expected to remain consistent but at slightly reduced levels until the overall economy recovers a little more strongly.

	<u>Total Permits</u>		<u>Value</u>
2022	648	\$	19,790,544
2021	752		39,665,116
2020	657		32,229,505
2019	572		20,239,055
2018	650		27,492,851
2017	623		22,453,999
2016	548		21,471,415
2015	606		15,562,559
2014	551		25,926,380
2013	572		18,515,926

Reflective of this strong building permit activity, the overall market value of the City of Deephaven had increased every year since 2015. The market value has increased 11.5% in 2015, 9.9% in 2016, 4.5% in 2017, 5.0% in 2018, 5.9% in 2019, 3.7% in 2020, 4.4% in 2021, and 5.8% in 2022. The market value of the City of Deephaven will reach an all-time high of \$1.885 billion dollars in 2023.

The City has adopted land use plans, zoning ordinances and developed shoreland management plans to ensure orderly growth and quality redevelopment. In 2019, the City substantially completed the 2040 Comprehensive Plan, with another update to the Comprehensive Plan scheduled in 2028.

All of Deephaven is part of Independent School District No. 276, one of the most highly regarded Districts throughout the entire state, if not the entire country. Deephaven has one public elementary school and two private schools located within the city.

Commercial areas in Deephaven provide a limited range of commercial goods and services. The largest commercial area in the community is Chowen's Corner, which consists mainly of retail shops and offices. Two smaller commercial areas are located along Trunk Highway 7 / Vine Hill Road and Hwy 101.

### **Long-Term Financial Planning**

Each year, as part of its review of the long-term financial plan of the City, the City Council establishes five primary long-term financial objectives. They include:

1. **Maintain property tax levy increases at the annual rate of inflation or less.** This goal has been established partly to adhere to levy limit requirements that have been periodically imposed by the State of Minnesota, but primarily with the goal of limiting the growth of government expenditures to a reasonable rate thereby providing its residents with some assurance that the property tax levy will not increase at a rate greater than wage increases. Over the past 15-year period from 2009-2023, Deephaven averaged a 4.1% annual property tax levy increase. From 2023-2027, the property tax levy is projected to increase at 5.2% per year.
2. **Limit the future issuance of bonded debt until final payment has been made on the Excelsior Fire District Facility Bond in 2023 and the 2019 Street Reconstruction Bond in 2030.** This objective has been met with facility lease payments averaging approximately \$153,000 per year through 2023, with no immediate plans to issue future debt.
3. **Establish an unreserved General Fund Balance that equals or exceeds 90% of current year expenditures.** This objective has been met with an unreserved General Fund Balance of 103% in 2011, 108% in 2012, 115% in 2013, 122% in 2014, 113% in 2015, 108% in 2016, 113% in 2017, 112% in 2018, 105% in 2019, 110% in 2020, 112% in 2021, and 102% in 2022. In order to address excessive General Fund reserves, the Council transferred \$250,000 in 2015, \$300,000 in 2016, \$200,000 in 2020, \$150,000 in 2021, and another \$150,000 in 2022 from the General Fund into the Capital Improvement Fund to assist in the financing of both street and bridge reconstruction projects. Even with these significant transfers, projections through 2027 show that the unreserved General Fund Balance will still be at 82% of current year expenditures.

4. **Establish a Capital Improvement Fund reserve of \$350,000 to provide available funding for street, police, park and administrative equipment and to adequately fund future street improvement projects.** This objective has been achieved in the short term with a Capital Improvement Fund reserve of \$360,395 in 2011, \$384,876 in 2012, and \$369,733 in 2013. After declining to a low of \$32,036 in 2014 due to the construction of the Vine Hill Bridge, future projections show the Capital Improvement Fund reserve will increase to \$197,132 in 2027 due to gradual increases in the property tax levy that are needed to support a more aggressive schedule of street reconstruction projects that began in 2015.
  
5. **Establish utility rates that ensure the ability to finance annual operating costs, the schedule of current and future capital utility projects, and establish utility fund reserves in the amount of \$250,000 in the Water Utility Fund, \$400,000 in the Sewer Utility Fund and \$150,000 in the Storm Water Utility Fund.** The Water Utility Fund will continue to meet this objective as its current rate structure is adequate to fund all current and future operating costs and projected capital costs.

Over the short term, the Storm Water Utility Fund will have a greater difficulty in meeting this objective due to an aggressive slate of capital projects that are scheduled within the next five years. However, recent rate increases in 2020 - 2022 will greatly assisted with the funding of all current and future operating costs and projected capital costs.

The Sewer Utility Fund will present more of a challenge as projected increases in waste disposal fees and future capital improvement costs could potentially cause an overall reduction in the Sewer Utility Fund reserve. However, the City Council has already begun to take the necessary steps to ensure that adequate Sewer Utility Fund reserves are maintained well into the future by approving a sewer rate increase in 2021 that went into effect in 2022.

## Major Initiatives

The City of Deephaven prepares a comprehensive Budget annually and also updates its long-range plans and forecasts of key financial indicators. The City reviews the following long-range plans prior to preparing its annual budget:

- Capital Improvement Plan
- Five Year Budget Forecast
- Five Year Park Plan
- Five Year Utility Forecast
- Five Year Marina Forecast
- City Fiscal Policy

Deephaven, along with four other area municipalities, have established the Excelsior Fire District through a joint powers agreement that provides fire services and emergency medical response to all five communities. The joint powers agreement provides Deephaven with partial ownership of the Excelsior Fire District. After adjusting to the annual lease payments for the construction of the two new fire stations beginning in 2003-2006, the City anticipates relative stability in its annual support to the District in future years.

The City has developed a web site, which can be assessed at [www.cityofdeephaven.org](http://www.cityofdeephaven.org).

## **Awards**

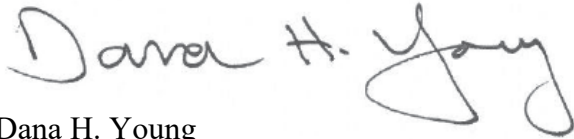
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deephaven for its comprehensive annual financial report for the fiscal year ended December 31, 2020. This is the 26<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate. However, due to a delay by the GFOA in processing the required documents, we anticipate posting the Certificate of Achievement for Excellence in Financial Reporting for the fiscal years December 31, 2021 in next year's financial statements.

## **Acknowledgments**

We commend the finance department staff for their hard work and dedication. We want to recognize the firm of BerganKDV for their professional assistance. As always, we thank Mayor Kent Carlson and the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a very progressive and informed manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Dana H. Young". The signature is written in a cursive style with a large, stylized "Y" at the end.

Dana H. Young  
City Clerk / Administrator



# **FINANCIAL SECTION**



## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Deephaven  
Deephaven, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of City of Deephaven, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Deephaven's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of City of Deephaven, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter – Implementation of GASB 87**

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

The City of Deephaven's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 of Deephaven's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules 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 included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the City of Deephaven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Deephaven's internal control over financial reporting and compliance.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
March 9, 2023



## **City of Deephaven Management's Discussion and Analysis**

As management of the City of Deephaven (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 year ended December 31, 2022.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the most recent year by \$16,293,933 (total net position). Of this amount, \$4,254,129 (unrestricted total net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position in 2022 increased by \$487,690 in comparison with the prior year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$4,229,775, a decrease of \$321,240 in comparison with the prior year.
- At the end of the current year, the General Fund balance was \$3,543,301 which included \$42,258 that was nonspendable, \$266,985 committed for severance and other post-employment benefits (OPEB) liability, and \$3,234,058 for working capital. The total General Fund balance was 102% of total 2022 General Fund expenditures.
- A portion of the City's governmental activities compensated absences and OPEB liability long-term is committed in the General Fund in the amount of \$266,985. In other words, \$136,414 has been designated to pay for one-third accrued sick leave that is paid to City employees upon their retirement with the City and \$130,571 has been designated towards the City's outstanding OPEB liability, net of deferred outflows and inflows of resources.
- The City issued \$1,500,000 in General Obligation street reconstruction bonds to complete the 2019 resurfacing projects. The bonds will be repaid through general property tax levies through 2030.
- The propriety funds have an ending cash balance of \$1,142,244. This represents an increase of \$30,047 over the prior year primarily owing to a combination of rate increases and the use of American Rescue Plan funding for capital improvement projects undertaken in both the Storm Water Fund and Sewer Fund in 2022.

### **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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

## **City of Deephaven Management's Discussion and Analysis**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Net Position presents information on all the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two totals 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 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 the 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 sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Public Works and Parks and Recreation Funds. The business-type activities of the City include Sewer, Water, Storm Water, Marina, and Recycling Funds.

The government-wide financial statements can be found on pages 27 through 29 of this report.

### **FUND FINANCIAL STATEMENTS**

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

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a city's near-term financial 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 statement. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **City of Deephaven Management's Discussion and Analysis**

### **FUND FINANCIAL STATEMENTS (CONTINUED)**

#### **Governmental Funds (Continued)**

The City maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Improvement, Park Dedication, and Bonded Debt Funds.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on page 39 for this Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 32 through 39 of this report.

#### **Proprietary Funds**

The City maintains five major enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for water, sewer, storm water, marina, and recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 42 through 47 of this report.

#### **Notes to Financial Statements**

The Notes to the Financial Statements 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 financial statements can be found on pages 51 through 84 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, net position was \$16,293,933 at the close of 2022.

The largest portion of the City's net position of \$11,681,770 or 72% reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment, net of related debt). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**City of Deephaven  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**NET POSITION**

(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 5,669	\$ 5,916	\$ 1,367	\$ 1,306	\$ 7,036	\$ 7,222
Capital assets	10,111	9,985	2,944	2,561	13,055	12,546
<b>Total assets</b>	<u>\$ 15,780</u>	<u>\$ 15,901</u>	<u>\$ 4,311</u>	<u>\$ 3,867</u>	<u>\$ 20,091</u>	<u>\$ 19,768</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 1,951</u>	<u>\$ 1,035</u>	<u>\$ 48</u>	<u>\$ 45</u>	<u>\$ 1,999</u>	<u>\$ 1,080</u>
<b>Liabilities</b>						
Current liabilities	\$ 421	\$ 600	\$ 282	\$ 234	\$ 703	\$ 834
Noncurrent liabilities	4,397	2,354	159	76	4,556	2,430
<b>Total liabilities</b>	<u>\$ 4,818</u>	<u>\$ 2,954</u>	<u>\$ 441</u>	<u>\$ 310</u>	<u>\$ 5,259</u>	<u>\$ 3,264</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 531</u>	<u>\$ 1,719</u>	<u>\$ 6</u>	<u>\$ 59</u>	<u>\$ 537</u>	<u>\$ 1,778</u>
<b>Net Position</b>						
Invested in capital assets	\$ 8,738	\$ 8,446	\$ 2,944	\$ 2,561	\$ 11,682	\$ 11,007
Restricted	358	347	-	-	358	347
Unrestricted	3,286	3,470	968	982	4,254	4,452
<b>Total net position</b>	<u>\$ 12,382</u>	<u>\$ 12,263</u>	<u>\$ 3,912</u>	<u>\$ 3,543</u>	<u>\$ 16,294</u>	<u>\$ 15,806</u>

A portion of the City's net position – \$159,216 – is restricted for debt service, and \$198,818 is restricted for park activities.

The remaining balance of unrestricted net position – \$4,254,129 – may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$487,690 during the current year: governmental activities increased \$119,054 and business-type activities increased \$368,636. This overall increase is primarily attributable to a stronger revenue position and investment in capital assets, some of which was funded with state grant monies.

**City of Deephaven  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

There was an increase in governmental activities net position by \$119,054 and an increase in business-type activities net position by \$368,636 in 2022, as noted previously.

**CHANGES IN NET POSITION  
(In Thousands)**

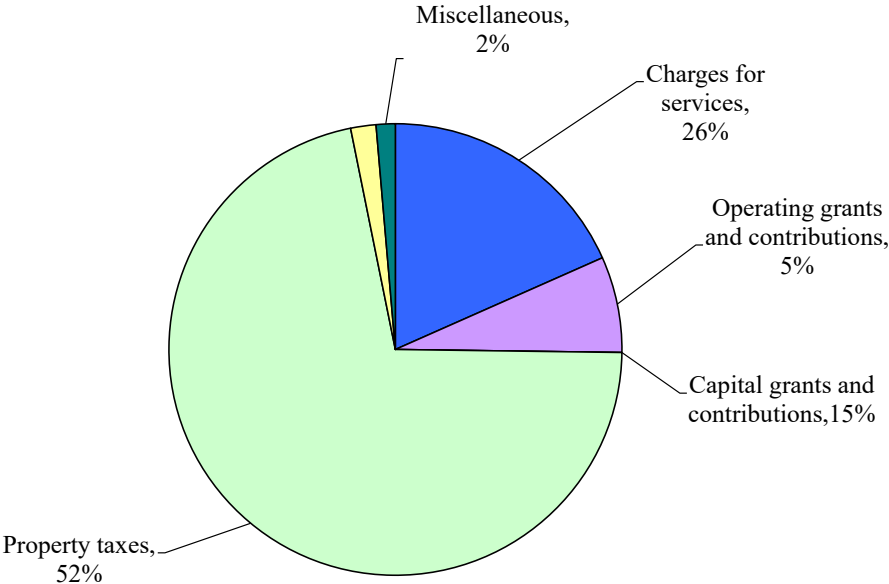
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Charges for services	\$ 793	\$ 1,393	\$ 1,476	\$ 1,334	\$ 2,269	\$ 2,727
Operating grants and contributions	297	256	10	8	307	264
Capital grants and contributions	-	823	300	-	300	823
Property taxes	3,097	2,817	-	-	3,097	2,817
Intergovernmental	78	-	-	-	78	-
Miscellaneous	(59)	118	35	-	(24)	118
Total revenues	<u>4,206</u>	<u>5,407</u>	<u>1,821</u>	<u>1,342</u>	<u>6,027</u>	<u>6,749</u>
Expenses						
General government	667	573	-	-	667	573
Public safety	1,909	1,589	-	-	1,909	1,589
Public works	1,407	1,212	-	-	1,407	1,212
Parks and recreation	148	164	-	-	148	164
Interest on long-term debt	26	35	-	-	26	35
Water	-	-	126	116	126	116
Sewer	-	-	967	859	967	859
Recycling	-	-	6	13	6	13
Storm water	-	-	138	98	138	98
Marina	-	-	145	137	145	137
Total expenses	<u>4,157</u>	<u>3,573</u>	<u>1,382</u>	<u>1,223</u>	<u>5,539</u>	<u>4,796</u>
Change in net position before transfers	49	1,834	439	119	488	1,953
Transfers	<u>70</u>	<u>51</u>	<u>(70)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>
Change in net position	119	1,885	369	68	488	1,953
Net position						
Beginning of year	<u>12,263</u>	<u>10,378</u>	<u>3,543</u>	<u>3,475</u>	<u>15,806</u>	<u>13,853</u>
End of year	<u>\$ 12,382</u>	<u>\$ 12,263</u>	<u>\$ 3,912</u>	<u>\$ 3,543</u>	<u>\$ 16,294</u>	<u>\$ 15,806</u>

**City of Deephaven  
Management's Discussion and Analysis**

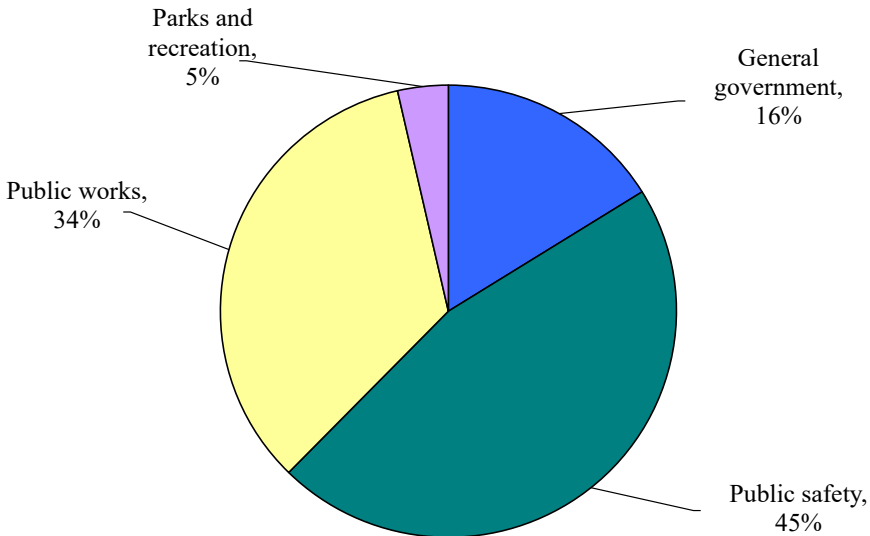
**GOVERNMENTAL ACTIVITIES**

Governmental activities decreased its overall net position by \$53,926. Below are specific graphs that provide comparisons of the governmental activities revenues and expenses:

**Governmental Activities - Revenues**



**Governmental Activities - Expenses**

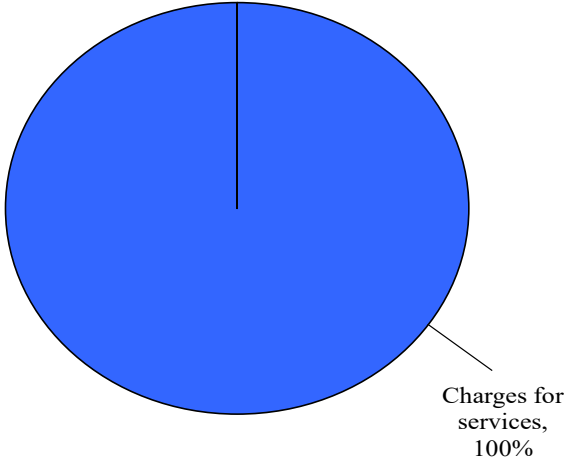


**City of Deephaven  
Management's Discussion and Analysis**

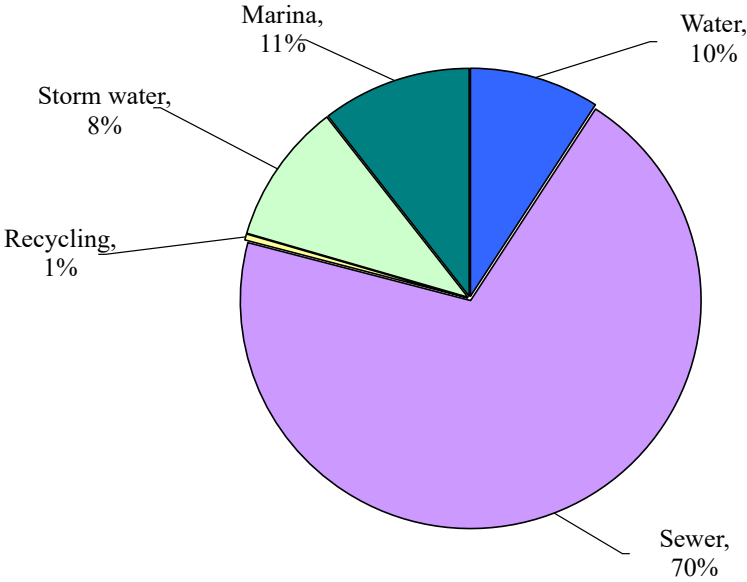
**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased its overall net position by \$368,636. Below are graphs showing the business-type activities revenue and expense comparisons:

**Business-Type Activities - Revenues**



**Business-Type Activities - Expenses**



## **City of Deephaven Management's Discussion and Analysis**

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

#### **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, unreserved fund balances may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

At the end of the current year, the City's governmental funds reported combined ending fund balances of \$4,229,775. Of this amount, \$42,258 represents amounts already expended for prepaid items and is classified as nonspendable. Other portions of the fund balances are dedicated as follows:

- 1) Committed to pay severance and OPEB liability (\$266,985)
- 2) Committed to fund special capital projects (\$309,815)
- 3) Restricted to fund Park Dedication Fund projects or land acquisition (\$198,818)
- 4) Restricted for Bonded Debt payments (\$177,841)

The remaining unassigned balance of \$3,234,058 provides for ongoing operating costs.

The General Fund decreased \$204,478 in 2022. The reasons for the decrease in the General Fund Balance are twofold: a significant reduction in investment income (\$208,528) and a transfer from the General Fund (\$150,000) to the Capital Improvement Fund to assist with the street resurfacing program.

The Capital Improvement Fund balance decreased \$125,463 over the prior year primarily due to the costs relating to a street resurfacing project.

The Park Improvement Fund balance decreased \$2,000 due to higher than anticipated professional service costs in 2022.

The Bonded Debt Fund was established in 2020 to document revenues and expenses attributable to the issuance of the 2019 Street Reconstruction Bond. The Bonded Debt Fund balance increased \$10,701 over the prior year as tax revenues exceeded debt service payments.

#### **Propriety Funds**

Business-type activities increased the City's net position by \$368,636, principally due to a stronger revenue position in 2022.

From a cash position, business-type activities increased \$30,047 in 2022. A brief summary of each business-type activity is described below:

- Water Fund – The cash position of the Water Fund increased \$8,811 in 2022, largely owing to a lack of water system improvement projects in 2022.
- Sewer Fund – The cash position of the Sewer Fund decreased \$66,420 in 2022. The decrease is attributable to a significant amount of capital projects undertaken in 2022.

**City of Deephaven  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)**

**Propriety Funds (Continued)**

- Recycling Fund – The cash position of the Recycling Fund increased \$13,705 in 2022, largely owing to a new contract with the City hauler that resulted in lower operating costs for the annual Spring & Fall Cleanup Day.
- Storm Water Fund – The cash position of the Storm Water Fund increased \$30,386 in 2022, primarily owing to a significant rate increase & an infusion of American Rescue Plan funding offsetting significant storm water improvements undertaken in 2022.
- Marina Fund – The cash position of the Marina Fund increased \$8,584 in 2022 due to the lack of capital projects undertaken and the addition of a minor rate increase in 2022.

**BUDGETARY HIGHLIGHTS**

**General Fund Revenues** – With budgeted General Fund revenues and other financing sources of \$3,426,420 versus actual General Fund revenues and other financing sources of \$3,436,898, General Fund revenues and other financing sources came in \$10,478 higher than anticipated in 2022. A review of General Fund revenues illustrates that the primary reason for the small surplus in the General Fund is due to the fact that the receipt of State Fire Aid on behalf of the Excelsior Firefighters Relief Association (\$187,458) offset a significant reduction in investment income (\$208,528).

**General Fund Expenditures** – With budgeted General Fund expenditures of \$3,412,307 versus actual General Fund expenditures and transfers out of \$3,641,376, General Fund expenditures were \$229,069 higher than expected in 2022 due to a \$150,000 transfer to the Capital Improvement Fund and payment to the Excelsior Firefighters Relief Association in the amount of \$187,458.

**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, amounted to \$13,054,666 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, vehicles, and equipment are shown below.

	2022		2022 Total	2021 Total
	(In Thousands)			
	Governmental Activities	Business-Type Activities		
Land	\$ 692	\$ -	\$ 692	\$ 692
Construction in progress	537	517	1,054	27
Building	706	-	706	716
Mains, lifts, hydrants, and distribution systems	-	2,144	2,144	2,276
Improvements other than buildings	-	48	48	51
Infrastructure	7,106	-	7,106	7,427
Vehicles and equipment	1,070	235	1,305	1,357
<b>Total</b>	<b>\$ 10,111</b>	<b>\$ 2,944</b>	<b>\$ 13,055</b>	<b>\$ 12,546</b>

## **City of Deephaven Management's Discussion and Analysis**

### **CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

#### **Capital Assets (Continued)**

Additional information on the City's capital assets can be found in Note 4 of the section entitled Notes to Basic Financial Statements.

Major capital asset events during the current fiscal year included the following:

- Blacktop Trailer (\$34,140)
- Street Resurfacing Project (\$420,225)
- Public Works Equipment (\$19,368)
- Police Equipment (\$27,287)
- Park Equipment & Tennis Court Improvements (\$122,516)
- Lift Station & Pump Improvements (\$24,596)
- Sewer Main Infrastructure Improvements (\$214,712)
- Manhole Repair Project (\$36,634)
- Storm Water Projects (\$285,483)

#### **LONG-TERM DEBT**

At the end of the current fiscal year, the City had total long-term debt of \$241,323 for accrued compensated absences and OPEB liability, net pension liability of \$3,111,450, finance purchase from direct borrowing of \$47,706, and bonded debt, net of premium, in the amount of \$1,325,190. Refer to Notes 5, 8, and 9 in the financial statements for further information.

#### **ECONOMIC FACTORS AND FUTURE BUDGET PLANS**

The City of Deephaven is a fully developed community that continues to experience significant redevelopment of its housing stock, which is resulting in a relatively steady increase in the future market value of the City. This gives the City the ability to increase future property tax levies in a gradual approach to increase funding for such high priority projects as street resurfacing and City park upgrades.

#### **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 City Hall, 20225 Cottagewood Road, Deephaven, Minnesota 55331.

## **BASIC FINANCIAL STATEMENTS**



**City of Deephaven**  
**Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 4,200,605	\$ 1,142,244	\$ 5,342,849
Accounts receivable	23,757	281,516	305,273
Interest receivable	12,249	-	12,249
Property taxes receivable			
Unremitted	20,761	-	20,761
Delinquent	17,673	-	17,673
Special assessments receivable			
Delinquent	-	3,191	3,191
Deferred	-	27,378	27,378
Internal activity	92,621	(92,621)	-
Due from other governments	75,122	-	75,122
Prepaid items	42,258	4,699	46,957
Lease receivable	72,370	-	72,370
Net pension asset	1,111,639	-	1,111,639
Capital assets not being depreciated			
Land	692,177	-	692,177
Construction in progress	537,254	517,042	1,054,296
Capital assets net of accumulated depreciation			
Buildings	705,582	-	705,582
Mains, lifts, hydrants, and distribution systems	-	2,144,122	2,144,122
Improvements other than buildings	-	48,364	48,364
Infrastructure	7,105,484	-	7,105,484
Vehicles and equipment	1,070,172	234,469	1,304,641
Total assets	<u>15,779,724</u>	<u>4,310,404</u>	<u>20,090,128</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	1,938,114	47,309	1,985,423
Deferred outflows of resources related to OPEB	12,498	658	13,156
Total deferred outflows of resources	<u>1,950,612</u>	<u>47,967</u>	<u>1,998,579</u>
Total assets and deferred outflows of resources	<u>\$ 17,730,336</u>	<u>\$ 4,358,371</u>	<u>\$ 22,088,707</u>
<b>Liabilities</b>			
Accounts and contracts payable	\$ 124,870	\$ 41,189	\$ 166,059
Salaries and benefits payable	45,999	6,488	52,487
Due to other governments	15,864	24,203	40,067
Interest payable	18,625	-	18,625
Unearned revenue	50,865	204,675	255,540
Bond payable, net of premium			
Payable within one year	135,000	-	135,000
Payable after one year	1,190,190	-	1,190,190
Finance purchase from direct borrowing			
Payable within one year	15,624	-	15,624
Payable after one year	32,082	-	32,082
Compensated absences payable			
Payable within one year	13,641	4,959	18,600
Payable after one year	122,773	3,157	125,930
Total OPEB liability payable after one year	91,953	4,840	96,793
Net pension liability payable after one year	2,960,109	151,341	3,111,450
Total liabilities	<u>4,817,595</u>	<u>440,852</u>	<u>5,258,447</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	407,113	3,038	410,151
Deferred inflows of resources related to OPEB	51,116	2,690	53,806
Deferred inflow related to lease receivable	72,370	-	72,370
Total	<u>530,599</u>	<u>5,728</u>	<u>536,327</u>
<b>Net Position</b>			
Net investment in capital assets	8,737,773	2,943,997	11,681,770
Restricted for			
Debt service	159,216	-	159,216
Park dedication	198,818	-	198,818
Unrestricted	3,286,335	967,794	4,254,129
Total net position	<u>12,382,142</u>	<u>3,911,791</u>	<u>16,293,933</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,730,336</u>	<u>\$ 4,358,371</u>	<u>\$ 22,088,707</u>

See notes to basic financial statements.

**City of Deephaven**  
**Statement of Activities**  
**Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 667,002	\$ 103,476	\$ -	\$ -
Public safety	1,908,762	217,901	283,041	-
Public works	1,406,696	471,131	11,478	-
Park and recreation	148,289	-	2,583	-
Interest on long-term debt	26,623	-	-	-
Total governmental activities	<u>4,157,372</u>	<u>792,508</u>	<u>297,102</u>	<u>-</u>
Business-type activities				
Water	126,027	107,545	-	-
Sewer	967,133	931,524	-	100,000
Recycling	5,948	13,412	9,516	-
Storm water	137,950	234,694	-	200,000
Marina	145,255	189,239	-	-
Total business-type activities	<u>1,382,313</u>	<u>1,476,414</u>	<u>9,516</u>	<u>300,000</u>
Total governmental and business-type activities	<u>\$ 5,539,685</u>	<u>\$ 2,268,922</u>	<u>\$ 306,618</u>	<u>\$ 300,000</u>
		General revenues Property taxes Intergovernmental Unrestricted investment earnings Other general revenue Gain on sale of asset Transfers Total general revenues and transfers Change in net position Net position - beginning  Net position - ending		

Net (Expense) Revenues  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (563,526)	\$ -	\$ (563,526)
(1,407,820)	-	(1,407,820)
(924,087)	-	(924,087)
(145,706)	-	(145,706)
(26,623)	-	(26,623)
<u>(3,067,762)</u>	<u>-</u>	<u>(3,067,762)</u>
-	(18,482)	(18,482)
-	64,391	64,391
-	16,980	16,980
-	296,744	296,744
-	43,984	43,984
<u>-</u>	<u>403,617</u>	<u>403,617</u>
(3,067,762)	403,617	(2,664,145)
3,096,623	-	3,096,623
78,395	-	78,395
(192,292)	35,443	(156,849)
132,603	-	132,603
1,063	-	1,063
70,424	(70,424)	-
<u>3,186,816</u>	<u>(34,981)</u>	<u>3,151,835</u>
119,054	368,636	487,690
<u>12,263,088</u>	<u>3,543,155</u>	<u>15,806,243</u>
<u>\$ 12,382,142</u>	<u>\$ 3,911,791</u>	<u>\$ 16,293,933</u>



## **MAJOR GOVERNMENTAL FUNDS**

**City of Deephaven**  
**Balance Sheet - Governmental Funds**  
**December 31, 2022**

	General Fund	Capital Projects	
		Capital Improvement Fund	Park Dedication Fund
<b>Assets</b>			
Cash and investments	\$ 3,544,692	\$ 280,503	\$ 198,818
Accounts receivable	-	23,757	-
Interest receivable	12,249	-	-
Property taxes receivable			
Unremitted	16,535	2,977	-
Delinquent	17,673	-	-
Advance to other funds	92,621	-	-
Due from other governments	-	75,122	-
Prepaid items	42,258	-	-
Lease receivable	72,370	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,798,398</u>	<u>\$ 382,359</u>	<u>\$ 198,818</u>
<b>Liabilities</b>			
Accounts and contracts payable	\$ 52,326	\$ 72,544	\$ -
Salaries and benefits payable	45,999	-	-
Due to other governments	15,864	-	-
Unearned revenue	50,865	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>165,054</u>	<u>72,544</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	17,673	-	-
Deferred inflow related to lease receivable	72,370	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>90,043</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	42,258	-	-
Restricted	-	-	198,818
Committed	266,985	309,815	-
Unassigned	3,234,058	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>3,543,301</u>	<u>309,815</u>	<u>198,818</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,798,398</u>	<u>\$ 382,359</u>	<u>\$ 198,818</u>

<u>Debt Service</u>		
<u>Bonded Debt</u>		<u>Total</u>
<u>Fund</u>		<u>Governmental</u>
		<u>Funds</u>
\$ 176,592	\$	4,200,605
-		23,757
-		12,249
1,249		20,761
-		17,673
-		92,621
-		75,122
-		42,258
-		72,370
<u>\$ 177,841</u>	<u>\$</u>	<u>4,557,416</u>
\$ -	\$	124,870
-		45,999
-		15,864
-		50,865
<u>-</u>	<u>\$</u>	<u>237,598</u>
-		17,673
-		72,370
<u>-</u>	<u>\$</u>	<u>90,043</u>
-		42,258
177,841		376,659
-		576,800
-		3,234,058
<u>177,841</u>	<u>\$</u>	<u>4,229,775</u>
<u>\$ 177,841</u>	<u>\$</u>	<u>4,557,416</u>



**City of Deephaven**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2022**

Total fund balances - governmental funds	\$ 4,229,775
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	16,519,798
Less accumulated depreciation	(6,409,129)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond payable	(1,245,000)
Unamortized bond premium	(80,190)
Finance purchase from direct borrowing	(47,706)
Compensated absences payable	(136,414)
Total OPEB liability	(91,953)
Net pension liability	(2,960,109)
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	1,111,639
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	1,938,114
Deferred inflows of resources related to pensions	(407,113)
Deferred outflows of resources related to OPEB	12,498
Deferred inflows of resources related to OPEB	(51,116)
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes	17,673
Governmental funds do not report a liability for accrued interest is due and payable.	<u>(18,625)</u>
Total net position - governmental activities	<u><u>\$ 12,382,142</u></u>

**City of Deephaven**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2022**

	General Fund	Capital Projects	
		Capital Improvement Fund	Park Dedication Fund
<b>Revenues</b>			
General property taxes and fiscal disparities	\$ 2,479,381	\$ 445,081	\$ -
Special assessments	161	-	-
Licenses and permits	356,681	-	-
Intergovernmental	302,046	50,000	-
Charges for services	299,886	-	-
Fines	28,835	-	-
Miscellaneous			
Investment income	(208,528)	8,251	6,238
Contributions and donations	100	-	-
Franchise fees	-	94,915	-
Other	138,849	-	2,583
Total revenues	<u>3,397,411</u>	<u>598,247</u>	<u>8,821</u>
<b>Expenditures</b>			
Current			
General government	656,467	-	-
Public safety	1,956,570	-	-
Public works	798,231	-	-
Parks and recreation	80,108	-	2,583
Debt service			
Principal	-	15,059	-
Interest and other charges	-	2,098	-
Capital outlay			
General government	-	13,002	-
Public safety	-	49,136	-
Public works	-	706,864	-
Parks and recreation	-	119,551	8,238
Total expenditures	<u>3,491,376</u>	<u>905,710</u>	<u>10,821</u>
Excess of revenues over (under) expenditures	(93,965)	(307,463)	(2,000)
<b>Other Financing Sources and Uses</b>			
Proceeds from sale of capital assets	1,063	-	-
Transfers in	38,424	182,000	-
Transfers out	(150,000)	-	-
Total other financing sources and uses	<u>(110,513)</u>	<u>182,000</u>	<u>-</u>
Net change in fund balances	(204,478)	(125,463)	(2,000)
<b>Fund Balances</b>			
Beginning of year	<u>3,747,779</u>	<u>435,278</u>	<u>200,818</u>
End of year	<u>\$ 3,543,301</u>	<u>\$ 309,815</u>	<u>\$ 198,818</u>

<u>Debt Service</u>		
<u>Bonded Debt</u>		<u>Total</u>
<u>Fund</u>		<u>Governmental</u>
		<u>Funds</u>
\$ 186,730	\$	3,111,192
-		161
-		356,681
-		352,046
-		299,886
-		28,835
1,747		(192,292)
-		100
-		94,915
-		141,432
<u>188,477</u>		<u>4,192,956</u>
-		656,467
-		1,956,570
-		798,231
-		82,691
130,000		145,059
47,776		49,874
-		13,002
-		49,136
-		706,864
-		127,789
<u>177,776</u>		<u>4,585,683</u>
10,701		(392,727)
-		1,063
-		220,424
-		(150,000)
<u>-</u>		<u>71,487</u>
10,701		(321,240)
<u>167,140</u>		<u>4,551,015</u>
<u>\$ 177,841</u>	<u>\$</u>	<u>4,229,775</u>

**City of Deephaven**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to**  
**the Statement of Activities - Governmental Funds**  
**Year Ended December 31, 2022**

Net change in fund balances - governmental funds	\$ (321,240)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	679,748
Depreciation expense	(551,957)
Loss on disposal of capital assets	(2,279)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	28,370
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	
	(4,763)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net assets in the Statement of Activities.	
	145,060
Premiums are recognized when debt is issued in the governmental funds but amortized over the life of the debt in the Statement of Activities.	
	21,084
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires 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.	
	2,167
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
	138,753
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes	(14,569)
Deferred special assessments	(1,320)
Change in net position - governmental activities	\$ 119,054

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
General property taxes and fiscal disparities	\$ 2,478,530	\$ 2,479,381	\$ 851
Special assessments	200	161	(39)
Licenses and permits	330,550	356,681	26,131
Intergovernmental	81,000	302,046	221,046
Charges for services	321,975	299,886	(22,089)
Fines and forfeitures	40,000	28,835	(11,165)
Miscellaneous revenues			
Investment income	50,000	(208,528)	(258,528)
Contributions and donations	100	100	-
Other	85,541	138,849	53,308
Total revenues	<u>3,387,896</u>	<u>3,397,411</u>	<u>9,515</u>
<b>Expenditures</b>			
Current			
General government	655,806	656,467	661
Public safety	1,799,374	1,956,570	157,196
Public works	830,127	798,231	(31,896)
Park and recreation	127,000	80,108	(46,892)
Total expenditures	<u>3,412,307</u>	<u>3,491,376</u>	<u>79,069</u>
Excess of revenues under expenditures	(24,411)	(93,965)	(69,554)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital asset	100	1,063	963
Transfers in	38,424	38,424	-
Transfers out	(200,000)	(150,000)	50,000
Total other financing sources (uses)	<u>(161,476)</u>	<u>(110,513)</u>	<u>50,963</u>
Net change in fund balances	<u>\$ (185,887)</u>	(204,478)	<u>\$ (18,591)</u>
<b>Fund Balances</b>			
Beginning of year		<u>3,747,779</u>	
End of year		<u>\$ 3,543,301</u>	



## **PROPRIETARY FUNDS**

**City of Deephaven**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2022**

	Water	Sewer	Recycling	Storm Water
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 267,522	\$ 300,141	\$ 103,326	\$ 121,429
Accounts receivable	20,172	199,333	-	62,011
Special assessments receivable				
Delinquent	-	2,035	1,156	-
Deferred	2,129	25,249	-	-
Prepaid items	122	3,796	-	150
Total current assets	<u>289,945</u>	<u>530,554</u>	<u>104,482</u>	<u>183,590</u>
<b>Noncurrent assets</b>				
Capital assets not being depreciated				
Construction in progress	-	226,013	-	291,029
Capital assets being depreciated, net				
Mains, lifts, hydrants, and distribution systems	746,413	6,638,897	-	1,237,179
Improvements	-	-	-	-
Vehicles and equipment	23,481	116,464	-	-
Total capital assets	<u>769,894</u>	<u>6,981,374</u>	<u>-</u>	<u>1,528,208</u>
Less accumulated depreciation	<u>(550,107)</u>	<u>(5,795,639)</u>	<u>-</u>	<u>(219,426)</u>
Net capital assets	<u>219,787</u>	<u>1,185,735</u>	<u>-</u>	<u>1,308,782</u>
Total assets	<u>509,732</u>	<u>1,716,289</u>	<u>104,482</u>	<u>1,492,372</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pensions	1,257	34,099	-	1,257
Deferred outflows of resources related to OPEB	-	263	-	-
Total deferred outflows of resources	<u>1,257</u>	<u>34,362</u>	<u>-</u>	<u>1,257</u>
Total assets and deferred outflows of resources	<u>\$ 510,989</u>	<u>\$ 1,750,651</u>	<u>\$ 104,482</u>	<u>\$ 1,493,629</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts and contracts payable	\$ -	\$ 13,392	\$ 2,000	\$ 25,700
Salaries and benefits payable	155	4,708	-	422
Due to other governments	21,743	2,460	-	-
Unearned revenue	-	-	-	-
Advance from other funds	-	-	-	92,621
Compensated absences	-	2,975	-	992
Total current liabilities	<u>21,898</u>	<u>23,535</u>	<u>2,000</u>	<u>119,735</u>
<b>Noncurrent liabilities</b>				
Compensated absences	17	1,840	-	607
Total OPEB liability	-	1,936	-	-
Net pension liability	4,021	109,082	-	4,021
Total noncurrent liabilities	<u>4,038</u>	<u>112,858</u>	<u>-</u>	<u>4,628</u>
Total liabilities	<u>25,936</u>	<u>136,393</u>	<u>2,000</u>	<u>124,363</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pensions	81	2,189	-	81
Deferred inflows of resources related to OPEB	-	1,076	-	-
Total deferred inflows of resources	<u>81</u>	<u>3,265</u>	<u>-</u>	<u>81</u>
<b>Net Position</b>				
Investment in capital assets	219,787	1,185,735	-	1,308,782
Unrestricted	265,185	425,258	102,482	60,403
Total net position	<u>484,972</u>	<u>1,610,993</u>	<u>102,482</u>	<u>1,369,185</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 510,989</u>	<u>\$ 1,750,651</u>	<u>\$ 104,482</u>	<u>\$ 1,493,629</u>

Marina	Total
\$ 349,826	\$ 1,142,244
-	281,516
-	3,191
-	27,378
631	4,699
<u>350,457</u>	<u>1,459,028</u>
-	517,042
-	8,622,489
154,089	154,089
356,989	496,934
<u>511,078</u>	<u>9,790,554</u>
<u>(281,385)</u>	<u>(6,846,557)</u>
<u>229,693</u>	<u>2,943,997</u>
<u>580,150</u>	<u>4,403,025</u>
10,696	47,309
395	658
<u>11,091</u>	<u>47,967</u>
<u>\$ 591,241</u>	<u>\$ 4,450,992</u>
\$ 97	\$ 41,189
1,203	6,488
-	24,203
204,675	204,675
-	92,621
992	4,959
<u>206,967</u>	<u>374,135</u>
693	3,157
2,904	4,840
<u>34,217</u>	<u>151,341</u>
<u>37,814</u>	<u>159,338</u>
<u>244,781</u>	<u>533,473</u>
687	3,038
1,614	2,690
<u>2,301</u>	<u>5,728</u>
229,693	2,943,997
114,466	967,794
<u>344,159</u>	<u>3,911,791</u>
<u>\$ 591,241</u>	<u>\$ 4,450,992</u>

**City of Deephaven**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2022**

	Water	Sewer	Recycling	Storm Water
Operating revenues				
Charges for services	\$ 107,505	\$ 901,841	\$ 13,372	\$ 234,694
Permits, hook-up fees, and penalties	40	4,833	40	-
Other income	-	24,850	-	-
Total operating revenues	<u>107,545</u>	<u>931,524</u>	<u>13,412</u>	<u>234,694</u>
Operating expenses				
Disposal charges	-	486,582	-	-
Water charges	97,703	-	-	-
Wages and benefits	5,003	186,270	-	12,392
Repairs and maintenance	3,440	16,276	-	-
Supplies	-	-	190	140
Utilities	-	7,638	-	-
Other	4,311	112,452	5,758	96,619
Depreciation	15,570	157,915	-	25,621
Total operating expenses	<u>126,027</u>	<u>967,133</u>	<u>5,948</u>	<u>134,772</u>
Operating income (loss)	(18,482)	(35,609)	7,464	99,922
Nonoperating revenues/expenses				
Interest income	6,819	10,903	2,790	6,347
Nonoperating grant	-	-	9,516	-
Interest expense	-	-	-	(3,178)
Total nonoperating revenues/expenses	<u>6,819</u>	<u>10,903</u>	<u>12,306</u>	<u>3,169</u>
Income (loss) before transfers	(11,663)	(24,706)	19,770	103,091
Capital Contributions	-	100,000	-	200,000
Transfers out	-	(38,424)	-	-
Change in net position	(11,663)	36,870	19,770	303,091
Net position				
Beginning of year as restated	<u>496,635</u>	<u>1,574,123</u>	<u>82,712</u>	<u>1,066,094</u>
End of year	<u>\$ 484,972</u>	<u>\$ 1,610,993</u>	<u>\$ 102,482</u>	<u>\$ 1,369,185</u>

<u>Marina</u>	<u>Total</u>
\$ 188,959	\$ 1,446,371
-	4,913
280	25,130
189,239	1,476,414
-	486,582
-	97,703
53,078	256,743
8,454	28,170
33	363
1,173	8,811
68,297	287,437
14,220	213,326
145,255	1,379,135
43,984	97,279
8,584	35,443
-	9,516
-	(3,178)
8,584	41,781
52,568	139,060
-	300,000
(32,000)	(70,424)
20,568	368,636
323,591	3,543,155
\$ 344,159	\$ 3,911,791

**City of Deephaven**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2022**

	Water	Sewer	Recycling	Storm Water
<b>Cash Flows - Operating Activities</b>				
Receipts from customers and users	\$ 109,426	\$ 904,067	\$ 14,436	\$ 232,640
Payments to suppliers	(102,620)	(621,136)	(13,037)	(73,280)
Payments to employees	(4,814)	(159,437)	-	(12,005)
Received from other sources	-	24,850	-	-
Net cash flows - operating activities	<u>1,992</u>	<u>148,344</u>	<u>1,399</u>	<u>147,355</u>
<b>Cash Flows - Noncapital</b>				
<b>Financing Activities</b>				
Grants received	-	-	9,516	-
Transfer out	-	(38,424)	-	-
Net cash flows - noncapital financing activities	<u>-</u>	<u>(38,424)</u>	<u>9,516</u>	<u>-</u>
<b>Cash Flows - Capital and Related</b>				
<b>Financing Activities</b>				
Capital contributions	-	100,000	-	200,000
Payments on interfund loan	-	-	-	(29,109)
Interest paid on interfund loan	-	-	-	(3,178)
Acquisition of capital assets	-	(287,243)	-	(291,029)
Net cash flows - capital and related financing activities	<u>-</u>	<u>(187,243)</u>	<u>-</u>	<u>(123,316)</u>
<b>Cash Flows - Investing Activities</b>				
Interest and dividends received	<u>6,819</u>	<u>10,903</u>	<u>2,790</u>	<u>6,347</u>
Net change in cash and cash equivalents	8,811	(66,420)	13,705	30,386
<b>Cash and Cash Equivalents</b>				
Beginning of year	<u>258,711</u>	<u>366,561</u>	<u>89,621</u>	<u>91,043</u>
End of year	<u>\$ 267,522</u>	<u>\$ 300,141</u>	<u>\$ 103,326</u>	<u>\$ 121,429</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash - Flows - Operating Activities</b>				
Operating income (loss)	\$ (18,482)	\$ (35,609)	\$ 7,464	\$ 99,922
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	15,570	157,915	-	25,621
Accounts receivable	3,320	(8,729)	-	(2,054)
Special assessments receivable	(1,439)	6,122	1,024	-
Prepaid items	(39)	106	-	(48)
Accounts and contracts payable	-	4,166	(7,089)	23,527
Salaries and benefits payable	8	336	-	44
Due to other governments	2,873	(2,460)	-	-
Total OPEB liability	-	(4,912)	-	-
Unearned revenue	-	-	-	-
Compensated absences payable	(36)	343	-	126
Net pension expense	217	31,066	-	217
Total adjustments	<u>20,474</u>	<u>183,953</u>	<u>(6,065)</u>	<u>47,433</u>
Net cash flows - operating activities	<u>\$ 1,992</u>	<u>\$ 148,344</u>	<u>\$ 1,399</u>	<u>\$ 147,355</u>

See notes to basic financial statements.

<u>Marina</u>	<u>Total</u>
\$ 210,544	\$ 1,471,113
(77,964)	(888,037)
(48,245)	(224,501)
280	25,130
<u>84,615</u>	<u>383,705</u>

-	9,516
<u>(32,000)</u>	<u>(70,424)</u>
<u>(32,000)</u>	<u>(60,908)</u>

-	300,000
-	(29,109)
-	(3,178)
<u>(17,634)</u>	<u>(595,906)</u>
<u>(17,634)</u>	<u>(328,193)</u>

<u>8,584</u>	<u>35,443</u>
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43,565	30,047
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<u>306,261</u>	<u>1,112,197</u>
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<u>\$ 349,826</u>	<u>\$ 1,142,244</u>
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\$ 43,984	\$ 97,279
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14,220	213,326
-	(7,463)
-	5,707
110	129
(117)	20,487
82	470
-	413
(31)	(4,943)
21,585	21,585
(53)	380
<u>4,835</u>	<u>36,335</u>
<u>40,631</u>	<u>286,426</u>
<u>\$ 84,615</u>	<u>\$ 383,705</u>



**NOTES TO BASIC  
FINANCIAL STATEMENTS**



**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Deephaven is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the Excelsior Fire District is disclosed as a joint venture because the City does not appoint a voting majority of the governing body.

For the category above, the specific entity is identified as follows:

**1. Joint Venture**

The City belongs to the Excelsior Fire District (the "District") which is made up of five member cities. The primary purpose of this organization is to provide fire protection services to the member cities. The City retains an equity interest in the District as of December 31, 2022, for actuarial reporting purposes.

In connection with the construction of the two fire safety facilities, the Shorewood Economic Development Authority (EDA) has issued two bonds totaling \$4,900,000 in 2016 on behalf of the District and its member cities. All five member cities contribute annually towards the bonded debt payments. Annual debt service payments are determined each year based on several factors, including tax capacity.

During 2022, the City paid \$415,155 to the District for fire services provided and \$155,302 of debt service payments. To obtain a copy of the Excelsior Fire District financial statements contact the City of Excelsior. To obtain a copy of the Shorewood Economic Development Authority financial statements contact the City of Shorewood.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**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 governmental and enterprise activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 period, except for grant reimbursement revenues, which are considered revenue if collected within one year of the year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

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

**Description of Funds:**

Major Governmental Funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

Capital Improvement Capital Project Fund – This fund accounts for revenues and expenditures related to City capital improvements other than specific projects accounted for in other funds.

Park Dedication Capital Project Fund – This fund accounts for the revenue and expenditures related to City park improvements.

Bonded Debt Service Fund – This fund accounts for the revenue and expenditures related to the 2019 Street Reconstruction Bond.

Proprietary Funds:

Water Fund – This fund accounts for the operations of the City's water services.

Sewer Fund – This fund accounts for the operations of the City's sewer services.

Recycling Fund – This fund accounts for the operations of the City's recycling services.

Storm Water Fund – This fund accounts for the operations of the City's storm water services.

Marina Fund – This fund accounts for the operations of the City's marina on Lake Minnetonka.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's public utility funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

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

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. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist committed, assigned, and unassigned.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity**

**1. 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. Investments are stated at market value.

*Minnesota Statutes* require all deposits made by cities with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, share of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota, or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 2. 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.

**2. Receivables and Payables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity  
(Continued)**

**2. Receivables and Payables (Continued)**

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure/expense at the time of consumption.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, 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 City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

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

Assets	Years
Bridges	40
Mains and lines	30 - 50
Buildings and improvements	15 - 50
Streets	15 - 25
Vehicles and equipment	3 - 25
Lift station pumps and valves	10

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity  
(Continued)**

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

**6. Compensated Absences**

Under terms of union contracts and personnel policies, the City's employees are granted vacation in varying amounts depending on length of service and union contract or employee classification. All full-time employees accumulate eight hours of sick leave per month of service. Upon termination, employees are paid for all unused vacation. Any employee who leaves the City under honorable condition is eligible for severance pay. Severance pay is one-third of unused accumulated sick leave.

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, the business-type activities, or proprietary fund type Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity  
(Continued)**

**8. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

**9. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form.
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City Administrator/Clerk/Treasurer based on the City Council's direction.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity  
(Continued)**

**9. Fund Equity (Continued)**

**a. Classification (Continued)**

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City considers restricted to be spent first when an expenditure is incurred where both restricted and unrestricted fund balance is available. In addition, expenditures are applied to fund balances based on this hierarchy: committed, assigned, and unassigned. The amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**b. Minimum Fund Balance**

The City's General Fund minimum fund balance is an amount equivalent to 90% of the following year's operating budget.

**10. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities, and deferred inflows of resources, in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**F. Budgetary Information**

The City Council adopts an annual budget for all funds. The amounts shown in the financial statements for the General Fund as "budget" represent the original budgeted amount. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator/Clerk/Treasurer compiles the budget requests into an overall preliminary City budget.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**F. Budgetary Information (Continued)**

2. The City Administrator/Clerk/Treasurer presents the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the function level for all of the funds.
3. Formal budgetary integration is employed as a management control device during the year.

The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at year-end. The detailed budget schedule provided in the supplementary information is presented on the same basis. No revisions to the budgets were made during the year.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool is displayed in the financial statements as "cash and investments." For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized below and on the following page.

**A. Deposits**

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy states all deposits must be fully insured and collateralized in the name of the City, subject to release by the City Administrator/Clerk/Treasurer. As of December 31, 2022, the City's bank balance was not exposed to custodial credit risk because it was fully insured through the FDIC as well as pledged collateral. The City's deposits had a book balance as follows:

Checking and money market savings	\$ 1,872,983
Certificates of deposit	<u>222,547</u>
Total deposits	<u><u>\$ 2,095,530</u></u>

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**B. Investments**

As of December 31, 2022, the City had the following investments:

Investment Type	Fair Value	Investment Maturities		
		Less than One Year	1-5 Years	6-10 Years
Brokered certificates of deposit	\$ 3,238,181	\$ 459,536	\$ 1,897,460	\$ 390,217
Brokered money market account	8,588	8,588	-	-
Total investments	<u>\$ 3,246,769</u>	<u>\$ 468,124</u>	<u>\$ 1,897,460</u>	<u>\$ 390,217</u>

Maturity	
Less than one year	14%
1-5 years	58%
6-10 years	12%

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

- \$3,238,181 of investments are valued using a matrix pricing model (Level 2 inputs)

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage its interest rates based on liquidity, safety, and the overall return on the investment.

**B. Investments (Continued)**

**Custodial Credit Risk – Investments:** For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states when a broker/dealer holds investments purchased by the City in safekeeping, the broker/dealer must provide asset protection of \$500,000 through the Securities Investor Protector Corporation (SIPC) and at least another \$2 million supplemental insurance protection.

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy lists the allowable investments as government securities, certificates of deposit, repurchase agreements, any general obligation security of the State of Minnesota or any of its municipalities, state-wide investment pool, and money market mutual funds. City's investments were federally insured by FDIC.

**City of Deephaven**  
**Notes to Basic Financial Statements**

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

**B. Investments (Continued)**

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City will attempt to diversify its investments according to type and maturity. No more than 30% of the total investment should extend beyond five years and the City shall not invest in investments with a maturity exceeding 20 years. As of December 31, 2022, the following investments, brokered CDs, of the City composed more than 5% of the City's portfolio:

New York Community Bank Westbury, NY	8.19 %
First National Bank Damascotta, ME	8.27
Community Finl Svcs BK Benton	7.28
Sallie Mae BK Salt Lake City UT	8.49
State BK India Chicago Ill	7.97
Medallion Bank Utah	7.08
Texas Exchange Bank Crowley	7.76
Live Oak Banking Co Wilmington, NC	6.67
Bank Hapoalim New York, NY	7.49
Morgan Stanley Private BK	8.53
First Source BK South Bend	8.92
East-West Bank 4M Fund	8.87

**C. Balances**

Summary of cash deposits and investments as of December 31, 2022, were as follows:

Deposits (Note 2. A.)	\$ 2,095,530
Investments	3,246,769
Petty cash	550
	<hr/>
Total deposits and investments	<u>\$ 5,342,849</u>

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of net position	
Cash and investments (including cash and cash equivalents)	<u>\$ 5,342,849</u>

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 3 – INTERFUND ACTIVITY**

During the year ended December 31, 2022, the City transferred \$38,424 from the Sewer Fund to the General Fund for admin services. The City also transferred \$200,000 from the General Fund to the Capital Improvement Fund for capital project support and \$32,000 from the Marina Fund to the Capital Improvement Fund for park contribution support.

At December 31, 2022, a long-term advance was due from the Storm Water Fund to the General Fund in the amount of \$92,621. The advance was issued to pay for capital project costs. The loan will be paid back over a period of 5 years at an interest rate of 3%.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 4 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 692,177	\$ -	\$ -	\$ 692,177
Construction in progress	26,729	510,525	-	537,254
Total capital assets not Being depreciated	<u>718,906</u>	<u>510,525</u>	<u>-</u>	<u>1,229,431</u>
Capital assets being depreciated				
Buildings	1,732,168	22,310	-	1,754,478
Improvements other than buildings	5,484	-	-	5,484
Infrastructure	10,381,123	21,730	-	10,402,853
Vehicles and equipment	3,132,829	125,183	130,460	3,127,552
Total capital assets being depreciated	<u>15,251,604</u>	<u>169,223</u>	<u>130,460</u>	<u>15,290,367</u>
Less accumulated depreciation for				
Buildings	1,016,266	32,630	-	1,048,896
Improvements other than buildings	5,484	-	-	5,484
Infrastructure	2,953,694	343,675	-	3,297,369
Vehicles and equipment	2,009,909	175,652	128,181	2,057,380
Total accumulated depreciation	<u>5,985,353</u>	<u>551,957</u>	<u>128,181</u>	<u>6,409,129</u>
Total capital assets being depreciated, net	<u>9,266,251</u>	<u>(382,734)</u>	<u>2,279</u>	<u>8,881,238</u>
Governmental activities capital assets, net	<u>\$ 9,985,157</u>	<u>\$ 127,791</u>	<u>\$ 2,279</u>	<u>\$ 10,110,669</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 517,042	\$ -	\$ 517,042
Capital assets being depreciated				
Mains, lifts, hydrants, and distribution systems improvements other than buildings	8,561,259	61,230	-	8,622,489
Vehicles and equipment	154,089	-	-	154,089
Total capital assets being depreciated	481,300	17,634	2,000	496,934
Total capital assets being depreciated	<u>9,196,648</u>	<u>78,864</u>	<u>2,000</u>	<u>9,273,512</u>
Less accumulated depreciation for				
Mains, lifts, hydrants, and distribution systems improvements other than buildings	6,285,323	193,044	-	6,478,367
Vehicles and equipment	102,880	2,845	-	105,725
Total accumulated depreciation	247,028	17,437	2,000	262,465
Total accumulated depreciation	<u>6,635,231</u>	<u>213,326</u>	<u>2,000</u>	<u>6,846,557</u>
Total capital assets being depreciated, net	<u>2,561,417</u>	<u>(134,462)</u>	<u>-</u>	<u>2,426,955</u>
Business-type activities capital assets, net	<u>\$ 2,561,417</u>	<u>\$ 382,580</u>	<u>\$ -</u>	<u>\$ 2,943,997</u>

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

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

Governmental activities	
General government	\$ 9,304
Public safety	74,336
Public works	414,667
Parks and recreation	<u>53,650</u>
Total depreciation expense - governmental activities	<u><u>\$ 551,957</u></u>
Business-type activities	
Water	\$ 15,570
Sewer	157,915
Storm water	25,621
Marina	<u>14,220</u>
Total depreciation expense - governmental activities	<u><u>\$ 213,326</u></u>

**NOTE 5 – LEASE RECEIVABLE**

The City leases two cell towers. Revenue from these leases for the year ended December 31, 2022, was \$53,055.

**NOTE 6 – LONG-TERM DEBT**

**A. Conduit Debt Obligations**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2022, the City's outstanding conduit debt balances totaled \$100,303,973.

**B. General Obligation Bonds**

The City issued a general obligation (G.O.) bond to provide for financing street reconstruction and overlay projects. It is payable from property taxes levied and collected and is backed by the full faith and credit of the City.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

**C. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
Governmental activities					
General Obligation Bonds					
G.O. Street Reconstruction Bonds, Series 2019A	7/11/2019	3.0%-4.0%	\$ 1,500,000	2/1/2030	\$ 1,245,000
Finance Purchase from Direct Borrowing					
2021 Police Interceptor Utility Lease	12/15/2020	3.69%	78,227	12/15/2025	47,706
Unamortized bond premium					80,190
Compensated absences payable					<u>136,414</u>
Total governmental activities					<u>1,509,310</u>
Business-type activities					
Compensated absences payable					<u>8,116</u>
Total all long-term liabilities					<u>\$ 1,517,426</u>

**D. Changes in Long-Term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. bonds	\$ 1,375,000	\$ -	\$ 130,000	\$ 1,245,000	\$ 135,000
Unamortized bond premium	101,274	-	21,084	80,190	-
Total bonds payable	<u>1,476,274</u>	<u>-</u>	<u>151,084</u>	<u>1,325,190</u>	<u>135,000</u>
Finance purchase from direct borrowing	62,766	-	15,060	47,706	15,624
Compensated absences payable	<u>164,784</u>	<u>140,113</u>	<u>168,483</u>	<u>136,414</u>	<u>13,641</u>
Governmental activity long-term liabilities	<u>1,703,824</u>	<u>140,113</u>	<u>334,627</u>	<u>1,509,310</u>	<u>164,265</u>
Business-type activities					
Compensated absences payable	<u>7,736</u>	<u>10,590</u>	<u>10,210</u>	<u>8,116</u>	<u>4,959</u>
Total long-term liabilities	<u>\$ 1,711,560</u>	<u>\$ 150,703</u>	<u>\$ 344,837</u>	<u>\$ 1,517,426</u>	<u>\$ 169,224</u>

For governmental activities, the general fund typically liquidates the liability related to compensate absences. The Capital Improvement Fund liquidates the liability related to finance purchases from direct borrowing.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

**E. Minimum Debt Payments**

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 135,000	\$ 42,000
2024	140,000	36,500
2025	145,000	30,800
2026	155,000	24,800
2027	160,000	18,500
2028-2030	510,000	23,250
Total	<u>\$ 1,245,000</u>	<u>\$ 175,850</u>

**F. Finance Purchase from Direct Borrowing**

The City has entered into a lease purchase agreement with Enterprise Fleet Management for the acquisition of two new police vehicles. The lease obligation totaled \$78,227. The lease agreement includes annual principal and interest payments as stated in the schedule below.

The assets purchased with the lease are classified as equipment and totaled \$84,449. The associated accumulated depreciation for these assets is \$63,339 for a net value of \$21,110.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 15,624	\$ 1,533
2024	16,211	946
2025	15,871	338
Total	<u>\$ 47,706</u>	<u>\$ 2,817</u>

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 7 – FUND BALANCE DETAIL**

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital Improvement Fund	Park Dedication Fund	Bonded Debt Fund	Total
Nonspendable					
Prepaid items	\$ 42,258	\$ -	\$ -	\$ -	\$ 42,258
Restricted					
Debt service	-	-	-	177,841	177,841
Park dedication	-	-	198,818	-	198,818
Total restricted	<u>-</u>	<u>-</u>	<u>198,818</u>	<u>177,841</u>	<u>376,659</u>
Committed					
Compensated absences	136,414	-	-	-	136,414
Total OPEB liability	130,571	-	-	-	130,571
Capital projects	-	309,815	-	-	309,815
Total committed	<u>266,985</u>	<u>309,815</u>	<u>-</u>	<u>-</u>	<u>576,800</u>
Unassigned	<u>3,234,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,234,058</u>
 Total	 <u>\$ 3,543,301</u>	 <u>\$ 309,815</u>	 <u>\$ 198,818</u>	 <u>\$ 177,841</u>	 <u>\$ 4,229,775</u>

**NOTE 8 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2022, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS**

The City participates in various pension plans, total pension expense for the year ended December 31, 2022, for the General Employees Retirement Plan, the Public Employees Police and Fire Plan, and the Excelsior Firefighters Relief Association was \$105,699. The components of pension expense are noted in the following plan summaries.

The General Fund and Enterprise Funds typically liquidate the liability related to pensions.

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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 associations that elected to merge with and transfer assets and administration to PERA.

**A. 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 5 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 a Coordinated member is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**A. Benefits Provided (Continued)**

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

**B. 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 6.5% of their annual covered salary in fiscal year 2022, and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$49,741. The City's contributions were equal to the required contributions as set by state statute.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Contributions (Continued)**

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$122,680. The City's contributions were equal to the required contributions as set by state statute.

**C. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$696,963 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 \$20,302.

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 0.0088% at the end of the measurement period and 0.0093% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 696,963
State of Minnesota's proportionate share of the net pension liability associated with the City	20,302
Total	\$ 717,265

For the year ended December 31, 2022, the City recognized pension expense of \$82,665 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the City recognized \$3,034 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.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,822	\$ 7,823
Changes in actuarial assumptions	166,426	2,803
Net collective difference between projected and actual investment earnings	-	3,358
Changes in proportion	20,750	-
Contributions paid to PERA subsequent to the measurement date	24,871	-
Total	\$ 217,869	\$ 13,984

The \$24,871 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 66,311
2024	66,252
2025	(16,579)
2026	63,030
Total	\$ 179,014

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$2,419,492 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 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 0.0556% at the end of the measurement period and 0.0505% 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 aid 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% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% 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 (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 \$191,010 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$20,492 as pension expense (and 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's proportionate share of the net pension liability associated with the City totaled \$105,644.

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 also recognized \$5,004 for the year ended December 31, 2022, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 141,883	\$ -
Changes in actuarial assumptions	1,377,956	12,903
Net collective difference between projected and actual investment earnings	86,047	-
Changes in proportion	46,865	11,637
Contributions paid to PERA subsequent to the measurement date	61,340	-
Total	\$ 1,714,091	\$ 24,540

The \$61,340 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 312,306
2024	319,516
2025	292,406
2026	496,116
2027	207,867
Total	\$ 1,628,211

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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 return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	<u>25.0</u>	5.90
Total	<u><u>100.0 %</u></u>	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**G. Discount Rate**

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

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 1,100,889	\$ 696,963	\$ 365,681
	1% Decrease in Discount Rate (4.4%)	Current Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City's proportionate share of the Police and Fire Fund net pension liability/(asset)	\$ 3,661,591	\$ 2,419,492	\$ 1,415,330

**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).

**Defined Benefit Pension Plan – Volunteer Firefighter's Relief Association**

**A. Plan Description**

The Excelsior Firefighters Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Excelsior Fire District per Minnesota State Statutes. The cities of Deephaven, Excelsior, Greenwood, Shorewood, and Tonka Bay are sponsoring entities of the Excelsior Fire District. At December 31, 2022, the City of Deephaven's proportionate share was 28.52%.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Excelsior Firefighter's Association, at the City of Excelsior.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Firefighter's Relief Association (Continued)**

**B. Benefits Provided**

Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members of their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**C. Employees Covered by Benefit Terms**

At the January 1, 2021, valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	0
Vested terminated and transfers	14
Actives	32
Total	46

**D. Contributions.**

*Minnesota Statutes* Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year, the City did not recognized revenue or an expenditure on behalf payment made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %	
Salary increase	2.5	average, including inflation
Investment rate of return	6.0	net of pensions plan investment expense including inflation

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**E. Net Pension Liability (Continued)**

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

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

- The benefit level changed from \$8,250 to \$8,750.

**E. Net Pension Liability**

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	1.80 %
Fixed income	20.00	3.00
Equities	79.00	6.90
Total	100.00 %	

The discount rate used to measure the total pension liability was 6.0%. 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.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**F. Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2022	\$ 1,240,017	\$ 2,154,001	\$ (913,984)
Changes for the year			
Service cost	26,337	-	26,337
Interest cost	75,981	-	75,981
Plan changes	42,473	-	42,473
Nonemployer contributions	-	49,566	(49,566)
Projected investment return	-	130,574	(130,574)
Gain or loss	-	167,402	(167,402)
Benefit payments	-	-	-
Administrative expense	-	(5,096)	5,096
Other changes	(1)	(1)	-
Net changes	144,790	342,445	(197,655)
Balances at December 31, 2022	\$ 1,384,807	\$ 2,496,446	\$ (1,111,639)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate:

	1% Decrease in Discount Rate (5.00%)	Current Discount Rate Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net pension asset	\$ 1,083,790	\$ 1,111,639	\$ 1,137,651

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2022, the City recognized pension expense of (\$172,980). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Relief Association Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains/losses	\$ -	\$ 53,732
Investment gains/losses	-	317,896
Contributions paid subsequent to the measurement date	53,463	-
Total	\$ 53,463	\$ 371,628

The \$53,463 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Total
2023	\$ (101,136)
2024	(143,867)
2025	(82,213)
2026	(38,947)
2027	(5,466)
thereafter	1
Total	\$ (371,628)

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

The General Fund and Enterprise Funds typically liquidate the liability related to the post employment health care plan.

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**A. Plan Description**

The City's defined benefit OPEB plan provides a single employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. It is the City's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. There are no assets accumulated in a trust.

**B. Benefits Provided**

Retirees and their spouses can participate in the health care plan at the same premium rate as City employees. Retirees and their spouses are responsible for 100% of these rates. This results in the retirees receiving an implicit rate subsidy.

**C. Contributions**

Contribution requirements are established by the City, based on the contract terms with the insurance provider. The required contributions are based on projected pay-as-you-go financing requirements. For 2022, the City contributed \$5,287 to the plan.

**D. Members**

As of January 1, 2022, valuation date, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	19
Total	21

**E. Actuarial Assumptions**

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.0% based on the 20-year municipal bond yield
Salary increases	Service graded table
Inflation	2.00%
Healthcare cost trend increases	6.25%, grading to 5.0% over six years and then to 4.0% over the next 48 years
Mortality assumption	Pub-2010 Public Retirement Plans Headcount - Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability**

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2022	<u>\$ 97,829</u>
Changes for the year	
Service cost	10,576
Interest cost	3,055
Differences between expected and actual experience	(15,827)
Changes in assumptions	7,314
Benefit payments	<u>(6,154)</u>
Net changes	<u>(1,036)</u>
Balances at December 31, 2022	<u><u>\$ 96,793</u></u>

**G. OPEB Liability Sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 2.0% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease (1.0%)	Current (2.0%)	1% increase (3.0%)
\$ 103,270	\$ 96,793	\$ 90,664

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity (Continued)**

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

Total OPEB Liability		
1% decrease (8.5% decreasing to 4.5%)	Current (9.5% decreasing to 5.5%)	1% increase (10.5% decreasing to 6.5%)
\$ 87,102	\$ 96,793	\$ 108,295

**H. 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 \$2,945. At December 31, 2022, the Distract 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
Changes of assumptions	\$ 7,869	\$ 2,039
Liability gains	-	51,767
Contributions paid subsequent to the measurement date	5,287	-
Total	\$ 13,156	\$ 53,806

The \$5,287 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

**City of Deephaven**  
**Notes to Basic Financial Statements**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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

Year Ended December 31,	Total
2023	\$ (10,686)
2024	(10,686)
2025	(10,686)
2026	(10,686)
2027	(1,064)
2028	(1,064)
Thereafter	(1,065)
Total	\$ (45,937)

**NOTE 11 – COMMITMENTS**

At December 31, 2022, the City had outstanding construction contract commitments totaling \$256,619 for various projects. Commitments are expected to be paid by the Capital Improvement Fund in the amount of \$184,143, the Sewer Fund in the amount of \$40,873, and the Storm Water Fund in the amount of \$31,603.

**NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE**

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This resulted in the City recognizing lease receivable and related deferred inflows of resources.

**NOTE 13 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**City of Deephaven**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability					
Service cost	\$ 10,576	\$ 8,284	\$ 8,023	\$ 12,332	\$ 12,833
Interest cost	3,055	2,893	6,123	5,462	5,356
Differenced between expected and actual experience	(15,827)	-	(66,362)	-	-
Changes of assumptions	7,314	-	2,577	(4,079)	-
Benefit payments	(6,154)	(9,577)	(14,341)	(13,280)	(15,655)
Net change in total OPEB liability	<u>(1,036)</u>	<u>1,600</u>	<u>(63,980)</u>	<u>435</u>	<u>2,534</u>
Beginning of year	<u>97,829</u>	<u>96,229</u>	<u>160,209</u>	<u>159,774</u>	<u>157,240</u>
End of year	<u>\$ 96,793</u>	<u>\$ 97,829</u>	<u>\$ 96,229</u>	<u>\$ 160,209</u>	<u>\$ 159,774</u>
Covered-employee payroll	\$ 1,337,444	\$ 1,197,035	\$ 1,159,356	\$ 1,199,344	\$ 1,164,412
Total OPEB liability as a percentage of covered-employee payroll	7.2%	8.2%	8.3%	13.4%	13.7%

Note 1: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Note 2: There are no assets accumulated in a trust.

**City of Deephaven**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**General Employees Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0091%	\$ 471,609	\$ -	\$ 471,609	\$ 533,889	88.33%	78.19%
2016	0.0088%	714,516	9,316	723,832	536,727	134.86%	68.91%
2017	0.0086%	549,018	6,868	555,886	549,300	101.20%	75.90%
2018	0.0086%	477,093	15,681	492,774	571,840	86.17%	79.53%
2019	0.0085%	469,946	14,666	484,612	603,173	80.34%	80.23%
2020	0.0087%	521,605	15,962	537,567	618,547	86.91%	79.06%
2021	0.0093%	397,152	12,148	409,300	670,733	61.02%	87.00%
2022	0.0088%	696,963	20,302	717,265	656,227	109.30%	76.67%

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

**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0600%	\$ 681,740	\$ -	\$ 681,740	\$ 550,857	123.76%	86.61%
2016	0.0570%	2,287,509	-	2,287,509	551,355	414.89%	63.88%
2017	0.0530%	715,563	-	715,563	538,191	132.96%	85.43%
2018	0.0498%	526,335	-	526,335	530,340	99.24%	88.84%
2019	0.0496%	521,346	-	521,346	523,198	99.65%	89.26%
2020	0.0489%	640,153	15,199	655,352	552,375	115.89%	87.19%
2021	0.0505%	385,261	17,534	402,795	596,689	64.57%	93.66%
2022	0.0556%	2,419,492	20,492	2,439,984	675,463	358.20%	70.53%

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

**City of Deephaven**  
**Schedule of City Contributions**  
**General Employees Retirement Fund**  
**Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 39,698	\$ 39,698	\$ -	\$ 529,307	7.5%
2016	40,811	40,811	-	544,147	7.5%
2017	41,584	41,584	-	554,453	7.5%
2018	44,192	44,192	-	589,227	7.5%
2019	45,678	45,678	-	609,040	7.5%
2020	47,246	47,246	-	629,947	7.5%
2021	48,465	48,465	-	646,200	7.5%
2022	49,741	49,741	-	663,213	7.5%

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

**Schedule of City Contributions**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 90,754	\$ 90,754	\$ -	\$ 560,210	16.2%
2016	87,885	87,885	-	542,500	16.2%
2017	86,489	86,489	-	533,883	16.2%
2018	85,341	85,341	-	526,796	16.2%
2019	90,517	90,517	-	534,024	16.95%
2020	101,245	101,245	-	572,006	17.7%
2021	111,774	111,774	-	631,492	17.7%
2022	122,680	122,680	-	693,107	17.7%

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

**City of Deephaven**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios - Excelsior Fire Relief Association**

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total pension liability (TPL)				
Service cost	\$ 26,337	\$ 29,015	\$ 27,495	\$ 33,867
Interest costs	75,981	75,951	76,371	74,333
Plan changes	42,473	30,777	26,086	39,666
Gain or loss	-	(38,263)	-	(24,244)
Benefit payments	-	(188,633)	(88,267)	(78,278)
Other changes	(1)	1	2	(2)
Net change in total pension liability	<u>144,790</u>	<u>(91,152)</u>	<u>41,687</u>	<u>45,342</u>
Beginning of year	<u>1,240,017</u>	<u>1,331,169</u>	<u>1,289,482</u>	<u>1,244,140</u>
End of year	<u>\$ 1,384,807</u>	<u>\$ 1,240,017</u>	<u>\$ 1,331,169</u>	<u>\$ 1,289,482</u>
Plan fiduciary net position (FNP)				
State contributions	\$ 49,566	\$ 47,955	\$ 45,368	\$ 43,791
Projected investment return	130,574	114,768	98,523	107,454
Gain or loss	167,402	199,019	268,242	(213,678)
Benefit payments	-	(188,633)	(88,267)	(78,278)
Administrative expense	(5,096)	(4,478)	(3,955)	(3,979)
Other changes	(1)	1	(2)	2
Net change in plan fiduciary net position	<u>342,445</u>	<u>168,632</u>	<u>319,909</u>	<u>(144,688)</u>
Beginning of year	<u>2,154,001</u>	<u>1,985,369</u>	<u>1,665,460</u>	<u>1,810,148</u>
End of year	<u>\$ 2,496,446</u>	<u>\$ 2,154,001</u>	<u>\$ 1,985,369</u>	<u>\$ 1,665,460</u>
Net pension asset	<u>\$ (1,111,639)</u>	<u>\$ (913,984)</u>	<u>\$ (654,200)</u>	<u>\$ (375,978)</u>
Proportionate share	28.52%	28.52%	28.52%	28.52%

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not required retroactive reporting. Information prior to 2014 is not available.

December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
\$ 32,129	\$ 34,416	\$ 35,591	\$ 34,723
70,557	71,291	62,508	60,729
23,624	16,031	-	-
-	(64,051)	-	-
(51,978)	(27,770)	-	(7,868)
(1)	(1)	-	(1)
<u>74,331</u>	<u>29,916</u>	<u>98,099</u>	<u>87,583</u>
1,169,809	1,139,893	1,041,794	954,211
<u>\$ 1,244,140</u>	<u>\$ 1,169,809</u>	<u>\$ 1,139,893</u>	<u>\$ 1,041,794</u>
\$ 42,261	\$ 41,281	\$ 39,683	\$ 37,227
92,184	86,280	86,788	80,566
188,470	14,005	(118,418)	(8,136)
(51,978)	(27,770)	-	(7,868)
(4,099)	(3,439)	(3,457)	(3,036)
1	(2)	1	(1)
<u>266,839</u>	<u>110,355</u>	<u>4,597</u>	<u>98,752</u>
1,543,309	1,432,954	1,428,357	1,329,605
<u>\$ 1,810,148</u>	<u>\$ 1,543,309</u>	<u>\$ 1,432,954</u>	<u>\$ 1,428,357</u>
<u>\$ (566,008)</u>	<u>\$ (373,500)</u>	<u>\$ (293,061)</u>	<u>\$ (386,563)</u>
28.52%	28.52%	28.52%	28.52%

**City of Deephaven  
Schedule of City Contributions  
and Non-Employer Contributing  
Entities - Excelsior Fire Relief Association**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
City of Deephaven				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to SDC	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State Contribution				
2% aid on behalf of City of Deephaven	\$ 53,463	\$ 49,564	\$ 47,014	\$ 44,511
Contributions in relation to SDC	<u>53,463</u>	<u>49,564</u>	<u>47,014</u>	<u>44,511</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not required retroactive reporting. Information prior to 2014 is not available.

December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 43,791	\$ 42,261	\$ 41,281	\$ 39,683	\$ 37,227
<u>43,791</u>	<u>42,261</u>	<u>41,281</u>	<u>39,683</u>	<u>37,227</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Deephaven**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**City of Deephaven**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

**City of Deephaven**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2017 Changes (Continued)**

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**City of Deephaven**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted 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 resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

**City of Deephaven**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2019 Changes (Continued)**

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% 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% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be 3 years younger) and female members (husbands assumed to be 4 years older) to the assumption that males are 2 years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.

**City of Deephaven**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**City of Deephaven**  
**Notes to Required Supplementary Information**

**Volunteer Fire Fighter's Relief Association**

**2022 Changes**

Changes in Plan Provisions

- The benefit level changed from \$8,250 to \$8,750.

**2021 Changes**

Changes in Plan Provisions

- The benefit level changed from \$7,850 to \$8,250.

**2020 Changes**

Changes in Plan Provisions

- The benefit level changed from \$7,625 to \$7,850.

**2019 Changes**

Changes in Plan Provisions

- The benefit level changed from \$7,250 to \$7,625.

**2018 Changes**

Changes in Plan Provisions

- The benefit level changed from \$7,050 to \$7,250.

**Post Employment Health Care Plan**

**2022 Changes**

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

**2021 Changes**

Changes in Actuarial Assumptions

- None

**2020 Changes**

Changes in Actuarial Assumptions

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.0% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.8% to 2.9% as of January 1, 2020.

**City of Deephaven**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan (Continued)**

**2019 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.3% to 3.8% as of January 1, 2019.

## **SUPPLEMENTARY INFORMATION**



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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
General property taxes and fiscal disparities	\$ 2,478,530	\$ 2,479,381	\$ 851
Special assessments	200	161	(39)
Licenses and permits	330,550	356,681	26,131
Intergovernmental revenues			
Post board reimbursement	5,500	7,104	1,604
Fire aid	-	187,458	187,458
Police retirement aid	64,000	67,611	3,611
Road and other aid	11,500	11,478	(22)
Federal grants	-	28,395	28,395
Total intergovernmental revenues	<u>81,000</u>	<u>302,046</u>	<u>221,046</u>
Charges for services			
General government	9,200	11,150	1,950
Public safety	34,300	31,051	(3,249)
Public works	47,000	49,396	2,396
City of Woodland	231,475	221,116	(10,359)
Other	-	(12,827)	(12,827)
Total charges for services	<u>321,975</u>	<u>299,886</u>	<u>(22,089)</u>
Fines and forfeitures	40,000	28,835	(11,165)
Miscellaneous revenues			
Investment income	50,000	(208,528)	(258,528)
Contributions and donations	100	100	-
Other	85,541	138,849	53,308
Total miscellaneous revenues	<u>135,641</u>	<u>(69,579)</u>	<u>(205,220)</u>
Total revenues	<u>3,387,896</u>	<u>3,397,411</u>	<u>9,515</u>
<b>Expenditures</b>			
General government			
Mayor and council			
Personnel services	26,400	26,400	-
Benefits	2,260	2,260	-
Other services and charges	6,640	10,349	3,709
Total mayor and council	<u>35,300</u>	<u>39,009</u>	<u>3,709</u>

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Expenditures (Continued)</b>			
General government (continued)			
Elections			
Personnel services	\$ 6,590	\$ 4,519	\$ (2,071)
Other services and charges	4,750	4,513	(237)
Total elections	<u>11,340</u>	<u>9,032</u>	<u>(2,308)</u>
Administrative and finance			
Personnel services	219,028	222,725	3,697
Benefits	34,683	34,488	(195)
Other services and charges	102,176	92,181	(9,995)
Total administrative and finance	<u>355,887</u>	<u>349,394</u>	<u>(6,493)</u>
Assessing	65,021	62,935	(2,086)
Auditing services	16,950	16,950	-
Legal services	14,000	16,764	2,764
Other general government	157,308	162,383	5,075
Total general government	<u>655,806</u>	<u>656,467</u>	<u>661</u>
Public safety			
Police			
Personnel services	793,522	786,411	(7,111)
Benefits	167,022	158,314	(8,708)
Prosecution services	46,980	46,935	(45)
Other services and charges	221,909	206,995	(14,914)
Total police	<u>1,229,433</u>	<u>1,198,655</u>	<u>(30,778)</u>
Fire			
Other services and charges	569,941	757,915	187,974
Total public safety	<u>1,799,374</u>	<u>1,956,570</u>	<u>157,196</u>
Public works			
Engineering fees	1,000	2,044	1,044
Administration			
Personnel services	273,040	238,976	(34,064)
Benefits	71,988	61,906	(10,082)
Other services and charges	79,660	78,498	(1,162)
Total administration	<u>424,688</u>	<u>379,380</u>	<u>(45,308)</u>

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Expenditures (Continued)</b>			
Public works (continued)			
Streets			
Utility services	\$ 28,800	\$ 32,679	\$ 3,879
Street repair and maintenance	120,200	115,998	(4,202)
Total streets	149,000	148,677	(323)
Planning and zoning			
Personnel services	104,518	103,883	(635)
Benefits	29,221	29,045	(176)
Professional services	96,750	112,163	15,413
Other services and charges	24,950	23,039	(1,911)
Total planning and zoning	255,439	268,130	12,691
Total public works	830,127	798,231	(31,896)
 Parks and recreation			
Wildlife management	8,000	1,275	(6,725)
Professional services	50,500	36,713	(13,787)
Other	68,500	42,120	(26,380)
Total parks and recreation	127,000	80,108	(46,892)
Total expenditures	3,412,307	3,491,376	79,069
 Excess of revenues under expenditures	(24,411)	(93,965)	(69,554)
 <b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	100	1,063	963
Transfers in	38,424	38,424	-
Transfers out	(200,000)	(150,000)	50,000
Total other financing sources (uses)	(161,476)	(110,513)	50,963
 Net change in fund balances	\$ (185,887)	(204,478)	\$ (18,591)
 <b>Fund Balances</b>			
Beginning of year		3,747,779	
End of year		\$ 3,543,301	

**City of Deephaven**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - Capital Improvement Fund**  
**Year Ended December 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
General property taxes and fiscal disparities	\$ 450,000	\$ 445,081	\$ (4,919)
Intergovernmental revenue			
Other grant revenue	-	50,000	50,000
Miscellaneous revenues			
Investment income	4,000	8,251	4,251
Franchise fees	94,500	94,915	415
Total miscellaneous revenues	<u>98,500</u>	<u>103,166</u>	<u>4,666</u>
Total revenues	<u>548,500</u>	<u>598,247</u>	<u>49,747</u>
<b>Expenditures</b>			
General government			
Capital outlay	15,500	13,002	(2,498)
Public safety			
Police			
Capital outlay	51,200	49,136	(2,064)
Public works			
Streets			
Capital outlay	565,000	706,864	141,864
Park and recreation			
Capital outlay	143,500	119,551	(23,949)
Debt service			
Principal	-	15,059	15,059
Interest and other charges	-	2,098	2,098
Total debt service	<u>-</u>	<u>17,157</u>	<u>17,157</u>
Total expenditures	<u>775,200</u>	<u>905,710</u>	<u>130,510</u>
Excess of revenues under expenditures	(226,700)	(307,463)	(80,763)
<b>Other Financing Sources</b>			
Transfers in	<u>232,000</u>	<u>182,000</u>	<u>(50,000)</u>
Net change in fund balances	<u>\$ 5,300</u>	<u>(125,463)</u>	<u>\$ (130,763)</u>
<b>Fund Balances</b>			
Beginning of year		<u>435,278</u>	
End of year		<u>\$ 309,815</u>	

**City of Deephaven**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - Park Dedication Fund**  
**Year Ended December 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ -	\$ 6,238	\$ 6,238
Other	4,400	2,583	(1,817)
Total revenues	4,400	8,821	4,421
<b>Expenditures</b>			
Park and recreation			
Other	4,400	2,583	(1,817)
Capital outlay	-	8,238	8,238
Total expenditures	4,400	10,821	6,421
Net change in fund balances	\$ -	(2,000)	\$ (2,000)
<b>Fund Balances</b>			
Beginning of year		200,818	
End of year		\$ 198,818	

**City of Deephaven**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - Bonded Debt Fund**  
**Year Ended December 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
General property taxes and fiscal disparities	\$ 188,685	\$ 186,730	\$ (1,955)
Miscellaneous revenues			
Investment income	150	1,747	1,597
Total revenues	188,835	188,477	(358)
<b>Expenditures</b>			
Debt service:			
Principal	130,000	130,000	-
Interest and other charges	47,775	47,776	1
Total expenditures	177,775	177,776	-
Net change in fund balances	\$ 11,060	10,701	\$ (359)
<b>Fund Balances</b>			
Beginning of year		167,140	
End of year		\$ 177,841	

# **STATISTICAL SECTION**



## **City of Deephaven Statistical Section**

This part of the City'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 say about the City's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors tax affecting the City's ability to generate its individual income sales.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

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

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

**City of Deephaven  
Net Position by Component  
Last Ten Years  
(Unaudited)**

	Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 4,768,473	\$ 6,289,585	\$ 6,398,132	\$ 6,475,010
Restricted	141,958	144,622	153,477	179,099
Unrestricted	<u>3,229,783</u>	<u>3,110,519</u>	<u>2,618,637</u>	<u>2,379,926</u>
Total governmental activities Net position	<u>\$ 8,140,214</u>	<u>\$ 9,544,726</u>	<u>\$ 9,170,246</u>	<u>\$ 9,034,035</u>
Business-type activities				
Investment in capital assets	\$ 2,908,356	\$ 2,801,632	\$ 2,838,154	\$ 2,758,776
Unrestricted	<u>771,574</u>	<u>792,993</u>	<u>632,689</u>	<u>719,819</u>
Total business-type activities Net position	<u>\$ 3,679,930</u>	<u>\$ 3,594,625</u>	<u>\$ 3,470,843</u>	<u>\$ 3,478,595</u>
Primary government				
Investment in capital assets	\$ 7,676,829	\$ 9,091,217	\$ 9,236,286	\$ 9,233,786
Restricted	141,958	144,622	153,477	179,099
Unrestricted	<u>4,001,357</u>	<u>3,903,512</u>	<u>3,251,326</u>	<u>3,099,745</u>
Total primary government Net position	<u>\$ 11,820,144</u>	<u>\$ 13,139,351</u>	<u>\$ 12,641,089</u>	<u>\$ 12,512,630</u>

**Table 1**

Year					
2017	2018	2019	2020	2021	2022
\$ 6,824,292	\$ 7,199,145	\$ 7,108,013	\$ 7,208,709	\$ 8,446,117	\$ 8,737,773
235,295	-	-	135,016	347,166	358,034
<u>2,271,514</u>	<u>2,539,131</u>	<u>2,568,120</u>	<u>3,034,401</u>	<u>3,469,805</u>	<u>3,286,335</u>
<u>\$ 9,331,101</u>	<u>\$ 9,738,276</u>	<u>\$ 9,676,133</u>	<u>\$ 10,378,126</u>	<u>\$ 12,263,088</u>	<u>\$ 12,382,142</u>
\$ 2,656,312	\$ 2,561,362	\$ 2,494,838	\$ 2,620,150	\$ 2,561,417	\$ 2,943,997
761,428	807,373	898,218	854,680	981,738	967,794
<u>\$ 3,417,740</u>	<u>\$ 3,368,735</u>	<u>\$ 3,393,056</u>	<u>\$ 3,474,830</u>	<u>\$ 3,543,155</u>	<u>\$ 3,911,791</u>
\$ 9,480,604	\$ 9,760,507	\$ 9,602,851	\$ 9,828,859	\$ 11,007,534	\$ 11,681,770
235,295	-	-	135,016	347,166	358,034
<u>3,032,942</u>	<u>3,346,504</u>	<u>3,466,338</u>	<u>3,889,081</u>	<u>4,451,543</u>	<u>4,254,129</u>
<u>\$ 12,748,841</u>	<u>\$ 13,107,011</u>	<u>\$ 13,069,189</u>	<u>\$ 13,852,956</u>	<u>\$ 15,806,243</u>	<u>\$ 16,293,933</u>

**City of Deephaven**  
**Changes in Net Position**  
**Last Ten Years**  
**(Unaudited)**

	Year			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
General government	\$ 470,192	\$ 482,554	\$ 511,907	\$ 542,641
Public safety	1,504,104	1,564,203	1,627,952	1,904,911
Public works	844,575	1,057,559	995,418	1,025,652
Parks and recreation	127,906	125,216	119,860	146,120
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	<u>2,946,777</u>	<u>3,229,532</u>	<u>3,255,137</u>	<u>3,619,324</u>
Business-type activities				
Sewer	749,843	689,164	649,217	753,779
Water	70,759	67,968	76,146	86,892
Storm water	93,825	72,815	58,692	62,080
Marina	128,004	130,567	132,155	125,233
Recycling	30,536	24,688	26,291	22,063
Total business-type activities expenses	<u>1,072,967</u>	<u>985,202</u>	<u>942,501</u>	<u>1,050,047</u>
Total primary government expenses	<u>\$ 4,019,744</u>	<u>\$ 4,214,734</u>	<u>\$ 4,197,638</u>	<u>\$ 4,669,371</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for service				
General government	\$ 144,041	\$ 140,633	\$ 154,082	\$ 158,982
Public safety	234,021	288,773	244,776	227,260
Public works	531,911	540,979	478,032	493,696
Parks and recreation	94,500	-	25,000	37,000
Operating grants and contributions	238,363	193,723	213,561	216,731
Capital grants and contributions	2,156	1,361,807	52,075	16,325
Total governmental activities	<u>1,244,992</u>	<u>2,525,915</u>	<u>1,167,526</u>	<u>1,149,994</u>
Program revenues	<u>1,244,992</u>	<u>2,525,915</u>	<u>1,167,526</u>	<u>1,149,994</u>
Business-type activities				
Charges for service				
Sewer	758,406	581,230	576,483	656,019
Water	64,538	59,119	74,756	76,624
Storm water	85,019	125,654	119,823	118,480
Marina	124,007	121,696	119,654	142,098
Recycling	21,636	17,394	23,019	19,914
Operating grants and contributions	-	12,141	13,772	13,336
Capital grants and contributions	12,119	-	-	40,180
Total business-type activities	<u>1,065,725</u>	<u>917,234</u>	<u>927,507</u>	<u>1,066,651</u>
Program revenues	<u>1,065,725</u>	<u>917,234</u>	<u>927,507</u>	<u>1,066,651</u>
Total primary government revenues	<u>\$ 2,310,717</u>	<u>\$ 3,443,149</u>	<u>\$ 2,095,033</u>	<u>\$ 2,216,645</u>
Net expense				
Governmental activities	\$ (1,701,785)	\$ (703,617)	\$ (2,087,611)	\$ (2,469,330)
Business-type activities	<u>(7,242)</u>	<u>(67,968)</u>	<u>(14,994)</u>	<u>16,604</u>
Total primary government net expense	<u>\$ (1,709,027)</u>	<u>\$ (771,585)</u>	<u>\$ (2,102,605)</u>	<u>\$ (2,452,726)</u>

Source: City of Deephaven financial records

Table 2

		Year									
		2017	2018	2019	2020	2021	2022				
\$	512,636	\$	541,356	\$	643,493	\$	631,797	\$	572,842	\$	667,002
	1,712,408		1,600,267		1,696,283		1,764,312		1,589,495		1,908,762
	980,996		1,010,579		1,221,755		1,297,961		1,211,881		1,406,696
	140,358		170,549		168,807		200,528		164,324		148,289
	-		-		65,370		39,111		34,954		26,623
	<u>3,346,398</u>		<u>3,322,751</u>		<u>3,795,708</u>		<u>3,933,709</u>		<u>3,573,496</u>		<u>4,157,372</u>
	801,881		774,273		800,269		755,983		859,006		967,133
	98,835		95,098		89,755		97,704		115,485		126,027
	44,671		38,056		69,563		84,415		98,131		137,950
	126,071		133,898		133,875		154,007		136,928		145,255
	23,650		20,768		22,912		18,639		13,039		5,948
	<u>1,095,108</u>		<u>1,062,093</u>		<u>1,116,374</u>		<u>1,110,748</u>		<u>1,222,589</u>		<u>1,382,313</u>
\$	<u>4,441,506</u>	\$	<u>4,384,844</u>	\$	<u>4,912,082</u>	\$	<u>5,044,457</u>	\$	<u>4,796,085</u>	\$	<u>5,539,685</u>
\$	159,099	\$	177,553	\$	178,051	\$	308,148	\$	227,306	\$	103,476
	219,067		216,330		221,227		224,377		221,823		217,901
	482,617		626,507		522,391		677,071		720,551		471,131
	-		-		-		-		223,100		-
	447,944		374,558		274,246		250,391		256,506		297,102
	33,231		33,320		-		20,000		822,871		-
	<u>1,341,958</u>		<u>1,428,268</u>		<u>1,195,915</u>		<u>1,479,987</u>		<u>2,472,157</u>		<u>1,089,610</u>
	662,420		648,727		709,136		788,308		811,365		931,524
	87,736		89,893		85,655		94,572		110,159		107,545
	119,295		119,042		119,914		145,490		232,622		234,694
	148,037		151,888		149,046		147,041		166,620		189,239
	21,910		14,833		17,120		14,442		13,168		13,412
	12,201		10,454		58,721		7,610		7,568		9,516
	-		-		-		-		-		300,000
	<u>1,051,599</u>		<u>1,034,837</u>		<u>1,139,592</u>		<u>1,197,463</u>		<u>1,341,502</u>		<u>1,785,930</u>
\$	<u>2,393,557</u>	\$	<u>2,463,105</u>	\$	<u>2,335,507</u>	\$	<u>2,677,450</u>	\$	<u>3,813,659</u>	\$	<u>2,875,540</u>
\$	(2,004,440)	\$	(1,894,483)	\$	(2,599,793)	\$	(2,453,722)	\$	(1,101,339)	\$	(3,067,762)
	(43,509)		(27,256)		23,218		86,715		118,913		403,617
\$	<u>(2,047,949)</u>	\$	<u>(1,921,739)</u>	\$	<u>(2,576,575)</u>	\$	<u>(2,367,007)</u>	\$	<u>(982,426)</u>	\$	<u>(2,664,145)</u>

**City of Deephaven**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Year			
	2013	2014	2015	2016
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities				
Property tax	\$ 1,904,890	\$ 1,980,683	\$ 2,020,118	\$ 2,114,891
Intergovernmental	2,501	2,501	2,501	3,751
Unrestricted investment earnings	23,784	31,856	52,412	77,165
Other general revenues	179,843	62,567	232,521	109,258
Gain on sale of asset	11,537	3,056	13,132	-
Transfers	27,454	27,466	27,743	28,054
Total governmental activities	<u>2,150,009</u>	<u>2,108,129</u>	<u>2,348,427</u>	<u>2,333,119</u>
Business-type activities				
Unrestricted investment earnings	7,200	10,129	15,146	19,202
Other general revenues	-	-	-	-
Transfers	<u>(27,454)</u>	<u>(27,466)</u>	<u>(27,743)</u>	<u>(28,452)</u>
Total business-type activities	<u>(20,254)</u>	<u>(17,337)</u>	<u>(12,597)</u>	<u>(9,250)</u>
Total primary government	<u>\$ 2,129,755</u>	<u>\$ 2,090,792</u>	<u>\$ 2,335,830</u>	<u>\$ 2,323,869</u>
Changes in net position				
Governmental activities	\$ 448,224	\$ 1,404,512	\$ 260,816	\$ (136,211)
Business-type activities	<u>(27,496)</u>	<u>(85,305)</u>	<u>(27,591)</u>	<u>7,354</u>
Total primary government	<u>\$ 420,728</u>	<u>\$ 1,319,207</u>	<u>\$ 233,225</u>	<u>\$ (128,857)</u>

Table 2

		Year									
		2017	2018	2019	2020	2021	2022				
\$	2,125,823	\$	2,182,418	\$	2,263,091	\$	2,649,281	\$	2,816,716	\$	3,096,623
	2,501		2,501		2,501		295,666		-		78,395
	30,371		25,509		147,146		90,952		(10,956)		(192,292)
	114,359		72,409		92,743		88,090		77,137		132,603
	-		-		-		-		52,300		1,063
	28,452		31,577		32,169		31,726		51,104		70,424
	<u>2,301,506</u>		<u>2,314,414</u>		<u>2,537,650</u>		<u>3,155,715</u>		<u>2,986,301</u>		<u>3,186,816</u>
	11,106		9,828		33,272		26,785		516		35,443
	-		-		-		-		-		-
	<u>(28,452)</u>		<u>(31,577)</u>		<u>(32,169)</u>		<u>(31,726)</u>		<u>(51,104)</u>		<u>(70,424)</u>
	<u>(17,346)</u>		<u>(21,749)</u>		<u>1,103</u>		<u>(4,941)</u>		<u>(50,588)</u>		<u>(34,981)</u>
\$	<u>2,284,160</u>	\$	<u>2,292,665</u>	\$	<u>2,538,753</u>	\$	<u>3,150,774</u>	\$	<u>2,935,713</u>	\$	<u>3,151,835</u>
\$	297,066	\$	419,931	\$	(62,143)	\$	701,993	\$	1,884,962	\$	119,054
	<u>(60,855)</u>		<u>(49,005)</u>		<u>24,321</u>		<u>81,774</u>		<u>68,325</u>		<u>368,636</u>
\$	<u>236,211</u>	\$	<u>370,926</u>	\$	<u>(37,822)</u>	\$	<u>783,767</u>	\$	<u>1,953,287</u>	\$	<u>487,690</u>

**City of Deephaven**  
**Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Unaudited)**

	Year			
	2013	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 13,870	\$ 19,709	\$ 20,794	\$ 20,511
Committed	173,874	199,614	193,726	226,753
Unassigned	2,841,999	3,048,676	3,004,853	2,826,417
Total general fund	<u>\$ 3,029,743</u>	<u>\$ 3,267,999</u>	<u>\$ 3,219,373</u>	<u>\$ 3,073,681</u>
<b>All Other Governmental Funds</b>				
Restricted	\$ 141,958	\$ 144,622	\$ 153,477	\$ 179,099
Committed	369,733	32,036	222,850	447,838
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 511,691</u>	<u>\$ 176,658</u>	<u>\$ 376,327</u>	<u>\$ 626,937</u>

**Table 3**

Year					
2017	2018	2019	2020	2021	2022
\$ 22,215	\$ 22,384	\$ 25,531	\$ 26,716	\$ 32,914	\$ 42,258
215,577	250,985	256,319	271,974	290,592	266,985
2,973,218	3,063,494	3,033,944	3,308,885	3,424,273	3,234,058
<u>\$ 3,211,010</u>	<u>\$ 3,336,863</u>	<u>\$ 3,315,794</u>	<u>\$ 3,607,575</u>	<u>\$ 3,747,779</u>	<u>\$ 3,543,301</u>
\$ 235,295	\$ -	\$ -	\$ 157,891	\$ 367,958	\$ 376,659
288,663	368,226	436,132	501,301	435,278	309,815
-	(10,458)	(14,921)	(14,921)	-	-
<u>\$ 523,958</u>	<u>\$ 357,768</u>	<u>\$ 421,211</u>	<u>\$ 644,271</u>	<u>\$ 803,236</u>	<u>\$ 686,474</u>

**City of Deephaven**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Unaudited)**

	2013	2014	2015	2016
<b>Revenues</b>				
Taxes	\$ 1,923,389	\$ 1,974,766	\$ 2,020,498	\$ 2,113,077
Special assessments	775	778	535	145
Licenses and permits	323,964	302,517	255,794	283,668
Intergovernmental	219,049	189,627	262,019	228,707
Charges for services	390,457	442,743	434,217	426,851
Fines and penalties	92,095	125,666	81,815	67,627
Franchise fees	93,139	93,128	93,586	93,903
Interest income	23,784	31,856	52,412	77,165
Miscellaneous revenues	309,055	74,717	269,182	156,942
Total revenues	<u>3,375,707</u>	<u>3,235,798</u>	<u>3,470,058</u>	<u>3,448,085</u>
<b>Expenditures</b>				
General government	464,847	464,222	503,460	514,194
Public safety	1,446,132	1,490,048	1,569,973	1,554,503
Public works	799,914	656,126	704,887	702,884
Parks and recreation	68,083	75,659	95,751	103,566
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	216,207	677,042	485,819	496,104
Total expenditures	<u>2,995,183</u>	<u>3,363,097</u>	<u>3,359,890</u>	<u>3,371,251</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	12,940	3,056	13,132	30
Proceeds from capital lease	-	-	-	-
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Transfers in	27,454	27,466	300,743	328,054
Transfers out	-	-	(273,000)	(300,000)
Total other financing Sources (uses)	<u>40,394</u>	<u>30,522</u>	<u>40,875</u>	<u>28,084</u>
Net change in fund balances	<u>\$ 420,918</u>	<u>\$ (96,777)</u>	<u>\$ 151,043</u>	<u>\$ 104,918</u>
Debt service as a percentage of noncapital expenditures	n/a	n/a	n/a	n/a

Note: The City did have outstanding debt for the nine years prior to 2019.

Table 4

2017	2018	2019	2020	2021	2022
\$ 2,137,355	\$ 2,170,997	\$ 2,259,914	\$ 2,636,527	\$ 2,811,826	\$ 3,111,192
-	-	-	-	-	161
310,346	355,386	312,494	416,678	563,768	356,681
252,206	261,255	228,023	561,373	1,076,405	352,046
388,450	503,795	449,146	535,243	443,990	299,886
59,768	54,299	92,476	49,467	46,534	28,835
94,473	94,395	94,815	94,641	94,392	94,915
30,371	25,509	147,146	90,952	(10,956)	(192,292)
328,364	226,679	83,994	195,846	314,459	141,532
<u>3,601,333</u>	<u>3,692,315</u>	<u>3,668,008</u>	<u>4,580,727</u>	<u>5,340,418</u>	<u>4,192,956</u>
509,579	533,448	631,078	626,610	577,045	656,467
1,566,565	1,583,800	1,620,090	1,730,789	1,807,893	1,956,570
672,681	753,019	813,040	798,327	859,149	798,231
91,840	105,113	121,070	143,664	103,302	82,691
-	-	-	947	139,514	145,059
-	-	53,123	58,425	55,518	49,874
775,055	788,849	2,091,723	817,097	1,602,232	896,791
<u>3,615,720</u>	<u>3,764,229</u>	<u>5,330,124</u>	<u>4,175,859</u>	<u>5,144,653</u>	<u>4,585,683</u>
20,285	-	22,624	20	52,300	1,063
-	-	-	78,227	-	-
-	-	1,500,000	-	-	-
-	-	149,697	-	-	-
28,452	31,577	32,169	231,726	201,104	220,424
-	-	-	(200,000)	(150,000)	(150,000)
<u>48,737</u>	<u>31,577</u>	<u>1,704,490</u>	<u>109,973</u>	<u>103,404</u>	<u>71,487</u>
<u>\$ 34,350</u>	<u>\$ (40,337)</u>	<u>\$ 42,374</u>	<u>\$ 514,841</u>	<u>\$ 299,169</u>	<u>\$ (321,240)</u>
n/a	n/a	1.63%	1.71%	5.56%	4.99%

**City of Deephaven**  
**Tax Capacity and Estimated Actual Value of Taxable Property**  
**Last Ten Years**  
**(Unaudited)**

Levy Year	Collection Year	Real Property		Ratio of Tax Capacity to Total Estimated Actual Value	Total City Levy Amounts
		Tax Capacity	Estimated Market Value		
2012	2013	\$ 10,356,225	\$ 933,934,700	1.1%	\$ 1,922,124
2013	2014	10,366,151	933,646,600	1.1%	1,977,235
2014	2015	11,631,156	1,041,027,400	1.1%	2,024,878
2015	2016	12,940,677	1,144,459,796	1.1%	2,111,731
2016	2017	13,551,278	1,195,835,000	1.1%	2,121,916
2017	2018	14,084,229	1,255,612,600	1.1%	2,157,000
2018	2019	15,028,736	1,330,085,400	1.1%	2,230,000
2019	2020	15,578,760	1,378,764,900	1.1%	2,619,395
2020	2021	16,352,599	1,439,418,700	1.1%	2,784,365
2021	2022	17,337,960	1,522,759,595	1.1%	3,075,682

Note - School District Tax Capacity Rate does not include levy referendum

**Table 5**

Total Direct Rates					
General Revenue	Bonds	Total City	Total School	Total County	Total
Tax Capacity per \$ 1,000 of Assessed Value					
18.624	0.000	18.624	24.458	49.349	92.431
19.117	0.000	19.117	24.348	49.859	93.324
17.379	0.000	17.379	25.075	46.648	89.102
16.335	0.000	16.335	22.812	45.314	84.461
15.663	0.000	16.335	22.768	43.999	83.102
15.315	0.000	15.315	23.124	43.177	81.616
14.838	0.000	14.838	21.203	41.661	77.702
15.406	1.408	16.814	21.150	41.016	78.980
15.872	1.155	17.027	20.915	38.079	76.021
16.652	1.088	17.740	20.992	38.366	77.098

**City of Deephaven**  
**Property Tax Levies and Collections**  
**Last Ten Years**  
**(Unaudited)**

**Table 6**

Year Ended December 31,	Total Levy	Collection of Current Year's Levy (1)	Percentage of Levy Collected	Collection of Prior Year's Levy	Total Collections	Percentage of Total Collections to Levy
2013	\$ 1,922,124	\$ 1,890,889	98.37%	\$ 9,562	\$ 1,900,451	98.87%
2014	1,977,235	1,943,848	98.31%	5,066	1,948,914	98.57%
2015	2,024,878	1,989,357	98.25%	5,319	1,994,676	98.51%
2016	2,111,731	2,078,739	98.44%	10,446	2,089,185	98.93%
2017	2,121,916	2,105,815	99.24%	8,537	2,114,352	99.64%
2018	2,157,000	2,148,754	99.62%	(7,087)	2,141,667	99.29%
2019	2,230,000	2,225,159	99.78%	4,841	2,230,000	100.00%
2020	2,619,395	2,597,603	99.17%	9,344	2,606,947	99.52%
2021	2,784,365	2,771,758	99.55%	8,273	2,780,031	99.84%
2022	3,075,682	3,065,494	99.67%	9,606	3,075,100	99.98%

(1) Including Fiscal Disparities

**City of Deephaven  
Principal Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

**Table 7**

Property ID No.	Type of Business	2022			2013		
		Net Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
18-117-22-42-0024	Apartment Residential	\$ 145,875	1	0.84%			
13-117-23-42-0015	Residential Lakeshore	122,788	2	0.71%			
13-117-23-43-0009	Residential Lakeshore	119,450	3	0.69%	\$ 81,363	1	0.80%
24-117-23-23-0028	Seasonal Residential	118,100	4	0.68%			
23-117-23-41-0003	Residential Lakeshore	105,388	5	0.61%			
13-117-23-42-0009	Residential Lakeshore	101,963	6	0.59%			
18-117-22-23-0017	Residential Lakeshore	89,838	7	0.52%	71,788	3	0.70%
13-117-23-43-0010	Seasonal Residential	87,588	8	0.51%			
13-117-23-13-0002	Residential Lakeshore	86,438	9	0.50%	73,600	2	0.72%
13-117-23-43-0006	Residential Lakeshore	82,875	10	0.48%	68,038	4	0.67%
24-117-23-11-0029	Seasonal Residential	79,738	11	0.46%	50,075	10	0.49%
24-117-23-23-0038	Residential Lakeshore	79,513	12	0.46%			
23-117-23-44-0043	Residential Lakeshore	78,775	13	0.45%			
18-117-22-23-0013	Residential Lakeshore	74,613	14	0.43%			
18-117-22-13-0046	Commercial	74,050	15	0.43%			
13-117-23-43-0004	Residential Lakeshore				54,463	6	0.53%
24-117-23-14-0002	Residential Lakeshore				51,100	9	0.50%
13-117-23-42-0003	Residential Lakeshore				58,888	5	0.58%
13-117-23-13-0001	Residential Lakeshore				53,513	7	0.52%
23-117-23-41-0004	Residential Lakeshore				51,650	8	0.51%

**City of Deephaven**  
**Special Assessments Levies and Collections**  
**Last Ten Years**  
**(Unaudited)**

**Table 8**

<u>Year Ended December 31,</u>	<u>Total Levied</u>	<u>Total Collections</u>	<u>Total Past Due Assessments</u>
2012	\$ 42,064	\$ 45,985	\$ (3,921)
2014	36,970	39,250	(2,280)
2015	41,732	42,803	(1,071)
2016	40,229	39,257	972
2017	42,858	42,810	48
2018	40,255	40,843	(588)
2019	39,013	38,328	685
2020	33,764	33,393	371
2021	35,393	34,538	855
2022	45,565	47,492	(1,927)

Collections includes Special Assessment principal and interest and past due penalty amounts.

**City of Deephaven**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**

**Table 9**

<u>Year Ended December 31,</u>	<u>Governmental Activities General Obligation Bonds</u>	<u>Percentage of Taxable Market Value</u>	<u>Per Capita</u>
2019	\$ 1,636,205	0.12%	\$ 422
2020	1,619,755	0.12%	427
2021	1,476,274	0.10%	379
2022	1,375,000	0.09%	354

Note: The City did not have outstanding debt for the eight years prior to 2019.

**City of Deephaven**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Years**

**Table 10**

<u>Year Ended December 31,</u>	<u>Governmental Activities General Obligation Bonds</u>	<u>Less Amount Restricted to Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Taxable Market Value</u>	<u>Per Capita</u>
2019	\$ 1,636,205	\$ -	\$ 1,636,205	0.12%	\$ 422
2020	1,619,755	157,891	1,461,864	0.11%	386
2021	1,476,274	146,348	1,329,926	0.09%	341
2022	1,375,000	177,841	1,197,159	0.08%	308

Note: The City did not have outstanding debt for the eight years prior to 2019.

**City of Deephaven  
Direct and Overlapping  
Governmental Activities Debt  
As of December 31, 2022  
(Unaudited)**

**Table 11**

<b>Governmental Unit</b>	<u>Net G.O. Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Direct debt</b>			
City of Deephaven	\$ 1,375,000	100.00%	\$ 1,375,000
<b>Overlapping debt</b>			
Hennepin County (1)	1,481,535,000	6.40%	94,758,979
Hennepin County Regional RR Authority (1)	90,580,000	9.23%	8,363,251
Independent School District No. 276, Minnetonka (1)	182,915,000	4.25%	7,781,204
Three Rivers Park District (1)	58,550,000	12.29%	7,194,624
Metropolitan Council (1)	1,318,618,968	0.12%	1,635,088
Metro Transit (1)(2)	<u>579,075,000</u>	4.61%	<u>26,689,567</u>
<b>Total Overlapping Debt</b>	<u><u>3,711,273,968</u></u>		<u><u>146,422,713</u></u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 3,712,648,968</u></u>		<u><u>\$ 147,797,713</u></u>

(1) Source - Continuing Disclosure Document, Ehler's Associates

(2) Metropolitan Transit G.O. Debt is included in the Metropolitan Council outstanding G.O. Debt

Overlapping rates are those of local and county governments that apply to property owners within the City of Deephaven. Not all overlapping rates apply to all City of Deephaven property owners.

The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value and similarly for the other governmental entities with overlapping debt.

**City of Deephaven**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(Unaudited)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Estimated market value (2)	<u>\$ 933,934,700</u>	<u>\$ 933,646,600</u>	<u>\$ 1,041,027,400</u>	<u>\$ 1,148,951,300</u>
Debt limit - 3% of market value (1)	\$ 28,018,041	\$ 28,009,398	\$ 31,230,822	\$ 34,468,539
Amount of debt applicable to debt limit				
Net debt applicable to limit (3)	<u>1,286,550</u>	<u>1,216,160</u>	<u>1,122,573</u>	<u>875,000</u>
Legal debt margin	<u>\$ 26,731,491</u>	<u>\$ 26,793,238</u>	<u>\$ 30,108,249</u>	<u>\$ 33,593,539</u>
Total net debt applicable to the limit as a percentage of debt limit	4.59%	4.34%	3.59%	2.54%

(1) *Minnesota Statutes* Section 475.53, Limit on Net Debt. Subdivision 1. Generally, except as otherwise provided in Section 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3% of the market value.

Note: Although the annual lease payment to the fire district is not considered as debt service, it does apply to the City's debt limit.

(2) Source: Hennepin County Taxpayer Services Department

(3) Source: City of Deephaven financial records

**Table 12**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>\$ 1,195,835,000</u>	<u>\$ 1,255,612,600</u>	<u>\$ 1,330,085,400</u>	<u>\$ 1,378,764,900</u>	<u>\$ 1,439,418,700</u>	<u>\$ 1,522,759,595</u>
\$ 35,875,050	\$ 37,668,378	\$ 39,902,562	\$ 41,362,947	\$ 43,182,561	\$ 45,682,788
<u>848,448</u>	<u>697,920</u>	<u>591,265</u>	<u>2,139,135</u>	<u>2,139,135</u>	<u>1,784,287</u>
<u>\$ 35,026,602</u>	<u>\$ 36,970,458</u>	<u>\$ 39,311,297</u>	<u>\$ 39,223,812</u>	<u>\$ 41,043,426</u>	<u>\$ 43,898,501</u>
2.37%	1.85%	1.48%	5.17%	4.95%	3.91%



**City of Deephaven**  
**Demographics and Economic Statistics**  
**Last Ten Years**  
**(Unaudited)**

**Table 13**

Year	Population (1)	Deephaven Public School Enrollment (2)	Minnesota Unemployment Rate (3)	Median Household Income (4)	Total Personal Income (4)	Per Capita Personal Income (4)
2013	3,690	624	4.6%	(5)	(5)	(5)
2014	3,677	670	3.7%	(5)	(5)	(5)
2015	3,793	650	3.5%	(5)	(5)	(5)
2016	3,727	671	3.0%	(5)	(5)	(5)
2017	3,921	668	2.4%	(5)	(5)	(5)
2018	3,921	662	2.8%	(5)	(5)	(5)
2019	3,878	650	2.7%	(5)	(5)	(5)
2020	3,790	654	4.7%	(5)	(5)	(5)
2021	3,899	648	3.3%	(5)	(5)	(5)
2022	3,885	644	1.9%	(5)	(5)	(5)

(1) Source: Minnesota State Demographer

(2) Source: Minnetonka Public Schools: Estimated Enrollment of Deephaven Elementary School

(3) Source: Bureau of Labor Statistics

(4) Source: Metropolitan Council

(5) Information is not available.

**City of Deephaven  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	Product/Service	2022		
		Number of Employees	Rank	Percentage of Total City Employment
Deephaven Elementary School	Public Education	100	1	36.2 %
St. Therese Church/School	Religious Church/School	80	2	29.0
Streeter and Associates	Building Contractor	52	3	18.8
City of Deephaven	City Government	19	4	6.9
Kyle Hunt and Partners, Inc.	Building Contractor	15	5	5.4
Steiner and Koppleman	Building Contractor	5	6	1.8
Calvary Church/School	Religious Church/School	5	6	1.8
		<u>276</u>		<u>100.0 %</u>

Note: The above includes the largest principal employers of the City. Further information is not available.

**Table 14**

2013		
<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
100	1	39.5 %
61	2	24.1
44	3	17.4
18	4	7.1
9	6	3.6
8	7	3.2
<u>13</u>	5	<u>5.1</u>
<u>253</u>		<u>100.0 %</u>

**City of Deephaven**  
**Full-time Equivalents by Program**  
**Last Ten Years**  
**(Unaudited)**

Function/program	Full-Time - Equivalent Employees as of December 31,				
	2013	2014	2015	2016	2017
General government	6	6	6	6	6
Public safety	8	8	8	8	8
Public works	4	4	4	4	4
Total	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>

**Table 15**

Full-Time - Equivalent Employees as of December 31,				
2018	2019	2020	2021	2022
6	6	6	6	6
8	8	8	9	9
4	4.5	4.5	4.5	4.5
18	18.5	18.5	19.5	19.5

**City of Deephaven**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

<b>Function/Program</b>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Public safety</b>				
Police stations	1	1	1	1
Police patrol units	4	4	4	4
Fire stations	2	2	2	2
Fire response units	7	7	7	7
<b>Public works</b>				
Streets (miles)	30.85	30.85	30.85	30.85
Traffic signals	1	1	1	1
<b>Culture and recreation</b>				
Parks	8	8	8	8
Campgrounds	1	1	1	1
Beaches	6	6	6	6
<b>Marina</b>				
Dock slips	112	112	112	112
Buoys	53	53	53	53
Slides	113	113	113	113
Canoe racks	32	32	32	32
<b>Utilities</b>				
Sewer lift stations	9	9	9	9

Notes: No capital asset indicators are available for the general government function.

**Table 16**

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
7	7	7	7	7	7
30.85	30.85	30.85	30.85	30.85	30.85
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
6	6	6	6	6	6
112	112	112	112	112	112
53	53	53	53	53	53
113	113	113	113	113	113
32	48	48	48	48	48
9	9	9	9	9	9



**City of Deephaven  
Schedule of Building Permits and Construction  
Last 10 Years  
(Unaudited)**

**Table 17**

Year	Number	Value
2013	572	\$ 18,515,926
2014	551	25,926,380
2015	606	15,562,559
2016	548	21,471,415
2017	623	22,453,999
2018	650	27,492,851
2019	572	20,239,055
2020	657	32,229,505
2021	752	39,665,116
2022	648	19,790,544

Note: Other operating information is not available.

*Source: Deephaven Planning Department.  
Permits include building, plumbing, mechanical, electrical and demolition.*

**City of Deephaven**  
**Operating Indicators by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

	2013	2014	2015	2016
<b>Public Safety</b>				
Police				
Physical arrests	304	359	314	233
Parking violations	271	270	313	429
Traffic violations	3,386	2,988	3,368	3,148
Fire				
Number of calls answered	677	769	810	755
Inspections	574	634	549	478
<b>Public Works</b>				
Street maintenance				
Miles of city maintained	30.85	30.85	30.85	30.85
Planning				
Number of planning applications received	26	8	21	34
Number of building permits reviewed	572	551	606	548
<b>Park and Recreation</b>				
Parks and trails				
Number of parks maintained	13	13	13	13
Miles of trail and sidewalk maintained	2	2	2	2
Playgrounds	5	5	5	5
Ice skating rinks	4	4	4	4
Beaches	6	6	6	6
<b>Municipal Sewer</b>				
Number of customers	1,474	1,474	1,473	1,474
New connections	14	9	1	1
The city sewage disposal is through the Metropolitan waste control commission.				
<b>Municipal Water</b>				
Number of customers	145	147	148	147
The city purchases water from the municipalities of Minnetonka and Shorewood.				
<b>Recycling</b>				
Curbside recycling picked up on city-wide Clean up day (in tons)				
	592	526	404	334
<b>Marina</b>				
Dock slips	95	95	95	95
Shore space	17	17	17	17
Buoys	53	53	53	53
Slides	113	113	113	113
Canoe racks	32	32	32	32
<b>Storm Water</b>				
Number of utility customer accounts	1,472	1,472	1,472	1,472

(1) Information not available

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

Source: Various City Departments.

**Table 18**

2017	2018	2019	2020	2021	2022
277	170	183	197	160	106
357	419	376	600	595	579
2,160	1,941	1,230	1,948	1,644	899
811	844	923	983	1,007	1,164
672	715	722	382	279	357
30.85	30.85	30.85	30.85	30.85	30.85
21	22	18	21	30	31
623	650	572	657	752	648
13	13	13	13	13	13
2	2	2	2	2	2
5	5	5	5	5	5
4	4	4	4	4	4
6	6	6	6	6	6
1,480	1,486	1,486	1,486	1,486	1,490
6	6	0	0	0	4
148	148	149	149	149	148
320	262	190	190	190	494
95	95	95	95	95	95
17	17	17	17	17	17
53	53	53	53	53	53
113	113	113	113	113	113
48	48	48	48	48	48
1,482	1,482	1,482	1,482	1,482	1,486