

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF LINO LAKES, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

**Prepared By: Finance Department
Sarah Cotton, Director of Finance**

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INTRODUCTORY SECTION

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May 24, 2019

Honorable Mayor
Members of the City Council
Citizens of the City of Lino Lakes, Minnesota

Minnesota State law requires that cities over 2,500 population publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants and submit them to the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lino Lakes, Minnesota for the fiscal year ended December 31, 2018.

This report consists of management's representations concerning the finances of the City of Lino Lakes. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Lino Lakes has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Lino Lakes' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Lino Lakes' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lino Lakes' MD&A can be found immediately following the report of the independent auditors.

**600 Town Center Parkway, Lino Lakes, MN 55014
Phone: 651-982-2400 • Fax: 651-982-2499**

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of the County of Anoka. It covers an area of 33 square miles and has a population of approximately 21,700. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 29.2% since 2000. Within the City's borders lies the 2,550 acre Rice Creek Chain of Lakes Regional Park. Access to St. Paul and Minneapolis is provided by I-35W and I-35E.

The City Charter, as amended, establishes a mayor-council form of government and grants the city council full policy-making and legislative authority to the mayor and four council members. The City council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring a City administrator. The City administrator has the responsibility of carrying out the policies and ordinances of the City council, for overseeing the day-to-day operation of the city. The City council is elected at-large on a non-partisan basis, with council members serving four-year terms and the mayor serving a two-year term. Elections are held every two years with two council seats and the mayor being up for election each election cycle.

The City provides a full range of municipal services. These services include: general government, public safety (police, fire and building inspection), public services (streets, fleet, parks and recreation), conservation of natural resources (environmental and solid waste abatement), community development, public improvements, providing and maintaining sanitary and storm sewer, water infrastructure, and two enterprise funds, the water and sewer funds.

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All divisions are required to submit appropriations requests to the City administrator for review and consolidation into a proposed budget. The City administrator is responsible for submitting the proposed annual budget to the City Council in August of each year. The city council is required to hold a public hearing on the proposed budget and to adopt by resolution a final budget and certify it no later than December 28. The budget amounts cannot increase beyond the estimated receipts except to the extent that actual receipts exceed the estimate. Division directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. Budget-to-actual comparisons for the general fund and the recreation program fund, the only funds for which an annual budget has been adopted, are provided in Statements 11 and 27, respectively.

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 Lino Lakes operates.

Local economy. The economic development effort established by the City Council in 1993 increased the commercial/industrial tax base in the City from 3% of the total tax base to 9% in 2011. Development of three industrial parks - Apollo Business Park on 35W, Marshan Industrial Park on Lake Drive, and the Clearwater Creek Development Center on 35E, provided excellent opportunities for manufacturing and distribution businesses to move their headquarters to Lino Lakes. Before the recession began in late 2007 the Lino Lakes Town Center, comprising approximately 200 acres surrounding the 35W/Lake Drive interchange, was developing at a rapid pace. Super Target and Kohl's anchor the shopping center quadrant, while Apollo Business Park brought approximately 1,000 new employees to the area.

Factors Affecting Financial Condition (Continued)

In 2004, the City entered into an agreement with a master developer to develop 40 acres in the southeast quadrant of I-35W and Lake Drive. Called Legacy at Woods Edge, this mixed-use development is intended to include diverse opportunities for housing, retail and office uses. To date, the development includes the Lino Lakes Civic Complex (which houses the city hall and police station), the Chain of Lakes YMCA, a 60-unit workforce housing project, 13,000 square feet of leasable commercial space, an assisted living facility, and a 112-unit townhome development. The Civic Complex and YMCA provide a civic and community focus as part of the vision for Town Center. A workforce family housing and assisted living facility provide diversity in housing to underserved populations within the City.

In 2006, the City placed a major focus on reconstruction of the 35W/Lake Drive interchange and completion of public improvements in Legacy at Woods Edge to accommodate planned development and completed the improvements by 2008. However, it became evident at the end of 2007 that development was stalling. The recession has had negative impacts on the Legacy development. Both the master developer and lender defaulted, sending the remaining 22 acres intended for townhomes and commercial uses into tax forfeit. Development conditions have begun to improve relative to the Legacy property. During 2013, the assisted living facility purchased an adjoining parcel to expand its current operation. The 36-room addition was completed in 2014. In addition, the State Legislature approved City-initiated special legislation which has allowed the City to acquire the tax forfeited property from the State at no cost except for an administrative fee payable to Anoka County if future sale revenues exceed the value of the special assessments on the property. The acquisition of this property will allow the City greater control in marketing the property to potential developers. The solid foundation that was built and strong interest by developers prior to the recession ensures that better economic times will once again bring the interest in residential and commercial growth needed to complete the vision. Street, streetscape, water, sewer, and storm water improvements, as well as a small community park, have been installed within the development area and assessed to the development. The \$11.1 million I-35W Interchange improvement was financed through the joint efforts of MNDOT, Anoka County and the City of Lino Lakes. The City has issued \$4,215,000 in G.O. Tax Increment bonds and will use tax increment financing and Minnesota State Aid funds to finance its portion of the project cost.

In anticipation of a strengthening economy, the City took the lead on developing the infrastructure needed to service future growth on the 35E/County Road 14 interchange area. A major reconstruction of the interchange completed a multi-year improvement of County Road 14 from Highway 61 in Hugo, through Centerville, to 35W in Lino Lakes. The City portion of the cost for this bridge reconstruction project is being financed through Anoka County, with the City issuing an initial \$4.26 million General Obligation Note to the County. Due to cost savings in this project the Note was amended to \$3.695 million in 2011. The city prepaid the Note with Anoka County in 2017 using MSA funds.

With both major interstate interchanges complete, the City is preparing for development of several hundred acres in all quadrants of 35E/14. Interest in the commercial interchange has spurred the extension of Otter Lake Road North east of I-35E and the extension of 21st Avenue west of I-35E, which will leave the City well poised to accommodate significant future industrial, commercial and residential development. A McDonald's restaurant was completed in 2014 at CSAH 14 and Otter Lake Road. In addition, Metropolitan Transit has constructed a 300 space Park and Ride at I35-E at CSAH 14 and 21st Avenue.

Development activities continued to increase in 2018. Residential permit activity for new home construction surpassed 100 for the third consecutive year with 162 issued. This trend is expected to continue as national builder, Lennar Homes, began construction on the first phase of an 871 lot

development. Overall construction activity exceeded \$52 million in new valuation. Commercial development continues to show signs of recovery as new construction activities and development planning emerges. The City approved a concept plan for a 200-unit senior living community, which is planned for construction in 2019.

Long-term financial planning. The City's currently adopted five-year financial plan identifies street and utility improvements totaling \$31,853,679 over the five-year period. These improvements are anticipated to be funded through a number of funding sources, including special assessments, municipal state aid road funds, the area and unit trunk fund, the stormwater management fund and voter-approved tax levies. The five-year plan also includes funding projections for operations and operating impacts for the five-year period. This plan is in the process of being revised to reflect the anticipated activity through the year 2023.

Relevant Financial Policies

The City uses a variety of financial policies to guide its fiscal actions and ensure fiscal stability.

Fund balance policy. The City had adopted a Fund Balance policy which identified the required designated amounts in the Fund Balance of the General Fund at fiscal year-end and directed the transfer of any excess revenues to other funds for specific purposes, as identified annually. For the year ended December 31, 2011 and subsequent years, the City amended its Fund Balance policy to conform to the requirements of GASB 54. The new policy targets the unassigned fund balance of the general fund in a range of 40% to 50% of budgeted general fund expenditures and other financial uses. In addition, fund balances are classified in compliance with GASB 54 according to the hierarchy of usable fund balance resources. The unassigned general fund balance as of December 31, 2018 was \$6,599,956 which is 62% of general fund budgeted expenditures and other financing uses for the year.

Cash management policies and practices. The City's policy is to invest all available moneys at competitive rates in accordance with Minnesota law. Investments are made by minimizing credit and market risks while maintaining a competitive yield. Funds are invested in certificates of deposit, state and local securities, and U.S. government agencies. Cash is pooled in one account to provide maximum return. The City Council reviews the investment policy annually.

The City's investment policy's primary objective is safety of principal. Therefore, all deposits were either insured by Federal depository insurance or were collateralized as required by State Statute. Due to the weakened economy, a historically low interest rate environment has persisted over the last several years and has had a dramatic impact on the city's investment earnings. The average interest income yield on investments for 2018 was 1.63%. Total investment income also includes positive or negative changes in the fair value of investments. Changes in fair value of investments during the current year resulted in unrealized losses of \$172,593, or 0.37%, for a total investment yield of 1.26%. The changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the City intends to hold to maturity. It is the City's practice to purchase and hold investments to maturity and, accordingly, changes in fair value over the term of the City's investments are expected to net to book value.

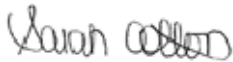
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for excellence in financial reporting to cities that meet certain criteria. The City of Lino Lakes received this award for its comprehensive annual financial report for the year ended December 31, 2017. This marks the twenty-third consecutive year the City has received this prestigious award. A governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program requirements. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is submitting the 2018 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the Certificate program.

The timely preparation of this report could not have been accomplished without the dedicated services of the Finance Department, auditors and other city staff. I want to express my appreciation to the Mayor and City Council for their support for maintaining the highest standard of professionalism in the management of the financial operation of the City.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Sarah Cotton", is positioned above a thin horizontal line.

Sarah R. Cotton
Director of Finance

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lino Lakes
Minnesota**

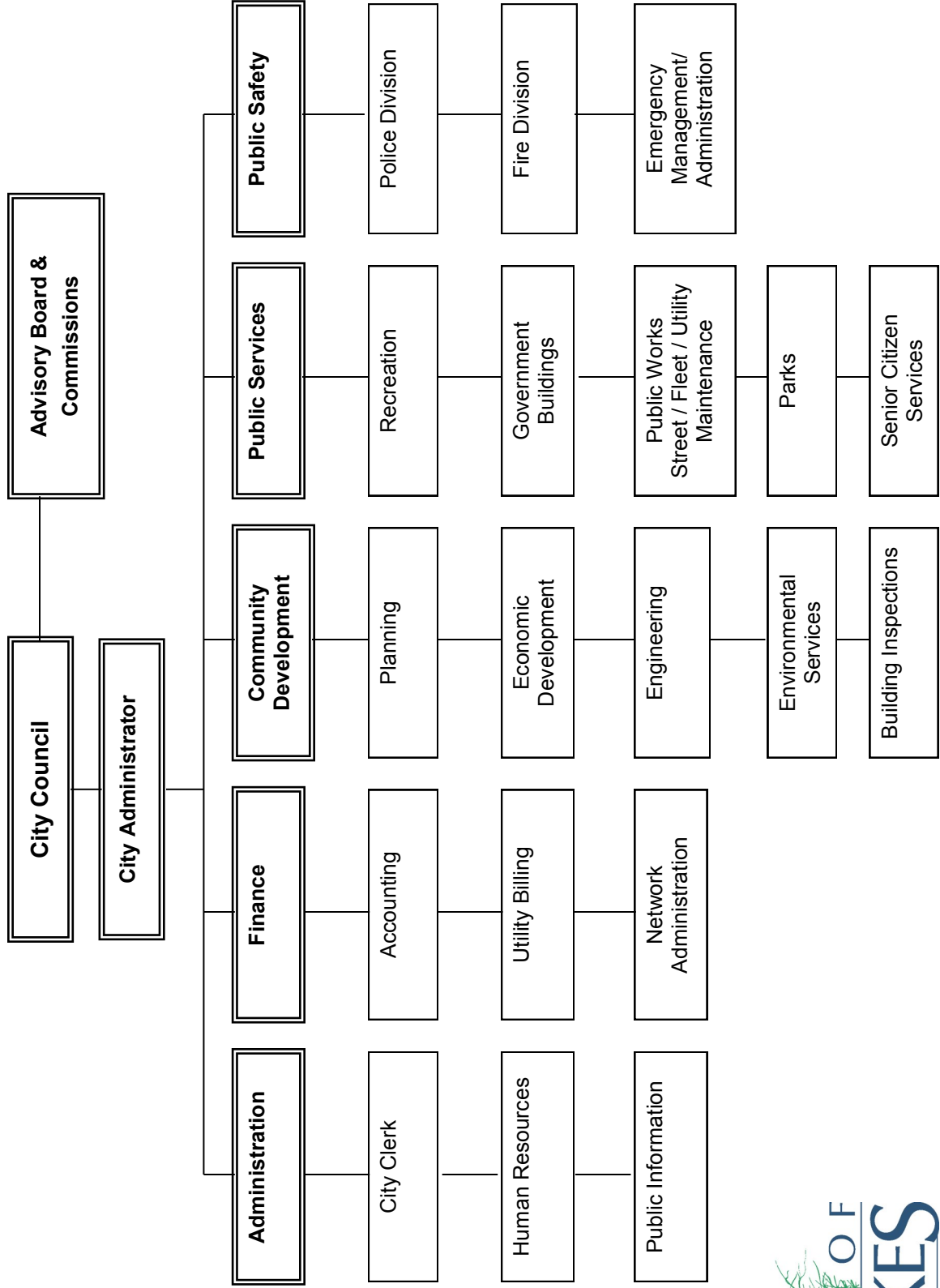
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

City of Lino Lakes Organizational Chart



CITY OF LINO LAKES, MINNESOTA**PRINCIPAL CITY OFFICIALS**

December 31, 2018

		<u>Term Expires</u>
Mayor:	Jeff Reinert	December 31, 2019
Councilmembers:	Dale Stoesz	December 31, 2021
	Rob Rafferty	December 31, 2021
	Melissa Maher	December 31, 2019
	Michael Manthey	December 31, 2019
City Administrator:	Jeff Karlson	Appointed
Directors:		
Community Development	Michael Grochala	Appointed
Finance	Sarah Cotton	Appointed
Public Safety	John Swenson	Appointed
Public Services	Richard DeGardner	Appointed

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Lino Lakes, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2019, on our consideration of the City of Lino Lakes, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 24, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lino Lakes, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$100,077,798 (net position). Of this amount, \$32,148,347 (unrestricted 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 increased by \$6,784,185.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,255,201, an increase of \$9,199,079. Of this amount, \$9,824,255 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the general fund balance was \$6,886,142. Unassigned fund balance for the general fund was \$6,599,956, or 62% of total general fund expenditures and other financing uses.

Total outstanding debt increased by \$4,476,595 during 2018. General Obligation Bonds and certificates of indebtedness totaling \$7,218,900 were issued, while regularly scheduled principal payments were made during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or

Management's Discussion and Analysis

decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public services, conservation of natural resources and community development. The business-type activities of the City include a water utility and sewer utility.

The government-wide financial statements are statements 1 and 2 of this report.

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

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

Management's Discussion and Analysis

The City maintains six individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General Fund
- G.O. Improvement Note of 2009A – Debt Service Fund
- G.O. Improvement Bonds of 2016B – Debt Service Fund
- Area and Unit Charge – Capital Project Fund
- MSA Construction – Capital Project Fund
- 2018 Street Reconstruction – Capital Project Fund

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and its Program Recreation special revenue fund. A budgetary comparison schedule has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are statements 3 through 6 of this report.

Proprietary funds. The City maintains two enterprise funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, which are considered to be major funds of the City. The basic proprietary fund financial statements are statements 7 through 9 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held by the City as an agent for individuals, private organizations, or other governments. Fiduciary funds are not reflected by the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund statements are Statements 10 and 28.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Statement 10.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary

Management's Discussion and Analysis

information. Combining and individual fund statements and schedules are presented as Statements 19 through 27.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$100,077,798 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$57,349,634, or 57%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lino Lakes' Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$41,949,582	\$32,942,034	\$16,003,964	\$15,272,668	\$57,953,546	\$48,214,702
Capital assets	44,102,567	42,611,027	32,709,079	31,831,950	76,811,646	74,442,977
Total assets	<u>\$86,052,149</u>	<u>\$75,553,061</u>	<u>\$48,713,043</u>	<u>\$47,104,618</u>	<u>\$134,765,192</u>	<u>\$122,657,679</u>
Deferred outflows of resources	<u>\$4,305,683</u>	<u>\$5,625,220</u>	<u>\$61,906</u>	<u>\$97,118</u>	<u>\$4,367,589</u>	<u>\$5,722,338</u>
Liabilities:						
Long-term liabilities outstanding	\$30,443,714	\$27,257,669	\$312,016	\$413,334	\$30,755,730	\$27,671,003
Other liabilities	1,981,550	894,136	87,787	43,453	2,069,337	937,589
Total liabilities	<u>\$32,425,264</u>	<u>\$28,151,805</u>	<u>\$399,803</u>	<u>\$456,787</u>	<u>\$32,825,067</u>	<u>\$28,608,592</u>
Deferred inflows of resources	<u>\$6,134,676</u>	<u>\$6,410,858</u>	<u>\$95,240</u>	<u>\$66,954</u>	<u>\$6,229,916</u>	<u>\$6,477,812</u>
Net position:						
Net investment in capital assets	\$24,640,555	\$22,868,259	\$32,709,079	\$31,831,950	\$57,349,634	\$54,700,209
Restricted	10,579,817	11,730,147	-	-	10,579,817	11,730,147
Unrestricted	16,577,520	12,017,212	15,570,827	14,846,045	32,148,347	26,863,257
Total net position	<u>\$51,797,892</u>	<u>\$46,615,618</u>	<u>\$48,279,906</u>	<u>\$46,677,995</u>	<u>\$100,077,798</u>	<u>\$93,293,613</u>

\$10,579,817 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$32,148,347) may be used to meet ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis

The City's net position increased by \$6,784,185 during 2018. Key elements of this increase are as follows:

City of Lino Lakes' Changes in Net Position

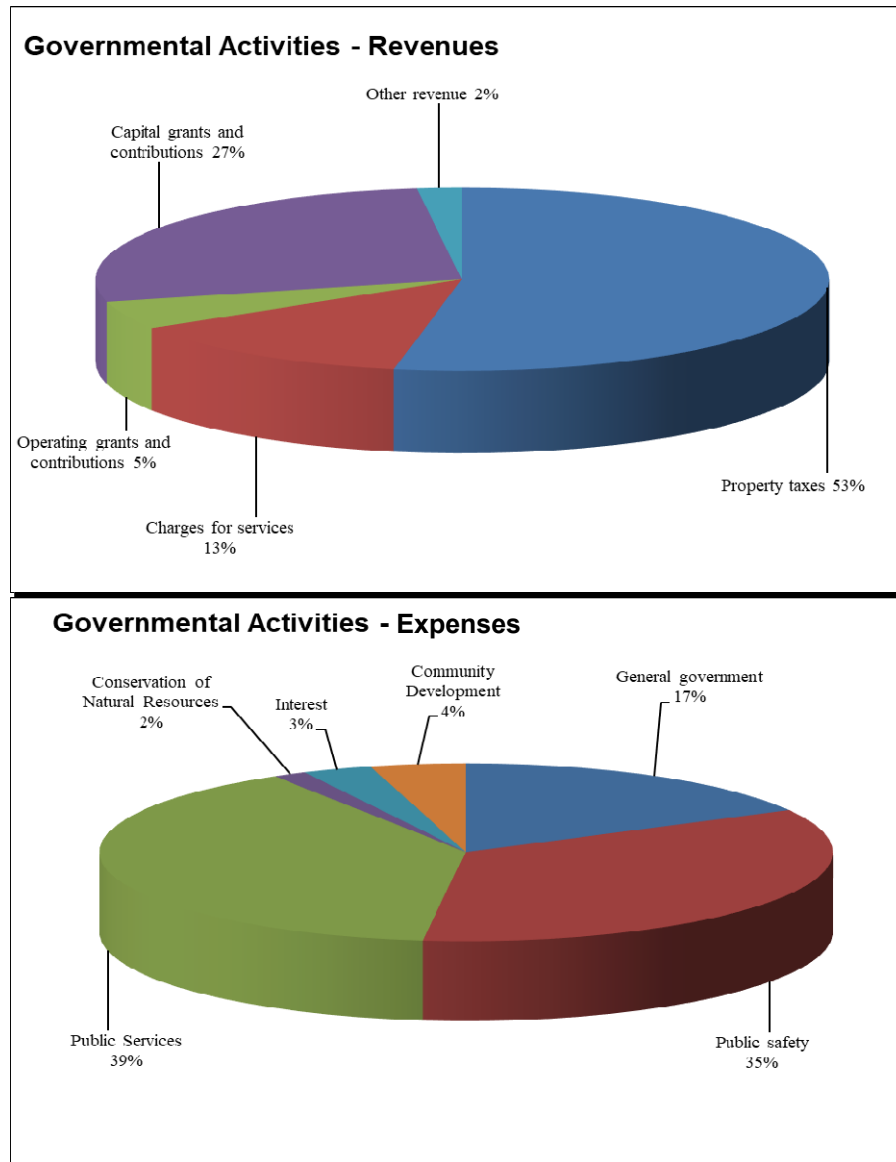
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$2,602,483	\$3,600,902	\$2,971,301	\$2,849,797	\$5,573,784	\$6,450,699
Operating grants and contributions	861,429	1,106,014	-	-	861,429	1,106,014
Capital grants and contributions	5,187,023	4,141,383	1,242,032	836,029	6,429,055	4,977,412
General revenues:						
General property taxes	9,767,468	9,441,819	-	-	9,767,468	9,441,819
Tax increment	462,223	312,152	-	-	462,223	312,152
Grants and contributions not restricted to specific programs	59,508	181,712	-	-	59,508	181,712
Unrestricted investment earnings	369,485	207,792	213,434	106,488	582,919	314,280
Gain on disposal of capital assets	17,318	38,022	-	-	17,318	38,022
Total revenues	19,326,937	19,029,796	4,426,767	3,792,314	23,753,704	22,822,110
Expenses:						
General government	2,345,386	2,395,633	-	-	2,345,386	2,395,633
Public safety	4,749,394	5,166,538	-	-	4,749,394	5,166,538
Public services	5,384,522	5,492,395	-	-	5,384,522	5,492,395
Conservation of natural resources	201,590	200,016	-	-	201,590	200,016
Community development	576,794	459,455	-	-	576,794	459,455
Interest and fees on long-term debt	414,607	518,897	-	-	414,607	518,897
Water	-	-	1,332,755	1,245,249	1,332,755	1,245,249
Sewer	-	-	1,964,471	1,901,821	1,964,471	1,901,821
Total expenses	13,672,293	14,232,934	3,297,226	3,147,070	16,969,519	17,380,004
Increase in net position before transfers	5,654,644	4,796,862	1,129,541	645,244	6,784,185	5,442,106
Transfers	(472,370)	(308,694)	472,370	308,694	-	-
Change in net position	5,182,274	4,488,168	1,601,911	953,938	6,784,185	5,442,106
Net position - January 1, as previously reported	46,615,618	42,819,930	46,677,995	45,724,057	93,293,613	88,543,987
Prior period adjustment	-	(692,480)	-	-	-	(692,480)
Net position - January 1, as restated	46,615,618	42,127,450	46,677,995	45,724,057	93,293,613	87,851,507
Net position - December 31	\$51,797,892	\$46,615,618	\$48,279,906	\$46,677,995	\$100,077,798	\$93,293,613

Governmental Activities

Governmental activities increased the City's net position by \$5,182,274 during 2018. The cumulative effect of decreased charges for services, increased capital grants and contributions, and a decrease in public safety expenses account for the increase in 2018. This increase was partially offset by transfers out to business-type activities of \$472,370.

Management's Discussion and Analysis

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

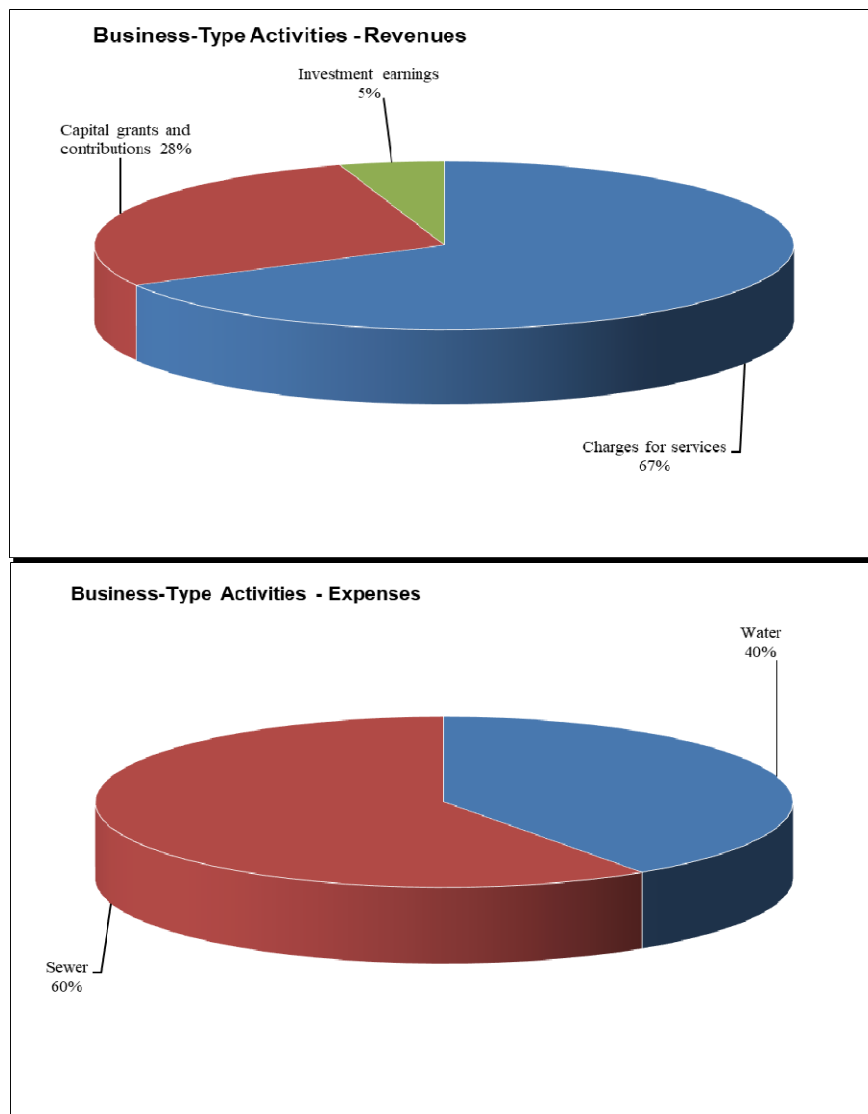


Management's Discussion and Analysis

Business-Type Activities

Business-type activities increased the City's net position by \$1,601,911 during 2018. The increase was due to contributions of capital assets from private sources, as well as the City's governmental activities, in the amount of \$1,956,547, offset by transfers out of \$242,145.

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



Management's Discussion and Analysis

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,255,201. Approximately 30% of this total amount (\$9,824,255) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$388,184 of fund balance is not in a spendable form, \$182,613 has been committed, \$19,195,652 has been assigned, and \$3,664,497 is unassigned.

The fund balance of the General Fund increased by \$69,217 in 2018, while the City anticipated the use of \$32,288 of the general fund balance. Overall, signs of continued economic recovery are being seen with increased building and development activities taking place which resulted in increased license and permit revenues for the year. The City also saw a significant increase in the number of roofing and siding permits issued during the year due to a storm causing significant damage throughout the City in June of 2017. Finally, reduced expenditures, primarily for personal services through vacant positions, and professional and contractual services helped to increase the year end fund balance.

The G.O. Improvement Note of 2009A fund was established to service the debt issued by Anoka County as the City's financial commitment for the I-35E interchange project. The City prepaid the remaining balance of the note in 2017 using MSA funds. As deferred special assessments are received, MSA funds will be replenished. The fund began and ended the year with a fund balance of \$0, and transferred \$647,371 to the MSA Construction fund.

The G.O. Improvement Bonds of 2016B fund decreased by \$217,643. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. Future tax increment and land sale proceeds are expected to cover debt service and the interfund loan payable.

The Area and Unit Charge fund has a total fund balance of \$8,156,800, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$500,645 due to the collection of prepaid special assessments and trunk utility development fees.

The MSA Construction fund has a total fund balance of \$3,919,729, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year increased by \$3,076,355 primarily due to an advance of funds for MSA street projects completed in prior years.

Management's Discussion and Analysis

The 2018 Street Reconstruction fund has a total fund balance of \$5,300,079. The fund balance increased during the year by \$5,497,747 due to proceeds from bond issuance exceeding the expenditures incurred related to the West Shadow Lake Drive and LaMotte Area Street Reconstruction project.

The combined fund balance of other governmental funds increased by \$272,758 during 2018. Primary reasons for the increase include the closeout of the debt service fund associated with the 2006E Series G.O. CIP Refunding Bonds, the transfer of \$500,000 from the General Fund for park and trail improvements, and the closeout of the Birch Street turn lane and utility project, offset by debt service expenditures exceeding revenues.

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

The water fund has total net position at year-end of \$23,481,908, of which \$6,008,956 is unrestricted. The increase in net position of \$860,344 was primarily due to capital contributions, partially offset by a net operating loss.

The sewer fund has total net position at year-end of \$24,797,998 of which \$9,561,871 is unrestricted. The increase in net position of \$741,567 was primarily due to capital contributions, partially offset by a net operating loss and a transfer to the 2018 Street Reconstruction fund.

Budgetary Highlights

General Fund

The General Fund budget was amended during the year to reflect increased revenues relative to building and licensing activities and state aid and decreased revenues related to a grant funded police officer and fines and forfeitures. Changes to expenditure areas include decreased personal services due to personnel vacancies, changes to professional and contracted services, variances in supplies, investment in the Civic Complex air conditioning units 2 & 3, and the final transfer for the park land loan and the comprehensive plan update budgeted over 3 years (2016-2018). The final amended expenditure budget was \$315,569 less than the original adopted budget.

Revenues were \$96,898 over budget for the year. General property tax, special assessments, fines and forfeits, and miscellaneous refunds and reimbursements were \$71,231 under budget; however, this variance was more than offset by greater than anticipated license and permit revenues, intergovernmental revenue, charges for services, and investment earnings.

Expenditures came in under budget by \$5,219 due to many factors including lower than expected personal service costs from vacant positions and favorable professional and contracted service activity. Fuel costs were much higher than anticipated due to an increase in the average fuel price, as well as an increase in the number of snow events. Professional

Management's Discussion and Analysis

and contracted service activity in parks was much higher than anticipated due to costs associated with council initiated projects that were not originally planned for in 2018.

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, 2018, amounted to \$76,811,646 (net of accumulated depreciation), an increase of \$2,368,669 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure. The City completed the Birch Street turn lane and utility improvements, Phase II of the upgrades to the Civic Complex air conditioning system, the Council Chambers upgrade, and Century Farms North trail improvements. The City has continued to work to complete the land preparation activities for NorthPointe Park in 2018. In addition, the City started trunk watermain and trail improvements on Lake Drive, trunk utility improvements at 49&J, drainage improvements in the NE Area of the City, Water Tower #3, Phase II of the controls automation upgrade at the Civic Complex, Woods Edge Park improvements, and street and utility improvements in the West Shadow Lake Drive and LaMotte areas. Developer lead infrastructure improvements at various stages of completion include NorthPointe 4th, 5th, 6th and 7th Additions, Saddle Club 3rd Addition, Century Farms 6th and 7th Additions, St Clair Estates, and Chavez Estates.

City of Lino Lakes' Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$3,320,059	\$3,320,059	\$ -	\$ -	\$3,320,059	\$3,320,059
Wetland credits	167,224	162,372	-	-	167,224	162,372
Construction in progress	3,595,457	2,482,238	1,623,032	1,507,153	5,218,489	3,989,391
Buildings	6,375,432	6,376,011	-	-	6,375,432	6,376,011
Office equipment and furniture	270,711	236,777	-	-	270,711	236,777
Vehicles	1,945,189	2,016,355	-	-	1,945,189	2,016,355
Machinery and shop equipment	1,126,246	1,133,624	161,538	167,440	1,287,784	1,301,064
Other equipment	330,618	267,096	-	-	330,618	267,096
Infrastructure	26,971,631	26,616,495	30,924,509	30,157,357	57,896,140	56,773,852
Total	<u>\$44,102,567</u>	<u>\$42,611,027</u>	<u>\$32,709,079</u>	<u>\$31,831,950</u>	<u>\$76,811,646</u>	<u>\$74,442,977</u>

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,452,838. Of this amount, \$19,848,900 comprises tax supported debt and \$3,890,000 is special assessment debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments or revenues pledged to the retirement of the debt. In addition, the City has a note payable to the City of Circle Pines for its share of the cost of capital equipment to be used by the North Metro Telecommunications Commission in the operation of a cable communications system in the amount of \$202,125.

City of Lino Lakes' Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$20,051,025	\$14,947,725	\$ -	\$ -	\$20,051,025	\$14,947,725
G.O. special assessment bonds	3,890,000	4,905,000	-	-	3,890,000	4,905,000
Bond premium	511,813	123,518	-	-	511,813	123,518
Total	<u>\$24,452,838</u>	<u>\$19,976,243</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,452,838</u>	<u>\$19,976,243</u>

The City of Lino Lakes' total bonded debt increased by \$4,476,595 during the current fiscal year. The key factors for the change include the issuance of \$303,900 of Certificates of Indebtedness to finance capital equipment purchases, \$4,950,000 of General Obligation Bonds to finance the West Shadow Lake Drive and LaMotte Area street and utility improvements, and \$1,965,000 to finance the Lake Drive water utility improvements. Principal retired in the amount of \$3,130,600 during the year.

Additional information on the City's long-term debt can be found in Note 6.

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Lino Lakes, 600 Town Center Parkway, Lino Lakes, Minnesota, 55014.

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BASIC FINANCIAL STATEMENTS

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CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION

December 31, 2018

Statement 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$34,714,073	\$14,999,488	\$49,713,561
Accrued interest receivable	124,736	-	124,736
Due from other governmental units	77,256	1,982	79,238
Accounts receivable - net	61,051	366,298	427,349
Prepaid items	288,184	37,188	325,372
Internal balances	(559,110)	559,110	-
Inventory	-	39,898	39,898
Taxes receivable	198,715	-	198,715
Special assessments receivable	6,654,764	-	6,654,764
Long-term note receivable	225,000	-	225,000
Net pension asset	164,913	-	164,913
Capital assets - nondepreciable	7,082,740	1,623,032	8,705,772
Capital assets - net of accumulated depreciation	37,019,827	31,086,047	68,105,874
Total assets	86,052,149	48,713,043	134,765,192
Deferred outflows of resources related to pensions	4,305,683	61,906	4,367,589
Liabilities:			
Accounts payable and other current liabilities	1,834,176	87,787	1,921,963
Accrued interest payable	147,374	-	147,374
Compensated absences payable:			
Due within one year	497,161	28,292	525,453
Due in more than one year	316,711	4,586	321,297
Other post employment benefits	748,050	8,594	756,644
Bonds and notes payable:			
Due within one year	2,815,075	-	2,815,075
Due in more than one year	21,637,763	-	21,637,763
Net pension liability:			
Due in more than one year	4,428,954	270,544	4,699,498
Total liabilities	32,425,264	399,803	32,825,067
Deferred inflows of resources:			
Pension related	6,087,516	95,240	6,182,756
OPEB related	47,160	-	47,160
Total deferred inflows of resources	6,134,676	95,240	6,229,916
Net position:			
Net investment in capital assets	24,640,555	32,709,079	57,349,634
Restricted for:			
Debt service	8,954,265	-	8,954,265
Tax increment purposes	557,211	-	557,211
Park improvements	227,540	-	227,540
Economic development	225,000	-	225,000
Environmental improvements - nonexpendable	100,000	-	100,000
Environmental improvements - expendable	33,853	-	33,853
Other purposes	481,948	-	481,948
Unrestricted	16,577,520	15,570,827	32,148,347
Total net position	\$51,797,892	\$48,279,906	\$100,077,798

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA**STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,345,386	\$562,816
Public safety	4,749,394	1,591,658
Public services	5,384,522	448,009
Conservation of natural resources	201,590	-
Community development	576,794	-
Interest and fees on long-term debt	414,607	-
Total governmental activities	<u>13,672,293</u>	<u>2,602,483</u>
Business-type activities:		
Water	1,332,755	1,217,589
Sewer	1,964,471	1,753,712
Total business-type activities	<u>3,297,226</u>	<u>2,971,301</u>
Total primary government	<u>\$16,969,519</u>	<u>\$5,573,784</u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$16,688	\$ -	(\$1,765,882)	\$ -	(\$1,765,882)
462,856	29,261	(2,665,619)	-	(2,665,619)
282,392	5,157,762	503,641	-	503,641
99,493	-	(102,097)	-	(102,097)
-	-	(576,794)	-	(576,794)
-	-	(414,607)	-	(414,607)
861,429	5,187,023	(5,021,358)	0	(5,021,358)
-	487,444	-	372,278	372,278
-	754,588	-	543,829	543,829
0	1,242,032	0	916,107	916,107
\$861,429	\$6,429,055	(5,021,358)	916,107	(4,105,251)
General revenues:				
General property taxes		9,767,468	-	9,767,468
Tax increment		462,223	-	462,223
Grants and contributions not restricted to specific programs		59,508	-	59,508
Unrestricted investment earnings		369,485	213,434	582,919
Gain on disposal of capital assets		17,318	-	17,318
Transfers		(472,370)	472,370	-
Total general revenues and transfers		10,203,632	685,804	10,889,436
Change in net position		5,182,274	1,601,911	6,784,185
Net position - January 1		46,615,618	46,677,995	93,293,613
Net position - December 31		\$51,797,892	\$48,279,906	\$100,077,798

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2018

	General Fund	333 G.O. Improvement Note of 2009A	342 G.O. Improvement Bonds of 2016B
Assets			
Cash and investments	\$6,669,584	\$ -	\$726,988
Accrued interest receivable	124,736	-	-
Due from other governmental units	77,256	-	-
Accounts receivable - net	30,894	-	-
Prepaid items	286,186	-	-
Advances to other funds	-	-	-
Taxes receivable:			
Due from county	96,116	-	-
Delinquent	69,625	-	-
Special assessments receivable:			
Due from county	-	1,418	-
Delinquent	-	-	-
Deferred	106	2,100,886	2,994,379
Interfund loan receivable	-	-	-
Long-term note receivable	-	-	-
Total assets	\$7,354,503	\$2,102,304	\$3,721,367
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$218,936	\$ -	\$450
Salaries payable	132,239	-	-
Due to other governmental units	47,455	-	-
Advances from other funds	-	1,418	-
Contracts payable	-	-	-
Interfund loan payable	-	-	2,876,643
Total liabilities	398,630	1,418	2,877,093
Deferred inflows of resources:			
Unavailable revenue	69,731	2,100,886	2,994,379
Fund balance:			
Nonspendable	286,186	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	6,599,956	-	(2,150,105)
Total fund balance	6,886,142	0	(2,150,105)
Total liabilities, deferred inflows of resources, and fund balance	\$7,354,503	\$2,102,304	\$3,721,367

The accompanying notes are an integral part of these financial statements.

Statement 3

406 Area and Unit Charge	420 MSA Construction	485 2018 Street Reconstruction	Other Governmental Funds	Total Governmental Funds
\$8,164,676	\$3,921,001	\$6,400,371	\$8,831,453	\$34,714,073
-	-	-	-	124,736
-	-	-	-	77,256
24,575	-	-	5,582	61,051
-	-	-	1,998	288,184
-	1,418	-	1,824	3,242
-	-	-	19,022	115,138
-	-	-	13,952	83,577
8,785	-	-	32,846	43,049
27,768	-	-	14,614	42,382
969,375	-	-	504,587	6,569,333
-	-	-	3,095,946	3,095,946
-	-	-	225,000	225,000
<u>\$9,195,179</u>	<u>\$3,922,419</u>	<u>\$6,400,371</u>	<u>\$12,746,824</u>	<u>\$45,442,967</u>
\$31,538	\$2,690	\$83,410	\$165,850	\$502,874
-	-	-	-	132,239
-	-	46	44,933	92,434
-	-	-	1,824	3,242
9,698	-	1,016,836	80,095	1,106,629
-	-	-	778,413	3,655,056
<u>41,236</u>	<u>2,690</u>	<u>1,100,292</u>	<u>1,071,115</u>	<u>5,492,474</u>
<u>997,143</u>	<u>-</u>	<u>-</u>	<u>533,153</u>	<u>6,695,292</u>
-	-	-	101,998	388,184
-	-	4,788,701	5,035,554	9,824,255
-	-	-	182,613	182,613
8,156,800	3,919,729	511,378	6,607,745	19,195,652
-	-	-	(785,354)	3,664,497
<u>8,156,800</u>	<u>3,919,729</u>	<u>5,300,079</u>	<u>11,142,556</u>	<u>33,255,201</u>
<u>\$9,195,179</u>	<u>\$3,922,419</u>	<u>\$6,400,371</u>	<u>\$12,746,824</u>	<u>\$45,442,967</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF LINO LAKES, MINNESOTA**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION**

December 31, 2018

Statement 4

Fund balance - total governmental funds (Statement 3)	\$33,255,201
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Net position reported for governmental activities in the Statement of Net Position is different because:

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

Capital assets	44,102,567
Net pension asset	164,913

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

Delinquent taxes receivable	83,577
Delinquent special assessments receivable	42,382
Deferred special assessments receivable	6,569,333

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Bonds and notes payable	(23,941,025)
Unamortized bond premiums	(527,800)
Unamortized bond discounts	15,987
Accrued interest payable	(147,374)
Compensated absences payable	(813,872)
Other post employment benefits	(748,050)
Net pension liability	(4,428,954)

Deferred outflows and inflows of resources related to pensions and OPEB are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. Balances at year end are:

Deferred outflows of resources	4,305,683
Deferred inflows of resources	(6,134,676)

Net position of governmental activities (Statement 1)	<u><u>\$51,797,892</u></u>
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CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2018

	General Fund	333 G.O. Improvement Note of 2009A	342 G.O. Improvement Bonds of 2016B
Revenues:			
General property taxes	\$8,146,307	\$ -	\$ -
Tax increment	-	-	-
Licenses and permits	1,260,046	-	-
Intergovernmental	651,993	-	-
Special assessments	1,777	644,846	-
Charges for services	317,122	-	-
Fines and forfeits	114,991	-	-
Investment earnings	75,880	2,525	6,445
Miscellaneous	201,956	-	-
Total revenues	10,770,072	647,371	6,445
Expenditures:			
Current:			
General government	1,927,378	-	-
Public safety	4,536,585	-	-
Public services	2,176,523	-	-
Conservation of natural resources	199,026	-	-
Community development	451,919	-	-
Capital outlay:			
General government	54,010	-	-
Public safety	45,049	-	-
Public services	16,853	-	-
Debt service:			
Principal	-	-	480,000
Interest and fiscal charges	-	-	22,225
Total expenditures	9,407,343	0	502,225
Revenues over (under) expenditures	1,362,729	647,371	(495,780)
Other financing sources (uses):			
Transfers in	-	-	278,137
Transfers out	(1,293,512)	(647,371)	-
Issuance of debt	-	-	-
Bond premium	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	(1,293,512)	(647,371)	278,137
Net change in fund balance	69,217	0	(217,643)
Fund balance - January 1	6,816,925	-	(1,932,462)
Fund balance - December 31	\$6,886,142	\$0	(\$2,150,105)

The accompanying notes are an integral part of these financial statements.

406 Area and Unit Charge	420 MSA Construction	485 2018 Street Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$1,607,231	\$9,753,538
-	-	-	462,223	462,223
-	-	-	-	1,260,046
-	2,801,307	-	-	3,453,300
536,180	-	-	823,167	2,005,970
264,957	-	-	421,817	1,003,896
-	-	-	22,949	137,940
114,617	33,143	1,219	135,656	369,485
-	-	-	121,423	323,379
915,754	2,834,450	1,219	3,594,466	18,769,777
-	-	-	21,531	1,948,909
-	-	-	39,372	4,575,957
42,467	2,690	-	926,378	3,148,058
-	-	-	-	199,026
-	-	-	120,991	572,910
-	-	-	189,798	243,808
-	-	-	182,479	227,528
327,393	-	2,006,051	647,575	2,997,872
-	-	-	2,650,600	3,130,600
-	-	-	415,434	437,659
369,860	2,690	2,006,051	5,194,158	17,482,327
545,894	2,831,760	(2,004,832)	(1,599,692)	1,287,450
38,000	647,371	510,159	2,792,773	4,266,440
(407,022)	(402,776)	-	(1,273,614)	(4,024,295)
295,000	-	6,620,000	303,900	7,218,900
28,773	-	372,420	-	401,193
-	-	-	49,391	49,391
(45,249)	244,595	7,502,579	1,872,450	7,911,629
500,645	3,076,355	5,497,747	272,758	9,199,079
7,656,155	843,374	(197,668)	10,869,798	24,056,122
\$8,156,800	\$3,919,729	\$5,300,079	\$11,142,556	\$33,255,201

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For The Year Ended December 31, 2018
Statement 6

Net change in fund balance - total governmental funds (Statement 5)	\$9,199,079
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	3,469,208
Depreciation	(2,940,774)
Various other transactions involving capital assets increase (decrease) net position on the Statement of Activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:	
Contributions of infrastructure from private sources	1,690,433
Contributions of infrastructure to business-type activities	(714,515)
Miscellaneous other differences related to capital assets	(12,812)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in delinquent taxes receivable	13,930
Change in delinquent special assessments receivable	24,102
Change in deferred special assessments receivable	(1,364,050)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas amounts are deferred and amortized over the life of the debt in the Statement of Activities.	
Bonds and notes issued	(7,218,900)
Bond premium received	(401,193)
Repayment of principal	3,130,600
Amortization of bond premiums and discounts	12,898
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:	
Change in accrued interest payable	10,154
Change in compensated absences payable	(44,964)
Change other post employment benefits liability and related deferred inflows of resources	(6,066)
Pension expense in governmental funds is measured by current year employee contributions. Pension expense in the Statement of Activities is measured by the change in the net pension liability and related deferred inflows and outflows of resources. This is the amount by which pension expense (\$353,072) differed from pension contributions (\$688,216).	
	335,144
Change in net position of governmental activities (Statement 2)	<u><u>\$5,182,274</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

Statement 7

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$6,022,044	\$8,977,444	\$14,999,488
Due from other governmental units	-	1,982	1,982
Accounts receivable - net	150,405	215,893	366,298
Prepaid items	13,909	23,279	37,188
Inventory	39,898	-	39,898
Total current assets	6,226,256	9,218,598	15,444,854
Noncurrent assets:			
Interfund loan receivable	-	559,110	559,110
Capital assets:			
Construction in progress	818,359	804,673	1,623,032
Equipment	154,909	333,754	488,663
Water and sewer systems	25,796,237	24,042,195	49,838,432
Total capital assets	26,769,505	25,180,622	51,950,127
Less: Allowance for depreciation	(9,296,553)	(9,944,495)	(19,241,048)
Net capital assets	17,472,952	15,236,127	32,709,079
Total assets	23,699,208	25,013,835	48,713,043
Deferred outflows of resources related to pensions	30,953	30,953	61,906
Total assets and deferred outflows	23,730,161	25,044,788	48,774,949
Liabilities:			
Current liabilities:			
Accounts payable	28,110	33,294	61,404
Salaries payable	4,952	4,952	9,904
Due to other governments	8,453	2,952	11,405
Other accrued liabilities	3,110	1,964	5,074
Compensated absences payable - current portion	14,146	14,146	28,292
Total current liabilities	58,771	57,308	116,079
Noncurrent liabilities:			
Compensated absences payable - noncurrent portion	2,293	2,293	4,586
Other post employment benefits	4,297	4,297	8,594
Net pension liability	135,272	135,272	270,544
Total noncurrent liabilities	141,862	141,862	283,724
Total liabilities	200,633	199,170	399,803
Deferred inflows of resources related to pensions	47,620	47,620	95,240
Total liabilities and deferred inflows	248,253	246,790	495,043
Net position:			
Investment in capital assets	17,472,952	15,236,127	32,709,079
Unrestricted	6,008,956	9,561,871	15,570,827
Total net position	\$23,481,908	\$24,797,998	\$48,279,906

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2018

Statement 8

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Totals
Operating revenues:			
Charges for services	\$1,122,136	\$1,721,958	\$2,844,094
Hook-up charges	40,030	31,754	71,784
Water meter sales	50,518	-	50,518
Other operating revenue	4,905	-	4,905
Total operating revenues	<u>1,217,589</u>	<u>1,753,712</u>	<u>2,971,301</u>
Operating expenses:			
Personal services	270,608	275,907	546,515
Materials and supplies	205,025	35,821	240,846
Contractual services	140,187	132,250	272,437
MCES sewer charges	-	949,776	949,776
Depreciation	597,571	495,856	1,093,427
Utilities	105,453	45,775	151,228
Other	13,911	29,086	42,997
Total operating expenses	<u>1,332,755</u>	<u>1,964,471</u>	<u>3,297,226</u>
Operating income (loss)	<u>(115,166)</u>	<u>(210,759)</u>	<u>(325,925)</u>
Nonoperating revenues:			
Investment earnings	<u>82,783</u>	<u>130,651</u>	<u>213,434</u>
Income (loss) before contributions and transfers	<u>(32,383)</u>	<u>(80,108)</u>	<u>(112,491)</u>
Contributions and transfers:			
Capital contributions from private sources	487,444	754,588	1,242,032
Capital contributions from governmental activities	405,283	309,232	714,515
Transfer out	-	(242,145)	(242,145)
Total contributions and transfers	<u>892,727</u>	<u>821,675</u>	<u>1,714,402</u>
Change in net position	860,344	741,567	1,601,911
Net position - January 1	<u>22,621,564</u>	<u>24,056,431</u>	<u>46,677,995</u>
Net position - December 31	<u><u>\$23,481,908</u></u>	<u><u>\$24,797,998</u></u>	<u><u>\$48,279,906</u></u>
		Capital	
		Contributions	Transfers - Net
Amounts reported above		\$1,956,547	(\$242,145)
Amounts reported for business-type activities in the statement of activities are different because:			
Transfer in of capital assets from governmental activities		(714,515)	714,515
Amounts reported on the statement of activities		<u><u>\$1,242,032</u></u>	<u><u>\$472,370</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2018

Statement 9

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$1,224,192	\$1,757,400	\$2,981,592
Payment to suppliers	(461,280)	(1,171,306)	(1,632,586)
Payment to employees	(289,518)	(294,817)	(584,335)
Net cash flows provided by operating activities	<u>473,394</u>	<u>291,277</u>	<u>764,671</u>
Cash flows from noncapital financing activities:			
Receipts from interfund loans	-	355,839	355,839
Transfers out	-	(242,145)	(242,145)
Net cash flows provided by noncapital financing activities	<u>-</u>	<u>113,694</u>	<u>113,694</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(11,479)</u>	<u>(2,530)</u>	<u>(14,009)</u>
Cash flows from investing activities:			
Investment earnings	<u>82,783</u>	<u>130,651</u>	<u>213,434</u>
Net increase in cash and cash equivalents	544,698	533,092	1,077,790
Cash and cash equivalents - January 1	<u>5,477,346</u>	<u>8,444,352</u>	<u>13,921,698</u>
Cash and cash equivalents - December 31	<u><u>\$6,022,044</u></u>	<u><u>\$8,977,444</u></u>	<u><u>\$14,999,488</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>(\$115,166)</u>	<u>(\$210,759)</u>	<u>(\$325,925)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	597,571	495,856	1,093,427
Changes in assets and liabilities:			
Decrease (increase) in due from other governmental units	-	(368)	(368)
Decrease (increase) in accounts receivable - net	6,603	4,056	10,659
Decrease (increase) in prepaid items	(4,654)	(5,452)	(10,106)
Decrease (increase) in inventory	(9,530)	-	(9,530)
Decrease (increase) in deferred outflows of resources	17,606	17,606	35,212
Increase (decrease) in payables	17,659	27,458	45,117
Increase (decrease) in other accrued liabilities	(179)	(604)	(783)
Increase (decrease) in compensated absences	(16,839)	(16,839)	(33,678)
Increase (decrease) in other post employment benefits	57	57	114
Increase (decrease) in net pension liability	(33,877)	(33,877)	(67,754)
Increase (decrease) in deferred inflows of resources	14,143	14,143	28,286
Total adjustments	<u>588,560</u>	<u>502,036</u>	<u>1,090,596</u>
Net cash provided by operating activities	<u><u>\$473,394</u></u>	<u><u>\$291,277</u></u>	<u><u>\$764,671</u></u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	<u><u>\$892,727</u></u>	<u><u>\$1,063,820</u></u>	<u><u>\$1,956,547</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2018

Statement 10

Assets:

Cash and investments

\$1,450,303

Liabilities:

Deposits payable

\$1,450,303

The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lino Lakes, Minnesota (the City) is a public corporation formed under Minnesota Statute 410. As such, the City is under home rule charter regulations and applicable statutory guidelines.

The basic financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial report as blended component units.

The Economic Development Authority (EDA) of Lino Lakes is an entity legally separate from the City. However, for financial reporting purposes, the EDA is reported as if it were a part of the City's operation because the governing body is substantially the same as the governing body of the City and a financial benefit or burden relationship exists between the City and the EDA. The EDA does not issue separate financial statements. The Housing and Development Authority (HRA) of Lino Lakes is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as commission members and a financial benefit or burden relationship exists between the City and the HRA. The HRA has not yet incurred any financial activity.

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 non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*. The fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of governmental and proprietary fund financial statements is on major individual

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

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

General Obligation Improvement Note of 2009A Fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The note was used to finance improvement projects at the I-35E and County Road 14 interchange.

General Obligation Improvement Bonds of 2016B Fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

Area and Unit Charge Fund accounts for the collection of water and sewer unit charges to be used for debt payments and construction of governmental infrastructure.

MSA Construction Fund accounts for the financing of future reconstruction of state aid eligible streets.

2018 Street Reconstruction Fund accounts for street and utility improvements within the West Shadow Lake Drive and LaMotte neighborhoods.

The City reports the following major proprietary funds:

The *Water Fund* accounts for customer water service charges which are used to finance water system operating expenses.

The *Sewer Fund* accounts for customer sewer service charges which are used to finance sanitary sewer system operating expenses.

Additionally, the City reports the following fund type:

Agency funds account for assets held as an agent for individuals, private organizations and other governmental units. The City's agency fund accounts for pass-through contractor's deposits relating to prospective developments.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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 water and sewer 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.

D. BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and the Program Recreation Special Revenue Fund. Budgeted expenditure appropriations lapse at year-end. Budgeted amounts are reported as originally adopted and as amended by the City Council. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget (including the General Fund and Program Recreation Special Revenue Fund) for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis and can expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The City Administrator is authorized to transfer appropriations within any department budget. Additional interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed periodically by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the department level unless approved by the City Council. Therefore, the legal level of budgetary control is at the department level (i.e. administration, community development, public safety, public services, and other).
9. The City Council may authorize transfers of budgeted amounts between City funds.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Interest earnings are accrued at year-end.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types is considered cash equivalents.

Permanently restricted cash and investments represents the principal and earnings portion of resources received that must be retained in a permanent fund. Only earnings from these funds may be used for purposes that support environmental maintenance and improvements.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 15 and December 15 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Within the government-wide financial statements, the City recognizes property tax revenue in the period for which taxes were levied. Uncollectible property taxes are not material and have not been reported.

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and received by the City in July, December, and the following January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) are classified as due from county. Taxes not collected by the county by December 31 are classified as delinquent taxes receivable. Delinquent taxes receivable are fully offset by deferred inflows of resources because they are not available to finance current expenditures.

The City's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per State Statute 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971.

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the

City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Within the government-wide financial statements, the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

I. INVENTORY

For governmental funds, the original cost of materials and supplies are recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventories.

Inventories of the proprietary funds are stated at cost, which approximates market, using the first-in, first-out (FIFO) method.

J. PREPAID ITEMS

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

K. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures / expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund. Such advances are classified as “advances to/from other funds.” Long-term interfund loans are classified as “interfund loan receivable/payable.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All other interfund transactions are reported as transfers.

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, 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 \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All existing City infrastructure has been capitalized regardless of date placed in service.

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 30 years for buildings, office furniture and equipment, vehicles, machine shop and equipment and other assets, and 15 to 50 years for infrastructure.

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation, PTO (Personal Time Off), extended leave and sick pay benefits. All vacation pay and PTO and the portion of sick pay allowable as severance is accrued in the government-wide and proprietary fund financial statements. The current portion is calculated based on historical trends.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the related debt.

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

O. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit

payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. DEFERRED OUTFLOWS AND 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 future periods and so will *not* be recognized as an outflow of resources (expense) that time. The City has one item that qualifies for reporting in the category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has pension and OPEB related deferred inflows of resources reported in the government-wide Statement of Net Pension and the proprietary funds Statements of Net Position. The City also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from the following sources: property taxes and special assessments not collected within 60 days from year-end.

Q. FUND BALANCE CLASSIFICATIONS

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

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items and corpus of any permanent fund.

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

Committed - consists of internally imposed constraints. These constraints are established by a resolution approved by the City Council, and committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.

Assigned - consists of internally imposed constraints for the specific purpose of the City's intended use. These constraints are established by the City Council and/or management. The City Council passed a resolution authorizing the Finance Director to assign fund balances and their intended uses.

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

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

The City formally adopted a fund balances policy for the general fund. The policy establishes an unassigned fund balance range of 40% - 50% of general fund operating expenditures.

R. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The City has no additional deposit policies addressing custodial credit risk. At December 31, 2018, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

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

At December 31, 2018, the carrying amount of the City's deposits with financial institutions was \$4,714,688.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) State and local securities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

At December 31, 2018, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1 - 3	3 - 6
Brokered certificates of deposit	Not rated	\$21,764,879	\$5,281,248	\$13,223,194	\$3,260,437
Municipal bonds	*	11,895,760	3,630,158	6,205,751	2,059,851
Federal Home Loan Mortgage Corp. 4M fund	AAA	1,481,550	-	-	1,481,550
First American Gov't Obligation fund	Not rated	9,227,709	9,227,709	-	-
Invesco Gov't & Agency fund	AAAm	1,478,455	1,478,455	-	-
	AAAm	599,883	599,883	-	-
Total		<u>\$46,448,236</u>	<u>\$20,217,453</u>	<u>\$19,428,945</u>	<u>\$6,801,838</u>
* AAA \$1,627,686; AA+ \$1,671,406			Total investments		\$46,448,236
AA \$3,908,093; AA- \$3,851,826			Deposits		4,714,688
A+ \$228,655; A \$608,094			Petty cash		940
			Total cash and investments		<u>\$51,163,864</u>

These amounts are presented in the financial statements as follows:

Cash and investments:	
Governmental and business-type (Statement 1)	\$49,713,561
Fiduciary (Statement 10)	1,450,303
Total	<u>\$51,163,864</u>

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. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

The City has the following recurring fair value measurements at December 31, 2018:

Investment Type	12/31/2018	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$21,764,879	\$ -	\$21,764,879	\$ -
Municipal bonds	11,895,760	-	11,895,760	-
Federal Home Loan Mortgage Corp.	1,481,550	-	1,481,550	-
		<u>\$0</u>	<u>\$35,142,189</u>	<u>\$0</u>
Investments not categorized:				
4M fund	9,227,709			
First American Gov't Obligation fund	1,478,455			
Invesco Gov't & Agency fund	599,883			
Total investments	<u>\$46,448,236</u>			

The 4M fund is an external investment pool investment which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. It is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) of \$1 per share. The pool measures its investments at amortized cost in accordance with GASB Statement No. 79. The 4M Plus fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to penalty equal to 7 days interest on the amount withdrawn.

The First American Government Obligation money market fund and the Invesco Government & Agency money market fund are external investment pools. Each fund seeks to maintain a constant net asset value (NAV) of \$1 per share. The securities held by each fund are valued on the basis of amortized cost. Shares may be redeemed without penalty on any business day.

C. INVESTMENT RISKS

Custodial Credit Risk – Investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy requires its brokers be licensed with the appropriate federal and state agencies. A minimum capital requirement of \$5,000,000 and at least five years of operation is mandatory. Investments in securities are held by the City's broker-dealers. The securities at each broker-dealer are insured \$500,000 through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's policy to minimize interest rate risk includes investing primarily in short-term securities and structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Credit Risk – Credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s policy to minimize credit risk includes limiting investing funds to those allowable under Minnesota Statute 118A, annually appointing all financial institutions where investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2018, no individual investments exceeded 5% of the City’s total investment portfolio.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2018 are as follows:

	Property Taxes Receivable	Special Assessments Receivable	Notes Receivable	Total
Major Funds:				
General Fund	\$43,378	\$ -	\$ -	\$43,378
G.O. Improvement Note of 2009A	-	2,076,882	-	2,076,882
G.O. Improvement Bonds of 2016B	-	2,994,379	-	2,994,379
Area and Unit Charge	-	884,651	-	884,651
Nonmajor Funds	8,692	435,924	225,000	669,616
Total	<u>\$52,070</u>	<u>\$6,391,836</u>	<u>\$225,000</u>	<u>\$6,668,906</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds are as follows:

	Property Taxes Receivable	Special Assessments Receivable	Total
Major Funds:			
General Fund	\$69,625	\$106	\$69,731
G.O. Improvement Note of 2009A	-	2,100,886	2,100,886
G.O. Improvement Bonds of 2016B	-	2,994,379	2,994,379
Area and Unit Charge	-	997,143	997,143
Nonmajor Funds	13,952	519,201	533,153
Total	\$83,577	\$6,611,715	\$6,695,292

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$3,320,059	\$ -	\$ -	\$ -	\$3,320,059
Wetland credits	162,372	13,117	(8,265)	-	167,224
Construction in progress	2,482,238	3,653,869	(1,826,135)	(714,515)	3,595,457
Total capital assets, not being depreciated	5,964,669	3,666,986	(1,834,400)	(714,515)	7,082,740
Capital assets, being depreciated:					
Buildings	10,921,748	378,911	-	-	11,300,659
Office equipment and furniture	783,626	86,190	(8,266)	-	861,550
Vehicles	4,344,818	315,814	(103,778)	-	4,556,854
Machinery and shop equipment	2,557,317	235,298	(84,670)	-	2,707,945
Other equipment	1,111,410	85,048	-	-	1,196,458
Infrastructure	85,882,657	2,306,583	-	-	88,189,240
Total capital assets, being depreciated	105,601,576	3,407,844	(196,714)	0	108,812,706
Less accumulated depreciation for:					
Buildings	4,545,737	379,490	-	-	4,925,227
Office equipment and furniture	546,849	52,256	(8,266)	-	590,839
Vehicles	2,328,463	352,988	(69,786)	-	2,611,665
Machinery and shop equipment	1,423,693	183,067	(25,061)	-	1,581,699
Other equipment	844,314	21,526	-	-	865,840
Infrastructure	59,266,162	1,951,447	-	-	61,217,609
Total accumulated depreciation	68,955,218	2,940,774	(103,113)	0	71,792,879
Total capital assets being depreciated - net	36,646,358	467,070	(93,601)	0	37,019,827
Governmental activities capital assets - net	\$42,611,027	\$4,134,056	(\$1,928,001)	(\$714,515)	\$44,102,567
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$1,507,153	\$1,242,031	(\$1,840,667)	\$714,515	\$1,623,032
Capital assets, being depreciated:					
Machinery and shop equipment	474,654	14,009	-	-	488,663
Water and sewer systems	47,997,765	1,840,667	-	-	49,838,432
Total capital assets, being depreciated	48,472,419	1,854,676	0	0	50,327,095
Accumulated depreciation for:					
Machinery and shop equipment	307,215	19,910	-	-	327,125
Water and sewer systems	17,840,406	1,073,517	-	-	18,913,923
Total accumulated depreciation	18,147,621	1,093,427	0	0	19,241,048
Total capital assets being depreciated - net	30,324,798	761,249	0	0	31,086,047
Business-type activities capital assets - net	\$31,831,951	\$2,003,280	(\$1,840,667)	\$714,515	\$32,709,079

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Governmental activities:

General government	\$396,284
Public safety	326,006
Public services	2,217,634
Conservation of natural resources	850
Total depreciation expense - governmental activities	<u>\$2,940,774</u>

Business-type activities:

Water	\$597,571
Sewer	495,856
Total depreciation expense - business-type activities	<u>\$1,093,427</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 6 LONG-TERM DEBT

The City issues general obligation bonds and certificates of indebtedness to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness at December 31, 2018 consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/18
Governmental activities:					
General Obligation Bonds:					
2015B Certificates of Indebtedness	08/25/15	12/31/20	1.50%	963,000	398,000
2016A Certificates of Indebtedness	02/01/16	12/31/19	1.00%	469,000	158,000
2017A Certificates of Indebtedness	03/01/17	12/31/20	1.00%	311,000	209,000
2018A Certificates of Indebtedness	02/01/18	12/31/21	1.00%	303,900	303,900
G.O. TIF Bonds, Series 2007A	07/15/07	02/01/24	4.00% - 4.125%	4,215,000	1,435,000
G.O. Refunding Bonds, Series 2012A	11/15/12	02/01/24	1.00% - 2.00%	2,015,000	1,040,000
G.O. Bonds, Series 2015A	08/01/15	02/01/31	2.00% - 3.00%	3,095,000	2,710,000
EDA Lease Revenue Bonds, Series 2015B	10/01/15	04/01/36	2.00% - 3.00%	4,350,000	4,015,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	02/01/27	2.00%	1,420,000	1,290,000
G.O. Tax Abatement Refunding Bonds, Series 2016C	11/23/16	02/01/23	1.00% - 1.50%	1,600,000	1,375,000
G.O. Bonds, Series 2018A	12/19/18	02/01/34	3.00% - 5.00%	6,915,000	6,915,000
Total General Obligation Bonds				<u>25,656,900</u>	<u>19,848,900</u>
Special Assessment Bonds:					
G.O. Imp & Utility Revenue Bonds, Series 2010A	07/09/10	02/01/20	2.00% - 3.00%	1,000,000	220,000
G.O. Improvement Bonds, Series, 2013A	07/15/13	02/01/24	1.25% - 4.00%	615,000	375,000
G.O. Improvement Bonds, Series 2014A	11/20/14	02/01/26	0.40% - 2.30%	2,645,000	1,800,000
G.O. Improvement Refunding Bonds, Series 2016B	11/23/16	02/01/21	0.875% - 1.50%	1,975,000	1,495,000
Total Special Assessment Bonds				<u>6,235,000</u>	<u>3,890,000</u>
G.O. Capital Note, Series 2016A	04/14/16	02/01/26	2.00%	294,525	202,125
Unamortized bond premiums				575,188	527,800
Unamortized bond discounts				(38,362)	(15,987)
Compensated absences payable				<u>N/A</u>	<u>813,872</u>
Total Government Activities				<u>\$32,723,251</u>	<u>\$25,266,710</u>
Business-Type Activities:					
Compensated absences payable				<u>N/A</u>	<u>\$32,878</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$14,714,250	\$7,218,900	\$2,084,250	\$19,848,900	\$1,747,900
Special assessment bonds	4,905,000	-	1,015,000	3,890,000	1,035,000
Total bonded debt	19,619,250	7,218,900	3,099,250	23,738,900	2,782,900
Capital note	233,475	-	31,350	202,125	32,175
Unamortized bond premiums	142,182	401,193	15,575	527,800	-
Unamortized bond discounts	(18,664)	-	(2,677)	(15,987)	-
Compensated absences payable	768,908	634,743	589,779	813,872	497,161
Total governmental activities	<u>\$20,745,151</u>	<u>\$8,254,836</u>	<u>\$3,733,277</u>	<u>\$25,266,710</u>	<u>\$3,312,236</u>
Business-Type Activities:					
Compensated absences payable	<u>\$66,556</u>	<u>\$33,311</u>	<u>\$66,989</u>	<u>\$32,878</u>	<u>\$28,292</u>

DESCRIPTIONS OF LONG-TERM DEBT

General Obligation Bonds – The bonds were issued for improvements or projects which benefited the City as a whole and, therefore, are repaid from ad valorem levies.

Special Assessment Bonds – The bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. However, some issues are partly financed by ad valorem levies.

Capital Note – This note was issued to fund the cost of the acquisition of capital equipment to be used by the North Metro Telecommunications Commission in the operation of a cable communications system. The note will be repaid from franchise fee revenue.

Utility Revenue Bonds – These bonds were issued to finance various improvements in the water fund and will be repaid primarily from pledged revenues derived from the constructed assets.

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DEBT SERVICE REQUIREMENTS

Future principal and interest payments required to retire long-term debt are as follows:

Years Ending December 31	Bonded Debt		Capital Note	
	Principal	Interest	Principal	Interest
2019	\$2,782,900	\$543,811	\$32,175	\$4,042
2020	2,696,000	600,599	33,000	3,399
2021	2,615,000	542,386	33,000	2,739
2022	1,830,000	483,876	33,825	2,079
2023	1,905,000	428,672	34,650	1,403
2024-2028	5,950,000	1,463,166	35,475	710
2029-2033	4,535,000	628,950	-	-
2034-2036	1,425,000	61,438	-	-
Total	<u>\$23,738,900</u>	<u>\$4,752,898</u>	<u>\$202,125</u>	<u>\$14,372</u>

It is not practicable to determine the specific year for payment of long-term compensated absences payable. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Funds.

DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

All long-term bonded indebtedness is backed by the full faith and credit of the City, including special assessment and revenue bond issues. General Obligation bond issues are financed by ad valorem tax levies and special assessment bond issues are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

The future scheduled tax levies are not shown as assets in the accompanying financial statements. Future scheduled tax levies for all bonds outstanding at December 31, 2018 totaled \$18,719,815.

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REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged		Remaining Principal and Interest	Current Year	
		Type	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Certificates of Indebtedness	Equipment purchases	Ad valorem taxes	2016 - 2021	\$1,091,430	\$537,650	\$562,872
2007A G.O. TIF Bonds	Infrastructure improvements	Tax increment, MSA funding via transfers	2008 - 2023	\$1,622,773	\$252,126	\$252,776
2010A Improvement and Utility Revenue Bonds	General and water infrastructure improvements	Special assessments, trunk utility charges	2011 - 2019	\$226,750	\$113,175	\$113,281
2012A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, special assessments	2013 - 2023	\$1,083,433	\$244,660	\$193,492
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2023	\$419,700	\$74,460	\$222,639
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2025	\$1,894,869	\$399,632	\$402,403
2015A G.O. Bonds	Infrastructure improvements	Ad valorem taxes	2016 - 2030	\$3,139,093	\$258,262	\$273,420
2015B EDA Lease Revenue Bonds	Construction of a fire station	Ad valorem taxes	2016 - 2035	\$5,387,068	\$300,888	\$318,282
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2025	\$216,497	\$36,019	\$37,820
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2026	\$1,408,200	\$157,100	\$163,764
2016B Improvement Bonds	Infrastructure improvements	Special assessments, tax increment	2017 - 2020	\$1,526,473	\$501,575	\$278,137
2016C G.O. Tax Abatement Bonds	Infrastructure improvements	Ad valorem taxes	2017 - 2022	\$1,424,763	\$244,150	\$275,421
2018A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, trunk utility charges	2019-2033	\$9,267,246	\$ -	\$ -

Note 7 DEFINED BENEFIT PENSION PLANS – PERA

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. BENEFITS PROVIDED

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. The accrual rates for former Minneapolis Employees Retirement Fund (MERF) members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least

12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated bases from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF 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.

Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

C. CONTRIBUTIONS

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2018; the City was required to contribute 7.5% for Coordinated Plan members. The City contributions to the GERS for the year ended December 31, 2018 were \$202,526. The City contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2019. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The City contributions to the PEPFF for the year ended December 31, 2018 were \$420,821. The City contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2018, the City reported a liability of \$2,113,632 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$69,419. The net pension liability was measured as of June 30,

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2018, 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.0381%, which was a decrease of 0.0033% from its proportionate share measured as of June 30, 2017.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2018, the City recognized pension expense of \$169,283 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$16,188 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2018, the City reported its proportionate share of the GERS'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	\$55,944	\$58,978
Changes in actuarial assumptions	193,160	237,489
Difference between projected and actual investment earnings	-	225,376
Changes in proportion	128,974	222,223
Contributions paid to PERA subsequent to the measurement date	105,563	-
Total	<u>\$483,641</u>	<u>\$744,066</u>

\$105,563 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 during 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2019	\$32,999
2020	(118,211)
2021	(236,660)
2022	(44,116)
2023	-
Thereafter	-

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2. PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$2,585,866 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.2426%, which was a decrease of 0.0144% from its proportion measured as of June 30, 2017. The City also recognized \$21,834 for the year ended December 31, 2018 as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

Beginning in January 1, 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018, the City recognized pension expense of \$261,970 for its proportionate share of the PEPFF's pension expense.

At December 31, 2018, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$104,225	\$620,175
Changes in actuarial assumptions	3,167,169	3,806,731
Difference between projected and actual investment earnings	-	560,207
Changes in proportion	307,549	439,714
Contributions paid to PERA subsequent to the measurement date	227,348	-
Total	<u>\$3,806,291</u>	<u>\$5,426,827</u>

A total of \$227,348 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 during 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

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Year Ended December 31,	Pension Expense
2019	(\$91,934)
2020	(204,554)
2021	(394,691)
2022	(1,060,238)
2023	(96,467)
Thereafter	-

The net pension liability will be liquidated by the general, water and sewer funds.

E. ACTUARIAL ASSUMPTIONS

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

	GERF	PEPFF
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% per year after 26 years of service	3.25% per year after 25 years of service
Investment rate of return	7.50%	7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the General Employees Plan. Salary growth assumptions in the General Employees Plan decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the Police and Fire Plan, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17%	5.30%
Bonds (fixed income)	20%	0.75%
Alternative assets (private markets)	25%	5.90%
Cash	2%	0.00%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employees will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF 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.

G. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability	\$3,434,922	\$2,113,632	\$1,022,944
City's proportionate share of the PEPFF net pension liability	\$5,544,259	\$2,585,866	\$139,398

H. PENSION PLAN FIDUCIARY NET POSITION

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

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I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2018 is as follows:

GERF	\$185,471
PEPFF	261,970
Fire Pension Plan (Note 8)	<u>57,541</u>
Total	<u><u>\$504,982</u></u>

Note 8 DEFINED BENEFIT PENSION PLAN – FIRE DIVISION

A. PLAN DESCRIPTION

The Lino Lakes Public Safety Department – Fire Division participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. At December 31, 2018 (measurement date), the plan covered 24 active firefighters and zero vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City of Lino Lakes. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

C. CONTRIBUTIONS

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes, and voluntary City contributions. The State of Minnesota contributed \$118,144 in fire state aid to the plan for the year ended December 31, 2018. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2018 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made voluntary contributions of \$64,869 to the plan.

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D. PENSION COSTS

At December 31, 2018, the City reported a net pension asset of \$164,913 for the SVF plan. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance December 31, 2017	\$97,711	\$225,705	(\$127,994)
Changes for the year:			
Service cost	48,182	-	48,182
Interest on pension liability	8,754	-	8,754
Actuarial experience (gains) / losses	69,760	-	69,760
Projected investment earnings	-	13,542	(13,542)
Contributions - employer	-	64,869	(64,869)
Contributions - State of MN	-	118,144	(118,144)
Asset (gain) / loss	-	(32,238)	32,238
Benefit payouts	-	-	-
PERA administrative fee	-	(702)	702
Net changes	<u>126,696</u>	<u>163,615</u>	<u>(36,919)</u>
Balance end of year December 31, 2018	<u>\$224,407</u>	<u>\$389,320</u>	<u>(\$164,913)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2018, the City recognized pension expense of \$57,541.

At December 31, 2018, the City reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$21,849	\$ -
Differences between expected and actual economic experience	<u>55,808</u>	<u>11,863</u>
Total	<u>\$77,657</u>	<u>\$11,863</u>

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

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2019	\$13,444
2020	15,185
2021	16,767
2022	20,398
2023	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2018, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2018

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's net pension asset for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension asset	\$146,940	\$164,913	\$181,913

H. PLAN INVESTMENTS

1. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

2. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the SVF that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.10%
International Stocks	15%	5.30%
Bonds	45%	0.75%
Cash	5%	0.00%
	<u>100%</u>	

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting

organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

3. Description of Significant Investment Policy Changes During the Year

The SBI made no significant changes to their investment policy during fiscal year 2018 for the Statewide Volunteer Firefighter Retirement Plan.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position at June 30, 2018 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

Note 9 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Notes 7 and 8, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Active employees, who retire from the City when over age 50 and with 20 years of service, may continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program until age 65.

The City provides health coverage for peace officers or firefighters disabled or killed in the line of duty in accordance with Minnesota Statute 299A.465. The amount of coverage provided is equal to the employer portion of health insurance premiums that would have otherwise been paid if the officer or firefighter was an active employee. During 2018, benefits were provided to one officer killed in the line of duty.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those

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afforded to active employees. Upon a retiree reaching age 65, Medicare becomes the primary insurer and the City's plan becomes secondary.

C. PARTICIPANTS

As of the January 1, 2017 actuarial valuation, participants of the plan consisted of:

Active employees	46
Inactive employees or beneficiaries currently receiving benefits	6
Total	<u>52</u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$756,644 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017. Changes in the total OPEB liability during 2018 were:

Balance - beginning of year	\$746,540
Changes for the year:	
Service cost	16,547
Interest	21,355
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	<u>(27,798)</u>
Net changes	<u>10,104</u>
Balance - end of year	<u>\$756,644</u>

The OPEB liability will be liquidated by the general, water and sewer funds.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases	3.50%
Discount rate	2.85%
Investment rate of return	2.85%
Healthcare cost trend rates	8.00% for 2017, decreasing 1.00% per year to an ultimate rate of 3.00% for 2022 and beyond
Retirees' share of benefit-related costs	100%

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Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20 year AA rated municipal bond rate as of November 22, 2017, obtained from www.fmsbonds.com/market-yields.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality tables with Scale MP-2014 and Improvement Scale BB.

Based on past experience of the plan, 90% of future retirees are assumed to continue medical coverage until age 65. 50% of police/fire employees are assumed to retire at age 55, the balance at age 65. 50% of other City employees are assumed to retire at age 62, the balance at age 65.

F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.85%) or 1% higher (3.85%) than the current discount rate:

	1% Decrease (1.85%)	Discount Rate (2.85%)	1% Increase (3.85%)
Total OPEB liability	\$841,593	\$756,644	\$681,860

G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

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 (7% decreasing to 2%) or 1% higher (9% decreasing to 4%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 2%)	Healthcare Cost Trend Rates (8% decreasing to 3%)	1% Increase (9% decreasing to 4%)
Total OPEB liability	\$671,431	\$756,644	\$855,544

H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, the City recognized \$33,979 of OPEB expense. At December 31, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$47,160

CITY OF LINO LAKES, MINNESOTA
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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>OPEB Expense</u>
2019	(\$3,923)
2020	(3,923)
2021	(3,923)
2022	(3,923)
2023	(3,923)
Thereafter	(27,545)
	<u>(\$47,160)</u>

Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

The City has deficit fund balances at December 31, 2018 as follows:

	<u>Fund Balance Deficit</u>
Major Funds:	
G.O. Improvement Bonds of 2016B	(\$2,150,105)
Nonmajor Funds:	
Tax Increment Financing 1-11	(782,682)
2040 Comp Plan Update	(2,672)

The City intends to fund these deficits through future tax levies, special assessment collections, tax increments, transfers from other funds, and various other sources.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

B. EXPENDITURES IN EXCESS OF BUDGET

The following is a listing of departments within the General Fund that exceeded budget appropriations:

	Final Budget	Actual	Overage
General government:			
Elections	\$30,640	\$31,311	\$671
Cable TV	2,500	2,728	228
Legal consultants	135,000	141,407	6,407
Government buildings	521,323	521,533	210
Public safety:			
Building inspection	278,738	286,935	8,197
Public services:			
Streets	883,161	888,558	5,397
Fleet	427,452	464,915	37,463
Parks	604,554	619,420	14,866
Recreation	214,486	220,483	5,997
Community development:			
Economic development	100,827	104,270	3,443
Planning and zoning commission	134,852	136,816	1,964

Note 11 INTERFUND RECEIVABLES AND PAYABLES

Short-term advances to funds that have insufficient cash balances are classified as advances to/from other funds. Long-term interfund loans are classified as interfund loan receivable/payable. A summary of interfund receivables and payables at December 31, 2018 is as follows:

	Receivable	Payable
Short-term advances:		
Major Funds:		
G.O. Improvement Note of 2009A	\$ -	\$1,418
MSA Construction	1,418	-
Nonmajor Funds:		
Closed Bond Fund	1,824	-
2040 Comp Plan Update	-	1,824
	<u>\$3,242</u>	<u>\$3,242</u>
Long-term interfund loans:		
Major Funds:		
G.O. Improvement Bonds of 2016B	\$ -	\$2,876,643
Sewer Fund	559,110	-
Nonmajor Funds:		
Closed Bond Fund	778,413	-
Building and Facilities	2,317,533	-
Tax Increment Financing 1-11	-	778,413
	<u>\$3,655,056</u>	<u>\$3,655,056</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 12 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2018 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ -	\$1,293,512
G.O. Improvement Note of 2009A	-	647,371
G.O. Improvement Bonds of 2016B	278,137	-
Area and Unit Charge	38,000	407,022
MSA Construction	647,371	402,776
2018 Street Reconstruction	510,159	-
Sewer Fund	-	242,145
Nonmajor governmental funds	<u>2,792,773</u>	<u>1,273,614</u>
 Total	 <u><u>\$4,266,440</u></u>	 <u><u>\$4,266,440</u></u>

During 2018, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments, to close capital project funds and debt service funds, and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 13 FUND BALANCE

At December 31, 2018, a summary of the governmental fund balance classifications is as follows:

	General Fund	G.O. Improvement Bonds of 2016B	Area and Unit Charge	MSA Construction	2018 Street Reconstruction	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$286,186	\$ -	\$ -	\$ -	\$ -	\$1,998	\$288,184
Corpus of permanent fund	-	-	-	-	-	100,000	100,000
Total nonspendable	<u>286,186</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>101,998</u>	<u>388,184</u>
Restricted for:							
Debt service	-	-	-	-	-	3,740,709	3,740,709
Capital improvements	-	-	-	-	4,788,701	227,540	5,016,241
Economic development	-	-	-	-	-	225,000	225,000
Blue Heron Days	-	-	-	-	-	9,695	9,695
Narcotics and forfeiture funds	-	-	-	-	-	204,357	204,357
K-9 Unit purposes	-	-	-	-	-	37,189	37,189
Tax increment purposes	-	-	-	-	-	557,211	557,211
Environmental purposes	-	-	-	-	-	33,853	33,853
Total restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,788,701</u>	<u>5,035,554</u>	<u>9,824,255</u>
Committed for:							
Recreation purposes	-	-	-	-	-	18,497	18,497
Economic development	-	-	-	-	-	89,541	89,541
Cable TV purposes	-	-	-	-	-	74,575	74,575
Total committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>182,613</u>	<u>182,613</u>
Assigned for:							
Capital improvements	-	-	8,156,800	3,919,729	511,378	6,607,745	19,195,652
Unassigned	<u>6,599,956</u>	<u>(2,150,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(785,354)</u>	<u>3,664,497</u>
Total fund balance	<u>\$6,886,142</u>	<u>(\$2,150,105)</u>	<u>\$8,156,800</u>	<u>\$3,919,729</u>	<u>\$5,300,079</u>	<u>\$11,142,556</u>	<u>\$33,255,201</u>

Note 14 PROPERTY UNDER LEASE AGREEMENT

The City entered into an agreement to lease space within the City Hall Complex, which at year end had a cost of \$4,744,742 and a net book value of \$1,647,010, to New Creations Child Care and Learning Center, LLC. The lease is dated July 1, 2014 and continues through June 30, 2019. As of December 31, 2018, future minimum lease payments receivable in 2019 amount to \$39,522. An agreement to extend the lease through June 30, 2029 is expected to be signed during June 2019.

Note 15 TAX INCREMENT DISTRICTS

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

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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The following table reflects values at December 31, 2018:

	TIF 1-5 Cottage Homesteads	TIF 1-10 Panattoni	TIF 1-11 Woods Edge	TIF 1-12 Clearwater Creek
	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Authorizing law				
Year established	1994	2004	2005	2006
Final year of district	2022	2023	2031	2026
Net tax capacity:				
Original	\$128	\$15,869	\$25,291	\$21,416
Current (payable 2018)	37,375	228,752	159,792	215,294
Captured - retained	\$37,247	\$212,883	\$134,501	\$193,878

Note 16 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance, of an immaterial amount, or, in the judgment of the City's management, remotely recoverable by plaintiffs.

B. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2018.

C. COMMITTED CONTRACTS

At December 31, 2018, the City had commitments of \$4,912,466 for uncompleted construction contracts. In addition, the City has entered into construction contracts during 2019 totaling \$1,790,574.

Note 17 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

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

Note 18 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 83 *Certain Asset Retirement Obligations*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84 *Fiduciary Activities*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90 *Majority Equity Interests*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 84 and Statement No. 87 may have a material impact.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

Statement 11
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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
General property taxes:				
Current and delinquent	\$8,205,859	\$7,132,701	\$7,018,912	(\$113,789)
Fiscal disparities	-	1,058,158	1,126,142	67,984
Excess tax increments	-	-	1,253	1,253
Total general property taxes	8,205,859	8,190,859	8,146,307	(44,552)
Licenses and permits:				
Business	130,515	149,515	163,235	13,720
Non-business	556,532	1,035,253	1,096,811	61,558
Total licenses and permits	687,047	1,184,768	1,260,046	75,278
Intergovernmental:				
State:				
Police state aid	224,660	254,660	256,885	2,225
OTS grant	74,546	14,000	14,395	395
MSA maintenance	240,000	260,000	261,197	1,197
Other	19,000	19,000	28,673	9,673
County solid waste grant	87,161	87,161	90,843	3,682
Total intergovernmental	645,367	634,821	651,993	17,172
Special assessments	9,000	4,000	1,777	(2,223)
Charges for services:				
General government	15,571	22,071	16,860	(5,211)
Engineering and planning fees	15,000	27,000	37,065	10,065
Public safety	201,200	191,200	193,672	2,472
Public services	16,500	11,000	14,525	3,525
Investment management charge to other funds	50,000	50,000	55,000	5,000
Total charges for services	298,271	301,271	317,122	15,851
Fines and forfeits	134,132	120,600	114,991	(5,609)
Investment earnings	30,000	30,000	75,880	45,880
Miscellaneous:				
Gas franchise fees	50,000	50,000	56,422	6,422
Building lease revenue	102,848	102,848	105,133	2,285
Refunds and reimbursements	50,000	50,000	31,153	(18,847)
Donations	5,000	500	500	-
Other	3,507	3,507	8,748	5,241
Total miscellaneous	211,355	206,855	201,956	(4,899)
Total revenues	10,221,031	10,673,174	10,770,072	96,898

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personal services	41,811	41,811	39,044	2,767
Other services and charges	20,000	17,000	18,629	(1,629)
Contractual services	17,500	17,500	17,433	67
Total mayor and city council	79,311	76,311	75,106	1,205
Elections:				
Current:				
Personal services	20,640	23,840	23,855	(15)
Supplies	5,400	5,600	6,170	(570)
Other services and charges	1,200	700	282	418
Contractual services	-	500	1,004	(504)
Total elections	27,240	30,640	31,311	(671)
Administration:				
Current:				
Personal services	483,610	464,949	455,995	8,954
Other services and charges	20,360	18,360	23,609	(5,249)
Contractual services	7,959	7,959	4,619	3,340
Total administration	511,929	491,268	484,223	7,045
Finance:				
Current:				
Personal services	336,633	338,847	336,133	2,714
Supplies	1,000	1,000	776	224
Other services and charges	202,500	195,500	182,542	12,958
Contractual services	102,167	102,167	103,453	(1,286)
Total finance	642,300	637,514	622,904	14,610
Cable TV:				
Current:				
Personal services	2,500	2,500	2,728	(228)
Legal consultants:				
Current:				
Contractual services	135,000	135,000	141,407	(6,407)
Engineering/planning:				
Current:				
Contractual services	111,583	111,583	101,677	9,906

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

Statement 11
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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
General government: (continued)				
Charter commission:				
Current:				
Other services and charges	2,500	1,000	499	501
Government buildings:				
Current:				
Personal services	2,468	2,468	1,165	1,303
Supplies	40,546	38,546	34,233	4,313
Other services and charges	368,099	358,099	364,904	(6,805)
Contractual services	68,200	68,200	67,221	979
Capital outlay	11,000	54,010	54,010	-
Total government buildings	490,313	521,323	521,533	(210)
Total general government	2,002,676	2,007,139	1,981,388	25,751
Public safety:				
Police:				
Current:				
Personal services	3,622,030	3,529,928	3,522,834	7,094
Supplies	35,825	35,825	26,195	9,630
Other services and charges	116,716	116,716	121,020	(4,304)
Contractual services	42,102	42,102	42,110	(8)
Capital outlay	17,602	17,602	17,596	6
Total police	3,834,275	3,742,173	3,729,755	12,418
Fire protection:				
Current:				
Personal services	500,003	467,344	439,336	28,008
Supplies	22,261	22,261	20,773	1,488
Other services and charges	47,405	47,405	47,050	355
Contractual services	30,851	30,851	30,332	519
Capital outlay	28,282	28,282	27,453	829
Total fire protection	628,802	596,143	564,944	31,199
Building inspection:				
Current:				
Personal services	242,670	264,343	277,136	(12,793)
Supplies	1,650	1,800	2,463	(663)
Other services and charges	8,920	9,270	7,271	1,999
Contractual services	3,325	3,325	65	3,260
Total building inspection	256,565	278,738	286,935	(8,197)
Total public safety	4,719,642	4,617,054	4,581,634	35,420

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Public services:				
Streets:				
Current:				
Personal services	585,569	589,161	606,651	(17,490)
Supplies	149,302	119,302	105,513	13,789
Other services and charges	102,600	102,600	85,328	17,272
Contractual services	63,000	62,400	81,368	(18,968)
Capital outlay	9,698	9,698	9,698	-
Total streets	910,169	883,161	888,558	(5,397)
Fleet:				
Current:				
Personal services	123,552	124,328	129,039	(4,711)
Supplies	165,427	154,927	186,852	(31,925)
Other services and charges	66,042	66,042	74,581	(8,539)
Contractual services	76,000	76,000	68,288	7,712
Capital outlay	7,655	6,155	6,155	-
Total fleet	438,676	427,452	464,915	(37,463)
Parks:				
Current:				
Personal services	490,689	493,704	452,144	41,560
Supplies	25,500	25,500	20,422	5,078
Other services and charges	40,650	40,650	80,371	(39,721)
Contractual services	43,700	43,700	65,483	(21,783)
Capital outlay	1,000	1,000	1,000	-
Total parks	601,539	604,554	619,420	(14,866)
Recreation:				
Current:				
Personal services	241,291	195,186	203,979	(8,793)
Supplies	2,500	2,500	83	2,417
Other services and charges	15,800	15,800	16,141	(341)
Contractual services	1,000	1,000	280	720
Total recreation	260,591	214,486	220,483	(5,997)
Total public services	2,210,975	2,129,653	2,193,376	(63,723)

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Conservation of natural resources:				
Forestry:				
Current:				
Personal services	37,153	37,408	37,177	231
Supplies	2,950	2,950	2,859	91
Other services and charges	380	380	354	26
Contractual services	20,000	20,000	20,287	(287)
Total forestry	60,483	60,738	60,677	61
Environmental:				
Current:				
Personal services	51,413	51,663	47,181	4,482
Supplies	1,000	700	221	479
Other services and charges	8,950	8,450	5,176	3,274
Contractual services	1,100	1,100	931	169
Total environmental	62,463	61,913	53,509	8,404
Solid waste abatement:				
Current:				
Personal services	54,561	54,776	52,255	2,521
Supplies	1,400	1,400	2,239	(839)
Other services and charges	14,700	14,700	8,659	6,041
Contractual services	16,500	16,500	21,687	(5,187)
Total solid waste abatement	87,161	87,376	84,840	2,536
Total conservation of natural resources	210,107	210,027	199,026	11,001
Community development:				
Community development:				
Current:				
Personal services	203,861	204,110	204,532	(422)
Supplies	100	100	49	51
Other services and charges	7,900	7,900	5,627	2,273
Contractual services	900	900	625	275
Total community development	212,761	213,010	210,833	2,177
Economic development:				
Current:				
Personal services	21,627	14,627	13,277	1,350
Other services and charges	90,500	85,500	90,298	(4,798)
Contractual services	700	700	695	5
Total economic development	112,827	100,827	104,270	(3,443)

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2018

Statement 11
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	Budgeted Amounts		2018 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Planning and zoning commission:				
Current:				
Personal services	104,693	105,402	105,516	(114)
Supplies	200	200	30	170
Other services and charges	16,250	16,250	11,991	4,259
Contractual services	38,000	13,000	19,279	(6,279)
Total planning and zoning commission	159,143	134,852	136,816	(1,964)
Total community development	484,731	448,689	451,919	(3,230)
Other:				
Contingency	100,000	-	-	-
Total expenditures	9,728,131	9,412,562	9,407,343	5,219
Revenues over (under) expenditures	492,900	1,260,612	1,362,729	102,117
Other financing sources (uses):				
Transfers out	(1,217,900)	(1,292,900)	(1,293,512)	(612)
Total other financing sources (uses)	(1,217,900)	(1,292,900)	(1,293,512)	(612)
Net change in fund balance	(\$725,000)	(\$32,288)	69,217	\$101,505
Fund balance - January 1			6,816,925	
Fund balance - December 31			\$6,886,142	

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 12****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

For The Year Ended December 31, 2018

	2018	2017
Total OPEB liability:		
Service cost	\$16,547	\$16,990
Interest	21,355	22,542
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(51,083)
Changes in assumptions	-	-
Benefit payments	(27,798)	(31,536)
Net change in total OPEB liability	10,104	(43,087)
Total OPEB liability - beginning	746,540	789,627
Total OPEB liability - ending	<u>\$756,644</u>	<u>\$746,540</u>
Covered-employee payroll	\$3,240,932	\$3,499,836
Total OPEB liability as a percentage of covered-employee payroll	23.3%	21.3%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be added as they become available.

CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -

GENERAL EMPLOYEES RETIREMENT FUND

For The Year Ended December 31, 2018

Measurement Date June 30,	Fiscal Year Ending December 31,	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0410%	\$2,124,883	\$ -	\$2,124,883	\$2,407,426	88.3%	78.2%
2016	2016	0.0387%	3,142,248	41,033	3,183,281	2,401,546	132.6%	68.9%
2017	2017	0.0414%	2,642,949	33,230	2,676,179	2,666,880	100.3%	75.9%
2018	2018	0.0381%	2,113,632	69,419	2,183,051	2,563,053	85.2%	79.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 14****SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND**

For The Year Ended December 31, 2018

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$182,102	\$182,102	\$ -	\$2,428,027	7.5%
2016	193,684	193,684	-	2,582,452	7.5%
2017	192,510	192,510	-	2,566,800	7.5%
2018	202,526	202,526	-	2,700,347	7.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 15****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -****PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Year Ended December 31, 2018

Measurement Date June 30,	Fiscal Year Ending December 31,	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.2490%	\$2,829,223	\$2,284,973	123.8%	86.6%
2016	2016	0.2590%	10,394,121	2,495,778	416.5%	63.9%
2017	2017	0.2570%	3,469,806	2,643,314	131.3%	85.4%
2018	2018	0.2426%	2,585,866	2,556,951	101.1%	88.8%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 16****SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Year Ended December 31, 2018

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$393,551	\$393,551	\$ -	\$2,429,327	16.2%
2016	424,970	424,970	-	2,623,271	16.2%
2017	416,665	416,665	-	2,572,006	16.2%
2018	420,821	420,821	-	2,597,660	16.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 17****SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -****LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**

For The Year Ended December 31, 2018

Fiscal year ending and measurement date	December 31, 2018	December 31, 2017
Total pension liability:		
Service cost	\$48,182	\$47,952
Interest on pension liability	8,754	6,191
Changes of benefit terms	-	-
Differences between expected and actual experience	69,760	(11,672)
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	-	-
Net change in total pension liability	126,696	42,471
Total pension liability - beginning	97,711	55,240
Total pension liability - ending (a)	\$224,407	\$97,711
Plan fiduciary net position:		
Contributions - employer	\$64,869	\$58,800
Contributions - State of Minnesota	118,144	113,797
Net investment income	(18,696)	9,153
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	(702)	(572)
Net change in plan fiduciary net position	163,615	181,178
Plan fiduciary net position - beginning	225,705	44,527
Plan fiduciary net position - ending (b)	\$389,320	\$225,705
Net pension liability/(asset) - ending (a) - (b)	(\$164,913)	(\$127,994)
Plan fiduciary net position as a percentage of the total pension liability	173%	231%
Covered payroll	N/A	N/A
Net pension liability as a percentage of covered employee payroll	N/A	N/A

N/A - the Lino Lakes Fire Department is comprised of paid on-call firefighters, whose pay does not meet the definition of covered payroll.

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 18****SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**

For The Year Ended December 31, 2018

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
2016	\$ -	\$44,394	(\$44,394)	N/A	N/A
2017	-	58,800	(58,800)	N/A	N/A
2018	-	64,869	(64,869)	N/A	N/A

N/A - the Lino Lakes Fire Department is comprised of paid on-call firefighters, whose pay does not meet the definition of covered payroll.

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2018

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund.

Note B OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. There are no factors that affect trends in the amounts reported, such as changes of benefit terms or assumptions.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (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, 15.0% for vested deferred member liability and 3.0% 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.

2016 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, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2018

PERA – Public Employees Police and Fire Fund

2018 Changes in Actuarial Assumptions

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

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 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 changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Single Employer – Fire Division

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only three years reported in the RSI, there is no additional information to include in the notes.

**COMBINING AND INDIVIDUAL NONMAJOR
FUND FINANCIAL STATEMENTS AND SCHEDULES**

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on general long-term debt.

CAPITAL PROJECT FUNDS

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PERMANENT FUNDS

Permanent Funds account for financial resources that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the City's programs.

The City maintains one permanent fund – the Environment and Stewardship Fund. This fund accounts for the use of funds received for environmental maintenance and improvements in the Foxborough area, as well as funds received for the Preserve area.

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

Statement 19

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment and Stewardship Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$447,105	\$3,729,473	\$4,521,022	\$133,853	\$8,831,453
Accounts receivable - net	-	-	5,582	-	5,582
Prepaid items	1,998	-	-	-	1,998
Advances to other funds	-	-	1,824	-	1,824
Taxes receivable:					
Due from county	-	18,909	113	-	19,022
Delinquent	-	12,096	1,856	-	13,952
Special assessments receivable:					
Due from county	-	31,047	1,799	-	32,846
Delinquent	-	1,273	13,341	-	14,614
Deferred	-	252,296	252,291	-	504,587
Interfund loan receivable	-	-	3,095,946	-	3,095,946
Long-term note receivable	225,000	-	-	-	225,000
Total assets	\$674,103	\$4,045,094	\$7,893,774	\$133,853	\$12,746,824
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$13,251	\$900	\$151,699	\$ -	\$165,850
Due to other governments	-	37,820	7,113	-	44,933
Advances from other funds	-	-	1,824	-	1,824
Contracts payable	-	-	80,095	-	80,095
Interfund loan payable	-	-	778,413	-	778,413
Total liabilities	13,251	38,720	1,019,144	0	1,071,115
Deferred inflows of resources:					
Unavailable revenue	-	265,665	267,488	-	533,153
Fund balance:					
Nonspendable	1,998	-	-	100,000	101,998
Restricted	476,241	3,740,709	784,751	33,853	5,035,554
Committed	182,613	-	-	-	182,613
Assigned	-	-	6,607,745	-	6,607,745
Unassigned	-	-	(785,354)	-	(785,354)
Total fund balance	660,852	3,740,709	6,607,142	133,853	11,142,556
Total liabilities, deferred inflows of resources, and fund balance	\$674,103	\$4,045,094	\$7,893,774	\$133,853	\$12,746,824

CITY OF LINO LAKES, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2018**
Statement 20

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment and Stewardship Fund	Total Nonmajor Governmental Funds
Revenues:					
General property taxes	\$ -	\$1,607,139	\$92	\$ -	\$1,607,231
Tax increment	-	-	462,223	-	462,223
Special assessments	-	643,196	179,971	-	823,167
Charges for services	132,137	-	289,680	-	421,817
Fines and forfeits	22,949	-	-	-	22,949
Investment earnings	7,154	46,694	79,921	1,887	135,656
Miscellaneous	58,384	37,820	16,569	8,650	121,423
Total revenues	<u>220,624</u>	<u>2,334,849</u>	<u>1,028,456</u>	<u>10,537</u>	<u>3,594,466</u>
Expenditures:					
Current:					
General government	-	-	21,531	-	21,531
Public safety	37,318	-	2,054	-	39,372
Public services	79,352	-	847,026	-	926,378
Community development	611	-	120,380	-	120,991
Capital outlay:					
General government	-	-	189,798	-	189,798
Public safety	119,378	-	63,101	-	182,479
Public services	67,247	-	580,328	-	647,575
Debt service:					
Principal	-	2,650,600	-	-	2,650,600
Interest and fiscal charges	-	412,423	3,011	-	415,434
Total expenditures	<u>303,906</u>	<u>3,063,023</u>	<u>1,827,229</u>	<u>0</u>	<u>5,194,158</u>
Revenues over (under) expenditures	<u>(83,282)</u>	<u>(728,174)</u>	<u>(798,773)</u>	<u>10,537</u>	<u>(1,599,692)</u>
Other financing sources (uses):					
Transfers in	612	793,040	1,999,121	-	2,792,773
Transfers out	-	(547,956)	(725,658)	-	(1,273,614)
Issuance of debt	-	-	303,900	-	303,900
Proceeds from sale of capital assets	3,631	-	45,760	-	49,391
Total other financing sources (uses)	<u>4,243</u>	<u>245,084</u>	<u>1,623,123</u>	<u>0</u>	<u>1,872,450</u>
Net change in fund balance	<u>(79,039)</u>	<u>(483,090)</u>	<u>824,350</u>	<u>10,537</u>	<u>272,758</u>
Fund balance - January 1	<u>739,891</u>	<u>4,223,799</u>	<u>5,782,792</u>	<u>123,316</u>	<u>10,869,798</u>
Fund balance - December 31	<u>\$660,852</u>	<u>\$3,740,709</u>	<u>\$6,607,142</u>	<u>\$133,853</u>	<u>\$11,142,556</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes. The City maintained the following nonmajor Special Revenue Funds during the year.

Program Recreation – established to account for various self-supporting recreational programs.

Economic Development Authority – established to account for the receipt and uses of funds for economic development purposes.

Cable TV Fund – established to account for activities relating to Cable TV.

Blue Heron Days – established to account for the activities associated with the Blue Heron Days festival.

Federal Narcotics – established to account for activities associated with the receipt and use of federal narcotics forfeitures.

State Narcotics – established to account for activities associated with the receipt and use of state narcotics forfeitures

DUI Forfeitures – established to account for activities associated with the receipt and use of DUI forfeitures.

Other Forfeitures – established to account for activities associated with the receipt and use of other forfeitures

K-9 Unit – accounts for donations received by the City which are restricted for K-9 Unit purposes.

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2018

	201 Program Recreation	203 Economic Development Authority
Assets		
Cash and investments	\$22,948	\$89,541
Prepaid items	1,744	-
Long-term note receivable	-	225,000
Total assets	<u>\$24,692</u>	<u>\$314,541</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	<u>\$4,451</u>	<u>\$ -</u>
Fund balance:		
Nonspendable	1,744	-
Restricted	-	225,000
Committed	18,497	89,541
Total fund balance	<u>20,241</u>	<u>314,541</u>
Total liabilities and fund balance	<u>\$24,692</u>	<u>\$314,541</u>

204 Cable TV Fund	205 Blue Heron Days	206 Federal Narcotics	207 State Narcotics	208 DUI Forfeitures	209 Other Forfeitures	211 K-9 Unit	Total Nonmajor Special Revenue Funds
\$77,044	\$9,695	\$132,310	\$23,837	\$53,667	\$874	\$37,189	\$447,105
-	254	-	-	-	-	-	1,998
-	-	-	-	-	-	-	225,000
<u>\$77,044</u>	<u>\$9,949</u>	<u>\$132,310</u>	<u>\$23,837</u>	<u>\$53,667</u>	<u>\$874</u>	<u>\$37,189</u>	<u>\$674,103</u>
\$2,469	\$ -	\$1,235	\$4,911	\$ -	\$185	\$ -	\$13,251
-	254	-	-	-	-	-	1,998
-	9,695	131,075	18,926	53,667	689	37,189	476,241
74,575	-	-	-	-	-	-	182,613
<u>74,575</u>	<u>9,949</u>	<u>131,075</u>	<u>18,926</u>	<u>53,667</u>	<u>689</u>	<u>37,189</u>	<u>660,852</u>
<u>\$77,044</u>	<u>\$9,949</u>	<u>\$132,310</u>	<u>\$23,837</u>	<u>\$53,667</u>	<u>\$874</u>	<u>\$37,189</u>	<u>\$674,103</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2018

	201 Program Recreation	203 Economic Development Authority
Revenues:		
Charges for services	\$68,090	\$ -
Fines and forfeits	-	-
Investment earnings	309	1,289
Miscellaneous	1,557	-
Total revenues	<u>69,956</u>	<u>1,289</u>
Expenditures:		
Current:		
Public safety	-	-
Public services	54,379	-
Community development	-	611
Capital outlay:		
Public safety	-	-
Public services	-	-
Total expenditures	<u>54,379</u>	<u>611</u>
Revenues over (under) expenditures	<u>15,577</u>	<u>678</u>
Other financing sources (uses):		
Transfers in	-	612
Proceeds from sale of capital assets	-	-
Total other financing sources (uses)	<u>0</u>	<u>612</u>
Net change in fund balance	15,577	1,290
Fund balance - January 1	<u>4,664</u>	<u>313,251</u>
Fund balance - December 31	<u><u>\$20,241</u></u>	<u><u>\$314,541</u></u>

204 Cable TV Fund	205 Blue Heron Days	206 Federal Narcotics	207 State Narcotics	208 DUI Forfeitures	209 Other Forfeitures	211 K-9 Unit	Total Nonmajor Special Revenue Funds
\$64,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$132,137
-	-	3,687	5,890	12,032	1,340	-	22,949
1,812	137	2,526	353	723	5	-	7,154
-	19,638	-	-	-	-	37,189	58,384
65,859	19,775	6,213	6,243	12,755	1,345	37,189	220,624
-	-	19,303	14,584	2,775	656	-	37,318
7,983	16,990	-	-	-	-	-	79,352
-	-	-	-	-	-	-	611
-	-	118,104	-	1,274	-	-	119,378
67,247	-	-	-	-	-	-	67,247
75,230	16,990	137,407	14,584	4,049	656	0	303,906
(9,371)	2,785	(131,194)	(8,341)	8,706	689	37,189	(83,282)
-	-	-	-	-	-	-	612
-	-	-	3,631	-	-	-	3,631
0	0	0	3,631	0	0	0	4,243
(9,371)	2,785	(131,194)	(4,710)	8,706	689	37,189	(79,039)
83,946	7,164	262,269	23,636	44,961	-	-	739,891
\$74,575	\$9,949	\$131,075	\$18,926	\$53,667	\$689	\$37,189	\$660,852

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DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The City's Debt Service Funds account for four types of bonded indebtedness:

General Debt Bonds – are repaid primarily from property taxes.

Improvement Bonds and Notes – are repaid primarily from special assessments.

Public Facility Lease Revenue Bonds – are repaid primarily from lease revenues received from the EDA leasing the buildings to the City of Lino Lakes and other tenants.

Revenue Bonds – these bonds were issued to finance various improvements and will be repaid primarily from pledged revenues derived from the constructed assets.

Capital Note – this note was issued to finance cable communications equipment and will be repaid from revenues derived from franchise fees.

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2018

	315 Certificates of Indebtedness	332 G.O. TIF Bonds of 2007A	334 G.O. Improvement and Utility Bonds of 2010A	335 G.O. Bonds of 2012A	336 G.O. Improvement Bonds of 2013A
Assets					
Cash and investments	\$210,223	\$149,696	\$ -	\$263,837	\$426,587
Taxes receivable:					
Due from county	6,634	-	-	2,074	-
Delinquent	4,363	-	-	1,380	-
Special assessments receivable:					
Due from county	-	-	-	-	12,303
Delinquent	-	-	-	-	-
Deferred	-	-	231	-	252,065
Total assets	\$221,220	\$149,696	\$231	\$267,291	\$690,955
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Total liabilities	0	0	0	0	0
Deferred inflows of resources:					
Unavailable revenue	4,363	-	231	1,380	252,065
Fund balance:					
Restricted	216,857	149,696	-	265,911	438,890
Total liabilities, deferred inflows of resources, and fund balance	\$221,220	\$149,696	\$231	\$267,291	\$690,955

337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	Total Nonmajor Debt Service Funds
\$1,162,052	\$593,905	\$280,071	\$38,410	\$261,726	\$342,966	\$3,729,473
-	3,212	3,739	-	-	3,250	18,909
-	1,913	2,226	-	-	2,214	12,096
18,744	-	-	-	-	-	31,047
1,273	-	-	-	-	-	1,273
-	-	-	-	-	-	252,296
<u>\$1,182,069</u>	<u>\$599,030</u>	<u>\$286,036</u>	<u>\$38,410</u>	<u>\$261,726</u>	<u>\$348,430</u>	<u>\$4,045,094</u>
\$ -	\$ -	\$ -	\$ -	\$450	\$450	\$900
-	-	-	37,820	-	-	37,820
<u>0</u>	<u>0</u>	<u>0</u>	<u>37,820</u>	<u>450</u>	<u>450</u>	<u>38,720</u>
1,273	1,913	2,226	-	-	2,214	265,665
<u>1,180,796</u>	<u>597,117</u>	<u>283,810</u>	<u>590</u>	<u>261,276</u>	<u>345,766</u>	<u>3,740,709</u>
<u>\$1,182,069</u>	<u>\$599,030</u>	<u>\$286,036</u>	<u>\$38,410</u>	<u>\$261,726</u>	<u>\$348,430</u>	<u>\$4,045,094</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2018

	315 Certificates of Indebtedness	331 G.O. CIP Bonds of 2006E	332 G.O. TIF Bonds of 2007A	334 G.O. Improvement and Utility Bonds of 2010A	335 G.O. Bonds of 2012A
Revenues:					
General property taxes	\$562,872	\$1,260	\$ -	\$ -	\$175,884
Special assessments	91	85	-	247	17,608
Investment earnings	5,320	9,016	-	-	2,611
Miscellaneous	-	-	-	-	-
Total revenues	<u>568,283</u>	<u>10,361</u>	<u>0</u>	<u>247</u>	<u>196,103</u>
Expenditures:					
Debt service:					
Principal	519,250	425,000	190,000	105,000	230,000
Interest and fiscal charges	18,400	8,900	62,776	8,875	18,460
Total expenditures	<u>537,650</u>	<u>433,900</u>	<u>252,776</u>	<u>113,875</u>	<u>248,460</u>
Revenues over (under) expenditures	<u>30,633</u>	<u>(423,539)</u>	<u>(252,776)</u>	<u>(113,628)</u>	<u>(52,357)</u>
Other financing sources (uses):					
Transfers in	-	-	252,776	113,034	-
Transfers out	-	(547,956)	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>(547,956)</u>	<u>252,776</u>	<u>113,034</u>	<u>0</u>
Net change in fund balance	30,633	(971,495)	0	(594)	(52,357)
Fund balance - January 1	<u>186,224</u>	<u>971,495</u>	<u>149,696</u>	<u>594</u>	<u>318,268</u>
Fund balance - December 31	<u>\$216,857</u>	<u>\$0</u>	<u>\$149,696</u>	<u>\$0</u>	<u>\$265,911</u>

336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$273,420	\$318,282	\$ -	\$ -	\$275,421	\$1,607,139
222,639	402,403	34	40	-	-	49	643,196
4,658	13,020	4,660	2,708	337	1,507	2,857	46,694
-	-	-	-	37,820	-	-	37,820
227,297	415,423	278,114	321,030	38,157	1,507	278,327	2,334,849
60,000	370,000	195,000	170,000	31,350	130,000	225,000	2,650,600
15,160	30,332	63,962	131,538	6,470	27,750	19,800	412,423
75,160	400,332	258,962	301,538	37,820	157,750	244,800	3,063,023
152,137	15,091	19,152	19,492	337	(156,243)	33,527	(728,174)
-	130,224	127,289	5,953	-	163,764	-	793,040
-	-	-	-	-	-	-	(547,956)
0	130,224	127,289	5,953	0	163,764	0	245,084
152,137	145,315	146,441	25,445	337	7,521	33,527	(483,090)
286,753	1,035,481	450,676	258,365	253	253,755	312,239	4,223,799
\$438,890	\$1,180,796	\$597,117	\$283,810	\$590	\$261,276	\$345,766	\$3,740,709

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CAPITAL PROJECT FUNDS

Capital Project Funds account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds. The City maintained the following nonmajor Capital Project Funds during the year:

Closed Bond Fund – to account for excess funds from matured bond issues.

Building and Facilities – to account for the activities associated with the maintenance and replacement of municipal buildings and facilities.

Capital Equipment Revolving – to account for proceeds from Equipment Certificates and funds held to purchase capital equipment.

Office Equipment Revolving – to account for the receipt and use of funds for office equipment purchases.

Dedicated Parks – to account for the receipts and use of monies collected from park dedication fees.

Tax Increment Financing Funds – to account for development projects financed with tax increments.

Street Maintenance – to account for money received from levies, assessments, and developer charges for future street maintenance projects.

Surface Water Management – to account for the financing of surface water management and storm water improvements.

Street Reconstruction – to account for the financing of future reconstruction of City streets.

Surface Water Maintenance – to account for surface water maintenance activities.

Park and Trail Improvements – to account for park and trail improvement activities.

Birch Street / Centerville Road Improvements – this fund accounts for activities relating to the construction of street improvements and sanitary sewer in conjunction with Fire House #2.

2040 Comp Plan Update – this fund accounts for the financing sources received and expenditures incurred to update the City's 2040 Comprehensive Plan.

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CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2018

Statement 25
Page 1 of 2

	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Assets					
Cash and investments	\$223,139	\$197,518	\$502,823	\$40,998	\$254,652
Accounts receivable - net	-	5,582	-	-	-
Advances to other funds	1,824	-	-	-	-
Taxes receivable:					
Due from county	113	-	-	-	-
Delinquent	1,856	-	-	-	-
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	7,408	-	-	-	-
Deferred	22,073	-	-	-	-
Interfund loan receivable	778,413	2,317,533	-	-	-
Total assets	\$1,034,826	\$2,520,633	\$502,823	\$40,998	\$254,652
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$2,500	\$ -	\$ -	\$5,398
Due to other governments	3,103	-	-	-	-
Advances from other funds	-	-	-	-	-
Contracts payable	-	-	-	-	21,714
Interfund loan payable	-	-	-	-	-
Total liabilities	3,103	2,500	0	0	27,112
Deferred inflows of resources:					
Unavailable revenue	31,337	-	-	-	-
Fund balance:					
Restricted	-	-	-	-	227,540
Assigned	1,000,386	2,518,133	502,823	40,998	-
Unassigned	-	-	-	-	-
Total fund balance	1,000,386	2,518,133	502,823	40,998	227,540
Total liabilities, deferred inflows of resources, and fund balance	\$1,034,826	\$2,520,633	\$502,823	\$40,998	\$254,652

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2018

	411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12
Assets				
Cash and investments	\$338,560	\$192,815	\$ -	\$82,857
Accounts receivable - net	-	-	-	-
Advances to other funds	-	-	-	-
Taxes receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Special assessments receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Interfund loan receivable	-	-	-	-
Total assets	\$338,560	\$192,815	\$0	\$82,857
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$1,548	\$55,732
Due to other governments	405	460	2,721	424
Advances from other funds	-	-	-	-
Contracts payable	-	-	-	-
Interfund loan payable	-	-	778,413	-
Total liabilities	405	460	782,682	56,156
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balance:				
Restricted	338,155	192,355	-	26,701
Assigned	-	-	-	-
Unassigned	-	-	(782,682)	-
Total fund balance	338,155	192,355	(782,682)	26,701
Total liabilities, deferred inflows of resources, and fund balance	\$338,560	\$192,815	\$0	\$82,857

421 Street Maintenance	422 Surface Water Management	423 Street Reconstruction	424 Surface Water Maintenance	425 Park and Trail Improvements	484 2040 Comp Plan Update	Total Nonmajor Capital Project Funds
\$336,403	\$1,004,245	\$740,543	\$168,189	\$438,280	\$ -	\$4,521,022
-	-	-	-	-	-	5,582
-	-	-	-	-	-	1,824
-	-	-	-	-	-	113
-	-	-	-	-	-	1,856
-	1,799	-	-	-	-	1,799
-	5,933	-	-	-	-	13,341
-	163,296	66,922	-	-	-	252,291
-	-	-	-	-	-	3,095,946
<u>\$336,403</u>	<u>\$1,175,273</u>	<u>\$807,465</u>	<u>\$168,189</u>	<u>\$438,280</u>	<u>\$0</u>	<u>\$7,893,774</u>
\$8,406	\$76,358	\$ -	\$909	\$ -	\$848	\$151,699
-	-	-	-	-	-	7,113
-	-	-	-	-	1,824	1,824
-	-	-	58,381	-	-	80,095
-	-	-	-	-	-	778,413
<u>8,406</u>	<u>76,358</u>	<u>0</u>	<u>59,290</u>	<u>0</u>	<u>2,672</u>	<u>1,019,144</u>
-	169,229	66,922	-	-	-	267,488
-	-	-	-	-	-	784,751
327,997	929,686	740,543	108,899	438,280	-	6,607,745
-	-	-	-	-	(2,672)	(785,354)
<u>327,997</u>	<u>929,686</u>	<u>740,543</u>	<u>108,899</u>	<u>438,280</u>	<u>(2,672)</u>	<u>6,607,142</u>
<u>\$336,403</u>	<u>\$1,175,273</u>	<u>\$807,465</u>	<u>\$168,189</u>	<u>\$438,280</u>	<u>\$0</u>	<u>\$7,893,774</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2018

	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Revenues:					
General property taxes	\$92	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-
Special assessments	21,654	-	-	-	-
Charges for services	-	190,469	-	-	89,275
Investment earnings	9,045	3,026	9,069	845	5,613
Miscellaneous	-	-	14,214	1,129	1,226
Total revenues	<u>30,791</u>	<u>193,495</u>	<u>23,283</u>	<u>1,974</u>	<u>96,114</u>
Expenditures:					
Current:					
General government	3,804	1,050	-	16,677	-
Public safety	-	-	-	2,054	-
Public services	-	-	-	1,294	-
Community development	-	-	-	1,695	-
Capital outlay:					
General government	-	181,559	-	8,239	-
Public safety	-	-	63,101	-	-
Public services	-	-	232,054	-	224,223
Debt service:					
Interest and fiscal charges	-	-	-	-	3,011
Total expenditures	<u>3,804</u>	<u>182,609</u>	<u>295,155</u>	<u>29,959</u>	<u>227,234</u>
Revenues over (under) expenditures	<u>26,987</u>	<u>10,886</u>	<u>(271,872)</u>	<u>(27,985)</u>	<u>(131,120)</u>
Other financing sources (uses):					
Transfers in	547,956	-	-	25,000	50,000
Transfers out	(186,967)	-	-	-	-
Issuance of debt	-	-	303,900	-	-
Proceeds from sale of capital assets	-	-	45,760	-	-
Total other financing sources (uses)	<u>360,989</u>	<u>0</u>	<u>349,660</u>	<u>25,000</u>	<u>50,000</u>
Net change in fund balance	387,976	10,886	77,788	(2,985)	(81,120)
Fund balance - January 1	<u>612,410</u>	<u>2,507,247</u>	<u>425,035</u>	<u>43,983</u>	<u>308,660</u>
Fund balance - December 31	<u>\$1,000,386</u>	<u>\$2,518,133</u>	<u>\$502,823</u>	<u>\$40,998</u>	<u>\$227,540</u>

411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	421 Street Maintenance	422 Surface Water Management	423 Street Reconstruction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44,245	163,085	115,052	139,841	-	-	-
-	-	-	-	-	134,547	23,770
-	-	-	-	9,936	-	-
4,455	3,726	-	295	7,407	15,094	10,499
-	-	-	-	-	-	-
48,700	166,811	115,052	140,136	17,343	149,641	34,269
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	667,488	27,401	-
564	1,047	4,683	112,391	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	94,051	-
-	-	-	-	-	-	-
564	1,047	4,683	112,391	667,488	121,452	0
48,136	165,764	110,369	27,745	(650,145)	28,189	34,269
-	-	-	-	717,900	8,265	-
-	(163,085)	(115,052)	-	-	(87,000)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
0	(163,085)	(115,052)	0	717,900	(78,735)	0
48,136	2,679	(4,683)	27,745	67,755	(50,546)	34,269
290,019	189,676	(777,999)	(1,044)	260,242	980,232	706,274
\$338,155	\$192,355	(\$782,682)	\$26,701	\$327,997	\$929,686	\$740,543

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2018

Statement 26
Page 2 of 2

	424 Surface Water Maintenance	425 Park and Trail Improvements	481 Birch St/ Centerville Rd Improvements	484 2040 Comp Plan Update	Total Nonmajor Capital Project Funds
Revenues:					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$92
Tax increment	-	-	-	-	462,223
Special assessments	-	-	-	-	179,971
Charges for services	-	-	-	-	289,680
Investment earnings	2,605	6,280	1,962	-	79,921
Miscellaneous	-	-	-	-	16,569
Total revenues	<u>2,605</u>	<u>6,280</u>	<u>1,962</u>	<u>0</u>	<u>1,028,456</u>
Expenditures:					
Current:					
General government	-	-	-	-	21,531
Public safety	-	-	-	-	2,054
Public services	119,545	-	-	31,298	847,026
Community development	-	-	-	-	120,380
Capital outlay:					
General government	-	-	-	-	189,798
Public safety	-	-	-	-	63,101
Public services	-	30,000	-	-	580,328
Debt service:					
Interest and fiscal charges	-	-	-	-	3,011
Total expenditures	<u>119,545</u>	<u>30,000</u>	<u>0</u>	<u>31,298</u>	<u>1,827,229</u>
Revenues over (under) expenditures	<u>(116,940)</u>	<u>(23,720)</u>	<u>1,962</u>	<u>(31,298)</u>	<u>(798,773)</u>
Other financing sources (uses):					
Transfers in	125,000	500,000	-	25,000	1,999,121
Transfers out	-	(38,000)	(135,554)	-	(725,658)
Issuance of debt	-	-	-	-	303,900
Proceeds from sale of capital assets	-	-	-	-	45,760
Total other financing sources (uses)	<u>125,000</u>	<u>462,000</u>	<u>(135,554)</u>	<u>25,000</u>	<u>1,623,123</u>
Net change in fund balance	8,060	438,280	(133,592)	(6,298)	824,350
Fund balance - January 1	<u>100,839</u>	<u>-</u>	<u>133,592</u>	<u>3,626</u>	<u>5,782,792</u>
Fund balance - December 31	<u>\$108,899</u>	<u>\$438,280</u>	<u>\$0</u>	<u>(\$2,672)</u>	<u>\$6,607,142</u>

CITY OF LINO LAKES, MINNESOTA**SPECIAL REVENUE FUND - PROGRAM RECREATION****Statement 27****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended December 31, 2018

	Budgeted Amounts		2018 Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues:				
Charges for services	\$100,610	\$100,610	\$68,090	(\$32,520)
Investment earnings	-	-	309	309
Miscellaneous	-	-	1,557	1,557
Total revenues	<u>100,610</u>	<u>100,610</u>	<u>69,956</u>	<u>(30,654)</u>
Expenditures:				
Public services:				
Current:				
Personal services	43,725	43,725	20,764	22,961
Supplies	40,980	40,980	20,545	20,435
Other services and charges	-	-	350	(350)
Contractual services	16,800	16,800	12,720	4,080
Capital outlay	500	500	-	500
Total expenditures	<u>102,005</u>	<u>102,005</u>	<u>54,379</u>	<u>47,626</u>
Revenues over (under) expenditures	<u>(1,395)</u>	<u>(1,395)</u>	15,577	<u>16,972</u>
Fund balance - January 1			<u>4,664</u>	
Fund balance - December 31			<u>\$20,241</u>	

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2018

Statement 28

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Assets:				
Cash and investments	<u>\$1,719,511</u>	<u>\$268,409</u>	<u>\$537,617</u>	<u>\$1,450,303</u>
Liabilities:				
Deposits payable	<u>\$1,719,511</u>	<u>\$268,409</u>	<u>\$537,617</u>	<u>\$1,450,303</u>

STATISTICAL SECTION (UNAUDITED)

CITY OF LINO LAKES, MINNESOTA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$23,400,453	\$22,562,217	\$24,600,103	\$22,166,342
Restricted	9,414,474	8,428,025	11,598,803	11,595,112
Unrestricted	15,926,322	16,738,885	13,463,210	17,639,038
Total governmental activities net position	<u>\$48,741,249</u>	<u>\$47,729,127</u>	<u>\$49,662,116</u>	<u>\$51,400,492</u>
Business-type activities:				
Net investment in capital assets	\$30,071,840	\$29,648,461	\$29,216,866	\$28,798,095
Unrestricted	10,112,207	10,728,626	11,201,362	12,102,013
Total business-type activities net position	<u>\$40,184,047</u>	<u>\$40,377,087</u>	<u>\$40,418,228</u>	<u>\$40,900,108</u>
Primary government:				
Net investment in capital assets	\$53,472,293	\$52,210,678	\$53,816,969	\$50,964,437
Restricted	9,414,474	8,428,025	11,598,803	11,595,112
Unrestricted	26,038,529	27,467,511	24,664,572	29,741,051
Total primary government net position	<u>\$88,925,296</u>	<u>\$88,106,214</u>	<u>\$90,080,344</u>	<u>\$92,300,600</u>

GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

GASB 75 was implemented in 2017. Net position was restated for 2016 to reflect the reporting of the OPEB liability and OPEB related deferred inflows of resources. Net position for years prior to 2016 was not restated.

Table 1

2013	2014	2015	2016	2017	2018
\$22,241,821	\$19,540,807	\$18,230,746	\$18,597,344	\$22,868,259	\$24,640,555
11,000,033	8,666,357	8,635,293	13,342,852	11,730,147	10,579,817
16,849,636	20,527,704	13,888,120	10,187,254	12,017,212	16,577,520
<u>\$50,091,490</u>	<u>\$48,734,868</u>	<u>\$40,754,159</u>	<u>\$42,127,450</u>	<u>\$46,615,618</u>	<u>\$51,797,892</u>
\$28,423,284	\$27,556,022	\$29,127,829	\$31,860,610	\$31,831,950	\$32,709,079
12,999,182	13,888,278	14,672,630	13,863,447	14,846,045	15,570,827
<u>\$41,422,466</u>	<u>\$41,444,300</u>	<u>\$43,800,459</u>	<u>\$45,724,057</u>	<u>\$46,677,995</u>	<u>\$48,279,906</u>
\$50,665,105	\$47,096,829	\$47,358,575	\$50,457,954	\$54,700,209	\$57,349,634
11,000,033	8,666,357	8,635,293	13,342,852	11,730,147	10,579,817
29,848,818	34,415,982	28,560,750	24,050,701	26,863,257	32,148,347
<u>\$91,513,956</u>	<u>\$90,179,168</u>	<u>\$84,554,618</u>	<u>\$87,851,507</u>	<u>\$93,293,613</u>	<u>\$100,077,798</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$2,201,439	\$1,987,415	\$1,990,137	\$1,883,961
Public safety	4,299,366	3,971,261	4,019,101	4,046,415
Public services	5,341,113	5,092,970	9,329,451	6,795,150
Conservation of natural resources	215,607	197,571	139,544	184,051
Community development	1,005,997	1,105,254	617,747	430,121
Interest and fees on long-term debt	928,668	1,064,172	927,535	837,755
Total governmental activities expenses	<u>13,992,190</u>	<u>13,418,643</u>	<u>17,023,515</u>	<u>14,177,453</u>
Business-type activities:				
Water	1,089,569	1,045,901	966,643	949,121
Sewer	1,432,107	1,466,847	1,638,063	1,527,637
Total business-type activities expenses	<u>2,521,676</u>	<u>2,512,748</u>	<u>2,604,706</u>	<u>2,476,758</u>
Total primary government expenses	<u><u>\$16,513,866</u></u>	<u><u>\$15,931,391</u></u>	<u><u>\$19,628,221</u></u>	<u><u>\$16,654,211</u></u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$101,741	\$98,403	\$103,687	\$129,151
Public safety	725,747	691,005	713,985	642,745
Public services	594,168	605,207	593,263	668,128
Conservation of natural resources	3,858	4,153	4,392	19,297
Community development	8,667	14,148	5,138	16,940
Operating grants and contributions	682,797	617,450	593,798	450,179
Capital grants and contributions	1,357,015	1,388,984	7,347,613	5,125,693
Total governmental activities program revenues	<u>3,473,993</u>	<u>3,419,350</u>	<u>9,361,876</u>	<u>7,052,133</u>
Business-type activities:				
Charges for services:				
Water	1,365,817	1,087,013	1,090,104	1,371,809
Sewer	1,502,164	1,498,218	1,494,188	1,505,781
Operating grants and contributions	62,710	-	-	-
Capital grants and contributions	8,769	8,709	1,462	20,018
Total business-type activities	<u>2,939,460</u>	<u>2,593,940</u>	<u>2,585,754</u>	<u>2,897,608</u>
Total primary government program revenues	<u><u>\$6,413,453</u></u>	<u><u>\$6,013,290</u></u>	<u><u>\$11,947,630</u></u>	<u><u>\$9,949,741</u></u>

Table 2
Page 1 of 2

2013	2014	2015	2016	2017	2018
\$1,566,388	\$2,036,550	\$2,016,351	\$2,456,864	\$2,395,633	\$2,345,386
3,950,197	4,107,759	5,135,865	6,567,523	5,166,538	4,749,394
5,376,671	5,880,030	7,971,712	6,228,893	5,492,395	5,384,522
141,204	159,649	186,111	216,905	200,016	201,590
404,726	407,448	432,268	454,144	459,455	576,794
951,842	618,680	632,876	831,529	518,897	414,607
12,391,028	13,210,116	16,375,183	16,755,858	14,232,934	13,672,293
927,800	965,641	1,394,897	1,367,693	1,245,249	1,332,755
1,584,395	1,628,258	2,089,842	1,850,962	1,901,821	1,964,471
2,512,195	2,593,899	3,484,739	3,218,655	3,147,070	3,297,226
\$14,903,223	\$15,804,015	\$19,859,922	\$19,974,513	\$17,380,004	\$16,969,519
\$93,118	\$103,072	\$818,468	\$520,231	\$550,117	\$562,816
697,584	763,470	199,498	1,359,426	2,249,152	1,591,658
632,002	621,221	603,866	865,327	801,633	448,009
1,347	1,882	-	-	-	-
28,118	39,395	-	-	-	-
527,368	840,676	526,107	722,858	1,106,014	861,429
941,960	335,733	1,176,732	5,046,307	4,141,383	5,187,023
2,921,497	2,705,449	3,324,671	8,514,149	8,848,299	8,650,935
1,208,742	965,425	1,014,836	1,094,897	1,150,834	1,217,589
1,516,397	1,564,099	1,621,633	1,659,322	1,698,963	1,753,712
-	263,024	263,024	-	-	-
883	1,035	3,035,031	1,543,947	836,029	1,242,032
2,726,022	2,793,583	5,934,524	4,298,166	3,685,826	4,213,333
\$5,647,519	\$5,499,032	\$9,259,195	\$12,812,315	\$12,534,125	\$12,864,268

CITY OF LINO LAKES, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2009	2010	2011	2012
Net (expense) revenue:				
Governmental activities	(\$10,518,197)	(\$9,999,293)	(\$7,661,639)	(\$7,125,320)
Business-type activities	417,784	81,192	(18,952)	420,850
Total primary government, net	(10,100,413)	(9,918,101)	(7,680,591)	(6,704,470)
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	9,808,324	8,764,183	8,768,805	8,610,709
Unrestricted grants and contributions	11,321	4,389	4,072	4,941
Unrestricted investment earnings	429,325	225,677	251,250	202,828
Gain on disposal of capital assets	12,644	-	37,579	4,175
Special item - withdrawal from fire district	-	-	-	-
Transfers	(136,068)	(7,078)	66,122	41,043
Total governmental activities	10,125,546	8,987,171	9,127,828	8,863,696
Business-type activities:				
Unrestricted investment earnings	228,747	104,770	126,215	102,073
Transfers	136,068	7,078	(66,122)	(41,043)
Total business-type activities	364,815	111,848	60,093	61,030
Total primary government	\$10,490,361	\$9,099,019	\$9,187,921	\$8,924,726
Change in net position:				
Governmental activities	(\$392,651)	(\$1,012,122)	\$1,466,189	\$1,738,376
Business-type activities	782,599	193,040	41,141	481,880
Total primary government change in net position	\$389,948	(\$819,082)	\$1,507,330	\$2,220,256

GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

GASB 75 was implemented in 2017. OPEB expense for years prior to 2017 was not restated.

2013	2014	2015	2016	2017	2018
(\$9,469,531)	(\$10,504,667)	(\$13,050,512)	(\$8,241,709)	(\$5,384,635)	(\$5,021,358)
213,827	199,684	2,449,785	1,079,511	538,756	916,107
(9,255,704)	(10,304,983)	(10,600,727)	(7,162,198)	(4,845,879)	(4,105,251)
8,563,595	8,806,886	9,243,236	9,343,500	9,753,971	10,229,691
4,442	4,443	5,363	91,385	181,712	59,508
(54,204)	265,695	112,961	210,142	207,792	369,485
-	1,727	17,836	66,255	38,022	17,318
-	-	-	1,333,166	-	-
(353,304)	69,294	66,834	(914,414)	(308,694)	(472,370)
8,160,529	9,148,045	9,446,230	10,130,034	9,872,803	10,203,632
(44,773)	154,468	51,167	107,119	106,488	213,434
353,304	(69,294)	(66,834)	914,414	308,694	472,370
308,531	85,174	(15,667)	1,021,533	415,182	685,804
\$8,469,060	\$9,233,219	\$9,430,563	\$11,151,567	\$10,287,985	\$10,889,436
(\$1,309,002)	(\$1,356,622)	(\$3,604,282)	\$1,888,325	\$4,488,168	\$5,182,274
522,358	284,858	2,434,118	2,101,044	953,938	1,601,911
(\$786,644)	(\$1,071,764)	(\$1,170,164)	\$3,989,369	\$5,442,106	\$6,784,185

CITY OF LINO LAKES, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012
General Fund:				
Reserved	\$196,568	\$181,471	\$ -	\$ -
Unreserved	5,191,396	5,445,334	-	-
Nonspendable	-	-	165,079	180,786
Unassigned	-	-	5,440,101	5,053,031
Total general fund	<u>\$5,387,964</u>	<u>\$5,626,805</u>	<u>\$5,605,180</u>	<u>\$5,233,817</u>
All other governmental funds:				
Reserved reported in:				
Special revenue funds	\$227,176	\$227,342	\$ -	\$ -
Capital projects funds	736,772	658,875	-	-
Debt service funds	3,457,349	2,986,102	-	-
Permanent funds	100,000	100,000	-	-
Unreserved reported in:				
Special revenue funds	93,956	110,471	-	-
Capital projects funds	11,611,835	12,537,841	-	-
Debt service funds	(558,443)	(1,093,765)	-	-
Permanent funds	15,824	12,676	-	-
Nonspendable	-	-	906,010	823,113
Restricted	-	-	2,658,010	3,041,524
Committed	-	-	110,568	115,196
Assigned	-	-	10,808,268	15,573,179
Unassigned	-	-	(3,154,496)	(3,262,728)
Total all other governmental funds	<u>\$15,684,469</u>	<u>\$15,539,542</u>	<u>\$11,328,360</u>	<u>\$16,290,284</u>
Total all funds	<u>\$21,072,433</u>	<u>\$21,166,347</u>	<u>\$16,933,540</u>	<u>\$21,524,101</u>

The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011. Information for years prior to 2011 is presented in accordance with fund balance classifications in effect at that time.

Table 3

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
176,797	253,471	220,677	225,114	243,317	286,186
5,209,286	5,053,064	5,725,736	6,031,077	6,573,608	6,599,956
<u>\$5,386,083</u>	<u>\$5,306,535</u>	<u>\$5,946,413</u>	<u>\$6,256,191</u>	<u>\$6,816,925</u>	<u>\$6,886,142</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
101,710	101,302	101,177	101,220	101,659	101,998
3,651,550	2,830,526	2,637,638	6,502,424	5,289,641	9,824,255
121,075	152,078	163,239	170,950	175,401	182,613
15,710,702	18,027,773	15,022,852	15,778,480	14,581,669	19,195,652
(3,393,547)	(375,851)	(3,815,304)	(978,496)	(2,909,173)	(2,935,459)
<u>\$16,191,490</u>	<u>\$20,735,828</u>	<u>\$14,109,602</u>	<u>\$21,574,578</u>	<u>\$17,239,197</u>	<u>\$26,369,059</u>
<u>\$21,577,573</u>	<u>\$26,042,363</u>	<u>\$20,056,015</u>	<u>\$27,830,769</u>	<u>\$24,056,122</u>	<u>\$33,255,201</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2009	2010	2011	2012
Revenues:				
Property taxes	\$9,561,570	\$8,647,488	\$8,655,971	\$8,560,340
Licenses and permits	307,714	330,138	322,030	319,172
Intergovernmental	1,259,016	1,176,863	1,331,914	5,267,570
Special assessments	968,995	851,270	904,522	816,998
Charges for services	778,163	780,044	812,604	744,633
Fines and forfeits	111,807	127,203	154,020	155,956
Investment earnings	429,325	225,677	251,244	202,825
Miscellaneous	513,306	502,992	460,710	414,088
Total revenues	13,929,896	12,641,675	12,893,015	16,481,582
Expenditures:				
Current:				
General government	1,918,246	1,730,390	1,773,515	1,619,215
Public safety	4,122,352	3,798,106	3,791,329	3,861,265
Public services	3,071,646	2,848,232	3,251,923	4,396,406
Conservation of natural resources	209,466	185,232	134,122	176,318
Community development	1,005,095	1,098,682	624,286	435,154
Capital outlay	501,806	282,938	4,209,593	616,931
Debt service:				
Principal	1,908,000	1,866,000	2,030,000	2,145,000
Interest and fiscal charges	994,809	1,042,883	983,129	831,875
Bond issuance costs	-	-	-	47,054
Total expenditures	13,731,420	12,852,463	16,797,897	14,129,218
Excess (deficiency) of revenues over expenditures	198,476	(210,788)	(3,904,882)	2,352,364
Other financing sources (uses):				
Proceeds from sale of capital assets	35,700	20,600	50,953	4,175
Issuance of debt	4,596,000	1,170,000	120,000	2,165,000
Premium on bonds issued	11,141	10,980	-	-
Payment to refunded bond escrow agent	-	(965,000)	-	-
Loan payable reapportionment	-	-	(565,000)	-
Transfers in	1,413,985	1,195,747	2,971,715	1,979,457
Transfers out	(1,367,863)	(1,127,625)	(2,905,593)	(1,910,435)
Total other financing sources (uses)	4,688,963	304,702	(327,925)	2,238,197
Special item - withdrawal from fire district	-	-	-	-
Net change in fund balance	\$4,887,439	\$93,914	(\$4,232,807)	\$4,590,561
Debt service as a percentage of noncapital expenditures	21.9%	23.1%	23.9%	22.0%
Debt service as a percentage of total expenditures	21.1%	22.6%	17.9%	21.1%

Table 4

2013	2014	2015	2016	2017	2018
\$8,475,214	\$8,612,011	\$8,950,507	\$9,369,090	\$9,772,741	\$10,215,761
431,654	407,681	551,202	895,581	1,447,571	1,260,046
500,963	823,025	679,627	706,944	1,080,953	3,453,300
2,130,519	1,278,202	703,141	4,400,635	2,283,974	2,005,970
717,300	731,640	696,501	1,293,556	1,327,781	1,003,896
119,079	149,653	127,803	251,653	613,593	137,940
(53,466)	265,794	112,915	210,142	207,792	369,485
384,749	767,477	766,072	417,448	410,640	323,379
12,706,012	13,035,483	12,587,768	17,545,049	17,145,045	18,769,777
1,569,722	1,692,175	1,643,966	1,845,667	1,952,669	1,948,909
3,744,957	3,845,732	11,895,482	4,333,080	4,360,517	4,575,957
3,956,766	4,156,497	4,779,696	3,203,837	3,414,412	3,148,058
134,127	149,292	191,038	201,635	183,392	199,026
418,533	402,750	422,935	425,402	433,144	572,910
291,135	674,488	1,566,057	3,044,615	2,152,848	3,469,208
2,214,000	3,664,000	2,802,511	2,769,525	8,058,525	3,130,600
774,172	696,780	542,166	816,362	640,029	437,659
17,137	-	62,831	98,906	-	-
13,120,549	15,281,714	23,906,682	16,739,029	21,195,536	17,482,327
(414,537)	(2,246,231)	(11,318,914)	806,020	(4,050,491)	1,287,450
16,727	1,727	54,522	72,182	103,328	49,391
808,000	3,140,000	8,606,250	5,464,000	311,000	7,218,900
6,558	-	114,960	41,497	-	401,193
(435,000)	-	-	-	-	-
-	-	-	-	-	-
1,722,541	2,608,534	3,392,971	3,521,180	6,984,443	4,266,440
(1,650,817)	(2,539,240)	(3,336,137)	(3,241,959)	(7,122,927)	(4,024,295)
468,009	3,211,021	8,832,566	5,856,900	275,844	7,911,629
-	-	-	1,111,834	-	-
\$53,472	\$964,790	(\$2,486,348)	\$7,774,754	(\$3,774,647)	\$9,199,079
23.3%	29.9%	15.0%	26.2%	45.4%	25.5%
22.8%	28.5%	14.0%	21.4%	41.0%	20.4%

CITY OF LINO LAKES, MINNESOTA
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 5

Payable Year	Residential Property	Commercial/ Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Market Value
2009	\$18,919,087	\$4,002,349	\$275,496	\$23,196,932	38.73	\$2,102,473,000
2010	17,978,917	3,800,004	291,904	22,070,825	37.91	2,001,889,600
2011	16,214,698	3,223,901	303,964	19,742,563	42.04	1,804,121,500
2012	14,743,557	2,945,026	310,870	17,999,453	42.89	1,640,455,854
2013	13,693,905	2,571,769	336,047	16,601,721	46.77	1,519,857,242
2014	13,646,798	2,450,473	341,974	16,439,245	46.68	1,509,921,169
2015	15,455,516	2,536,783	347,316	18,339,615	43.77	1,694,366,064
2016	15,472,329	2,609,482	359,006	18,440,817	46.02	1,699,288,883
2017	16,480,328	2,767,099	396,378	19,643,805	45.14	1,808,417,118
2018	17,879,879	2,966,548	442,867	21,289,294	42.83	1,959,826,108

The tax capacity (assessed taxable value) of the property is calculated by applying a statutory formula to the estimated market value of the property.

Source: Anoka County, Minnesota Assessors' Office

CITY OF LINO LAKES, MINNESOTA

DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES

Table 6

Last Ten Fiscal Years

(rate per \$100 of Tax Capacity)

Fiscal Year	City Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts	Total Overlapping	
2009	34.716	4.017	38.733	34.593	32.078	5.611	72.282	111.015
2010	34.086	3.819	37.905	37.285	35.189	5.879	78.353	116.258
2011	37.425	4.616	42.041	43.695	39.952	6.278	89.925	131.966
2012	37.501	5.393	42.894	40.010	41.146	6.691	87.847	130.741
2013	40.964	5.810	46.774	43.681	44.411	6.940	95.032	141.806
2014	39.784	6.899	46.683	46.186	43.239	6.712	96.137	142.820
2015	37.819	5.951	43.770	36.562	38.123	6.021	80.706	124.476
2016	35.025	10.994	46.019	36.426	38.894	6.405	81.725	127.744
2017	35.105	10.035	45.140	29.097	36.841	5.810	71.748	116.888
2018	36.168	6.658	42.826	34.970	35.334	5.658	75.962	118.788

The majority of the City is serviced by School District 12. Rates for debt service are based on each year's requirements.

Source: Anoka County Property Records and Tax Division

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CITY OF LINO LAKES, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table 7

Taxpayer	2018			2009		
	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Northern States Power Co	\$215,921	1	1.01%	\$141,737	6	0.61%
AX Lino Lakes LP	214,854	2	1.01%	-	-	-
Target Corporation	213,550	3	1.00%	254,772	1	1.10%
WI MN AB BIYNAH LLC	197,948	4	0.93%	-	-	-
Minnegasco Inc	122,120	5	0.57%	-	-	-
Moline Concrete Products	113,220	6	0.53%	150,370	4	0.65%
Gargaro Properties LLC	112,006	7	0.53%	-	-	-
Taylor Corporation	95,302	8	0.45%	132,706	8	0.57%
Kohl's Department Store	89,494	9	0.42%	140,438	7	0.61%
Marmon/Keystone Corp	77,612	10	0.36%	-	-	-
Lino Lakes Realty LLC	-		-	242,114	2	1.04%
Marshall Investment Corp	-		-	164,371	3	0.71%
Lino Lakes Assisted Living LLC	-		-	147,060	5	0.63%
Royal Oaks Realty Inc	-		-	115,350	9	0.50%
F&G Incorporated	-		-	108,700	10	0.47%
Total	<u>\$1,452,027</u>		<u>6.81%</u>	<u>\$1,597,618</u>		<u>6.89%</u>

Source: Anoka County

CITY OF LINO LAKES, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
2009	\$8,295,172	\$949,166	\$9,244,338	\$8,982,756	97.2%
2010	7,816,232	879,182	8,695,414	8,400,439	96.6%
2011	7,719,240	940,760	8,660,000	8,486,845	98.0%
2012	7,192,818	1,034,441	8,227,259	8,095,502	98.4%
2013	7,190,538	1,025,090	8,215,628	8,094,911	98.5%
2014	7,098,922	1,197,122	8,296,044	8,229,986	99.2%
2015	7,490,578	1,195,494	8,686,072	8,630,830	99.4%
2016	7,018,572	2,039,856	9,058,428	9,022,964	99.6%
2017	7,360,431	2,131,424	9,491,855	9,439,688	99.5%
2018	8,165,859	1,610,873	9,776,732	9,729,472	99.5%

Current year levies and collections include State levy related credits, but do not include tax increment levies and collections.

Table 8

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$194,591	\$9,177,347	99.3%	\$66,991	0.7%
183,009	8,583,448	98.7%	111,966	1.3%
127,277	8,614,122	99.5%	45,878	0.5%
78,564	8,174,066	99.4%	53,193	0.6%
70,293	8,165,204	99.4%	50,424	0.6%
42,280	8,272,266	99.7%	23,778	0.3%
26,955	8,657,785	99.7%	28,287	0.3%
9,740	9,032,704	99.7%	25,724	0.3%
15,835	9,455,523	99.6%	36,332	0.4%
-	9,729,472	99.5%	47,260	0.5%

CITY OF LINO LAKES, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities
	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	General Obligation Revenue Bonds
2009	\$10,712,000	\$10,265,000	\$4,260,000	\$1,170,000
2010	10,141,000	9,175,000	4,260,000	795,000
2011	9,421,000	7,985,000	3,695,000	405,000
2012	10,331,000	7,095,000	3,695,000	-
2013	9,610,000	5,975,000	3,695,000	-
2014	9,036,000	7,640,000	2,080,000	-
2015	16,377,291	6,620,000	1,720,000	-
2016	18,337,081	7,795,000	1,609,000	-
2017	14,837,768	4,905,000	233,475	-
2018	20,360,713	3,890,000	202,125	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the *Demographic and Economic Statistics* schedule for personal income and population data.

(1) Personal income information is not yet available for 2018 from the Bureau of Economic Analysis Report

Table 9

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$26,407,000	1.24%	3.44%	\$1,301
24,371,000	1.22%	3.13%	1,206
21,506,000	1.19%	2.59%	1,049
21,121,000	1.29%	2.46%	1,024
19,280,000	1.27%	2.19%	925
18,756,000	1.24%	2.04%	888
24,717,291	1.46%	2.64%	1,205
27,741,081	1.63%	2.84%	1,334
19,976,243	1.10%	1.94%	946
24,452,838	1.25%	(1)	1,111

CITY OF LINO LAKES, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government
	General Obligation Bonds	Special Assessments Payable	
2009	\$10,712,000	\$10,265,000	\$20,977,000
2010	10,141,000	9,175,000	19,316,000
2011	9,421,000	7,985,000	17,406,000
2012	10,331,000	7,095,000	17,426,000
2013	9,610,000	5,975,000	15,585,000
2014	9,036,000	7,640,000	16,676,000
2015	16,377,291	6,620,000	22,997,291
2016	18,337,081	7,795,000	26,132,081
2017	14,837,768	4,905,000	19,742,768
2018	20,360,713	3,890,000	24,250,713

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the *Demographic and Economic Statistics* schedule for population data.

Table 10

Per Capita (Total)	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Assessed Market Value	Per Capita (Net)
\$1,033	\$3,457,349	\$17,519,651	0.83%	\$863
955	2,986,102	16,329,898	0.82%	808
849	2,638,129	14,767,871	0.82%	720
845	3,035,557	14,390,443	0.88%	698
748	3,357,196	12,227,804	0.80%	587
789	2,501,738	14,174,262	0.94%	671
1,121	2,813,226	20,184,065	1.19%	984
1,256	8,420,263	17,711,818	1.04%	851
935	5,171,905	14,570,863	0.81%	690
1,102	4,456,461	19,794,252	1.01%	900

CITY OF LINO LAKES, MINNESOTA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2018

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Anoka County	\$92,260,000	6.1%	\$5,591,225
ISD 12	90,587,065	43.7%	39,541,274
ISD 624	85,805,000	3.0%	2,610,748
ISD 831	163,990,000	7.0%	11,496,804
Metropolitan Council	1,549,087,966	0.6%	8,698,997
Rice Creek Watershed District	305,420	32.5%	99,202
Anoka County Railroad Authority	22,995,000	6.1%	1,393,564
Total overlapping			<u>69,431,814</u>
City of Lino Lakes direct debt	\$24,452,838	100%	<u>24,452,838</u>
Total direct and overlapping debt			<u><u>\$93,884,652</u></u>

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources: taxable value data used to estimate applicable percentages provided by the County Property Appraiser. Debt outstanding data provided by each governmental unit.

CITY OF LINO LAKES, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Table 12

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	\$1,959,826,108
Applicable percentage	3%
Debt limit	<u>58,794,783</u>
Debt applicable to limit:	
Total bonded debt	24,452,838
Less:	
Special assessment bonds	(3,890,000)
Tax abatement bonds	(1,375,000)
Tax increment bonds	(1,435,000)
Utility revenue bonds	<u>(3,255,000)</u>
	<u>14,497,838</u>
Legal debt margin	<u><u>\$44,296,945</u></u>

Legal Debt Margin Calculation for Fiscal Years 2009 Through 2018

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Debt Applicable to Limit Per Capita
2009	20,305	\$64,036,746	\$3,642,000	\$60,394,746	5.69%	\$179
2010	20,216	60,622,086	3,386,000	57,236,086	5.59%	167
2011	20,505	54,123,645	2,961,000	51,162,645	5.47%	144
2012	20,625	49,213,676	4,591,000	44,622,676	9.33%	223
2013	20,833	45,595,717	4,280,000	41,315,717	9.39%	205
2014	21,129	45,297,635	4,191,000	41,106,635	9.25%	198
2015	20,519	50,830,982	11,941,250	38,889,732	23.49%	582
2016	20,803	50,978,666	10,122,081	40,856,585	19.86%	487
2017	21,117	54,252,514	10,426,243	43,826,271	19.22%	494
2018	22,000	58,794,783	14,497,838	44,296,945	24.66%	659

Fiscal Year	(1) Population	(2) Personal Income (<i>thousands of dollars</i>)	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2009	20,305	\$768,341	\$37,840	6,725	7.8%
2010	20,216	777,912	38,480	6,523	7.1%
2011	20,505	831,170	40,535	6,426	5.9%
2012	20,625	857,753	41,588	6,421	5.6%
2013	20,833	879,903	42,236	6,392	4.5%
2014	21,129	917,252	43,412	6,410	3.4%
2015	20,519	934,764	45,556	6,371	3.3%
2016	20,803	975,682	46,901	6,473	3.9%
2017	21,117	1,028,123	48,687	6,500	3.1%
2018	22,000	Not available	Not available	6,707	3.9%

Sources:

- (1) Estimates from Metropolitan Council, except for 2010 which is per the U.S. Census and 2016 which is a city estimate.
- (2) Information from Bureau of Economic Analysis Report. Anoka County statistics used as local information is unavailable.
- (3) Information from ISD # 12 website (audit report).
- (4) Information from MN Department of Employment and Economic Development. Anoka County statistics used as local information is unavailable.

CITY OF LINO LAKES, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 14

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽¹⁾
ISD 12 - Centennial Schools	931	1	34.9%	-	-	-
State of Minnesota Corrections	478	2	17.9%	500	1	28.4%
Target Corporation	273	3	10.2%	271	2	15.4%
Molin Concrete Products	240	4	9.0%	179	4	10.2%
Curtis 1000 (AdGraphics/Taylor Corp	200	5	7.5%	190	3	10.8%
Kohls	120	6	4.5%	-	-	-
YMCA	120	7	4.5%	-	-	-
Distribution Alternatives	117	8	4.4%	-	-	-
Rehbein Transit, Inc.	100	9	3.8%	120	7	6.8%
Anoka County Juvenile Center	86	10	3.2%	149	6	8.5%
Customer Manufacturing	-	-	-	60	9	3.4%
Nol-Tech Systems, Inc.	-	-	-	56	10	3.2%
City of Lino Lakes	-	-	-	74	8	4.2%
Synovis Interventional Systems	-	-	-	160	5	9.1%
Total	<u>2,665</u>			<u>1,759</u>		

⁽¹⁾The statistic for total City employment is not available, therefore the percentage represents the percentage of the top ten listed.

Source: City of Lino Lakes Official Statements and employer surveys

CITY OF LINO LAKES, MINNESOTA**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of December 31,			
	2009	2010	2011	2012
General Government:				
Administration	5.00	4.00	3.50	3.50
Seniors	0.63	0.63	-	-
Finance	3.50	3.00	3.00	3.00
Economic Development	1.00	1.00	1.00	1.00
Planning	2.00	2.00	1.00	1.00
Community Development	2.75	2.25	2.00	2.00
Building	1.00	1.00	-	-
Other	1.40	1.40	0.70	0.70
Total General Government	17.28	15.28	11.20	11.20
Public Safety:				
Sworn Officers	27.00	27.00	25.00	25.00
Civilians	4.75	4.25	4.00	3.00
Fire	-	-	-	-
Building Inspection	4.25	2.75	2.50	2.50
Total Public Safety	36.00	34.00	31.50	30.50
Public Works:				
Streets	7.35	6.85	7.00	7.00
Other	1.15	1.15	1.00	1.00
Total Public Works	8.50	8.00	8.00	8.00
Parks, Recreation and Forestry	9.80	9.30	9.00	9.00
Water	2.15	2.15	2.15	2.15
Sewer	2.15	2.15	2.15	2.15
Total	75.88	70.88	64.00	63.00

Source: City Finance Office

Table 15

Full-Time-Equivalent Employees as of December 31,					
2013	2014	2015	2016	2017	2018
3.50	3.50	3.50	4.00	4.00	4.00
-	-	-	-	-	-
3.00	3.00	3.00	3.50	3.50	3.50
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	-	-
0.70	0.70	0.70	0.65	0.65	0.65
10.20	10.20	10.20	11.15	11.15	11.15
25.00	25.00	26.00	27.00	27.00	27.00
3.00	4.00	4.00	4.50	4.50	4.00
-	1.00	1.00	1.50	1.50	1.50
2.50	2.00	2.00	2.50	2.50	2.50
30.50	32.00	33.00	35.50	35.50	35.00
7.00	7.00	7.00	6.50	6.65	6.65
1.00	1.00	1.00	1.50	1.50	1.50
8.00	8.00	8.00	8.00	8.15	8.15
8.70	8.70	8.70	7.75	7.90	6.90
2.30	2.30	2.30	2.30	2.70	3.20
2.30	2.30	2.30	2.30	2.70	3.20
62.00	63.50	64.50	67.00	68.10	67.60

CITY OF LINO LAKES, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2009	2010	2011	2012
General Government:				
Elections	1	2	1	2
Registered voters	11,805	12,284	11,705	13,478
Number of votes cast	4,354	8,545	4,314	11,546
Voter participation (registered)	36.9%	69.6%	36.9%	85.7%
Public Safety:				
Police:				
Calls for Service	6,353	6,398	6,384	6,344
Traffic Citations & Warnings	3,187	2,743	2,604	2,694
Part I Crime Rate	1,075	982	1,117	983
Part II Crime Rate	3,151	2,911	2,911	2,396
Police:				
Case Numbers Generated				
Avg Response Time (Emergency & Non-Emergency)				
Part I Crime Offenses				
Part II Crime Offenses				
Clearance Rate				
Fire:				
Fire Call Load				
Fire Property Loss				
Fire Property Saved				
Fire Inspections				
Inspections:				
Building Permits (1) (2)	1,535	509	452	459
Value of Building Permits	\$9,586,160	\$11,295,493	\$11,192,264	\$10,751,626
Public Works:				
General Maintenance (hours)	5,870	4,945	7,416	6,939
Street Maintenance (hours)	3,267	3,099	4,352	5,926
Fleet Maintenance (hours)	4,782	4,850	4,214	3,945
Snow Plowing/Sanding (hours)	950	1,638	1,534	594
Culture and Recreation:				
Parks				
Park Maintenance (hours)	12,406	9,257	9,813	9,739
Utilities:				
Water Maintenance (hours)	5,041	3,560	3,568	3,585
Sanitary Sewer Maintenance (hours)	3,486	3,531	3,557	3,517

(1) 4,337 and 581 repair permits issued in 2008 - 2009, respectively, due to storm damage.

(2) Increase in permits issued - June 2017 storm damage.

(3) The Public Safety Department modified the metrics maintained for business purposes in 2016.
Those changes are reflected in the 2016-2018 Operating Indicators.

Source: Various City Departments

Table 16

2013	2014	2015	2016	2017	2018
1	2	1	2	1	2
12,020	12,610	12,143	13,636	12,624	12,860
1,575	7,854	4,085	11,562	2,165	10,738
13.1%	62.3%	33.6%	84.8%	17.1%	83.5%
6,210	6,281	6,210	6,210	(3)	(3)
2,597	2,296	2,199	2,199	(3)	(3)
918	631	1,226	1,091	(3)	(3)
2,144	1,836	2,395	3,635	(3)	(3)
			16,321	18,199	14,487
			5:26 minutes	4:42 minutes	5:16 minutes
			224	176	195
			746	808	587
			73%	82%	69%
			269	316	356
			\$694,000	\$325,100	\$205,200
			\$10,511,300	\$6,342,100	\$1,791,500
			53	117	107
490	431	654	761	5,422	3,281
\$17,683,665	\$13,535,514	\$26,570,593	\$53,390,619	\$50,984,047	\$50,990,945
3,994	5,200	7,839	5,534	6,313	420
5,740	3,840	3,347	4,053	3,765	12,418
4,548	4,746	4,322	4,437	3,986	2,648
1,639	2,141	754	960	928	2,117
8,480	8,537	8,332	9,698	8,576	9,027
3,119	3,189	3,240	3,539	3,278	4,080
3,109	3,178	3,240	3,539	3,278	4,080

CITY OF LINO LAKES, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 17

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire:										
Stations	1	1	1	1	1	1	2	2	2	2
Fire Trucks	5	5	5	5	5	5	7	7	8	8
Public Works:										
Lights	673	673	673	673	673	673	673	815	838	854
Vehicles	29	29	29	29	29	29	29	39	39	39
City Streets (miles)	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	106.9
Culture & Recreation:										
Parks:										
Parks	18	18	18	18	18	18	18	17	18	19
Park Acres	141	141	141	141	141	141	141	139.6	147	152
Trails (miles)	26	26	26	26	26	26	26	29.75	30	30
Park Shelters	7	7	6	6	6	6	6	6	6	7
Basketball Courts	6	6	6	6	6	6	6	6	6	7
Fishing Pier	1	1	1	1	1	1	1	1	-	-
Skating Rinks	4	4	4	4	4	4	4	4	3	3
Soccer Fields	8	8	8	8	8	8	8	6	4	4
Baseball/Softball Fields	20	20	20	20	20	20	20	8	8	8
Tennis Courts	2	2	2	2	2	2	2	2	-	-
Playgrounds	16	16	16	16	16	16	16	15	16	17
Water:										
Distribution System (miles)	74.7	74.7	74.7	74.7	74.7	74.7	74.7	85.6	99.4	89.0
Water Connections	4,340	4,382	4,424	4,452	4,484	4,520	4,542	4,649	4,738	4,919
Gallons Pumped (millions)	589	498	492	609	536	536	449	452	494	508
Number of Fire Hydrants	538	538	538	538	538	538	1,024	1,024	1,028	942
Water Tower Capacity (millions gallons)	2	2	2	2	2	2	2	2	2	2
Sanitary Sewer:										
Collection System (miles)	69.8	69.8	69.8	69.8	69.8	69.8	77.9	77.9	87.0	79.5
Sewer Connections	4,486	4,530	4,567	4,567	4,624	4,685	4,685	4,817	4,976	5,102
Storm Sewer:										
Pipe (miles)	41.4	41.4	41.4	41.4	41.4	41.4	41.4	53.7	54.1	55.0

Source: Various City Departments

OTHER INFORMATION (UNAUDITED)

CITY OF LINO LAKES, MINNESOTA**SCHEDULE OF LONG-TERM DEBT**

December 31, 2018

	Interest Rates	Issue Date	Final Maturity Date
Long-term debt:			
General Obligation Bonds:			
2015A Certificates of Indebtedness	1.00%	2/1/15	12/31/18
2015B Certificates of Indebtedness	1.50%	8/25/15	12/31/20
2016A Certificates of Indebtedness	1.00%	2/1/16	12/31/19
2017A Certificates of Indebtedness	1.00%	3/1/17	12/31/20
2018A Certificates of Indebtedness	1.00%	2/1/18	12/31/21
G.O. CIP Refunding Bonds, Series 2006E	4.00%	11/1/06	2/1/18
G.O. TIF Bonds, Series 2007A	4.00% - 4.125%	7/15/17	2/1/24
G.O. Refunding Bonds, Series 2012A	1.00% - 2.00%	11/15/12	2/1/24
G.O. Bonds, Series 2015A	2.00% - 3.00%	8/1/15	2/1/31
EDA Lease Revenue Bonds, Series 2015B	2.00% - 3.00%	10/1/15	4/1/36
G.O. Utility Revenue Bonds, Series 2016A	2.00%	11/23/16	2/1/27
G.O. Tax Abatement Refunding Bonds, Series 2016C	1.00% - 1.50%	11/23/16	2/1/23
G.O. Bonds, Series 2018A	2.05% - 3.50%	12/19/18	2/1/34
Total General Obligation Bonds			
Special Assessment Bonds:			
G.O. Imp & Utility Revenue Bonds, Series 2010A	2.00% - 3.00%	7/9/10	2/1/20
G.O. Improvement Bonds, Series, 2013A	1.25% - 4.00%	7/15/13	2/1/24
G.O. Improvement Bonds, Series 2014A	0.40% - 2.30%	11/20/14	2/1/26
G.O. Improvement Refunding Bonds, Series 2016B	0.875% - 1.50%	11/23/16	2/1/21
Total Special Assessment Bonds			
G.O. Capital Note, Series 2016A	2.00%	4/14/16	2/1/26
Total long-term debt			

Original Issue	Prior Payments	Payable January 1, 2018	2018		Payable December 31, 2018	Principal Due in 2019
			Issued	Payments		
\$198,250	\$132,000	\$66,250	\$ -	\$66,250	\$ -	\$ -
963,000	370,000	593,000	-	195,000	398,000	197,000
469,000	155,000	314,000	-	156,000	158,000	158,000
311,000	-	311,000	-	102,000	209,000	104,000
303,900	-	-	303,900	-	303,900	103,900
2,990,000	2,565,000	425,000	-	425,000	-	-
4,215,000	2,590,000	1,625,000	-	190,000	1,435,000	200,000
2,015,000	745,000	1,270,000	-	230,000	1,040,000	230,000
3,095,000	190,000	2,905,000	-	195,000	2,710,000	200,000
4,350,000	165,000	4,185,000	-	170,000	4,015,000	175,000
1,420,000	-	1,420,000	-	130,000	1,290,000	135,000
1,600,000	-	1,600,000	-	225,000	1,375,000	245,000
6,915,000	-	-	6,915,000	-	6,915,000	-
<u>28,845,150</u>	<u>6,912,000</u>	<u>14,714,250</u>	<u>7,218,900</u>	<u>2,084,250</u>	<u>19,848,900</u>	<u>1,747,900</u>
1,000,000	675,000	325,000	-	105,000	220,000	105,000
615,000	180,000	435,000	-	60,000	375,000	60,000
2,645,000	475,000	2,170,000	-	370,000	1,800,000	380,000
1,975,000	-	1,975,000	-	480,000	1,495,000	490,000
<u>6,235,000</u>	<u>1,330,000</u>	<u>4,905,000</u>	<u>0</u>	<u>1,015,000</u>	<u>3,890,000</u>	<u>1,035,000</u>
<u>294,525</u>	<u>61,050</u>	<u>233,475</u>	<u>-</u>	<u>31,350</u>	<u>202,125</u>	<u>32,175</u>
<u>\$35,374,675</u>	<u>\$8,303,050</u>	<u>\$19,852,725</u>	<u>\$7,218,900</u>	<u>\$3,130,600</u>	<u>\$23,941,025</u>	<u>\$2,815,075</u>

CITY OF LINO LAKES, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
December 31, 2018

Year of Levy/ Collection	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A	Certificates of Indebtedness 2017A	Certificates of Indebtedness 2018A
2018/2019	\$213,119	\$167,559	\$111,395	\$115,211
2019/2020	214,216	-	111,353	107,100
2020/2021	-	-	-	106,050
2021/2022	-	-	-	-
2022/2023	-	-	-	-
2023/2024	-	-	-	-
2024/2025	-	-	-	-
2025/2026	-	-	-	-
2026/2027	-	-	-	-
2027/2028	-	-	-	-
2028/2029	-	-	-	-
2029/2030	-	-	-	-
2030/2031	-	-	-	-
2031/2032	-	-	-	-
2032/2033	-	-	-	-
2033/2034	-	-	-	-
2034/2035	-	-	-	-
	<u>\$427,335</u>	<u>\$167,559</u>	<u>\$222,748</u>	<u>\$328,361</u>

G.O. Refunding Bonds 2012A	G.O. Bonds 2015A	EDA Lease Revenue Bonds 2015B	G.O. Tax Abatement Refunding Bonds 2016C	G.O. Bonds 2018A	Total
\$180,012	\$270,178	\$315,722	\$289,097	\$233,159	\$1,895,452
178,080	271,228	317,297	301,571	481,799	1,982,644
175,896	266,923	316,877	313,567	483,899	1,663,212
178,794	267,868	316,299	325,054	485,212	1,573,227
176,109	273,958	320,814	-	485,737	1,256,618
-	274,588	319,764	-	485,474	1,079,826
-	269,863	318,557	-	484,214	1,072,634
-	269,798	317,192	-	482,639	1,069,629
-	222,364	315,669	-	485,527	1,023,560
-	222,626	319,239	-	482,114	1,023,979
-	222,758	317,244	-	480,644	1,020,646
-	221,708	320,342	-	484,109	1,026,159
-	-	317,231	-	481,320	798,551
-	-	319,200	-	482,908	802,108
-	-	318,780	-	478,170	796,950
-	-	317,940	-	-	317,940
-	-	316,680	-	-	316,680
<u>\$888,891</u>	<u>\$3,053,860</u>	<u>\$5,404,847</u>	<u>\$1,229,289</u>	<u>\$6,996,925</u>	<u>\$18,719,815</u>

CITY OF LINO LAKES, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
December 31, 2018

	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A
Bonds payable	\$398,000	\$158,000
Future interest payable	8,985	1,580
	<u>\$406,985</u>	<u>\$159,580</u>
Payments to maturity:		
2019	202,970	159,580
2020	204,015	-
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029	-	-
2030	-	-
2031	-	-
2032	-	-
2033	-	-
2034	-	-
2035	-	-
2036	-	-
	<u>\$406,985</u>	<u>\$159,580</u>

Certificates of Indebtedness 2017A	Certificates of Indebtedness 2018A	G.O. TIF Bonds 2007A	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A
\$209,000	\$303,900	\$1,435,000	\$1,040,000	\$2,710,000
3,140	8,825	187,773	43,433	429,093
<u>\$212,140</u>	<u>\$312,725</u>	<u>\$1,622,773</u>	<u>\$1,083,433</u>	<u>\$3,139,093</u>
106,090	109,725	254,326	242,590	259,312
106,050	102,000	261,026	170,520	255,312
-	101,000	267,126	168,560	256,263
-	-	272,504	166,400	252,163
-	-	282,016	169,001	253,013
-	-	285,775	166,362	258,712
-	-	-	-	259,263
-	-	-	-	254,481
-	-	-	-	254,362
-	-	-	-	209,400
-	-	-	-	209,587
-	-	-	-	209,150
-	-	-	-	208,075
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$212,140</u>	<u>\$312,725</u>	<u>\$1,622,773</u>	<u>\$1,083,433</u>	<u>\$3,139,093</u>

CITY OF LINO LAKES, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
December 31, 2018

	EDA Lease Revenue Bonds 2015B	G.O. Utility Revenue Bonds 2016A	G.O. Tax Abatement Refunding Bonds 2016C	G.O. Bonds 2018A
Bonds payable	\$4,015,000	\$1,290,000	\$1,375,000	\$6,915,000
Future interest payable	1,372,068	118,200	49,763	2,352,246
	<u>\$5,387,068</u>	<u>\$1,408,200</u>	<u>\$1,424,763</u>	<u>\$9,267,246</u>
Payments to maturity:				
2019	302,437	159,450	261,678	172,690
2020	298,937	161,700	273,770	367,788
2021	299,488	158,900	285,422	631,412
2022	299,012	156,100	296,605	637,537
2023	298,388	158,250	307,288	637,537
2024	302,538	155,350	-	641,413
2025	301,462	152,450	-	642,575
2026	300,237	154,500	-	632,987
2027	298,863	151,500	-	634,112
2028	297,338	-	-	633,987
2029	300,587	-	-	638,012
2030	298,613	-	-	597,187
2031	301,106	-	-	606,025
2032	298,062	-	-	598,650
2033	298,800	-	-	600,094
2034	298,200	-	-	595,240
2035	297,200	-	-	-
2036	295,800	-	-	-
	<u>\$5,387,068</u>	<u>\$1,408,200</u>	<u>\$1,424,763</u>	<u>\$9,267,246</u>

G.O. Imp & Utility Revenue Bonds 2010A	G.O. Improvement Bonds 2013A	G.O. Improvement Bonds 2014A	G.O. Improvement Refunding Bonds 2016B	G.O. Capital Note 2016A	Total
\$220,000	\$375,000	\$1,800,000	\$1,495,000	\$202,125	\$23,941,025
6,750	44,700	94,869	31,473	14,372	4,767,270
<u>\$226,750</u>	<u>\$419,700</u>	<u>\$1,894,869</u>	<u>\$1,526,473</u>	<u>\$216,497</u>	<u>\$28,708,295</u>
110,025	72,900	406,158	506,780	36,217	3,362,928
116,725	71,100	401,788	505,868	36,399	3,332,998
-	69,000	406,390	513,825	35,739	3,193,125
-	71,500	162,055	-	35,904	2,349,780
-	68,900	159,280	-	36,053	2,369,726
-	66,300	161,151	-	36,185	2,073,786
-	-	162,645	-	-	1,518,395
-	-	35,402	-	-	1,377,607
-	-	-	-	-	1,338,837
-	-	-	-	-	1,140,725
-	-	-	-	-	1,148,186
-	-	-	-	-	1,104,950
-	-	-	-	-	1,115,206
-	-	-	-	-	896,712
-	-	-	-	-	898,894
-	-	-	-	-	893,440
-	-	-	-	-	297,200
-	-	-	-	-	295,800
<u>\$226,750</u>	<u>\$419,700</u>	<u>\$1,894,869</u>	<u>\$1,526,473</u>	<u>\$216,497</u>	<u>\$28,708,295</u>

CITY OF LINO LAKES, MINNESOTA
INSURANCE IN FORCE
December 31, 2018

Exhibit 4

Coverage	Amount
General Liability:	
Bodily Injury/Property Damage	\$2,000,000
Personal Injury/Police Professional Liability	2,000,000
Medical Expense Occurrence Limit	2,500
Medical Expense Aggregate	10,000
Property Damage (\$1,000 Deductible)	
Property:	
Buildings and Contents (including Mobile and EDP - Electronic Equipment & Valuable Papers)	39,357,722
Faithful Performance Blanket Bond	500,000
Storage Tank Liability	250,000
Rented/Leased Equipment (\$1,000 Deductible)	500,000
Public Official and Employee Liability (\$1,000 Deductible each occurrence)	1,500,000
Automotive:	
Bodily Injury and Property Damage	2,000,000
Comprehensive and Collision	Actual Cash Value
Uninsured Motorists	200,000
Worker's Compensation	Statutory
Employer Liability	1,500,000
Umbrella Liability	1,000,000
Crime - Theft Disappearance and Destruction (\$1,000 Deductible)	250,000

CITY OF LINO LAKES, MINNESOTA
TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES

Exhibit 5

	Tax Capacity Values 2017/2018		Tax Capacity Values 2016/2017	
Taxable valuations:				
Total	\$21,289,294		\$19,643,805	
Fiscal disparities:				
Distribution	3,014,265		2,792,112	
Contribution	(1,215,584)		(1,168,180)	
Less: Captured Tax Increment Value	(421,495)		(293,970)	
	<u>\$22,666,480</u>		<u>\$20,973,767</u>	
	Certified Levy	Tax Capacity Rate	Certified Levy	Tax Capacity Rate
Taxes Levied:				
Revenue	\$8,165,859	36.168	\$7,360,431	35.105
Bond and Interest	1,610,873	6.658	2,131,424	10.035
Totals	<u>\$9,776,732</u>	<u>42.826</u>	<u>\$9,491,855</u>	<u>45.140</u>

The tax capacity rate is based on the total certified levy net of the fiscal disparity distribution.

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