

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

FOR THE YEAR ENDED

DECEMBER 31, 2011

Prepared By: Finance Department

**Alan Rolek, Director of Finance
Paula Schloer, Accountant**

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I.
INTRODUCTORY
SECTION

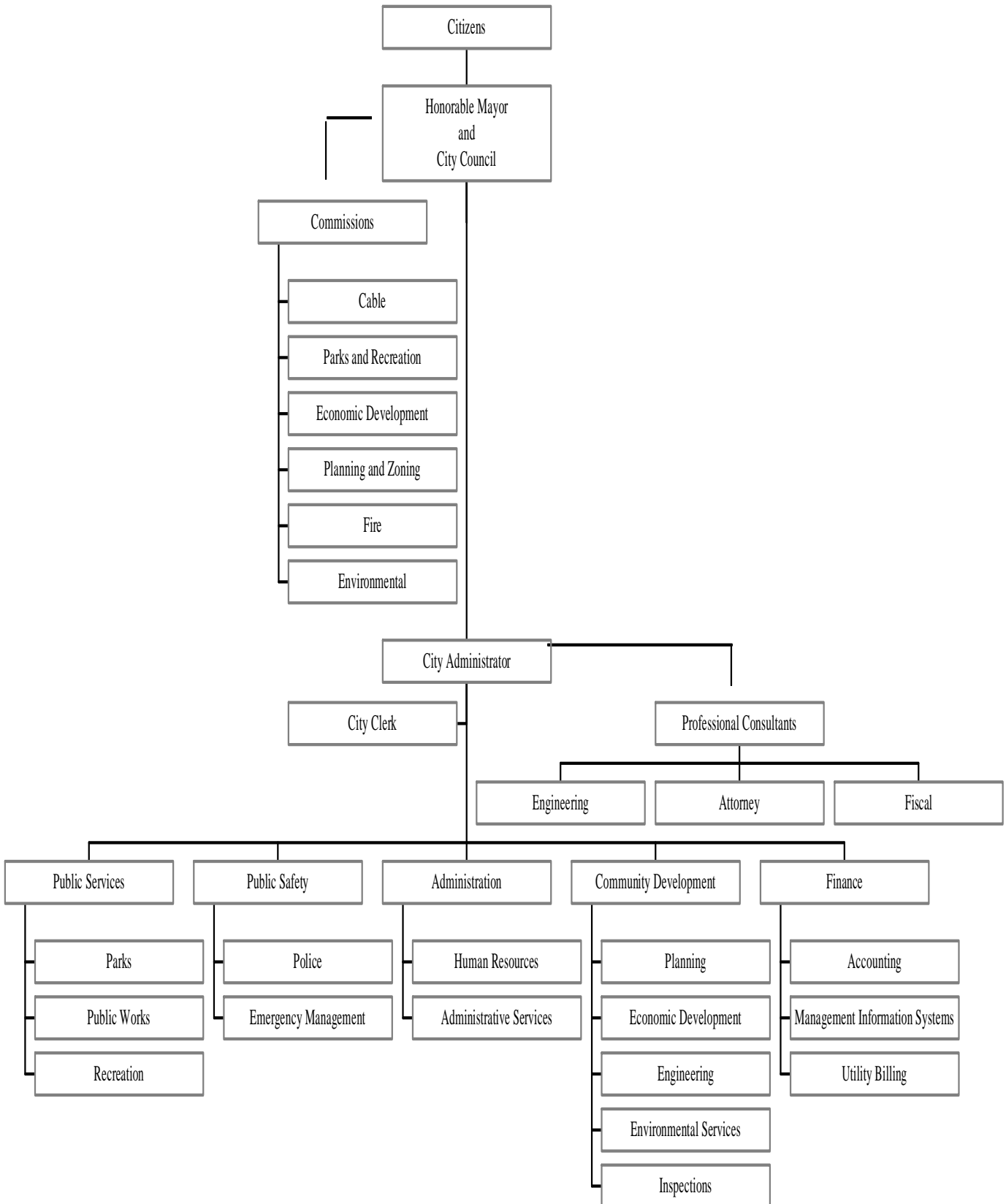
Elected Officials

	<u>Term Expires</u>
Mayor: Jeff Reinert	December 31, 2013
Council Members: Dale Stoesz	December 31, 2015
Rob Rafferty	December 31, 2013
Jeff O'Donnell	December 31, 2013
Dave Roeser	December 31, 2015

Appointed Personnel

City Administrator	Jeff Karlson
Director of Finance	Alan Rolek
Director of Public Safety	John Swenson
Director of Community Development	Michael Grochala
Director of Public Service	Rick DeGardner

City of Lino Lakes Organizational Chart



May 17, 2012

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, 2011.

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 CliftonLarsonAllen LLP, 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, 2011, 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 unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's 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.

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 20,300. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 21% 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 and fire), public works (streets and fleet), parks and recreation, conservation of natural resources (environmental and solid waste abatement), 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 this report beginning on pages 57 and 78, 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. SuperTarget and Kohl's anchor the shopping center quadrant, while Apollo Business Park brought approximately 1,000 new employees to the area. Land was purchased by Anoka County on a third quadrant for future development of a regional library. Due to economic conditions, the County has pushed back construction of the library to 2015.

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, and an assisted living facility. 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. However, 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. This \$11.1 million 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. Once construction gains its footing again the City can assess the benefitting properties. The City continues to look for ways to resurrect the project and strives to be prepared to market the property when the economy recovers.

Building activity and development continued to be soft in 2011, reflecting the nationwide market. Building permits for new homes in 2011 numbered 34, compared to 31 in 2010. This represents about 1/3 of the new home permits issued in 2007 and is down by approximately 83% from 2005.

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.

With both major interstate interchanges complete, the City is preparing for development of several hundred acres in the northeast quadrant of 35E/14. Interest in the commercial interchange has spurred planning for an extension of Otter Lake Road North, which will leave the City well poised to accommodate significant future industrial, commercial and residential development.

Factors Affecting Financial Condition (Continued)

Long-term financial planning. The city's current five-year financial plan, adopted in January, 2008, identifies street and utility improvements totaling \$23,287,990 over the period of 2008 through 2012. 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. Also included in the final year of the plan is a feasibility study for a new public works facility. Scheduled capital equipment and office equipment needs and the financing for those needs are also included in the plan. The five-year plan also includes funding projections for operations and operating impacts for the period of 2008-2012. This plan is in the process of being revised to reflect the anticipated activity through the year 2016.

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, commercial paper 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 few years and has had a dramatic impact on the city's investment earnings. The average yield on investments for 2011 was 1.51%. Investment income includes positive or negative changes in the fair value of investments. 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.

Risk management. The City's general property, liability and worker's compensation coverage is provided through the League of Minnesota Cities Trust (LMCIT).

At the beginning of the insurance year, the city deposits with LMCIT a premium determined by calculating estimated payroll and applying experience modification ratios. An audit is performed at the end of the insurance year, which may produce a refund or an adjustment due. LMCIT's reserves and rates are reviewed annually by an actuary to assure that the program remains financially strong.

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, 2010. This marks the eleventh 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is submitting the 2011 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. A special thank you goes to city accountant, Paula Schloer, for her efforts in assembling and reviewing information presented in this report. I also 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 black ink, appearing to read "Alan J. Rolek". The signature is fluid and cursive, with a large initial "A" and "R".

Alan J. Rolek
Director of Finance

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

II.
FINANCIAL
SECTION



INDEPENDENT AUDITORS' REPORT

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1Q to the basic financial statements, an error resulting in the understatement of capital assets due to not recording previously donated land as of December 31, 2010, was discovered by management. The financial statements include a restatement of beginning net assets to correct this error.

As discussed in the notes to the basic financial statements, the City adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. The statement results in the City reporting nonspendable, restricted, committed, assigned, and unassigned fund balances in its governmental funds.

Honorable Mayor and
Members of the City Council
City of Lino Lakes

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed on 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 17, 2012

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

As management of the City of Lino Lakes, Minnesota, we offer readers of the City of Lino Lakes' financial statements this narrative overview and analysis of the financial activities of the City of Lino Lakes for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lino Lakes exceeded its liabilities at the close of the most recent fiscal year by \$90,080,344 (*net assets*). Of this amount \$24,664,572 (*unrestricted net assets*) 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 assets increased by \$1,507,330 primarily due to reductions in community development activities, staffing levels, and interest payments on long-term debt. In addition, a prior period adjustment for unrecorded park land increased net assets by \$466,800.
- As of the close of the current fiscal year, the City of Lino Lakes' governmental funds reported combined ending fund balance of \$16,933,540, a decrease of \$4,232,807 in comparison with the prior year primarily due to expenditures for the construction of the interchange at I-35E/CSAH14. Approximately 13% of this total amount, or \$2,285,605, is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,440,101, or 64% of total general fund expenditures.
- The City's total bonded debt decreased by \$2,300,000 (11.4%) during the current fiscal period. In addition, a note the City issued in 2009 to Anoka County for \$4,260,000 for the City's portion I35E/County Road 14 interchange project cost was reduced to \$3,695,000 due to project cost savings. Principal in the amount of \$2,420,000 was retired during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Lino Lakes' basic financial statements. The City of Lino Lakes' basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
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 of Lino Lakes' finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City of Lino Lakes' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lino Lakes is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 compensated absences and OPEB liabilities).

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements (Continued) Both of the government-wide financial statements distinguish functions of the City of Lino Lakes 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 of Lino Lakes include general government, public safety, public services, parks, recreation and forestry, conservation of natural resources and community development. The business-type activities of the City of Lino Lakes include a water utility and sewer utility.

The government-wide financial statements can be found on pages 21-23 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 of Lino Lakes, 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 of Lino Lakes 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 financing requirements.

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

The City of Lino Lakes maintains thirty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, G.O. Improvement Bonds 2005A fund, Improvement Bonds of 2009A fund, I-35E Interchange fund and Area and Units Charge fund, all of which are considered to be major funds. Data from the other thirty-two governmental funds are combined into a single, aggregate 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 of Lino Lakes adopts an annual appropriated budget for its general and program recreation special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24 through 29 of this report.

Proprietary funds – The City of Lino Lakes maintains two proprietary type funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lino Lakes uses enterprise funds to account for its sewer and water 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 sewer fund and the water fund, which are considered to be major funds of the City of Lino Lakes. The basic proprietary fund financial statements can be found on pages 30 through 32 of this report.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fiduciary funds Fiduciary funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-58 of this report.

Other information – The combining statements and schedules referred to earlier in conjunction with nonmajor governmental funds can be found on pages 67-80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Lino Lakes' assets exceeded liabilities by \$90,080,344 at the close of the most recent fiscal year, an increase of \$1,507,330 from the previous year. This increase is primarily due to reductions in community development activities, staffing levels, and interest payments on long-term debt. In addition, a prior period adjustment for unrecorded park land increased net assets by \$466,800.

By far the largest portion of the City of Lino Lakes' net assets (60%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Lino Lakes uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Lino Lakes' 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.

Condensed versions of the statements of net assets at December 31, 2011 and 2010 are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 30,125,796	\$ 31,085,069	\$ 11,292,527	\$ 10,830,886	\$ 41,418,323	\$ 41,915,955
Capital Assets	42,067,496	41,950,227	29,621,802	30,442,635	71,689,298	72,392,862
Total Assets	<u>72,193,292</u>	<u>73,035,296</u>	<u>40,914,329</u>	<u>41,273,521</u>	<u>113,107,621</u>	<u>114,308,817</u>
Noncurrent Liabilities Outstanding	21,845,856	24,336,418	450,334	835,278	22,296,190	25,171,696
Other Liabilities	685,320	969,751	45,767	61,156	731,087	1,030,907
Total Liabilities	<u>22,531,176</u>	<u>25,306,169</u>	<u>496,101</u>	<u>896,434</u>	<u>23,027,277</u>	<u>26,202,603</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	24,600,103	22,562,217	29,216,866	29,648,461	53,816,969	52,210,678
Restricted	11,598,803	8,428,025	-	-	11,598,803	8,428,025
Unrestricted	13,463,210	16,738,885	11,201,362	10,728,626	24,664,572	27,467,511
Total Net Assets	<u>\$ 49,662,116</u>	<u>\$ 47,729,127</u>	<u>\$ 40,418,228</u>	<u>\$ 40,377,087</u>	<u>\$ 90,080,344</u>	<u>\$ 88,106,214</u>

Of the remaining balance of the City of Lino Lakes' net assets, restricted net assets (13%) are to be used for debt service requirements and a nonexpendable environmental fund. Unrestricted net assets (27%) may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Governmental activities Governmental activities increased the City of Lino Lakes' net assets by \$1,466,189. Reductions in community development activities, staffing levels, and interest payments on long-term debt were directly attributable to the increase in City's net assets. During the year, there was a significant increase in capital grants and contributions which was due mainly to special assessments relating to the I35E/CSAH 14 interchange project. Additionally, there was a significant increase in public service expenditures which was caused mainly by the City's contribution towards the joint powers agreement with Anoka County for the County's I35E/CSAH 14 interchange project. In addition, a prior period adjustment for unrecorded park land increased net assets by \$466,800.

Business-type activities Business-type activities increased the City of Lino Lakes' net assets by \$41,141. Investment earnings provided directly for this increase.

Condensed statements of revenues, expenses, and changes in net assets highlights are as follows for the years ended December 31, 2011 and 2010:

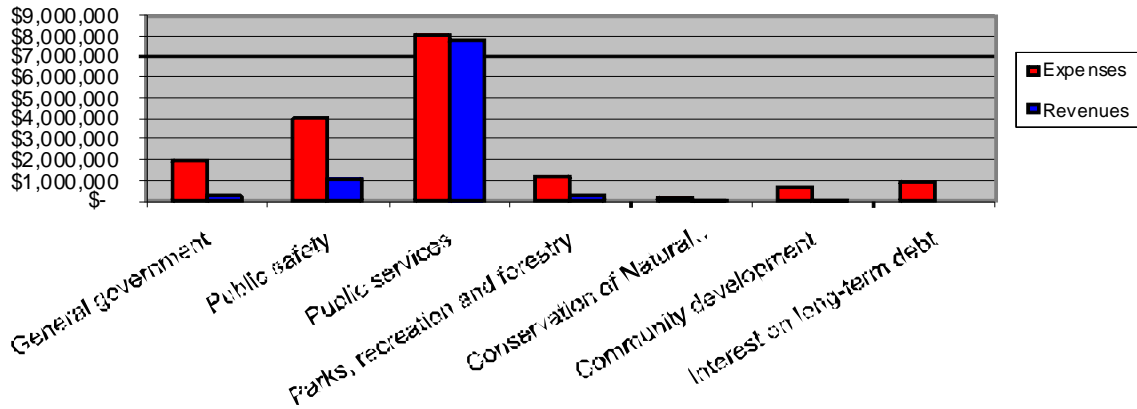
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,420,465	\$ 1,412,916	\$ 2,584,292	\$ 2,585,231	\$ 4,004,757	\$ 3,998,147
Operating Grants and Contributions	593,798	617,450	-	-	593,798	617,450
Capital Grants and Contributions	7,347,613	1,388,984	1,462	8,709	7,349,075	1,397,693
General Revenues:						
Property Taxes	8,513,559	8,568,236	-	-	8,513,559	8,568,236
Franchise Taxes	149,118	150,924	-	-	149,118	150,924
Other Taxes	106,128	45,023	-	-	106,128	45,023
Contributions Not Restricted to Specific Programs	4,072	4,389	-	-	4,072	4,389
Unrestricted Investment Earnings	251,250	225,677	126,215	104,770	377,465	330,447
Gain on Disposal of Capital Assets	37,579	-	-	-	37,579	-
Total Revenues	18,423,582	12,413,599	2,711,969	2,698,710	21,135,551	15,112,309
EXPENSES						
General Government	1,990,137	1,987,415	-	-	1,990,137	1,987,415
Public Safety	4,019,101	3,971,261	-	-	4,019,101	3,971,261
Public Service	8,110,979	3,968,063	-	-	8,110,979	3,968,063
Parks, Recreation and Forestry	1,218,472	1,124,907	-	-	1,218,472	1,124,907
Conservation of Natural Resources	139,544	197,571	-	-	139,544	197,571
Community Development	617,747	1,105,254	-	-	617,747	1,105,254
Interest on Long-Term Debt	927,535	1,064,172	-	-	927,535	1,064,172
Water	-	-	966,643	1,045,901	966,643	1,045,901
Sewer	-	-	1,638,063	1,466,847	1,638,063	1,466,847
Total Expenses	17,023,515	13,418,643	2,604,706	2,512,748	19,628,221	15,931,391
CHANGE IN NET ASSETS BEFORE TRANSFERS						
	1,400,067	(1,005,044)	107,263	185,962	1,507,330	(819,082)
Transfers	66,122	(7,078)	(66,122)	7,078	-	-
CHANGE IN NET ASSETS	1,466,189	(1,012,122)	41,141	193,040	1,507,330	(819,082)
Net Assets - Beginning of Year	47,729,127	48,741,249	40,377,087	40,184,047	88,106,214	88,925,296
Prior Period Adjustment	466,800	-	-	-	466,800	-
Net Assets - Beginning of Year, As Restated	48,195,927	48,741,249	40,377,087	40,184,047	88,573,014	88,925,296
NET ASSETS - END OF YEAR	\$ 49,662,116	\$ 47,729,127	\$ 40,418,228	\$ 40,377,087	\$ 90,080,344	\$ 88,106,214

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

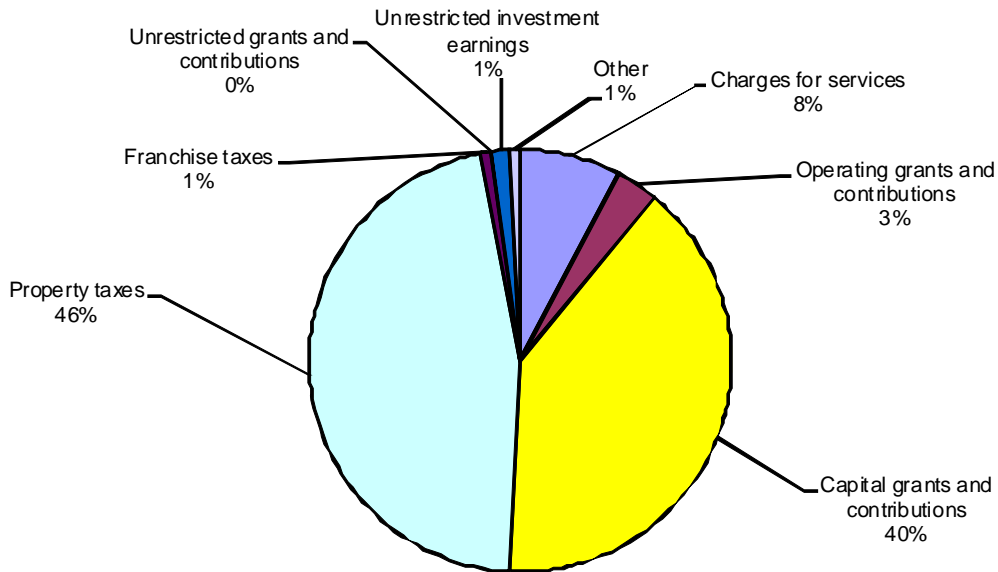
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs that provide comparisons of the government activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

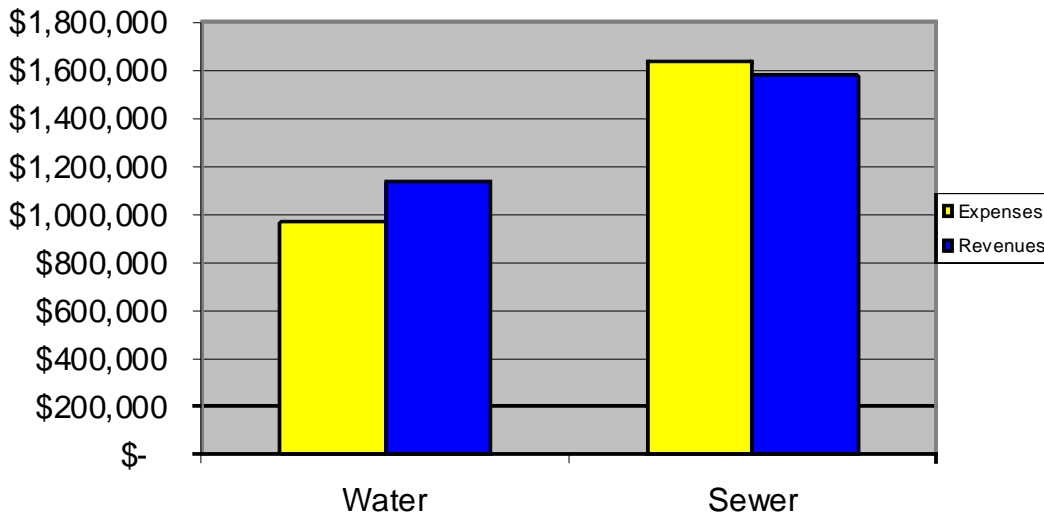


**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

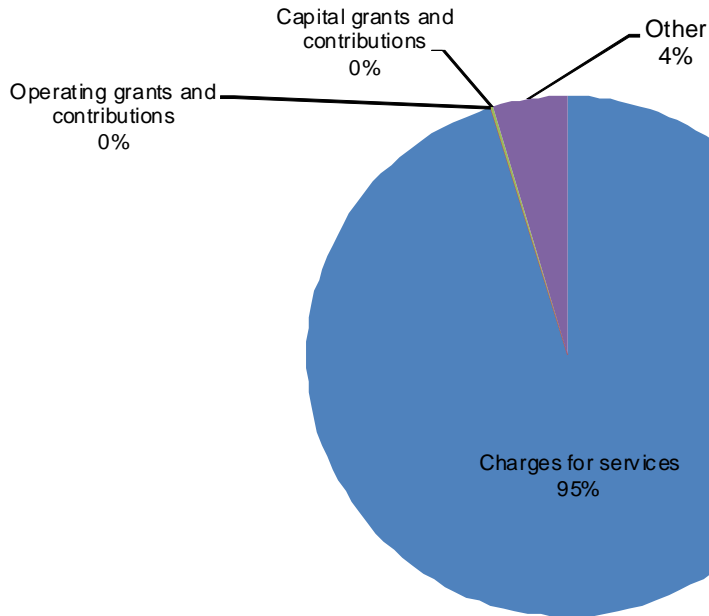
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such time that capital replacement is needed.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds – The focus of the City of Lino Lakes' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Lino Lakes' financing requirements. GASB Statement 54, implemented for 2011, divides fund balances into five categories: Nonspendable, Restricted, Committed, Assigned and Unassigned. Definitions of these categories can be found in Note 1.O in the Notes to the Financial Statements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for unrestricted spending at the end of the fiscal year. Approximately 13% of the total fund balance amount, or \$2,285,605, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been committed for other purposes. As of the end of the current fiscal year, the City of Lino Lakes' governmental funds reported combined ending fund balances of \$16,933,540, a decrease of \$4,232,807, or 20%, from the previous year. This reduction is primarily due to expenditures for the construction of the interchange at I-35E/CSAH14.

The general fund is the primary operating fund of the City of Lino Lakes. At the end of the current fiscal year, unassigned fund balance of the general fund stood at \$5,440,101, while the total fund balance was \$5,605,180. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 64% of total general fund expenditures, while total fund balance represents 66% of that same amount.

The fund balance of the City of Lino Lakes' general fund decreased by \$21,625 during the current fiscal year, while the city budget anticipated the use of up to \$300,000 of the general fund balance. Overall, the continued soft real estate market again resulted in reduced building activities this year which decreased permit revenue. Even as signs of economic recovery were being seen, the remaining effects of the recession also had an impact on property tax delinquencies. In addition, reduced expenditures, primarily for personal services through vacant positions, and contractual services offset the reduced revenues. Overall, the general fund's revenues were within approximately 1.4% of the amended budget, while expenditures and transfers were 4.3% below budgeted levels.

The G.O. improvement bonds 2005A fund has a total fund deficit of (\$1,628,613). This fund is related to the bonds issued for the Legacy Woods Edge improvement project. The payment of debt service and delinquency in the collection of special assessments dedicated to this issue caused a significant decrease in this fund. An interfund loan from the Capital Improvements fund has aided in the payment of debt service for this issue.

The Improvement Note 2009A fund, to service the debt issued to Anoka County as the City's financial commitment for the I-35E interchange project, ended the year with a fund balance of \$491. This note was reduced during the year from the original \$4,260,000 to \$3,695,000 to reflect cost savings during the construction of this project.

The I35E Interchange fund has a fund balance deficit at year-end of (\$6,842), reduced significantly due to the construction activities.

The area and unit charge fund has a total fund balance of \$3,828,636, of which \$578,641 is nonspendable due to advances to other funds, and \$3,249,995 is assigned for financing capital improvements. The fund balance during the current year increased by \$249,726, due in large part to the increased special assessment collections in 2011.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Proprietary funds – The City of Lino Lakes' 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 assets at year-end of \$17,857,797, of which \$3,875,049 are unrestricted. The increase in net assets of \$135,114 was primarily due to operating income and investment earnings.

Total net assets in the sewer fund at the end of 2011 were \$22,560,431, of which \$7,326,313 was unrestricted. Net assets decreased \$93,973 during the current year resulting primarily from operations, most notably increases in MCES sewage treatment costs.

The water rates, which reflect water conservation efforts through a tiered rate structure, and sewer Rates were unchanged in 2011. A review of utility rates is scheduled for 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended several times during the year reflecting donations and grants received primarily for police personnel and equipment, a reduction in expected state aid, and reallocating resources within the original budget.

Revenues were \$134,212 under budget for the year. This is due primarily to higher delinquencies in property tax collections. MSA maintenance payments came in over budget due to adjusted distribution formulas which increased the City's allocation. Investment earnings were slightly higher than the amended budget as a result of unrealized gains from increased market value of investments held. Lower building activity due to the recessed economy and, therefore, fewer new construction building permits being issued was also a factor. State intergovernmental revenues for police PERA aid were below budgeted levels for the year due to position vacancies. Local government grants were slightly over budget due to slightly higher grant funds allocated by the granting entity. Public safety charges for service were slightly over budget due to higher than expected traffic control contracts. Fines and forfeitures were over budgeted amounts due to the success of the City's Achieving Compliance through Education (ACE) program.

Expenditures came in under the revenues by \$720,339 due mainly to lower than expected personal services costs from vacant positions and reduced benefit costs. Energy costs for fuels and electricity were higher than budgeted amounts, and supplies costs were generally lower than anticipated. There were also net transfers from the general fund of \$741,964. This resulted in a net fund balance decrease of \$21,625 for the fiscal year.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The City of Lino Lakes' investment in capital assets for its governmental and business-type activities as of December 31, 2011, is \$71,689,298 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. This represents a decrease in the City of Lino Lakes' investment in capital assets (net of accumulated depreciation) of approximately 1%. Due to the economic downturn, no new infrastructure projects were undertaken by the City, and therefore, the only additions were from projects in progress. The decrease within the governmental activities is attributable to the depreciation of constructed streets, underground infrastructure and vehicles. Within the business-type activities decreases were also attributable to depreciation of existing assets of the water and sewer funds.

	Capital Assets at Year-End (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,275,859	\$ 2,809,059	\$ -	\$ -	\$ 3,275,859	\$ 2,809,059
Construction in Progress	211,705	-	-	-	211,705	-
Buildings	3,542,239	3,728,690	-	-	3,542,239	3,728,690
Office Equipment and Furniture	447,690	360,674	-	-	447,690	360,674
Vehicles	1,192,147	1,223,361	-	-	1,192,147	1,223,361
Machinery and Shop Equipment	197,507	232,749	204,551	182,348	402,058	415,097
Other Equipment	232,546	271,875	-	-	232,546	271,875
Infrastructure	32,967,803	33,323,819	29,417,251	30,260,287	62,385,054	63,584,106
Capital Assets, Net	<u>\$ 42,067,496</u>	<u>\$ 41,950,227</u>	<u>\$ 29,621,802</u>	<u>\$ 30,442,635</u>	<u>\$ 71,689,298</u>	<u>\$ 72,392,862</u>

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 34-58.

Long-term debt – At the end of the current fiscal year, the City of Lino Lakes had total bonded debt outstanding of \$17,811,000. Of this amount \$9,421,000 comprises tax supported debt, \$7,985,000 is special assessment debt and \$405,000 is revenue supported 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 carries a note to Anoka County for its share of the cost of the I-35E/County Road 14 Interchange project in the amount of \$3,695,000.

	Outstanding Debt at Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
G.O. Bonds	\$ 9,421,000	\$ 10,141,000	\$ -	\$ -	\$ 9,421,000	\$ 10,141,000
G.O. Special Assessment Bonds	7,985,000	9,175,000	-	-	7,985,000	9,175,000
G.O. Revenue Bonds	-	-	405,000	795,000	405,000	795,000
Total Outstanding Debt	<u>\$ 17,406,000</u>	<u>\$ 19,316,000</u>	<u>\$ 405,000</u>	<u>\$ 795,000</u>	<u>\$ 17,811,000</u>	<u>\$ 20,111,000</u>

The City of Lino Lakes' total bonded debt decreased by \$2,300,000 (11.4%) during the current fiscal year. The key factors for the change include the issuance of \$120,000 in 2011A Equipment Certificates and retirement of principal in the amount of \$2,420,000 during the year.

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 34-58.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Lino Lakes at year-end is 5.9%, which is a significant decrease from a rate of 7.1% a year ago. This is slightly higher than the state's average unemployment rate of 5.8% and significantly lower than the national average of 8.3% at the end of 2011.
- Residential growth in the City has slowed significantly over the last several years due to the general residential real estate market downturn and current economic recession, with about one-third the number of new home permits issued in 2011 as in 2007, and less than 83% of new home permits issued in 2005. This is expected to level off in 2012, with hopes of the beginning of a recovery of the housing market in 2013. This, as well as falling property values of the existing tax base, will have a significant impact on the City's tax base for 2012 and beyond.
- Energy costs, while relatively stable in recent months, are expected to continue to increase over the coming months. This will have an impact on the City's budget for the coming year and thereafter.
- Property tax reforms and State budget deficits have significantly impacted state aid payments the City of Lino Lakes receives. Local government aid and market value homestead credit was reduced to zero for 2003 and 2004-2011. The City is exempted from local government aid and the state legislature has discontinued the market value homestead credit in favor of a new market value exclusion, which excludes a portion of residential homestead property value from property taxes.
- The Federal Reserve Board has continued the federal funds rates at historical lows, currently to between 0.00% – 0.25%, which is expected to result in sizable decreases in the City's investment earnings.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lino Lakes' finances for all of 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.

BASIC FINANCIAL STATEMENTS

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2011

Statement 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 16,876,712	\$ 10,224,890	\$ 27,101,602
Accrued interest receivable	70,842	-	70,842
Accounts receivable	110,574	428,427	539,001
Due from other governments	150,962	1,728	152,690
Internal Balances	(559,110)	559,110	-
Taxes receivable	441,759	-	441,759
Special assessments receivable	12,323,665	31,023	12,354,688
Long-term notes receivable	225,000	-	225,000
Prepaid items	167,448	19,572	187,020
Inventory	-	27,433	27,433
Unamortized bond issue costs	198,063	344	198,407
Permanently restricted cash and investments	119,881	-	119,881
Capital assets:			
Land	3,275,859	-	3,275,859
Construction in progress	211,705	-	211,705
Other capital assets, net of depreciation	38,579,932	29,621,802	68,201,734
Total assets	<u>72,193,292</u>	<u>40,914,329</u>	<u>113,107,621</u>
LIABILITIES			
Accounts payable	160,539	22,857	183,396
Salaries payable	183,876	11,399	195,275
Contracts and retainage payable	4,820	-	4,820
Accrued interest payable	334,899	6,104	341,003
Due to other governments	1,186	-	1,186
Other accrued liabilities	-	5,407	5,407
Non-current liabilities:			
Due within one year	2,554,343	432,646	2,986,989
Due in more than one year	19,291,513	17,688	19,309,201
Total liabilities	<u>22,531,176</u>	<u>496,101</u>	<u>23,027,277</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,600,103	29,216,866	53,816,969
Restricted for:			
Debt service - expendable	11,478,922	-	11,478,922
Environmental improvements - nonexpendable	119,881	-	119,881
Unrestricted	13,463,210	11,201,362	24,664,572
Total net assets	<u>\$ 49,662,116</u>	<u>\$ 40,418,228</u>	<u>\$ 90,080,344</u>

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,990,137	\$ 103,687	\$ 10,341	\$ 89,937
Public safety	4,019,101	713,985	334,384	-
Public services	8,110,979	382,287	198,292	7,257,676
Parks, recreation and forestry	1,218,472	210,976	2,075	-
Conservation of natural resources	139,544	4,392	48,706	-
Community development	617,747	5,138	-	-
Interest on long-term debt	927,535	-	-	-
Total governmental activities	<u>17,023,515</u>	<u>1,420,465</u>	<u>593,798</u>	<u>7,347,613</u>
Business-type activities:				
Water	966,643	1,090,104	-	731
Sewer	1,638,063	1,494,188	-	731
Total business-type activities	<u>2,604,706</u>	<u>2,584,292</u>	<u>-</u>	<u>1,462</u>
Total	<u>\$ 19,628,221</u>	<u>\$ 4,004,757</u>	<u>\$ 593,798</u>	<u>\$ 7,349,075</u>

General revenues:

Taxes:
Property taxes, levied for general purpose
Franchise taxes
Other taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on disposal of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets-beginning, as Previously Stated
Prior Period Adjustment
Net Assets - Beginning, as Restated
Net assets-ending

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

Statement 2

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (1,786,172)	\$ -	\$ (1,786,172)
(2,970,732)	-	(2,970,732)
(272,724)	-	(272,724)
(1,005,421)	-	(1,005,421)
(86,446)	-	(86,446)
(612,609)	-	(612,609)
(927,535)	-	(927,535)
<u>(7,661,639)</u>	<u>-</u>	<u>(7,661,639)</u>
-	124,192	124,192
-	(143,144)	(143,144)
-	(18,952)	(18,952)
<u>(7,661,639)</u>	<u>(18,952)</u>	<u>(7,680,591)</u>
8,513,559	-	8,513,559
149,118	-	149,118
106,128	-	106,128
4,072	-	4,072
251,250	126,215	377,465
37,579	-	37,579
66,122	(66,122)	-
<u>9,127,828</u>	<u>60,093</u>	<u>9,187,921</u>
1,466,189	41,141	1,507,330
47,729,127	40,377,087	88,106,214
466,800	-	466,800
<u>48,195,927</u>	<u>40,377,087</u>	<u>88,573,014</u>
<u>\$ 49,662,116</u>	<u>\$ 40,418,228</u>	<u>\$ 90,080,344</u>

CITY OF LINO LAKES, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

Assets	General	G.O. Improvement Bonds 2005A	Improvement Note 2009A	I35E Interchange
Cash and investments	\$ 5,337,583	\$ 2	\$ 491	\$ -
Cash and investments with escrow agent	-	-	-	-
Accrued interest receivable	70,842	-	-	-
Accounts receivable	86,822	-	-	-
Due from other governmental units	149,462	-	-	-
Interfund receivable	-	-	-	-
Taxes receivable:				
Delinquent	297,117	-	-	-
Due from county	98,305	-	-	-
Special assessments receivable:				
Delinquent	-	-	-	-
Deferred	19,101	5,851,618	4,158,530	-
Due from county	-	-	-	-
Long-term notes receivable	-	-	-	-
Prepaid items	165,079	-	-	-
Permanently restricted cash and investments	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 6,224,311</u>	<u>\$ 5,851,620</u>	<u>\$ 4,159,021</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ -	\$ 1,628,615	\$ -	\$ 3,759
Accounts payable	113,145	-	-	3,083
Salaries payable	183,762	-	-	-
Contracts and retainage payable	4,820	-	-	-
Due to other governmental units	1,186	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	316,218	5,851,618	4,158,530	-
Total liabilities	<u>619,131</u>	<u>7,480,233</u>	<u>4,158,530</u>	<u>6,842</u>
Fund balances:				
Nonspendable	165,079	-	-	-
Restricted	-	-	491	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,440,101	(1,628,613)	-	(6,842)
Total fund balances	<u>5,605,180</u>	<u>(1,628,613)</u>	<u>491</u>	<u>(6,842)</u>
Total liabilities and fund balances	<u>\$ 6,224,311</u>	<u>\$ 5,851,620</u>	<u>\$ 4,159,021</u>	<u>\$ -</u>

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

Statement 3

Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$ 3,217,984	\$ 8,320,652	\$ 16,876,712
-	-	-
-	-	70,842
23,752	-	110,574
-	1,500	150,962
-	2,008,599	2,008,599
-	34,824	331,941
-	11,513	109,818
87,103	41,823	128,926
1,097,666	1,055,990	12,182,905
8,375	3,459	11,834
-	225,000	225,000
-	2,369	167,448
-	119,881	119,881
578,641	-	578,641
<u>\$ 5,013,521</u>	<u>\$ 11,825,610</u>	<u>\$ 33,074,083</u>
\$ -	\$ 935,335	\$ 2,567,709
116	44,195	160,539
-	114	183,876
-	-	4,820
-	-	1,186
-	578,641	578,641
1,184,769	1,132,637	12,643,772
<u>1,184,885</u>	<u>2,690,922</u>	<u>16,140,543</u>
578,641	327,369	1,071,089
-	2,657,519	2,658,010
-	110,568	110,568
3,249,995	7,558,273	10,808,268
-	(1,519,041)	2,285,605
<u>3,828,636</u>	<u>9,134,688</u>	<u>16,933,540</u>
<u>\$ 5,013,521</u>	<u>\$ 11,825,610</u>	<u>\$ 33,074,083</u>

CITY OF LINO LAKES, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
December 31, 2011

Statement 4

Total Fund Balances for Governmental Funds \$ 16,933,540

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 3,275,859	
Construction in Progress	211,705	
Buildings, Net of Accumulated Depreciation	3,542,239	
Office Equipment and Furniture, Net of Accumulated Depreciation	447,690	
Vehicles, Net of Accumulated Depreciation	1,192,147	
Machinery and Shop Equipment, Net of Accumulated Depreciation	197,507	
Other Equipment, Net of Accumulated Depreciation	232,546	
Infrastructure, Net of Accumulated Depreciation	<u>32,967,803</u>	42,067,496

Some of the City's property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the governmental funds.

12,643,772

Bond issuance costs are reported as expenditures in the governmental funds and are shown net of accumulated amortization on the statement of net assets.

198,063

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net assets.

(334,899)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds Payable	(17,406,000)	
Unamortized Premiums	(89,014)	
Unamortized Discounts	27,621	
Notes Payable	(3,695,000)	
Other Post Employment Benefits	(72,808)	
Compensated Absence Payable	<u>(610,655)</u>	<u>(21,845,856)</u>

Total Net Assets of Governmental Activities

\$ 49,662,116

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	General	G.O. Improvement Bonds 2005A	Improvement Note 2009A	I35E Interchange
Revenue:				
General property taxes	\$ 7,499,109	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Licenses and permits	322,030	-	-	-
Intergovernmental	590,392	-	-	-
Special assessments	21,813	-	47,476	-
Charges for services	367,037	-	-	-
Fines and forfeits	154,020	-	-	-
Investment earnings	54,390	-	-	-
Refunds	27,641	-	-	-
Miscellaneous	149,978	-	-	-
Total revenue	<u>9,186,410</u>	<u>-</u>	<u>47,476</u>	<u>-</u>
Expenditures:				
Current:				
General government	1,761,776	-	-	-
Public safety	3,791,329	-	-	-
Public works	1,324,246	-	-	13,792
Parks, recreation and forestry	852,717	-	-	-
Conservation of natural resources	134,122	-	-	-
Community development	572,284	-	-	-
Capital outlay:				
General government	500	-	-	-
Public safety	6,479	-	-	-
Public works	-	-	-	3,706,142
Parks, recreation and forestry	-	-	-	-
Conservation of natural resources	22,250	-	-	-
Community development	368	-	-	-
Debt service:				
Principal	-	315,000	-	-
Interest and fiscal charges	-	219,848	153,410	-
Total expenditures	<u>8,466,071</u>	<u>534,848</u>	<u>153,410</u>	<u>3,719,934</u>
Revenue over (under) expenditures	<u>720,339</u>	<u>(534,848)</u>	<u>(105,934)</u>	<u>(3,719,934)</u>
Other financing sources (uses):				
Transfer in	-	-	106,000	83,333
Transfer out	(741,964)	-	-	-
Sale of property	-	-	-	-
Issuance of debt	-	-	-	-
Loan payable reapportionment	-	-	-	(565,000)
Total other financing sources (uses)	<u>(741,964)</u>	<u>-</u>	<u>106,000</u>	<u>(481,667)</u>
Net increase (decrease) in fund balance	(21,625)	(534,848)	66	(4,201,601)
Fund balance - beginning of year	<u>5,626,805</u>	<u>(1,093,765)</u>	<u>425</u>	<u>4,194,759</u>
Fund balance - December 31	<u>\$ 5,605,180</u>	<u>\$ (1,628,613)</u>	<u>\$ 491</u>	<u>\$ (6,842)</u>

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

Statement 5

Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 912,149	\$ 8,411,258
-	244,713	244,713
-	-	322,030
-	741,522	1,331,914
440,741	394,492	904,522
240,816	204,751	812,604
-	-	154,020
72,550	124,304	251,244
-	-	27,641
-	283,091	433,069
<u>754,107</u>	<u>2,905,022</u>	<u>12,893,015</u>
-	11,739	1,773,515
-	-	3,791,329
25,731	828,963	2,192,732
-	206,474	1,059,191
-	-	134,122
-	52,002	624,286
-	11,543	12,043
-	175,696	182,175
-	256,033	3,962,175
-	30,582	30,582
-	-	22,250
-	-	368
-	1,715,000	2,030,000
-	609,871	983,129
<u>25,731</u>	<u>3,897,903</u>	<u>16,797,897</u>
<u>728,376</u>	<u>(992,881)</u>	<u>(3,904,882)</u>
-	2,782,382	2,971,715
(478,650)	(1,684,979)	(2,905,593)
-	50,953	50,953
-	120,000	120,000
-	-	(565,000)
<u>(478,650)</u>	<u>1,268,356</u>	<u>(327,925)</u>
249,726	275,475	(4,232,807)
<u>3,578,910</u>	<u>8,859,213</u>	<u>21,166,347</u>
<u>\$ 3,828,636</u>	<u>\$ 9,134,688</u>	<u>\$ 16,933,540</u>

CITY OF LINO LAKES, MINNESOTA

Statement 6

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

Net Change in Fund Balances-Total Governmental Funds \$ (4,232,807)

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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 603,226	
Contributed capital assets	1,980,000	
Proceeds from sales of capital assets	(50,953)	
Depreciation expense	<u>(2,919,383)</u>	(349,531)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Issuance of equipment certificates	(120,000)	
Repayment of bond principal	2,595,000	
Change in accrued interest expense for general obligation bonds	76,214	
Amortization of bond issuance costs	(31,237)	
Amortization of bond premium	13,087	
Amortization of bond discount	<u>(2,470)</u>	2,530,594

Delinquent and deferred property taxes and special assessments receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.

Deferred revenue - December 31, 2010	9,130,784	
Deferred revenue - December 31, 2011	<u>12,643,772</u>	3,512,988

In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2011, compensated absence payable and other post employment benefits payable decreased.

4,945

Change in Net Assets of Governmental Activities \$ 1,466,189

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2011

Statement 7

Assets	Water	Sewer	Total 2011
Current assets:			
Cash and cash equivalents	\$ 3,649,473	\$ 6,575,417	\$ 10,224,890
Accounts receivable	217,426	211,001	428,427
Due from other governmental units	-	1,728	1,728
Interfund receivable	-	559,110	559,110
Special assessments receivable	12,997	-	12,997
Due from county - special assessments	1,644	1,644	3,288
Prepaid items	8,640	10,932	19,572
Total current assets	<u>3,890,180</u>	<u>7,359,832</u>	<u>11,250,012</u>
Non-current assets:			
Special assessments, long term	14,738	-	14,738
Inventory	27,433	-	27,433
Unamortized bond issue costs	344	-	344
Capital assets being depreciated:			
Buildings	48,690	-	48,690
Equipment	152,648	340,843	493,491
Water and sewer systems	19,784,263	21,258,093	41,042,356
Total capital assets	<u>19,985,601</u>	<u>21,598,936</u>	<u>41,584,537</u>
Less: allowance for depreciation	<u>(5,597,917)</u>	<u>(6,364,818)</u>	<u>(11,962,735)</u>
Net capital assets	<u>14,387,684</u>	<u>15,234,118</u>	<u>29,621,802</u>
Total noncurrent assets	<u>14,430,199</u>	<u>15,234,118</u>	<u>29,664,317</u>
Total assets	<u>18,320,379</u>	<u>22,593,950</u>	<u>40,914,329</u>
Liabilities			
Current liabilities:			
Accounts payable	17,736	5,121	22,857
Salaries payable	5,700	5,699	11,399
Deferred Revenue	5,407	-	5,407
Accrued interest payable	6,104	-	6,104
Bonds payable - current portion	404,936	-	404,936
Compensated absences payable - current portion	13,855	13,855	27,710
Total current liabilities	<u>453,738</u>	<u>24,675</u>	<u>478,413</u>
Non-current liabilities:			
Compensated absences payable - long term	8,844	8,844	17,688
Total liabilities	<u>462,582</u>	<u>33,519</u>	<u>496,101</u>
Net assets			
Invested in capital assets, net of related debt	13,982,748	15,234,118	29,216,866
Unrestricted	3,875,049	7,326,313	11,201,362
Total net assets	<u>\$ 17,857,797</u>	<u>\$ 22,560,431</u>	<u>\$ 40,418,228</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

Year Ended December 31, 2011

	Water	Sewer	Total 2011
Operating revenue:			
Charges for services	\$ 1,054,977	\$ 1,486,616	\$ 2,541,593
Hook-up charges	9,260	7,220	16,480
Water meter sales	10,561	-	10,561
Other operating revenue	15,306	352	15,658
Total operating revenue	<u>1,090,104</u>	<u>1,494,188</u>	<u>2,584,292</u>
Operating expenses:			
Personal services	175,906	177,758	353,664
Materials and supplies	154,450	73,029	227,479
Contractual services	92,345	163,233	255,578
MCES sewer charges	-	720,986	720,986
Depreciation	421,616	446,577	868,193
Utilities	80,906	42,251	123,157
Other	19,903	14,229	34,132
Total operating expenses	<u>945,126</u>	<u>1,638,063</u>	<u>2,583,189</u>
Net income from operations	<u>144,978</u>	<u>(143,875)</u>	<u>1,103</u>
Other income (expense):			
Investment earnings	43,983	82,232	126,215
Special assessments	731	731	1,462
Bond interest	(15,864)	-	(15,864)
Paying agent fees	(5,653)	-	(5,653)
Total other income (expense)	<u>23,197</u>	<u>82,963</u>	<u>106,160</u>
Net income before contributions and transfers	168,175	(60,912)	107,263
Transfers:			
Transfer out	<u>(33,061)</u>	<u>(33,061)</u>	<u>(66,122)</u>
Change in Net Assets	135,114	(93,973)	41,141
Net Assets - January 1	<u>17,722,683</u>	<u>22,654,404</u>	<u>40,377,087</u>
Net Assets - December 31	<u>\$ 17,857,797</u>	<u>\$ 22,560,431</u>	<u>\$ 40,418,228</u>

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

CITY OF LINO LAKES, MINNESOTA

Statement 9

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2011

	Water	Sewer	Total 2011
Cash flows from operating activities:			
Cash receipts from customers	\$ 1,046,220	\$ 1,498,862	\$ 2,545,082
Cash paid to suppliers	(356,940)	(1,019,639)	(1,376,579)
Cash paid to employees	(173,231)	(174,083)	(347,314)
Net cash flows from operating activities	<u>516,049</u>	<u>305,140</u>	<u>821,189</u>
Cash flows from noncapital financing activities:			
Net transfers	<u>(33,061)</u>	<u>(33,061)</u>	<u>(66,122)</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds	(390,000)	-	(390,000)
Collection of special assessments	9,679	1,030	10,709
Interest and paying agent fees on revenue bonds	(22,468)	-	(22,468)
Acquisition of capital assets	(29,837)	(17,524)	(47,361)
Net cash flows from (used) by capital and related financing activities	<u>(432,626)</u>	<u>(16,494)</u>	<u>(449,120)</u>
Cash flows from investing activities:			
Interest on investments	<u>43,983</u>	<u>82,232</u>	<u>126,215</u>
Net increase in cash and cash equivalents	94,345	337,817	432,162
Cash and cash equivalents - January 1	<u>3,555,128</u>	<u>6,237,600</u>	<u>9,792,728</u>
Cash and cash equivalents - December 31	<u>\$ 3,649,473</u>	<u>\$ 6,575,417</u>	<u>\$ 10,224,890</u>
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 144,978	\$ (143,875)	\$ 1,103
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	421,616	446,577	868,193
Change in assets and liabilities:			
(Increase) decrease in receivables	(49,083)	4,674	(44,409)
Decrease in prepaid items	781	635	1,416
Decrease in inventory	143	-	143
Decrease in payables	(2,386)	(2,871)	(5,257)
Net cash flows from operating activities	<u>\$ 516,049</u>	<u>\$ 305,140</u>	<u>\$ 821,189</u>

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

CITY OF LINO LAKES, MINNESOTA

Statement 10

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS - AGENCY FUNDS

December 31, 2011

	<u>2011</u>
Assets	
Cash and investments	<u>\$ 700,980</u>
Liabilities	
Deposits payable	<u>\$ 700,980</u>

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lino Lakes 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 of Lino Lakes 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 the significant accounting policies:

A. FINANCIAL REPORTING ENTITY

As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Lino Lakes and its component units. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

COMPONENT UNITS

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

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 part of the City's operations because the members of the City Council serve as commission members. The EDA does not issue separate financial statements. The Housing and Redevelopment 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. The HRA has not yet incurred any financial activity.

B. BASIC FINANCIAL STATEMENTS

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. 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 to external parties for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

1. Government-Wide Statements (Continued)

In the government-wide statement of net assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of governmental and proprietary fund financial statements is on major individual 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

The 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 Bonds 2005A Fund

The general obligation improvement bonds 2005A fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

Improvement Note 2009F Fund

The improvement note 2009F fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

I35E Interchange Fund

The I35E interchange fund accounts for the activity related to the I35E/CSAH 14 Interchange Reconstruction Project.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

Area and Unit Charge Fund

The area and unit charge fund accounts for the collection of water and sewer unit charges to be used for debt payments and construction of infrastructure.

The City reports the following major proprietary funds:

Water Fund

The water fund accounts for customer water service charges that are used to finance water operating expenses.

Sewer Fund

The sewer fund accounts for customer water service charges that are used to finance water operating expenses.

Additionally, the City reports the following fiduciary funds:

Agency Funds - to account for assets held as an agent for individuals, private organizations, other governmental units, and/or other funds. 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 and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds, which are included in the Fiduciary Funds, do not have a measurement focus. 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.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Amounts reported as program revenues include: 1. Charges to customers or applicants for goods, services, or privileges provided, 2. operating grants and contributions, and 3. capital grants and contributions, including special assessments.

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

D. BUDGETS

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the Program Recreation Special Revenue Fund. 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 not presently 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 be 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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 investments authorized by Minnesota Statutes. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund in the governmental fund financial statements, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund payables are eliminated for statement of net assets presentation.

Investments are stated at fair value and interest earnings are accrued at year-end.

For purposes of the statement of cash flows the Proprietary Fund considers 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 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 CREDITS

Property taxes on homestead property (as defined by State Statutes) are partially reduced by property tax credits. These credits are paid to the City by the State in lieu of taxes levied against homestead property. The State remits these credits through installments each year. These credits are recognized as revenue by the City at the time of collection.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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 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 State credits received by the City in July, December and the following January are recognized as revenue for the current year. Taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred revenue because it is not available to finance current expenditures. Deferred revenue in governmental activities is susceptible to full accrual on the government-wide statements.

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. Property taxes paid to the City through this formula for 2011 totaled \$1,096,862. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

I. 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.

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 revenues. Deferred revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. SPECIAL ASSESSMENT REVENUE RECOGNITION (CONTINUED)

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.

J. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures/expenses at the time of purchase in both the Governmental and Proprietary Funds. These funds do not maintain material amounts of materials and supplies.

K. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The year-end balances are classified as interfund receivables and payables on the governmental fund balance sheets. The non-current portion of interfund loans are reported as "advances to/from other funds." Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable from available financial resources.

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 exceeding the City's capitalization threshold of \$2,500 are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All existing City infrastructure has been capitalized regardless of date placed in service.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. 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 25 to 50 years for Infrastructure. Capital assets not being depreciated include land and construction in progress.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. COMPENSATED ABSENCES

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

N. LONG-TERM OBLIGATIONS

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issue costs, if material, are amortized over the term of the related debt using the straight-line method.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issue costs are recognized during the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issue costs are reported as debt service expenditures.

O. FUND EQUITY

At December 31, 2011, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained by external parties (statute, grantors, bond agreements, etc).

Committed – funds are established and modified by a resolution approved by the City Council.

Assigned – consists of internally imposed constraints. These constraints are established by the City Council and/or management. The City Council also delegates the authority to assign fund balance to the Finance Director.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the City's policy to use committed first, then assigned, and finally unassigned amounts.

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. INTERFUND TRANSACTIONS

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 or expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

All Interfund transactions are eliminated except for activity between governmental activities and business-type activities for presentation in the entity-wide statements of net assets and statements of activities.

Q. PRIOR PERIOD ADJUSTMENT

The amount of land at December 31, 2010 was understated due to unrecorded donated land from previous years. A total of \$466,800 was added to the beginning balance of land and the adjustment was posted to beginning net assets on the government-wide statement of activities.

Note 2 DEPOSITS AND INVESTMENTS

Components of Cash and Investments

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

Deposits	\$ 4,532,173
Investments	23,389,470
Cash on Hand	820
Total	<u>\$ 27,922,463</u>

Cash and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Assets	\$ 27,221,483
Cash and Investments - Statement of Net Assets - Fiduciary Funds	700,980
Total	<u>\$ 27,922,463</u>

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the City maintains deposits at financial institutions which are authorized by the City Council.

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a specific deposit policy for custodial credit risk but rather follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the City’s deposits in banks at December 31, 2011 is \$4,532,173 and \$4,770,040, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rated “A” or better
- Banker’s acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

Investments Held with Broker –

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. Information about the sensitivity of the fair values of the City’s investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Minnesota Municipal Money					
Market Trust Fund	\$ 66,659	\$ 66,659	\$ -	\$ -	\$ -
Federal Farm Credit Banks	300,878	-	-	300,878	-
Federal Home Loan Bank	1,302,457	-	-	-	1,302,457
Federal Home Loan Mortgage Corp.	1,382,033	-	-	300,215	1,081,818
Federal National Mortgage Assn.	3,002,642	-	-	1,550,956	1,451,686
Negotiable CDs	12,077,180	12,077,180	-	-	-
Municipal Bonds	4,986,283	385,022	682,673	2,126,401	1,792,187
Mutual Fund	271,338	271,338	-	-	-
Total	<u>\$ 23,389,470</u>	<u>\$ 12,800,199</u>	<u>\$ 682,673</u>	<u>\$ 4,278,450</u>	<u>\$ 5,628,148</u>

Credit Risk

Generally, credit risk is the risk that 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. The following chart summarizes year-end ratings for the City's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
Minnesota Municipal Money Market Trust Fund	Aa2	\$ 66,659
Federal Farm Credit Banks	Aaa/AA+	300,878
Federal Home Loan Bank	Aaa/AA+	1,302,457
Federal Home Loan Mortgage Corp.	Aaa/AA+	1,382,033
Federal National Mortgage Assn.	Aaa/AA+	3,002,642
Negotiable CDs	Not Rated	12,077,180
Municipal Bonds	A-Aaa	4,986,283
Mutual Fund	Not Rated	271,338
Total		<u>\$ 23,389,470</u>

The Minnesota Municipal Money Market Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota statutes as described on the previous page. Its investments are valued at amortized cost, which approximates market value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the fair value of instruments.

The Minnesota Municipal Money Market Trust Fund does not have its own credit rating. MBIA, Inc., who administers the Minnesota Municipal Money Market Fund Trust holds an organization credit rating of Aa2.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy doesn't specifically address custodial credit risk.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The City places no limit on the amount that it may invest in any one issuer. The following is a list of investments which individually comprise more than 5% of the City's total investments:

Type	Amount	Percentage
Federal Home Loan Bank	\$ 1,302,457	5.57%
Federal Home Loan Mortgage Corporation	1,382,033	5.91%
Federal National Mortgage Association	3,002,641	12.84%

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital Assets, Not Being Depreciated:						
Land	\$ 2,809,059	\$ 466,800	\$ 3,275,859	\$ -	\$ -	\$ 3,275,859
Construction in Progress	-	-	-	211,705	-	211,705
Total Capital Assets, Not Being Depreciated	2,809,059	466,800	3,275,859	211,705	-	3,487,564
Capital Assets, Being Depreciated:						
Buildings	6,499,752	-	6,499,752	30,582	-	6,530,334
Office Equipment and Furniture	1,160,889	-	1,160,889	160,255	(14,755)	1,306,389
Vehicles	2,348,111	-	2,348,111	200,684	(172,166)	2,376,629
Machinery and Shop Equipment	693,565	-	693,565	-	-	693,565
Other Equipment	980,308	-	980,308	-	(27,860)	952,448
Infrastructure	75,713,197	-	75,713,197	1,980,000	-	77,693,197
Total Capital Assets, Being Depreciated	87,395,822	-	87,395,822	2,371,521	(214,781)	89,552,562
Accumulated Depreciation for:						
Buildings	(2,771,062)	-	(2,771,062)	(217,033)	-	(2,988,095)
Office Equipment and Furniture	(800,215)	-	(800,215)	(71,911)	13,427	(858,699)
Vehicles	(1,124,750)	-	(1,124,750)	(223,567)	163,835	(1,184,482)
Machinery and Shop Equipment	(460,816)	-	(460,816)	(35,242)	-	(496,058)
Other Equipment	(708,433)	-	(708,433)	(35,614)	24,145	(719,902)
Infrastructure	(42,389,378)	-	(42,389,378)	(2,336,016)	-	(44,725,394)
Total Accumulated Depreciation	(48,254,654)	-	(48,254,654)	(2,919,383)	201,407	(50,972,630)
Total Capital Assets, Being Depreciated, Net	39,141,168	-	39,141,168	(547,862)	(13,374)	38,579,932
Governmental Activities Capital Assets, Net	\$ 41,950,227	\$ 466,800	\$ 42,417,027	\$ (336,157)	\$ (13,374)	\$ 42,067,496

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 244,716
Public Safety	91,629
Public Services	2,423,523
Parks, Recreation and Forestry	158,665
Conservation of Natural Resources	350
Community Development	500
Total Depreciation Expense, Governmental Activities	\$ 2,919,383

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Being Depreciated:				
Buildings	48,690	-	-	48,690
Machinery and Shop Equipment	464,203	47,360	(18,072)	493,491
Water and Sewer Lines	41,042,356	-	-	41,042,356
Total Capital Assets, Being Depreciated	41,555,249	47,360	(18,072)	41,584,537
Accumulated Depreciation for:				
Buildings	(48,690)	-	-	(48,690)
Machinery and Shop Equipment	(281,855)	(25,157)	18,072	(288,940)
Water and Sewer Lines	(10,782,069)	(843,036)	-	(11,625,105)
Total Accumulated Depreciation	(11,112,614)	(868,193)	18,072	(11,962,735)
Total Capital Assets, Being Depreciated, Net	30,442,635	(820,833)	-	29,621,802
Business-Type Capital Assets, Net	\$ 30,442,635	\$ (820,833)	\$ -	\$ 29,621,802

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2011 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/2011
Governmental Activities:					
General Obligation Bonds:					
2008A Equipment Certificates	2/1/2008	12/31/2011	4.00%	\$ 209,000	\$ -
2009A Equipment Certificates	4/1/2009	12/31/2012	3.00%	336,000	118,000
2010A Equipment Certificates	4/1/2010	12/31/2013	2.00%-3.00%	170,000	118,000
2011A Equipment Certificates	2/14/11	12/31/2014	1.00%	120,000	120,000
G.O. Tax Abatement Bonds, Series 2006C	8/15/2006	2/1/2023	4.00%-4.30%	2,460,000	2,430,000
G.O. Utility Revenue Bonds, Series 2006D	8/15/2006	2/1/2017	4.00%-4.15%	570,000	370,000
G.O. CIP Refunding Bonds, Series 2006E	11/1/2006	2/1/2018	4.00%	2,990,000	2,605,000
G.O. Tax Increment Financing Bonds, Series 2007A	7/15/2007	2/1/2024	4.00%-4.125%	4,215,000	3,660,000
Total General Obligation Bonds				11,070,000	9,421,000
Special Assessment Bonds:					
G.O. Improvement Bonds, Series 2002A	8/1/2002	2/1/2013	3.00%-4.10%	645,000	60,000
G.O. Improvement Bonds, Series 2002B	8/1/2002	2/1/2013	3.20%-5.55%	2,110,000	515,000
G.O. Improvement Refunding Bonds, Series 2003A	12/1/2003	2/1/2019	2.00%-4.25%	2,090,000	545,000
G.O. Improvement Bonds, Series 2003B	12/1/2003	2/1/2014	3.20%-5.60%	250,000	95,000
G.O. Improvement Bonds, Series 2005A	11/1/2005	2/1/2021	4.35%-5.15%	5,550,000	4,180,000
G.O. Improvement Refunding Bonds, Series 2005B	11/1/2005	2/1/2015	3.75%-5.00%	3,755,000	1,690,000
G.O. Improvement & Utility Revenue Refunding Bonds, Series 2010A	7/9/2010	2/1/2020	2.00%-3.00%	1,000,000	900,000
Total Special Assessment Bonds				15,400,000	7,985,000
Total Bonds				26,470,000	17,406,000
Note Payable - Anoka County - 2009A	8/1/2009	8/1/2024	4.00%-3.70%	4,260,000	3,695,000
Unamortized Bond Discounts				(45,490)	(27,621)
Unamortized Bond Premiums				202,370	89,014
Compensated Absences Payable				N/A	610,655
Other Post Employment Benefit Plan				N/A	72,808
Total Governmental Activities				\$ 30,886,880	\$ 21,845,856
Business-Type Activities:					
Revenue Bonds:					
G.O. Water Revenue Refunding Bonds, Series 2006F	11/1/2006	2/1/2012	3.55%-3.625%	\$ 1,740,000	\$ 405,000
Unamortized Bond Discounts				(4,002)	(64)
Compensated Absences Payable				N/A	45,398
Total Business-Type Activities				\$ 1,735,998	\$ 450,334

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 4 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2011:

	Payable 12/31/2010	Issues	Payments	Payable 12/31/2011	Due Within One Year
Governmental activities:					
Bonded debt:					
General Obligation	\$ 10,141,000	\$ 120,000	\$ 840,000	\$ 9,421,000	\$ 940,000
Special Assessment	9,175,000	-	1,190,000	7,985,000	1,205,000
Unamortized Bond Discounts	(30,091)	-	(2,470)	(27,621)	-
Unamortized Bond Premiums	102,101	-	13,087	89,014	-
Note Payable - Anoka County	4,260,000	-	565,000	3,695,000	-
Compensated Absences Payable	625,121	547,346	561,812	610,655	409,343
Other Post Employment Benefit Plan	63,287	27,268	17,747	72,808	-
Total Governmental Activities	<u>24,336,418</u>	<u>694,614</u>	<u>3,185,176</u>	<u>21,845,856</u>	<u>2,554,343</u>
Business-Type Activities:					
Revenue Bonds	795,000	-	390,000	405,000	405,000
Unamortized Bond Discounts	(826)	-	(762)	(64)	(64)
Compensated Absences Payable	41,104	37,050	32,756	45,398	27,710
Total Business-Type Activities	<u>835,278</u>	<u>37,050</u>	<u>421,994</u>	<u>450,334</u>	<u>432,646</u>
Total	<u>\$ 25,171,696</u>	<u>\$ 731,664</u>	<u>\$ 3,607,170</u>	<u>\$ 22,296,190</u>	<u>\$ 2,986,989</u>

All long-term bonded indebtedness outstanding at December 31, 2011 is backed by the full faith and credit of the City, including special assessment bond issues. For the governmental activities, compensated absences are generally liquidated by the general fund.

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows.

Years ending December 31,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2012	\$ 2,145,000	\$ 807,928	\$ 405,000	\$ 7,341	\$ 3,365,269
2013	2,175,000	748,305	-	-	2,923,305
2014	1,931,000	658,459	-	-	2,589,459
2015	2,260,000	578,331	-	-	2,838,331
2016	1,940,000	494,390	-	-	2,434,390
2017-2021	8,375,000	1,418,405	-	-	9,793,405
2022-2024	2,275,000	228,102	-	-	2,503,102
Total	<u>\$ 21,101,000</u>	<u>\$ 4,933,920</u>	<u>\$ 405,000</u>	<u>\$ 7,341</u>	<u>\$ 26,447,261</u>

Description and Restrictions of Long-Term Debt

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

Special Assessment Bonds – These 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.

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.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 4 CITY INDEBTEDNESS (CONTINUED)

In December 2009, the City of Lino Lakes entered into a joint powers agreement for a note payable with Anoka County for \$4,260,000. The note payable with Anoka county is for the reconstruction of County State Aid Highway 14 (Main Street) and I-35E Interchange County Project. During 2011, the note payable balance was reduced by Anoka County due to lower than expected project costs. The amount of the note payable was reduced from \$4,260,000 to \$3,695,000.

Liability for Compensated Absences – This liability represents vested benefits earned by governmental fund employees through the end of the year which will be paid or used in future periods. For the governmental activities, compensated absences are generally liquidated by the general fund. The liability for Proprietary Fund employees is included in the accrued liabilities of those funds.

Note 5 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City of Lino Lakes' legal debt margin for 2011 is computed as follows:

	<u>12/31/11</u>
Market value	\$ 1,804,121,500
Applicable percentage	<u>3.0%</u>
Debt Limit	<u>54,123,645</u>
Amount of debt applicable to debt limit:	
Total bonded debt	17,811,000
Less: Special assessment bonds	(7,985,000)
Tax abatement bonds	(2,430,000)
Utility revenue bonds	(370,000)
Tax increment financing bonds	(3,660,000)
Revenue bonds	<u>(405,000)</u>
Total debt applicable to debt limit	<u>2,961,000</u>
Legal debt margin	<u>\$ 51,162,645</u>

Note 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Lino Lakes are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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 and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service.

For GERF and PEPFF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree, no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Note 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

B. FUNDING POLICY

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25% respectively, of their annual covered salary. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 14.4% for PEPFF members. The City's contributions to the General Employees Retirement Fund for the years ended December 31, 2011, 2010, and 2009 were \$187,186, \$177,081, and \$186,454, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ended December 31, 2011, 2010, and 2009 were \$285,356, \$280,046, and \$303,949, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 7 METROPOLITAN COUNCIL ENVIRONMENTAL SERVICES

During 1971, the Metropolitan Waste Control Commission (MWCC) was organized to provide for consolidation of the sanitary sewer collection, treatment and disposal in the seven county metropolitan area surrounding Minneapolis and St. Paul. Previously, these operations were maintained by the city governments on an individual or collective basis. The MWCC merged with the Metropolitan Council during 1994 to form Metropolitan Council Wastewater Services (MCWS) and is now called the Metropolitan Council Environmental Services (MCES). The MCES bills the City annually based upon estimated volume and budgeted costs. The City follows the accounting policy of recognizing these charges as an expense of the sewer utility operation in the year for which they are billed.

Note 8 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

The City has deficit fund balances at December 31, 2011 as follows:

	Fund Balance Deficit
35E Interchange	\$ (6,842)
Dedicated Parks	(578,237)
Tax Increment Financing 1-11	(764,145)
G.O. Improvement Bonds 2005A	(1,628,613)
Traffic Control	(176,659)

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

Note 8 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Expenditures in Excess of Budget

The following is a listing of expenditure categories that exceed budget appropriations for non-major funds:

	Budget	Actual	Excess
Program Recreation Special Revenue Fund:			
Supplies	\$ 50,955	\$ 118,134	\$ (67,179)

Note 9 CONTINGENCIES

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.

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, 2011.

Note 10 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City 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.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2011.

Future scheduled tax levies for all bonds outstanding at December 31, 2011 totaled \$18,962,681.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 11 FUND BALANCE

At December 31, 2011, the City had various fund balances restricted, committed, or assigned through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2011 are shown on the various balance sheets as segregations of the fund balance. The fund balances are as follows:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund:	\$ 5,440,101	\$ -	\$ -	\$ -	\$ -	\$ 5,440,101
Prepaid items	165,079	165,079	-	-	-	-
Total General Fund	5,605,180	165,079	-	-	-	5,440,101
G.O. Improvement Bonds 2005A:						
Deficit Fund Balance	(1,628,613)	-	-	-	-	(1,628,613)
Improvement Bonds 2009F:						
Debt Service	491	-	491	-	-	-
I35E Interchange:						
Deficit Fund Balance	(6,842)	-	-	-	-	(6,842)
Area and Unit Charge:						
Advances to Other Funds	578,641	578,641	-	-	-	-
Construction Projects	3,249,995	-	-	-	3,249,995	-
Total Area and Unit Charge	3,828,636	578,641	-	-	3,249,995	-
Nonmajor Governmental Funds:						
Prepaid items	2,369	2,369	-	-	-	-
Long-term Loan Receivable	225,000	225,000	-	-	-	-
Corpus of Permanent Fund	100,000	100,000	-	-	-	-
Program Recreation	110,568	-	-	110,568	-	-
Environmental Improvements	19,881	-	19,881	-	-	-
Debt Service	2,637,638	-	2,637,638	-	-	-
Construction Projects	7,558,273	-	-	-	7,558,273	-
Deficit Fund Balance	(1,519,041)	-	-	-	-	(1,519,041)
Total Nonmajor Funds	9,134,688	327,369	2,657,519	110,568	7,558,273	(1,519,041)
Total Fund Balances	\$ 16,933,540	\$ 1,071,089	\$ 2,658,010	\$ 110,568	\$ 10,808,268	\$ 2,285,605

Note 12 SHARE IN GAS FRANCHISE PROFITS

The City receives a share of the gross billing for natural gas sales by a neighboring City, which provides service within the City of Lino Lakes. The amount reported as revenue in the General Fund during fiscal year 2011 was \$91,203.

Note 13 INTERFUND RECEIVABLE AND PAYABLES

The purpose of the interfund receivable and payable balances is for the elimination of negative cash between funds and at December 31, 2011 are as follows:

	Receivable	Payable
Governmental Activity:		
G.O. Improvement Bonds 2005A	\$ -	\$ 1,628,615
I35E Interchange	-	3,759
Other Nonmajor Governmental Funds	2,008,599	935,335
Business-Type Activity:		
Sewer Fund	559,110	-
	<u>\$ 2,567,709</u>	<u>\$ 2,567,709</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 13 INTERFUND RECEIVABLE AND PAYABLES (CONTINUED)

Interfund receivable and payable balances not expected to be repaid within one year are reported as advances to and from other fund and at December 31, 2011 are as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Activity:		
Area and Unit Charge	\$ 578,641	\$ -
Other Nonmajor Governmental Funds	-	578,641
	<u>\$ 578,641</u>	<u>\$ 578,641</u>

The purpose of the advance from the Area and Unit Charge Fund is to temporarily finance projects in the Dedicated Parks Fund.

Note 14 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2011 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activity:		
General Fund	\$ -	\$ (741,964)
Improvement Bonds of 2005A	83,333	-
Improvement Bonds of 2009F	106,000	-
Area and Unit Charge	-	(478,650)
Other Nonmajor Governmental Funds	2,782,382	(1,684,979)
Total Governmental Activity	<u>2,971,715</u>	<u>(2,905,593)</u>
Business-Type Activity:		
Water Fund	-	(33,061)
Sewer Fund	-	(33,061)
Total Business-Type Activity	<u>-</u>	<u>(66,122)</u>
Total	<u>\$ 2,971,715</u>	<u>\$ (2,971,715)</u>

Interfund transfers are other financing sources and uses within the fund financial statements. The purpose of the transfers is to provide funding for capital improvement projects, capital outlay, and debt service as well as to open and close funds.

Note 15 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 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.

Note 15 RISK MANAGEMENT (CONTINUED)

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 16 CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds and Commercial Revenue Notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities which are deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issue. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, two series of Industrial Revenue Bonds were outstanding with aggregate remaining principal balances of \$765,000 and \$400,000, respectively, and one series of Commercial Revenue Notes was outstanding with an aggregate remaining principal balance of \$2,610,679.

Note 17 LEASE COMMITMENT

The City of Lino Lakes entered into an agreement dated December 8, 1997 to lease space within the City Hall complex to the Independent School District No. 12 (ISD 12). The lease term has been renewed as of July 1, 2009 and continues through June 30, 2011 and requires payments of \$110 per square foot over the lease term for a total of \$300,000. Effective February 14, 2011, the lease was further renewed through June 30, 2012 and requires two payments of \$60,000 semi annually.

The prorated carrying value of the building being leased is as follows:

Building	\$ 929,970
Less: Accumulated Depreciation	(371,988)
Net	<u>\$ 557,982</u>

Note 18 JOINT VENTURES

Fire

The Centennial Fire District (the District) was established under a joint powers agreement between the City of Lino Lakes and two other cities. The general purpose of the District is to provide fire protection services including, but not limited to, fire prevention, firefighting and rescue service. Each member city is entitled to appoint two commissioners to the District's Board.

Note 18 JOINT VENTURES (CONTINUED)

Fire (Continued)

Each calendar year, participating cities are to pay the District its share of the total operating and capital budget in accordance with a funding formula contained in Section VII of the joint powers agreement. The funding formula takes into account each city's average number of calls, population, and total market value.

During 2011, the City of Lino Lakes' contributions to the District were as follows:

Operating	\$	525,842
Capital		87,000
Total	\$	<u>612,842</u>

Separate financial statements of the District can be obtained by contacting the Centennial Fire District.

The audited condensed financial statements of the District as of December 31, 2011 are as follows:

Total Assets	\$	1,524,597
Total Liabilities		109,106
Total Net Assets		1,415,491
Total Operating Revenue		923,222
Total Operating Expenses		818,638

Anoka County

The City of Lino Lakes has a joint powers agreement with Anoka County for the reconstruction of County State Aid Highway 14 (Main Street) and I-35E Interchange County Project.

Note 19 OTHER POSTEMPLOYMENT BENEFIT PLAN

At December 31, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2011.

A. Plan Description

The City provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. 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. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost. As of December 31, 2011 there were approximately 49 active participants and 7 retired participants receiving benefits from the City's health plans.

B. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2011, the City contributed \$18,396 to the plan.

Note 19 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 29,449
Interest on Net OPEB Obligation	1,266
Adjustment to Annual Required Contribution	<u>(2,798)</u>
Annual OPEB Cost (Expense)	27,917
Contributions Made	<u>(18,396)</u>
Increase in Net OPEB Obligation	9,521
Net OPEB Obligation- Beginning of Year	<u>63,287</u>
Net OPEB Obligation- End of Year	<u>\$ 72,808</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 41,152	45.9%	\$ 44,734
12/31/2010	40,404	51.1%	63,287
12/31/2011	27,917	65.9%	72,808

D. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$474,770. The annual payroll for active employees covered by the plan in the actuarial valuation was \$4,953,560 for a ratio of UAAL to covered payroll of 9.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 19 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2% inflation rate, a 2% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 0%, increasing to an ultimate rate of 4% after three years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2011 was not to exceed 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
General property taxes:				
Current and delinquent	\$ 7,599,240	\$ 6,666,440	\$ 6,521,402	\$ (145,038)
Fiscal disparities	-	967,800	977,707	9,907
Excess tax increments	-	-	-	-
Total general property taxes	<u>7,599,240</u>	<u>7,634,240</u>	<u>7,499,109</u>	<u>(135,131)</u>
Licenses and permits:				
Business	79,200	89,200	85,446	(3,754)
Non-business	334,500	239,500	236,584	(2,916)
Total licenses and permits	<u>413,700</u>	<u>328,700</u>	<u>322,030</u>	<u>(6,670)</u>
Intergovernmental:				
State:				
Market Value Credit	-	-	3,405	3,405
Police state aid	185,000	185,000	164,305	(20,695)
MSA maintenance	185,000	185,000	198,292	13,292
Other	162,282	179,282	183,722	4,440
County/Regional:				
Solid waste	35,000	35,000	32,276	(2,724)
Other	5,000	9,000	8,392	(608)
Total intergovernmental	<u>572,282</u>	<u>593,282</u>	<u>590,392</u>	<u>(2,890)</u>
Special Assessments:				
Penalties and Interest	<u>6,000</u>	<u>6,000</u>	<u>21,813</u>	<u>15,813</u>
Charges for services:				
General government	22,400	22,400	18,413	(3,987)
Planning/engineering	6,000	6,000	5,048	(952)
Fees retained from collection for				
other governments - SAC/surcharge	1,000	1,000	1,178	178
Administrative charge - other funds	50,000	50,000	50,000	-
Aerial map charge - other funds	4,000	4,000	90	(3,910)
Public safety	290,000	290,000	292,308	2,308
Total charges for services	<u>373,400</u>	<u>373,400</u>	<u>367,037</u>	<u>(6,363)</u>
Fines and forfeits	135,000	145,000	154,020	9,020
Investment earnings	60,000	50,000	54,390	4,390
Refunds	15,000	25,000	27,641	2,641
Miscellaneous:				
Gas franchise fees	105,000	105,000	91,203	(13,797)
Cable TV	55,000	55,000	57,915	2,915
Donations	5,000	5,000	250	(4,750)
Other	100,000	-	610	610
Total miscellaneous	<u>265,000</u>	<u>165,000</u>	<u>149,978</u>	<u>(15,022)</u>
Total Revenue	<u>9,439,622</u>	<u>9,320,622</u>	<u>9,186,410</u>	<u>(134,212)</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures:				
General government:				
Mayor and council:				
Current:				
Personal services	\$ 40,573	\$ 40,573	\$ 32,277	\$ 8,296
Other services and charges	33,000	33,000	25,013	7,987
Contractual Services	15,236	15,236	14,320	916
Total mayor and council	<u>88,809</u>	<u>88,809</u>	<u>71,610</u>	<u>17,199</u>
Elections:				
Current:				
Personal services	11,010	11,010	6,254	4,756
Supplies	300	300	15	285
Other services and charges	2,250	2,250	1,684	566
Contractual Services	500	500	-	500
Total elections	<u>14,060</u>	<u>14,060</u>	<u>7,953</u>	<u>6,107</u>
Administration:				
Current:				
Personal services	427,924	452,924	453,126	(202)
Supplies	-	-	99	(99)
Other services and charges	20,400	20,400	9,255	11,145
Contractual Services	3,400	3,400	3,539	(139)
Total administration	<u>451,724</u>	<u>476,724</u>	<u>466,019</u>	<u>10,705</u>
Finance:				
Current:				
Personal services	300,164	300,164	298,891	1,273
Supplies	1,500	1,500	861	639
Other services and charges	102,825	102,825	100,188	2,637
Contractual Services	102,900	102,900	98,476	4,424
Total finance	<u>507,389</u>	<u>507,389</u>	<u>498,416</u>	<u>8,973</u>
Cable TV:				
Current:				
Personal services	2,163	2,163	1,654	509
Supplies	50	50	-	50
Total cable TV	<u>2,713</u>	<u>2,713</u>	<u>2,154</u>	<u>559</u>
Consultants:				
Current:				
Legal	<u>175,000</u>	<u>185,000</u>	<u>171,875</u>	<u>13,125</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
General government (continued):				
Engineering/planning:				
Current:				
Contractual services	\$ 176,600	\$ 116,600	\$ 113,186	\$ 3,414
Senior Service:				
Current:				
Personal services	-	-	(92)	92
Charter commission:				
Current:				
Other services and charges	1,500	1,500	1,500	-
General government buildings:				
Current:				
Personal services	91,910	61,910	62,726	(816)
Supplies	37,500	37,500	26,861	10,639
Other services and charges	309,880	304,880	268,047	36,833
Contractual services	25,000	70,000	72,021	(2,021)
Capital outlay	-	-	-	-
Total general government buildings	464,290	474,290	429,655	44,635
Total general government	1,882,085	1,867,085	1,762,276	104,809
Public safety:				
Police:				
Current:				
Personal services	2,981,380	2,931,380	2,907,888	23,492
Supplies	28,500	28,500	26,070	2,430
Other services and charges	81,050	89,050	86,461	2,589
Contractual services	37,000	37,000	36,471	529
Capital outlay	7,200	7,200	6,479	721
Total police	3,135,130	3,093,130	3,063,369	29,761
Fire protection:				
Current:				
Contractual services	525,844	525,844	525,842	2
Building inspection:				
Current:				
Personal services	198,719	198,719	194,805	3,914
Supplies	970	970	291	679
Other services and charges	12,420	12,420	12,910	(490)
Contractual services	1,150	1,150	591	559
Capital outlay	-	-	-	-
Total building inspection	213,259	213,259	208,597	4,662
Total public safety	3,874,233	3,832,233	3,797,808	34,425

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Public works:				
Streets:				
Current:				
Personal services	\$ 536,538	\$ 541,538	\$ 526,908	\$ 14,630
Supplies	130,500	130,500	125,026	5,474
Other services and charges	101,685	106,685	104,463	2,222
Contractual services	172,200	172,200	174,819	(2,619)
Total streets	<u>940,923</u>	<u>950,923</u>	<u>931,216</u>	<u>19,707</u>
Fleet:				
Current:				
Personal services	92,761	97,761	94,044	3,717
Supplies	224,000	244,000	239,324	4,676
Other services and charges	56,070	71,070	57,961	13,109
Contractual services	2,700	2,700	1,701	999
Total fleet	<u>375,531</u>	<u>415,531</u>	<u>393,030</u>	<u>22,501</u>
Total public works	<u>1,316,454</u>	<u>1,366,454</u>	<u>1,324,246</u>	<u>42,208</u>
Parks and recreation:				
Parks:				
Current:				
Personal services	\$ 456,894	\$ 464,394	\$ 461,695	\$ 2,699
Supplies	26,500	41,500	37,864	3,636
Other services and charges	50,700	50,700	40,350	10,350
Contractual services	45,850	45,850	35,094	10,756
Total parks	<u>579,944</u>	<u>602,444</u>	<u>575,003</u>	<u>27,441</u>
Recreation:				
Current:				
Personal services	275,708	266,708	260,945	5,763
Supplies	2,500	2,500	2,218	282
Other services and charges	16,600	16,600	14,228	2,372
Contractual services	800	800	323	477
Total recreation	<u>295,608</u>	<u>286,608</u>	<u>277,714</u>	<u>8,894</u>
Total parks and recreation	<u>875,552</u>	<u>889,052</u>	<u>852,717</u>	<u>36,335</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Conservation of natural resources:				
Forestry:				
Current:				
Personal services	33,407	33,407	33,319	88
Supplies	1,250	1,250	1,855	(605)
Other services and charges	800	800	355	445
Contractual services	5,500	500	1	499
Total forestry	<u>45,957</u>	<u>57,957</u>	<u>57,780</u>	<u>177</u>
Environmental:				
Current:				
Personal services	50,504	50,504	50,102	402
Supplies	1,500	1,500	627	873
Other services and charges	9,480	9,480	4,089	5,391
Contractual services	1,550	6,550	6,432	118
Total environmental	<u>63,034</u>	<u>68,034</u>	<u>61,250</u>	<u>6,784</u>
Solid waste abatement:				
Current:				
Personal services	\$ 29,016	\$ 29,016	\$ 29,504	\$ (488)
Supplies	-	-	-	-
Other services and charges	550	550	350	200
Contractual services	6,000	6,000	7,488	(1,488)
Capital outlay	-	-	-	-
Total solid waste abatement	<u>35,566</u>	<u>35,566</u>	<u>37,342</u>	<u>(1,776)</u>
Total conservation of natural resources	<u>144,557</u>	<u>161,557</u>	<u>156,372</u>	<u>5,185</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Community Development:				
Community Development:				
Current:				
Personal services	222,676	222,676	218,208	4,468
Supplies	100	100	17	83
Other services and charges	8,700	8,700	8,154	546
Contractual Services	1,330	1,330	1,160	170
Total community development	<u>232,806</u>	<u>232,806</u>	<u>227,807</u>	<u>4,999</u>
Economic Development:				
Current:				
Personal services	90,227	90,227	90,643	(416)
Supplies	150	150	-	150
Other services and charges	49,500	59,500	50,854	8,646
Contractual services	400	400	710	(310)
Total economic development	<u>140,277</u>	<u>150,277</u>	<u>142,207</u>	<u>8,070</u>
Planning and zoning commission:				
Current:				
Personal services	171,139	176,139	172,474	3,665
Supplies	250	250	35	215
Other services and charges	18,350	18,350	13,484	4,866
Contractual services	22,350	22,350	16,545	5,805
Total planning and zoning commission	<u>212,089</u>	<u>217,089</u>	<u>202,638</u>	<u>14,451</u>
Total community development	<u>585,172</u>	<u>600,172</u>	<u>572,652</u>	<u>27,520</u>
Other :				
Contingency	75,000	62,500	-	62,500
Total Expenditures	<u>8,753,053</u>	<u>8,779,053</u>	<u>8,466,071</u>	<u>312,982</u>
Revenue over Expenditures	686,569	541,569	720,339	178,770
Other financing sources (uses):				
Transfer out	<u>(686,569)</u>	<u>(841,569)</u>	<u>(741,964)</u>	<u>99,605</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>(21,625)</u>	<u>\$ 278,375</u>
Fund Balance - January 1			<u>5,626,805</u>	
Fund balance - December 31			<u>\$ 5,605,180</u>	

CITY OF LINO LAKES, MINNESOTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2011

Note 1 BUDGETS

The General Fund budget is legally adopted on a basis consistent with U.S. Generally Accepted Accounting Principles. The legal level of budgetary control is at the department level. The following is a listing of expenditures that exceeded budget appropriations.

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual in Excess of Budget</u>
General Fund:			
Conservation of natural resources:			
Solid waste abatement	\$ 35,566	\$ 37,342	\$ (1,776)

CITY OF LINO LAKES, MINNESOTA**Statement 12****SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 329,191	\$ 329,191	-	\$ 4,859,980	6.8%
1/1/2011	-	474,770	474,770	-	4,953,560	9.6%

Nonmajor Governmental Funds

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.

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

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

Debt Service Funds

The Debt Service Funds 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 - 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 Project Funds

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

Capital Improvement Projects - to account for the proceeds from Equipment Certificates.

Capital Equipment Revolving Fund - to account for funds held to purchase capital equipment.

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

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

Sealcoating - to account for money received from assessments and developer deposits for future street sealcoating projects.

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

Birch Street Hodgson Road Improvement Fund - to account for costs to improve the intersection at Birch Street and Hodgson Road.

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

Capital Project Funds (Continued)

Dedicated Parks - to account for the receipts and use of monies collected from dedicated parks fees.

Municipal State Aid - to account for the collection of assessments on municipal state aid projects.

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

Legacy Woods Edge Improvement Fund - the Legacy Woods Edge Improvement fund accounts for construction costs related to infrastructure improvements in the Legacy Woods Edge development.

Traffic Signal - to account for costs associated with construction of traffic signals in the City.

Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City maintained the following nonmajor Permanent Fund during the year.

Foxborough Environment Fund - established to account for the use of funds received for environmental maintenance and improvements in the Foxborough area.

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011

	Special Revenue			Debt Service		
	Economic Development Authority	Program Recreation	Special Revenue Subtotal	Certificates of Indebtedness	Lease Revenue Bonds of 1998A	Public Project Refunding Bonds of 1999C
Assets						
Cash and investments	\$ -	\$ 113,836	\$ 113,836	\$ 129,811	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Taxes receivable:						
Delinquent	-	-	-	8,059	-	-
Due from county	-	-	-	3,293	-	-
Special assessments receivable:						
Delinquent	-	-	-	-	-	-
Deferred	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Long-term notes receivable	225,000	-	225,000	-	-	-
Prepaid items	-	2,369	2,369	-	-	-
Total assets	\$ 225,000	\$ 116,205	\$ 341,205	\$ 141,163	\$ -	\$ -
Liabilities and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	3,154	3,154	-	-	-
Salaries payable	-	114	114	-	-	-
Contracts and retainage payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	8,059	-	-
Total liabilities	-	3,268	3,268	8,059	-	-
Fund balance (deficit):						
Nonspendable	225,000	2,369	227,369	-	-	-
Restricted	-	-	-	133,104	-	-
Committed	-	110,568	110,568	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	225,000	112,937	337,937	133,104	-	-
Total liabilities and fund balance (deficit)	\$ 225,000	\$ 116,205	\$ 341,205	\$ 141,163	\$ -	\$ -

Debt Service (Continued)						
Improvement Bonds of 2002A	Improvement Bonds of 2002B	Improvement Refunding Bonds of 2003A	Improvement Bonds of 2003B	Improvement and Utility Revenue Bonds of 2004A	Improvement Bonds of 2005B	Tax Abatement Bonds 2006C
\$ 228,292	\$ 497,652	\$ 147,244	\$ 67,350	\$ -	\$ 324,213	\$ 138,965
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	899	-	4,978	6,289
-	-	-	275	-	1,528	2,060
-	-	2,053	3,249	-	4,162	-
56,847	106,612	122,328	31,626	-	171,162	-
-	-	-	-	-	538	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 285,139</u>	<u>\$ 604,264</u>	<u>\$ 271,625</u>	<u>\$ 103,399</u>	<u>\$ -</u>	<u>\$ 506,581</u>	<u>\$ 147,314</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
56,847	106,612	124,381	35,774	-	180,302	6,289
<u>56,847</u>	<u>106,612</u>	<u>124,381</u>	<u>35,774</u>	<u>-</u>	<u>180,302</u>	<u>6,289</u>
-	-	-	-	-	-	-
228,292	497,652	147,244	67,625	-	326,279	141,025
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>228,292</u>	<u>497,652</u>	<u>147,244</u>	<u>67,625</u>	<u>-</u>	<u>326,279</u>	<u>141,025</u>
<u>\$ 285,139</u>	<u>\$ 604,264</u>	<u>\$ 271,625</u>	<u>\$ 103,399</u>	<u>\$ -</u>	<u>\$ 506,581</u>	<u>\$ 147,314</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011

	Debt Service (continued)					Capital Projects
	Utility Revenue Bonds 2006D	CIP Refunding Bonds 2006E	TIF Bonds 2007A	Improvement and Utility Revenue Refunding Bonds 2010	Debt Service Subtotal	Capital Improvement Projects
Assets						
Cash and investments	\$ 67,711	\$ 759,335	\$ 154,320	\$ 109,770	\$ 2,624,663	\$ 946,336
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	1,069,505
Taxes receivable:						
Delinquent	-	13,370	-	-	33,595	-
Due from county	-	4,079	-	-	11,235	-
Delinquent tax increment	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	3,542	-	-	8,158	21,164	-
Deferred	129,516	-	-	121,307	739,398	-
Due from county	-	-	-	1,202	1,740	-
Long-term notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 200,769	\$ 776,784	\$ 154,320	\$ 240,437	\$ 3,431,795	\$ 2,015,841
Liabilities and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Salaries payable	-	-	-	-	-	-
Contracts and retainage payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	133,058	13,370	-	129,465	794,157	-
Total liabilities	133,058	13,370	-	129,465	794,157	-
Fund balance (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	67,711	763,414	154,320	110,972	2,637,638	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	2,015,841
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	67,711	763,414	154,320	110,972	2,637,638	2,015,841
Total liabilities and fund balance (deficit)	\$ 200,769	\$ 776,784	\$ 154,320	\$ 240,437	\$ 3,431,795	\$ 2,015,841

Capital Projects (Continued)

Capital Equipment Revolving Fund	Closed Bond Fund	Street Reconstruction	Sealcoating	Surface Water Management	Birch Street Hodgson Road Improvement	Tax Increment Financing 1-5
\$ 184,259	\$ 481,477	\$ 587,203	\$ 465,169	\$ 374,653	\$ 15,583	\$ 78,255
-	-	-	-	-	-	-
-	-	-	-	1,500	-	-
-	939,094	-	-	-	-	-
-	1,229	-	-	-	-	-
-	278	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	20,659	-	-
-	5,531	131,868	-	179,193	-	-
-	-	-	-	1,719	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 184,259</u>	<u>\$ 1,427,609</u>	<u>\$ 719,071</u>	<u>\$ 465,169</u>	<u>\$ 577,724</u>	<u>\$ 15,583</u>	<u>\$ 78,255</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,929	10,438	-	18,232
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,760	131,868	-	199,852	-	-
<u>-</u>	<u>6,760</u>	<u>131,868</u>	<u>1,929</u>	<u>210,290</u>	<u>-</u>	<u>18,232</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
184,259	1,420,849	587,203	463,240	367,434	15,583	60,023
-	-	-	-	-	-	-
<u>184,259</u>	<u>1,420,849</u>	<u>587,203</u>	<u>463,240</u>	<u>367,434</u>	<u>15,583</u>	<u>60,023</u>
<u>\$ 184,259</u>	<u>\$ 1,427,609</u>	<u>\$ 719,071</u>	<u>\$ 465,169</u>	<u>\$ 577,724</u>	<u>\$ 15,583</u>	<u>\$ 78,255</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011

	Capital Projects (continued)					
	Tax	Tax	Dedicated	Municipal	Office	Legacy Woods
	Increment	Increment			Equipment	
Financing	Financing	Parks	State Aid	Revolving	Improvement	
	1-10	1-11			Fund	
Assets						
Cash and investments	\$ 188,669	\$ -	\$ 404	\$ 1,439,143	\$ 272,023	\$ 548,979
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Taxes receivable:						
Delinquent	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Delinquent tax increment	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	-	-	-	-	-	-
Deferred	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Long-term notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 188,669	\$ -	\$ 404	\$ 1,439,143	\$ 272,023	\$ 548,979
Liabilities and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ 763,725	\$ -	\$ -	\$ -	\$ -
Accounts payable	42	420	-	-	4,931	-
Salaries payable	-	-	-	-	-	-
Contracts and retainage payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Advances from other funds	-	-	578,641	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	42	764,145	578,641	-	4,931	-
Fund balance (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	188,627	-	-	1,439,143	267,092	548,979
Unassigned	-	(764,145)	(578,237)	-	-	-
Total fund balance (deficit)	188,627	(764,145)	(578,237)	1,439,143	267,092	548,979
Total liabilities and fund balance (deficit)	\$ 188,669	\$ -	\$ 404	\$ 1,439,143	\$ 272,023	\$ 548,979

Statement 13
Page 3 of 3

Capital Projects (Continued)		Permanent Fund	
Traffic Signal	Capital Projects Subtotal	Foxborough Environment Fund	Total 2011
\$ -	\$ 5,582,153	\$ 119,881	\$ 8,440,533
-	-	-	-
-	1,500	-	1,500
-	2,008,599	-	2,008,599
-	1,229	-	34,824
-	278	-	11,513
-	-	-	-
-	20,659	-	41,823
-	316,592	-	1,055,990
-	1,719	-	3,459
-	-	-	225,000
-	-	-	2,369
<u>\$ -</u>	<u>\$ 7,932,729</u>	<u>\$ 119,881</u>	<u>\$ 11,825,610</u>
\$ 171,610	\$ 935,335	\$ -	\$ 935,335
5,049	41,041	-	44,195
-	-	-	114
-	-	-	-
-	-	-	-
-	578,641	-	578,641
-	338,480	-	1,132,637
<u>176,659</u>	<u>1,893,497</u>	<u>-</u>	<u>2,690,922</u>
-	-	100,000	327,369
-	-	19,881	2,657,519
-	-	-	110,568
-	7,558,273	-	7,558,273
(176,659)	(1,519,041)	-	(1,519,041)
<u>(176,659)</u>	<u>6,039,232</u>	<u>119,881</u>	<u>9,134,688</u>
<u>\$ -</u>	<u>\$ 7,932,729</u>	<u>\$ 119,881</u>	<u>\$ 11,825,610</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	Special Revenue			Debt Service		
	Economic Development Authority	Program Recreation	Special Revenue Subtotal	Certificates of Indebtedness	Lease Revenue Bonds of 1998A	Public Project Refunding Bonds of 1999C
Revenue:						
General property taxes	\$ -	\$ -	\$ -	\$ 264,457	\$ 1,881	\$ 1,270
Tax increments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Special assessments	-	-	-	334	199	134
Charges for services	-	204,751	204,751	-	-	-
Investment earnings	-	1,847	1,847	2,760	6,910	3,545
Miscellaneous	-	-	-	-	120,000	-
Total revenue	-	206,598	206,598	267,551	128,990	4,949
Expenditures:						
Current:						
General government	395	-	395	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation and forestry	-	206,474	206,474	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	240,000	-	-
Interest and fiscal charges	-	-	-	19,695	-	-
Total expenditures	395	206,474	206,869	259,695	-	-
Revenue over (under) expenditures	(395)	124	(271)	7,856	128,990	4,949
Other financing sources (uses):						
Transfer in	395	-	395	-	-	-
Transfer out	-	-	-	-	(616,514)	(276,121)
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Payment made to refunding bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	395	-	395	-	(616,514)	(276,121)
Net increase (decrease) in fund balance	-	124	124	7,856	(487,524)	(271,172)
Fund balance (deficit) - Beginning of year	225,000	112,813	337,813	125,248	487,524	271,172
Fund balance (deficit) - December 31	\$ 225,000	\$ 112,937	\$ 337,937	\$ 133,104	\$ -	\$ -

Debt Service (Continued)						
Improvement Bonds of 2002A	Improvement Bonds of 2002B	Improvement Refunding Bonds of 2003A	Improvement Bonds of 2003B	Improvement and Utility Revenue Bonds of 2004A	Improvement Bonds of 2005B	Tax Abatement Bonds 2006C
\$ -	\$ -	\$ -	\$ 21,271	\$ -	\$ 120,389	\$ 188,932
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,567	114,075	24,575	17,930	18,327	58,144	313
-	-	-	-	-	-	-
2,899	5,934	881	535	2,870	-	544
-	-	-	-	-	-	-
<u>13,466</u>	<u>120,009</u>	<u>25,456</u>	<u>39,736</u>	<u>21,197</u>	<u>178,533</u>	<u>189,789</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,000	235,000	60,000	30,000	-	425,000	30,000
3,697	35,077	23,405	5,950	-	87,958	103,587
<u>28,697</u>	<u>270,077</u>	<u>83,405</u>	<u>35,950</u>	<u>-</u>	<u>512,958</u>	<u>133,587</u>
<u>(15,231)</u>	<u>(150,068)</u>	<u>(57,949)</u>	<u>3,786</u>	<u>21,197</u>	<u>(334,425)</u>	<u>56,202</u>
-	-	82,637	-	-	396,012	-
-	-	-	-	(236,385)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	82,637	-	(236,385)	396,012	-
<u>(15,231)</u>	<u>(150,068)</u>	<u>24,688</u>	<u>3,786</u>	<u>(215,188)</u>	<u>61,587</u>	<u>56,202</u>
243,523	647,720	122,556	63,839	215,188	264,692	84,823
<u>\$ 228,292</u>	<u>\$ 497,652</u>	<u>\$ 147,244</u>	<u>\$ 67,625</u>	<u>\$ -</u>	<u>\$ 326,279</u>	<u>\$ 141,025</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	Debt Service (Continued)					Capital Projects
	Utility	CIP	TIF	Improvement and	Debt	Capital
	Revenue	Refunding	Bonds	Utility Revenue	Service	Improvement
	Bonds	Bonds	Bonds	Refunding Bonds	Subtotal	Projects
	2006D	2006E	2007A	2010		
Revenue:						
General property taxes	\$ -	\$ 313,949	\$ -	\$ -	\$ 912,149	\$ -
Tax increments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	89,937
Special assessments	17,504	633	-	-	262,735	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	28	26,906	18,497
Miscellaneous	-	-	-	-	120,000	148,892
Total revenue	<u>17,504</u>	<u>314,582</u>	<u>-</u>	<u>28</u>	<u>1,321,790</u>	<u>257,326</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	2,370
Public works	-	-	-	-	-	192,862
Parks, recreation and forestry	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal	50,000	305,000	215,000	100,000	1,715,000	-
Interest and fiscal charges	16,889	111,067	152,394	30,386	590,105	-
Total expenditures	<u>66,889</u>	<u>416,067</u>	<u>367,394</u>	<u>130,386</u>	<u>2,305,105</u>	<u>195,232</u>
Revenue over (under) expenditures	<u>(49,385)</u>	<u>(101,485)</u>	<u>(367,394)</u>	<u>(130,358)</u>	<u>(983,315)</u>	<u>62,094</u>
Other financing sources (uses):						
Transfer in	66,122	616,514	366,626	236,385	1,764,296	-
Transfer out	-	-	-	-	(1,129,020)	-
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Payment made to refunding bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>66,122</u>	<u>616,514</u>	<u>366,626</u>	<u>236,385</u>	<u>635,276</u>	<u>-</u>
Net increase (decrease) in fund balance	16,737	515,029	(768)	106,027	(348,039)	62,094
Fund balance (deficit) - Beginning of year	50,974	248,385	155,088	4,945	2,985,677	1,953,747
Fund balance (deficit) - December 31	<u>\$ 67,711</u>	<u>\$ 763,414</u>	<u>\$ 154,320</u>	<u>\$ 110,972</u>	<u>\$ 2,637,638</u>	<u>\$ 2,015,841</u>

Capital Projects (Continued)

Capital Equipment Revolving Fund	Closed Bond Fund	Street Reconstruction	Sealcoating	Surface Water Management	Birch Street Hodgson Road Improvement	Tax Increment Financing 1-5
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	40,663
-	-	-	-	-	-	-
-	5,420	25,590	-	100,747	-	-
-	-	-	-	-	-	-
4,380	14,019	7,265	7,921	4,305	200	773
200	-	-	-	-	-	-
<u>4,580</u>	<u>19,439</u>	<u>32,855</u>	<u>7,921</u>	<u>105,052</u>	<u>200</u>	<u>41,436</u>
-	8,974	-	-	-	-	-
-	-	-	420,389	44,891	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	37,081
-	-	-	-	-	-	-
175,696	-	-	-	-	-	-
256,033	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>431,729</u>	<u>8,974</u>	<u>-</u>	<u>420,389</u>	<u>44,891</u>	<u>-</u>	<u>37,081</u>
(427,149)	10,465	32,855	(412,468)	60,161	200	4,355
200,000	276,121	16,570	445,000	-	-	-
-	-	-	-	-	-	-
50,953	-	-	-	-	-	-
120,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>370,953</u>	<u>276,121</u>	<u>16,570</u>	<u>445,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(56,196)	286,586	49,425	32,532	60,161	200	4,355
240,455	1,134,263	537,778	430,708	307,273	15,383	55,668
<u>\$ 184,259</u>	<u>\$ 1,420,849</u>	<u>\$ 587,203</u>	<u>\$ 463,240</u>	<u>\$ 367,434</u>	<u>\$ 15,583</u>	<u>\$ 60,023</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	Capital Projects (Continued)					
	Tax Increment Financing 1-10	Tax Increment Financing 1-11	Dedicated Parks	Municipal State Aid	Office Equipment Revolving Fund	Legacy Woods Edge Improvement
Revenue:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	146,442	57,608	-	-	-	-
Intergovernmental	-	-	-	631,585	-	20,000
Special assessments	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	1,740	-	724	23,854	3,493	6,875
Miscellaneous	-	-	8,299	-	-	-
Total revenue	<u>148,182</u>	<u>57,608</u>	<u>9,023</u>	<u>655,439</u>	<u>3,493</u>	<u>26,875</u>
Expenditures:						
Current:						
General government:	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation and forestry	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Community development	7,814	7,107	-	-	-	-
Capital outlay:						
General government	-	-	-	-	11,543	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation and forestry	-	-	30,582	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	19,766	-	-	-
Total expenditures	<u>7,814</u>	<u>7,107</u>	<u>50,348</u>	<u>-</u>	<u>11,543</u>	<u>-</u>
Revenue over (under) expenditures	<u>140,368</u>	<u>50,501</u>	<u>(41,325)</u>	<u>655,439</u>	<u>(8,050)</u>	<u>26,875</u>
Other financing sources (uses):						
Transfer in	-	-	55,000	-	25,000	-
Transfer out	(38,179)	(50,000)	-	(467,780)	-	-
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Payment made to refunding bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>(38,179)</u>	<u>(50,000)</u>	<u>55,000</u>	<u>(467,780)</u>	<u>25,000</u>	<u>-</u>
Net increase (decrease) in fund balance	102,189	501	13,675	187,659	16,950	26,875
Fund balance (deficit) - Beginning of year	<u>86,438</u>	<u>(764,646)</u>	<u>(591,912)</u>	<u>1,251,484</u>	<u>250,142</u>	<u>522,104</u>
Fund balance (deficit) - December 31	<u>\$ 188,627</u>	<u>\$ (764,145)</u>	<u>\$ (578,237)</u>	<u>\$ 1,439,143</u>	<u>\$ 267,092</u>	<u>\$ 548,979</u>

Statement 14
Page 3 of 3

Capital Projects (Continued)		Permanent Fund	
Traffic Signal	Capital Projects Subtotal	Foxborough Environment Fund	Total 2011
\$ -	\$ -	\$ -	\$ 912,149
-	244,713	-	244,713
-	741,522	-	741,522
-	131,757	-	394,492
-	-	-	204,751
-	94,046	1,505	124,304
-	157,391	5,700	283,091
-	1,369,429	7,205	2,905,022
-	11,344	-	11,739
170,821	828,963	-	828,963
-	-	-	206,474
-	-	-	-
-	52,002	-	52,002
-	11,543	-	11,543
-	175,696	-	175,696
-	256,033	-	256,033
-	30,582	-	30,582
-	-	-	1,715,000
-	19,766	-	609,871
170,821	1,385,929	-	3,897,903
(170,821)	(16,500)	7,205	(992,881)
-	1,017,691	-	2,782,382
-	(555,959)	-	(1,684,979)
-	50,953	-	50,953
-	120,000	-	120,000
-	-	-	-
-	-	-	-
-	632,685	-	1,268,356
(170,821)	616,185	7,205	275,475
(5,838)	5,423,047	112,676	8,859,213
\$ (176,659)	\$ 6,039,232	\$ 119,881	\$ 9,134,688

CITY OF LINO LAKES, MINNESOTA

Statement 15

SPECIAL REVENUE FUND - PROGRAM RECREATION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended December 31, 2011

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Charges for services:				
Recreation Fees	\$ 171,525	\$ 171,525	\$ 204,751	\$ 33,226
Investment earnings	-	-	1,847	1,847
Total revenue	<u>171,525</u>	<u>171,525</u>	<u>206,598</u>	<u>35,073</u>
Expenditures:				
Current:				
Personal services	86,000	86,000	64,351	21,649
Supplies	50,955	50,955	118,134	(67,179)
Other services and charges	1,000	1,000	395	605
Contractual services	27,150	27,150	23,594	3,556
Capital outlay	4,000	4,000	-	4,000
Total expenditures	<u>169,105</u>	<u>169,105</u>	<u>206,474</u>	<u>(37,369)</u>
Net increase (decrease) in fund balance	<u>\$ 2,420</u>	<u>\$ 2,420</u>	124	<u>\$ (2,296)</u>
Fund balance - January 1			<u>112,813</u>	
Fund balance - December 31			<u>\$ 112,937</u>	

Fiduciary Funds

Agency Fund

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments. The City maintained the following Agency fund during the year:

Contractor's Deposits – to account for pass-through costs relating to prospective developers.

CITY OF LINO LAKES, MINNESOTA

Statement 16

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS - AGENCY FUNDS

Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
Assets				
Cash and investments	\$ 753,507	\$ 298,768	\$ 351,295	\$ 700,980
Deposits receivable	750	-	750	-
Total assets	<u>\$ 754,257</u>	<u>\$ 298,768</u>	<u>\$ 352,045</u>	<u>\$ 700,980</u>
Liabilities				
Deposits payable	<u>\$ 754,257</u>	<u>\$ 624,684</u>	<u>\$ 677,961</u>	<u>\$ 700,980</u>

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF LINO LAKES, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
December 31, 2011

	Interest Rates	Dated	Final Maturity Date
General Obligation Bonds:			
2008A Equipment Certificates	4.00%	2/1/08	12/31/2011
2009A Equipment Certificates	3.00%	4/1/2009	12/31/2012
2010A Equipment Certificates	2.00%-3.00%	4/1/10	12/31/2013
2011A Equipment Certificates	1.00%	2/14/11	12/31/2014
G.O. Tax Abatement Bonds, Series 2006C	4.00%-4.30%	8/15/06	2/1/23
G.O. Utility Revenue Bonds, Series 2006D	4.00%-4.15%	8/15/06	2/1/17
G.O. CIP Refunding Bonds, Series 2006E	4.00%	11/1/06	2/1/18
G.O. Tax Increment Bonds, Series 2007A	4.00%-4.125%	7/15/2007	2/1/2024
Total General Obligation Bonds			
Special Assessment Bonds:			
G. O. Improvement Bonds of 2002A	3.00%-4.10%	8/1/02	2/1/13
G. O. Improvement Bonds of 2002B	3.20%-5.55%	8/1/02	2/1/13
G. O. Improvement Refunding Bonds of 2003A	2.00%-4.25%	12/1/03	2/1/19
G. O. Improvement Bonds of 2003B	3.20%-5.60%	12/1/03	2/1/14
G. O. Improvement and Utility Bonds of 2004A	1.90%-4.45%	11/15/04	2/1/20
G. O. Improvement Bonds of 2005A	4.35%-5.15%	11/1/05	2/1/21
G. O. Improvement Refunding Bonds of 2005B	3.75%-5.00%	11/1/05	2/1/15
G.O. Improvement & Utility Revenue Refunding Bonds, Series 2010A	2.00%-3.00%	7/9/10	2/1/20
Total General Improvement Bonds with special assessments pledged			
Revenue Bonds:			
G. O. Water Utility Revenue Refunding Bonds of 2006F	3.55%-3.625%	11/1/06	2/1/12
Total Revenue Bonds			
Other Long-Term Debt:			
Note Payable - Anoka County - 2009A	4.00%-3.70%	8/01/09	8/1/24
Total City indebtedness			

Exhibit 1

Prior Years		Payable 1/1/11	2011		Payable 12/31/11	Principal Due In 2012	Interest Due In 2012
Original Issue	Payments		Issued	Payments			
\$ 209,000	\$ 135,000	\$ 74,000	\$ -	\$ 74,000	\$ -	\$ -	\$ -
336,000	104,000	232,000	-	114,000	118,000	118,000	3,540
336,000	-	170,000	-	52,000	118,000	58,000	3,540
170,000	-	-	120,000	-	120,000	39,000	2,300
2,460,000	-	2,460,000	-	30,000	2,430,000	85,000	100,520
570,000	150,000	420,000	-	50,000	370,000	55,000	14,023
2,990,000	80,000	2,910,000	-	305,000	2,605,000	320,000	97,800
4,215,000	340,000	3,875,000	-	215,000	3,660,000	265,000	142,026
<u>11,286,000</u>	<u>809,000</u>	<u>10,141,000</u>	<u>120,000</u>	<u>840,000</u>	<u>9,421,000</u>	<u>940,000</u>	<u>363,749</u>
645,000	560,000	85,000	-	25,000	60,000	30,000	1,829
2,110,000	1,360,000	750,000	-	235,000	515,000	250,000	21,395
2,090,000	1,485,000	605,000	-	60,000	545,000	60,000	20,538
250,000	125,000	125,000	-	30,000	95,000	30,000	4,390
1,330,000	1,330,000	-	-	-	-	-	-
5,550,000	1,055,000	4,495,000	-	315,000	4,180,000	330,000	202,985
3,755,000	1,640,000	2,115,000	-	425,000	1,690,000	420,000	71,375
1,000,000	-	1,000,000	-	100,000	900,000	85,000	23,400
<u>16,730,000</u>	<u>7,555,000</u>	<u>9,175,000</u>	<u>-</u>	<u>1,190,000</u>	<u>7,985,000</u>	<u>1,205,000</u>	<u>345,912</u>
1,740,000	945,000	795,000	-	390,000	405,000	405,000	7,341
<u>1,740,000</u>	<u>945,000</u>	<u>795,000</u>	<u>-</u>	<u>390,000</u>	<u>405,000</u>	<u>405,000</u>	<u>7,341</u>
4,260,000	-	4,260,000	-	565,000	3,695,000	-	98,267
<u>\$ 34,016,000</u>	<u>\$ 9,309,000</u>	<u>\$ 24,371,000</u>	<u>\$ 120,000</u>	<u>\$ 2,985,000</u>	<u>\$ 21,506,000</u>	<u>\$ 2,550,000</u>	<u>\$ 815,269</u>

CITY OF LINO LAKES, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
December 31, 2011

Year of Levy/ Collection	Equipment Certificates of 2009A	Equipment Certificates of 2010A	Equipment Certificates of 2011A	Lease Revenue Bonds of 1998A	Public Project Refunding Bonds 1999C	G. O. Improvement Bonds of 2002A	G. O. Improvement Bonds of 2003B	G. O. Improvement Bonds of 2005A
2011/2012	\$ 127,617	\$ 64,617	\$ 43,365	\$ -	\$ -	\$ 8,385	\$ 21,917	\$ 566,722
2012/2013	-	64,890	42,851	-	-	-	20,248	569,609
2013/2014	-	-	43,481	-	-	-	23,781	566,197
2014/2015	-	-	-	-	-	-	-	567,247
2015/2016	-	-	-	-	-	-	-	572,497
2016/2017	-	-	-	-	-	-	-	571,184
2017/2018	-	-	-	-	-	-	-	574,072
2018/2019	-	-	-	-	-	-	-	574,907
2019/2020	-	-	-	-	-	-	-	579,639
2020/2021	-	-	-	-	-	-	-	-
2021/2022	-	-	-	-	-	-	-	-
2022/2023	-	-	-	-	-	-	-	-
2023/2024	-	-	-	-	-	-	-	-
	<u>\$ 127,617</u>	<u>\$ 129,507</u>	<u>\$ 129,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,385</u>	<u>\$ 65,946</u>	<u>\$ 5,142,074</u>

Exhibit 2

G. O. Improvement Refunding Bonds of 2005B	G. O. Tax Abatement Bonds 2006C	G. O. CIP Refunding Bonds 2006E	G. O. TIF Bonds 2007A	G.O. Improvement and Utility Revenue Refunding Bonds 2010A	Total
\$ 512,925	\$ 235,011	\$ 468,720	\$ 432,943	\$ 114,713	\$ 2,596,935
490,613	245,511	459,060	442,813	123,427	2,459,022
463,050	255,381	443,940	493,843	121,433	2,411,106
-	264,458	449,820	495,103	124,688	1,901,316
-	278,140	460,110	500,983	121,537	1,933,267
-	285,411	464,100	506,023	118,387	1,945,105
-	297,263	-	268,723	120,488	1,260,546
-	313,472	-	271,243	117,180	1,276,802
-	323,316	-	278,593	124,372	1,305,920
-	337,517	-	285,313	-	622,830
-	350,447	-	291,403	-	641,850
-	-	-	301,855	-	301,855
-	-	-	306,127	-	306,127
<u>\$ 1,466,588</u>	<u>\$ 3,185,927</u>	<u>\$ 2,745,750</u>	<u>\$ 4,874,965</u>	<u>\$ 1,086,225</u>	<u>\$ 18,962,681</u>

CITY OF LINO LAKES, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS
December 31, 2011

	Equipment Certificates 2009A	Equipment Certificates 2010A	Equipment Certificates 2011A	G. O. Improvement Bonds of 2002A	G. O. Improvement Bonds of 2002B	G. O. Improvement Refunding Bonds 2003A	G. O. Improvement Bonds 2003B
Bonds payable	\$ 118,000	\$ 118,000	\$ 120,000	\$ 60,000	\$ 515,000	\$ 545,000	\$ 95,000
Future interest payable	3,540	5,340	3,520	2,445	28,749	94,021	8,148
Totals	<u>\$ 121,540</u>	<u>\$ 123,340</u>	<u>\$ 123,520</u>	<u>\$ 62,445</u>	<u>\$ 543,749</u>	<u>\$ 639,021</u>	<u>\$ 103,148</u>
Payments to maturity:							
2012	\$ 121,540	\$ 61,540	\$ 41,300	\$ 31,830	\$ 271,395	\$ 80,537	\$ 34,390
2013	-	61,800	40,810	30,615	272,354	78,438	32,778
2014	-	-	41,410	-	-	81,088	35,980
2015	-	-	-	-	-	78,488	-
2016	-	-	-	-	-	80,788	-
2017	-	-	-	-	-	77,988	-
2018	-	-	-	-	-	79,994	-
2019	-	-	-	-	-	81,700	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
	<u>\$ 121,540</u>	<u>\$ 123,340</u>	<u>\$ 123,520</u>	<u>\$ 62,445</u>	<u>\$ 543,749</u>	<u>\$ 639,021</u>	<u>\$ 103,148</u>

Exhibit 3

G. O. Improvement Bonds 2005A	G. O. Improvement Refunding Bonds 2005B	G.O. Tax Abatement Bonds 2006C	G.O. Utility Revenue Bonds 2006D	G.O. CIP Refunding Bonds 2006E	G.O. TIF Bonds 2007A	G.O. Improvement and Utility Revenue Refunding Bonds 2010A
\$ 4,180,000	\$ 1,690,000	\$ 2,430,000	\$ 370,000	\$ 2,605,000	\$ 3,660,000	\$ 900,000
1,152,838	166,375	740,332	47,575	382,100	909,155	122,375
<u>\$ 5,332,838</u>	<u>\$ 1,856,375</u>	<u>\$ 3,170,332</u>	<u>\$ 417,575</u>	<u>\$ 2,987,100</u>	<u>\$ 4,569,155</u>	<u>\$ 1,022,375</u>
\$ 532,986	\$ 491,375	\$ 185,520	\$ 69,022	\$ 417,800	\$ 407,026	\$ 108,400
531,111	477,875	221,320	71,722	439,300	416,026	116,600
533,361	456,625	231,020	69,292	430,000	463,426	114,700
529,736	430,500	240,043	66,832	415,600	464,326	117,250
530,236	-	248,381	69,254	420,800	469,526	114,250
534,611	-	260,858	71,453	430,100	473,926	111,250
532,861	-	267,464	-	433,500	252,126	113,175
534,633	-	278,327	-	-	254,326	110,025
534,784	-	293,233	-	-	261,026	116,725
538,519	-	302,183	-	-	267,126	-
-	-	315,103	-	-	272,504	-
-	-	326,880	-	-	282,016	-
-	-	-	-	-	285,775	-
<u>\$ 5,332,838</u>	<u>\$ 1,856,375</u>	<u>\$ 3,170,332</u>	<u>\$ 417,575</u>	<u>\$ 2,987,100</u>	<u>\$ 4,569,155</u>	<u>\$ 1,022,375</u>

DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS (CONTINUED)

December 31, 2011

	G.O. Water Utility Revenue Refunding Bonds of 2006F	Note Payable - Anoka County - 2009A	Totals
Bonds payable	\$ 405,000	\$ 3,695,000	\$ 21,506,000
Future interest payable	7,341	1,267,407	4,941,261
Totals	<u>\$ 412,341</u>	<u>\$ 4,962,407</u>	<u>\$ 26,447,261</u>
Payments to maturity:			
2012	\$ 412,341	\$ 98,267	\$ 3,365,269
2013	-	132,558	2,923,307
2014	-	132,558	2,589,460
2015	-	495,558	2,838,333
2016	-	501,158	2,434,393
2017	-	506,158	2,466,344
2018	-	510,557	2,189,677
2019	-	518,408	1,777,419
2020	-	520,282	1,726,050
2021	-	526,092	1,633,920
2022	-	535,963	1,123,570
2023	-	484,848	1,093,744
2024	-	-	285,775
	<u>\$ 412,341</u>	<u>\$ 4,962,407</u>	<u>\$ 26,447,261</u>

CITY OF LINO LAKES, MINNESOTA
INSURANCE IN FORCE
 December 31, 2011

Exhibit 4

Coverage	Amount
General Liability:	
Bodily Injury/Property Damage	\$ 1,500,000
Personal Injury/Police Professional Liability	1,500,000
Fire Legal Liability	50,000
Medical Expense Occurrence Limit	1,000
Medical Expense Aggregate	10,000
Property Damage (\$500 Deductible)	
Property:	
Buildings and Contents (including Mobile and EDP - Electronic Equipment & Valuable Papers)	27,647,677
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	1,500,000
Comprehensive and Collision	Actual Cash Value
Uninsured motorists	200,000
Workmen's compensation	Statutory
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		Tax Capacity Values	
	2010/2011		2009/2010	
Taxable valuations:				
Total	\$	19,783,539	\$	22,070,825
Fiscal disparities:				
Distribution		2,932,332		2,833,602
Contribution		(1,576,375)		(1,697,800)
Less: Captured Tax Increment Value		(251,890)		(327,659)
	\$	<u>20,887,606</u>	\$	<u>22,878,968</u>
	Certified Levy	Tax Capacity Rate	Certified Levy	Tax Capacity Rate
Taxes Levied:				
Revenue	\$	7,719,240	\$	7,816,232
Bond and Interest		940,760		879,182
	\$	<u>8,660,000</u>	\$	<u>8,695,414</u>
Totals		<u>42.041</u>		<u>37.905</u>

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

III.
STATISTICAL
SECTION

Statistical Section (Unaudited)

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about overall financial health. The following are the categories of the various schedules that are included in this section.

Financial Trends

Tables 1-4

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

Revenue Capacity

Tables 5-8

These schedules contain information to help the reader assess the City's most significant revenue sources.

Debt Capacity

Tables 9-11

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

Demographic and Economic Information

Tables 12-13

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

Operating information

Tables 14-16

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

CITY OF LINO LAKES, MINNESOTA
NET ASSETS BY COMPONENT,
LAST NINE FISCAL YEARS
(accrual basis of accounting)

Table 1

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 25,993,905	\$ 28,807,262	\$ 25,460,528	\$ 29,549,174	\$ 36,789,153	\$ 28,472,865	\$ 23,400,453	\$ 22,562,217	\$ 24,600,103
Restricted	3,568,555	3,045,052	12,050,484	10,704,508	10,324,467	9,870,676	9,414,474	8,428,025	11,598,803
Unrestricted	15,668,226	16,249,541	13,577,071	14,516,466	6,339,528	10,790,359	15,926,322	16,738,885	13,463,210
Total governmental activities net assets	<u>\$ 45,230,686</u>	<u>\$ 48,101,855</u>	<u>\$ 51,088,083</u>	<u>\$ 54,770,148</u>	<u>\$ 53,453,148</u>	<u>\$ 49,133,900</u>	<u>\$ 48,741,249</u>	<u>\$ 47,729,127</u>	<u>\$ 49,662,116</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 25,537,383	\$ 26,713,498	\$ 28,342,832	\$ 29,485,942	\$ 29,836,775	\$ 30,372,670	\$ 30,071,840	\$ 29,648,461	\$ 29,216,866
Unrestricted	3,778,936	4,744,875	5,572,338	6,880,547	8,063,983	9,028,778	10,112,207	10,728,626	11,201,362
Total business-type activities net assets	<u>\$ 29,316,319</u>	<u>\$ 31,458,373</u>	<u>\$ 33,915,170</u>	<u>\$ 36,366,489</u>	<u>\$ 37,900,758</u>	<u>\$ 39,401,448</u>	<u>\$ 40,184,047</u>	<u>\$ 40,377,087</u>	<u>\$ 40,418,228</u>
Primary Government									
Invested in capital assets, net of related debt	\$ 51,531,288	\$ 55,520,760	\$ 53,803,360	\$ 59,035,116	\$ 66,625,928	\$ 58,845,535	\$ 53,472,293	\$ 52,210,678	\$ 53,816,969
Restricted	3,568,555	3,045,052	12,050,484	10,704,508	10,324,467	9,870,676	9,414,474	8,428,025	11,598,803
Unrestricted	19,447,162	20,994,416	19,149,409	21,397,013	14,403,511	19,819,137	26,038,529	27,467,511	24,664,572
Total primary government net assets	<u>\$ 74,547,005</u>	<u>\$ 79,560,228</u>	<u>\$ 85,003,253</u>	<u>\$ 91,136,637</u>	<u>\$ 91,353,906</u>	<u>\$ 88,535,348</u>	<u>\$ 88,925,296</u>	<u>\$ 88,106,214</u>	<u>\$ 90,080,344</u>

Note: The City began to report accrual information when it implemented GASB 34 in fiscal year 2003.

CITY OF LINO LAKES, MINNESOTA
CHANGES IN NET ASSETS,
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General Government	\$ 6,092,587	\$ 2,524,387	\$ 2,941,279	\$ 2,886,825	\$ 2,197,672	\$ 2,323,358	\$ 2,201,439
Public Safety	2,648,944	2,799,294	3,091,174	3,516,376	3,730,504	4,051,162	4,299,366
Public Services	1,162,412	7,254,708	9,187,436	3,871,968	10,580,560	7,608,626	4,027,553
Parks, Recreation and Forestry	932,113	1,196,096	799,335	1,162,458	1,357,133	919,948	1,313,560
Conservation of Natural Resources	111,946	116,869	150,092	156,592	183,420	184,624	215,607
Community Development	859,110	420,874	383,211	691,880	1,122,802	1,114,158	1,005,997
Interest on long-term debt	815,681	748,832	797,341	926,021	980,849	1,045,781	928,668
Total governmental activities expenses	<u>\$ 12,622,793</u>	<u>\$ 15,061,060</u>	<u>\$ 17,349,868</u>	<u>\$ 13,212,120</u>	<u>\$ 20,152,940</u>	<u>\$ 17,247,657</u>	<u>\$ 13,992,190</u>
Business-type activities:							
Water	\$ 968,458	\$ 914,039	\$ 876,592	\$ 976,575	\$ 1,170,902	\$ 1,020,770	\$ 1,089,569
Sewer	1,046,170	1,130,994	1,217,825	1,228,123	1,298,963	1,287,943	1,432,107
Total business-type activities	<u>2,014,628</u>	<u>2,045,033</u>	<u>2,094,417</u>	<u>2,204,698</u>	<u>2,469,865</u>	<u>2,308,713</u>	<u>2,521,676</u>
Total primary government expenses	<u>\$ 14,637,421</u>	<u>\$ 17,106,093</u>	<u>\$ 19,444,285</u>	<u>\$ 15,416,818</u>	<u>\$ 22,622,805</u>	<u>\$ 19,556,370</u>	<u>\$ 16,513,866</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General Government	\$ 102,520	\$ 122,861	\$ 111,480	\$ 88,924	\$ 91,646	\$ 79,844	\$ 101,741
Public Safety	964,034	1,049,858	998,210	844,514	1,078,995	1,296,418	725,747
Public Works	493,312	454,191	434,087	420,741	389,489	413,040	428,174
Parks, Recreation and Forestry	250,816	242,857	196,951	188,439	185,803	187,285	165,994
Conservation of Natural Resources	5,369	11,763	4,873	6,854	4,559	3,660	3,858
Community Development	28,210	28,952	26,985	20,530	15,839	11,623	8,667
Operating grants and contributions	633,691	677,079	761,924	643,749	851,791	693,065	682,797
Capital grants and contributions	4,536,567	7,515,238	10,128,024	5,963,204	7,189,346	1,094,789	1,357,015
Total governmental activities program revenues	<u>\$ 7,014,519</u>	<u>\$ 10,102,799</u>	<u>\$ 12,662,534</u>	<u>\$ 8,176,955</u>	<u>\$ 9,807,468</u>	<u>\$ 3,779,724</u>	<u>\$ 3,473,993</u>
Business-type activities:							
Charges for services:							
Water	\$ 1,064,326	\$ 979,075	\$ 1,031,175	\$ 1,175,172	\$ 1,215,763	\$ 1,058,493	\$ 1,365,817
Sewer	1,216,589	1,280,652	1,361,759	1,391,702	1,446,112	1,472,093	1,502,164
Operating grants and contributions	-	-	-	-	-	-	62,710
Capital grants and contributions	2,719,081	1,589,419	1,733,775	1,535,631	80,750	10,117	8,769
Total business-type activities program revenues	<u>4,999,996</u>	<u>3,849,146</u>	<u>4,126,709</u>	<u>4,102,505</u>	<u>2,742,623</u>	<u>2,540,703</u>	<u>2,939,460</u>
Total primary government program revenues	<u>\$ 12,014,515</u>	<u>\$ 13,951,945</u>	<u>\$ 16,789,243</u>	<u>\$ 12,279,460</u>	<u>\$ 12,550,093</u>	<u>\$ 6,320,427</u>	<u>\$ 6,413,453</u>
Net (Expense)/Revenue							
Governmental activities	\$ (5,608,274)	\$ (4,958,261)	\$ (4,687,334)	\$ (5,035,165)	\$ (10,345,472)	\$ (13,467,933)	\$ (10,518,197)
Business-type activities	2,985,368	1,804,113	2,032,292	1,897,807	272,760	231,990	417,784
Total primary government net expense	<u>\$ (2,622,906)</u>	<u>\$ (3,154,148)</u>	<u>\$ (2,655,042)</u>	<u>\$ (3,137,358)</u>	<u>\$ (10,072,712)</u>	<u>\$ (13,235,943)</u>	<u>\$ (10,100,413)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 6,847,470	\$ 6,630,279	\$ 7,383,415	\$ 8,269,944	\$ 8,785,280	\$ 9,424,697	\$ 9,808,324
Unrestricted grants and contributions	-	-	-	-	256,877	129,607	11,321
Unrestricted investment earnings	194,220	221,302	433,387	713,794	864,578	576,071	429,325
Gain on sale of capital assets	-	1,280,957	-	33,217	17,424	12,512	12,644
Miscellaneous	-	-	160,955	-	-	-	-
Transfers	(301,355)	(303,108)	(304,195)	(299,725)	(895,687)	(994,202)	(136,068)
Total governmental activities	<u>\$ 6,740,335</u>	<u>\$ 7,829,430</u>	<u>\$ 7,673,562</u>	<u>\$ 8,717,230</u>	<u>\$ 9,028,472</u>	<u>\$ 9,148,685</u>	<u>\$ 10,125,546</u>
Business-type activities:							
Unrestricted investment earnings	\$ 20,866	\$ 34,833	\$ 120,310	\$ 253,787	\$ 365,822	\$ 274,498	\$ 228,747
Transfers	301,355	303,108	304,195	299,725	895,687	994,202	136,068
Total business-type activities	<u>322,221</u>	<u>337,941</u>	<u>424,505</u>	<u>553,512</u>	<u>1,261,509</u>	<u>1,268,700</u>	<u>364,815</u>
Total primary government	<u>\$ 7,062,556</u>	<u>\$ 8,167,371</u>	<u>\$ 8,098,067</u>	<u>\$ 9,270,742</u>	<u>\$ 10,289,981</u>	<u>\$ 10,417,385</u>	<u>\$ 10,490,361</u>
Change in Net Assets							
Governmental activities	\$ 1,132,061	\$ 2,871,169	\$ 2,986,228	\$ 3,682,065	\$ (1,317,000)	\$ (4,319,248)	\$ (392,651)
Business-type activities	3,307,589	2,142,054	2,456,797	2,451,319	1,534,269	1,500,690	782,599
Total primary government change in net assets	<u>\$ 4,439,650</u>	<u>\$ 5,013,223</u>	<u>\$ 5,443,025</u>	<u>\$ 6,133,384</u>	<u>\$ 217,269</u>	<u>\$ (2,818,558)</u>	<u>\$ 389,948</u>

Note: The City began to report accrual information when it implemented GASB 34 in fiscal year 2003.

Table 2

[REDACTED]	
2010	2011
\$ 1,987,415	\$ 1,990,137
3,971,261	4,019,101
3,968,063	8,110,979
1,124,907	1,218,472
197,571	139,544
1,105,254	617,747
1,064,172	927,535
<u>\$ 13,418,643</u>	<u>\$ 17,023,515</u>
\$ 1,045,901	\$ 966,643
1,466,847	1,638,063
2,512,748	2,604,706
<u>\$ 15,931,391</u>	<u>\$ 19,628,221</u>
\$ 98,403	\$ 103,687
691,005	713,985
427,223	382,287
177,984	210,976
4,153	4,392
14,148	5,138
617,450	593,798
1,388,984	7,347,613
<u>\$ 3,419,350</u>	<u>\$ 9,361,876</u>
\$ 1,087,013	\$ 1,090,104
1,498,218	1,494,188
-	-
8,709	1,462
2,593,940	2,585,754
<u>\$ 6,013,290</u>	<u>\$ 11,947,630</u>
\$ (9,999,293)	\$ (7,661,639)
81,192	(18,952)
<u>\$ (9,918,101)</u>	<u>\$ (7,680,591)</u>
\$ 8,764,183	\$ 8,768,805
4,389	4,072
225,677	251,250
-	37,579
-	-
(7,078)	66,122
<u>\$ 8,987,171</u>	<u>\$ 9,127,828</u>
\$ 104,770	\$ 126,215
7,078	(66,122)
111,848	60,093
<u>\$ 9,099,019</u>	<u>\$ 9,187,921</u>
\$ (1,012,122)	\$ 1,466,189
193,040	41,141
<u>\$ (819,082)</u>	<u>\$ 1,507,330</u>

CITY OF LINO LAKES, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 3

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 120,727	\$ 133,921	\$ 142,492	\$ 148,652
Unreserved	4,232,291	4,775,969	5,067,973	5,300,156
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 4,353,018	\$ 4,909,890	\$ 5,210,465	\$ 5,448,808
All Other Governmental Funds				
Reserved reported in:				
Special Revenue Funds	\$ 2,430	\$ 1,759	\$ 1,718	\$ 1,763
Capital Projects Funds	1,946,617	1,946,618	957,112	957,112
Debt Service Funds	1,818,859	2,482,184	2,556,300	7,371,359
Permanent Funds	-	-	-	100,000
Unreserved reported in:				
Special Revenue Funds	25,200	32,704	57,616	74,716
Capital Projects Funds	6,317,650	5,406,014	6,241,408	7,348,375
Debt Service Funds	(612,943)	675,409	452,972	-
Permanent Funds	-	-	-	853
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 9,497,813	\$ 10,544,688	\$ 10,267,126	\$ 15,854,178
Total all funds	\$ 13,850,831	\$ 15,454,578	\$ 15,477,591	\$ 21,302,986

Table 3 (Continued)

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 153,009	\$ 181,759	\$ 190,825	\$ 196,568	\$ 181,471	\$ -
5,337,225	5,356,272	5,393,316	5,191,396	5,445,334	-
-	-	-	-	-	165,079
-	-	-	-	-	5,440,101
<u>\$ 5,490,234</u>	<u>\$ 5,538,031</u>	<u>\$ 5,584,141</u>	<u>\$ 5,387,964</u>	<u>\$ 5,626,805</u>	<u>\$ 5,605,180</u>
\$ 1,813	\$ 226,921	\$ 226,973	\$ 227,176	\$ 227,342	\$ -
957,112	885,825	812,400	736,772	658,875	-
3,992,952	3,925,402	3,405,272	3,457,349	2,986,102	-
100,000	100,000	100,000	100,000	100,000	-
82,385	100,955	106,573	93,956	110,471	-
5,525,508	8,395,827	5,927,411	11,611,835	12,537,841	-
-	-	-	(558,443)	(1,093,765)	-
5,378	17,023	22,224	15,824	12,676	-
-	-	-	-	-	906,010
-	-	-	-	-	2,658,010
-	-	-	-	-	110,568
-	-	-	-	-	10,808,268
-	-	-	-	-	(3,154,496)
<u>\$ 10,665,148</u>	<u>\$ 13,651,953</u>	<u>\$ 10,600,853</u>	<u>\$ 15,684,469</u>	<u>\$ 15,539,542</u>	<u>\$ 11,328,360</u>
<u>\$ 16,155,382</u>	<u>\$ 19,189,984</u>	<u>\$ 16,184,994</u>	<u>\$ 21,072,433</u>	<u>\$ 21,166,347</u>	<u>\$ 16,933,540</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Property Taxes	\$ 6,243,200	\$ 6,687,516	\$ 6,523,938	\$ 7,230,287	\$ 8,103,263
Licenses and Permits	913,498	766,524	867,909	812,172	581,582
Intergovernmental	858,816	2,011,285	2,419,531	1,808,111	1,818,519
Special Assessments	2,050,015	2,812,386	1,587,510	1,769,821	2,901,100
Charges for Services	611,414	658,370	639,565	601,548	687,551
Fines and Forfeits	100,393	97,223	106,053	100,980	101,518
Investment Earnings	447,182	194,049	221,303	433,385	713,795
Miscellaneous	710,513	677,823	782,179	948,009	716,692
Total revenues	11,935,031	13,905,176	13,147,988	13,704,313	15,624,020
Expenditures					
Current:					
General Government	2,893,683	5,808,015	2,261,908	2,701,731	2,614,303
Public Safety	2,463,004	2,609,171	2,798,013	3,099,032	3,314,159
Public Works	1,245,451	1,770,649	5,126,578	7,071,322	7,755,727
Parks, Recreation and Forestry	952,039	969,597	954,945	1,111,301	1,076,727
Conservation of Natural Resources	111,880	114,580	115,631	140,334	143,653
Community Development	-	-	-	-	683,036
Capital outlay	1,057,099	622,218	515,287	464,553	835,770
Debt Service					
Principal	2,851,332	1,684,450	1,960,000	2,016,000	2,155,000
Interest and fiscal charges	1,030,395	865,638	798,405	838,950	1,011,157
Construction/Acquisition	1,833,592	229,321	-	-	-
Total expenditures	14,438,475	14,673,639	14,530,767	17,443,223	19,589,532
Excess (deficiency) of revenues over expenditures	(2,503,444)	(768,463)	(1,382,779)	(3,738,910)	(3,965,512)
Other Financing Sources (Uses)					
Sale of Property	-	-	1,280,957	280,269	28,818
Proceeds from Issuance of Debt	2,878,201	2,673,565	1,604,000	9,412,000	6,327,000
Premium on Bonds Issued	-	-	-	176,231	450
Discount on Bonds Issued	-	-	(6,057)	-	(13,635)
Payment to Refunded Bond Escrow Agent	-	-	(1,170,000)	-	(7,225,000)
Loan Payable Reapportionment	-	-	-	-	-
Transfer In	851,472	1,120,223	5,283,306	2,651,469	5,811,452
Transfer Out	(1,155,547)	(1,421,578)	(5,586,414)	(2,955,664)	(6,111,177)
Total other financing sources (uses)	2,574,126	2,372,210	1,405,792	9,564,305	(1,182,092)
Net change in fund balances	\$ 70,682	\$ 1,603,747	\$ 23,013	\$ 5,825,395	\$ (5,147,604)
Debt service as a percentage of noncapital expenditures	33.6%	18.4%	19.7%	16.8%	16.9%

Table 4 (Continued)

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	8,529,846	\$	9,095,085	\$	9,561,570	\$	8,647,488	\$	8,655,971
	694,435		802,135		307,714		330,138		322,030
	6,143,689		1,004,476		1,259,016		1,176,863		1,331,914
	1,961,253		950,188		968,995		851,270		904,522
	753,698		872,534		778,163		780,044		812,604
	139,932		133,531		111,807		127,203		154,020
	864,578		576,071		429,325		225,677		251,244
	889,901		516,415		513,306		502,992		460,710
	<u>19,977,332</u>		<u>13,950,435</u>		<u>13,929,896</u>		<u>12,641,675</u>		<u>12,893,015</u>
	1,953,960		2,058,267		1,918,246		1,730,390		1,773,515
	3,513,460		3,806,389		4,122,352		3,798,106		3,791,329
	8,446,911		5,542,308		1,965,640		1,902,411		2,192,732
	1,103,021		1,033,260		1,106,006		945,821		1,059,191
	183,346		183,024		209,466		185,232		134,122
	1,107,328		1,113,232		1,005,095		1,098,682		624,286
	2,008,073		585,875		501,806		282,938		4,209,593
	1,973,000		1,749,000		1,908,000		1,866,000		2,030,000
	937,895		1,074,052		994,809		1,042,883		983,129
	-		-		-		-		-
	<u>21,226,994</u>		<u>17,145,407</u>		<u>13,731,420</u>		<u>12,852,463</u>		<u>16,797,897</u>
	<u>(1,249,662)</u>		<u>(3,194,972)</u>		<u>198,476</u>		<u>(210,788)</u>		<u>(3,904,882)</u>
	54,037		13,750		35,700		20,600		50,953
	4,375,000		209,000		4,596,000		1,170,000		120,000
	-		-		11,141		10,980		-
	(25,798)		-		-		-		-
	-		-		-		(965,000)		-
	-		-		-		-		(565,000)
	2,900,249		4,763,391		1,413,985		1,195,747		2,971,715
	<u>(3,019,224)</u>		<u>(4,796,159)</u>		<u>(1,367,863)</u>		<u>(1,127,625)</u>		<u>(2,905,593)</u>
	<u>4,284,264</u>		<u>189,982</u>		<u>4,688,963</u>		<u>304,702</u>		<u>(327,925)</u>
\$	<u>3,034,602</u>	\$	<u>(3,004,990)</u>	\$	<u>4,887,439</u>	\$	<u>93,914</u>	\$	<u>(4,232,807)</u>
	15.1%		27.6%		22.7%		23.7%		18.6%

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
2002	\$ 9,179,811	\$ 1,202,560	\$ 246,594	\$ 10,628,965	\$ 53.08
2003	10,649,345	1,487,554	251,016	12,387,915	47.60
2004	12,252,347	1,982,146	259,194	14,493,687	42.29
2005	14,055,076	2,290,829	274,956	16,620,861	42.22
2006	15,825,619	2,740,583	271,665	18,837,867	41.40
2007	17,605,080	3,047,965	288,290	20,941,335	38.99
2008	18,382,645	3,431,107	279,102	22,092,854	38.97
2009	18,919,087	4,002,349	275,496	23,196,932	38.73
2010	17,978,917	3,800,004	291,904	22,070,825	37.91
2011	16,214,698	3,223,901	303,964	19,742,563	42.04

Source: Anoka County, Minnesota Assessors' Office

CITY OF LINO LAKES, MINNESOTA

Table 6

Direct and Overlapping Property Tax Rates

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	Redevelopment Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts	Total Overlapping	
2002	\$ 43.940	\$ 9.144		\$ 53.084	\$ 37.828	\$ 37.976	\$ 5.913	\$ 81.717	\$ 134.801
2003	40.268	7.335		47.603	37.467	37.714	7.050	82.231	129.834
2004	36.302	5.985		42.287	36.649	35.221	6.373	78.243	120.530
2005	36.838	5.385		42.223	37.486	33.080	6.696	77.262	119.485
2006	36.044	5.354		41.398	40.253	32.096	6.479	78.828	120.226
2007	34.356	4.638		38.994	38.090	30.696	5.578	74.364	113.358
2008	34.560	4.407		38.967	35.258	31.078	6.956	73.292	112.259
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

Source: Anoka County Property Records and Tax Division

Notes:

The majority of Lino Lakes is served by Independent School District No. 12.

Rates for debt service are based on each year's requirements.

CITY OF LINO LAKES, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

Table 7

Taxpayer	2011			2002		
	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
Target Corporation	\$ 241,894	1	1.22 %	\$ -		- %
Lino Lakes Realty LLC	227,648	2	1.15	-		-
Xcel Energy	152,398	3	0.77	129,316	1	0.99
Moline Concrete Products	140,306	4	0.71	85,888	4	0.66
Kohl's Department Store	130,194	5	0.66	-		-
Taylor Corporation	111,778	6	0.57	96,938	2	0.74
Gargaro Properties LLC	97,920	7	0.49	-		-
EOC Lino Lakes LLC	96,246	8	0.49	-		-
Marmon/Keystone Corp	89,250	9	0.45	-		-
Royal Oaks Realty Inc	79,789	10	0.40	-		-
Lino Lakes Business Center	-		-	93,570	3	0.72
Individual	-		-	72,200	5	0.55
F&G Incorporated	-		-	62,078	6	0.48
Anoka Electric Cooperative	-		-	41,040	7	0.32
Minnegasco, Inc.	-		-	40,446	8	0.31
Northern Development LLC	-		-	39,958	9	0.30
DJT Properties, LLC	-		-	29,536	10	0.23
Total	\$ 1,367,423		6.91 %	\$ 690,970		5.30 %

Source: Anoka County

CITY OF LINO LAKES, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS.
LAST TEN FISCAL YEARS

Table 8

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
2002	\$ 4,885,509	\$ 1,016,649	\$ 5,902,158	\$ 5,847,692	99.1%
2003	5,180,932	943,689	6,124,621	6,062,273	99.0%
2004	5,623,542	927,078	6,550,620	6,145,419	93.8%
2005	6,342,211	927,091	7,269,302	6,881,838	94.7%
2006	7,042,626	934,281	7,976,907	7,594,019	95.2%
2007	7,558,995	897,333	8,456,328	8,324,180	98.4%
2008	7,973,236	893,720	8,866,956	8,581,974	96.8%
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%

Notes:

Current year levies and collections include State levy related credits (HACA and Market Value Credit). Does not include tax increment levies and collections.

Table 8 (Continued)

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$ 56,678	\$ 5,904,370	100.0%	\$ -	0.0%
87,237	6,149,510	100.0%	-	0.0%
48,417	6,193,836	100.0%	356,784	5.4%
56,188	6,938,026	95.4%	331,276	4.6%
61,568	7,655,587	96.0%	321,320	4.0%
101,847	8,426,027	99.6%	30,301	0.4%
108,474	8,690,448	98.0%	176,508	2.0%
106,254	9,089,010	98.3%	155,328	1.7%
-	8,400,439	96.6%	294,975	3.4%
-	8,486,845	98.0%	173,155	2.0%

CITY OF LINO LAKES, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government
	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	General Obligation Revenue Bonds	
2002	\$ 6,244,450	\$ 11,640,000	\$ -	\$ 3,220,000	\$ 21,104,450
2003	6,030,000	12,840,000	-	2,970,000	21,840,000
2004	5,764,000	11,580,000	-	2,705,000	20,049,000
2005	5,335,000	19,405,000	-	2,425,000	27,165,000
2006	7,177,000	13,940,000	-	4,410,000	25,527,000
2007	11,569,000	12,520,000	-	1,855,000	25,944,000
2008	11,184,000	11,365,000	-	1,530,000	24,079,000
2009	10,712,000	10,265,000	4,260,000	1,170,000	26,407,000
2010	10,141,000	9,175,000	4,260,000	795,000	24,371,000
2011	9,421,000	7,985,000	3,695,000	405,000	21,506,000

Notes:

Details regarding the District'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.

Table 9 (Continued)

Less: Amounts Available in Debt Service Funds		Net Bonded Debt	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$	1,818,859	\$ 19,285,591	0.60	3.57	\$ 1,224
	2,482,184	19,357,816	0.48	3.38	1,113
	2,556,300	17,492,700	0.40	2.91	975
	7,371,359	19,793,641	0.35	3.09	1,078
	3,992,952	21,534,048	0.41	3.13	1,150
	3,925,402	22,018,598	0.60	3.13	1,118
	3,405,272	20,673,728	0.55	2.77	1,048
	3,457,349	22,949,651	0.50	N/A	1,156
	2,986,102	21,384,898	0.48	N/A	1,070
	2,638,129	18,867,871	0.44	N/A	929

CITY OF LINO LAKES, MINNESOTA

Table 10

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2011

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Anoka County	\$ 150,438,506	6.6%	\$ 9,962,720
ISD 12	82,525,000	48.0%	39,609,047
ISD 624	108,130,000	3.5%	3,806,186
ISD 831	32,920,000	7.7%	2,544,506
Metropolitan Council	213,645,000	0.6%	1,330,641
Anoka County Railroad Authority	29,285,000	6.6%	<u>1,939,385</u>
Total Overlapping			59,192,485
 City of Lino Lakes Direct Debt	 \$ 21,506,000	 100%	 <u>21,506,000</u>
 Total Direct and Overlapping Debt:			 <u><u>\$ 80,698,485</u></u>

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

Notes: 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.

Determined by ratio of net tax capacity (after fiscal disparities and tax increment adjustment) of property subject to taxation in overlapping unit to valuation of property subject to taxation in City.

CITY OF LINO LAKES, MINNESOTA
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 11



	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 20,688,642	\$ 25,024,436	\$ 28,616,070	\$ 30,698,674
Total net debt applicable to limit	<u>5,479,450</u>	<u>5,350,000</u>	<u>5,169,000</u>	<u>4,845,000</u>
Legal debt margin	<u>\$ 15,209,192</u>	<u>\$ 19,674,436</u>	<u>\$ 23,447,070</u>	<u>\$ 25,853,674</u>
Total net debt applicable to the limit as a percentage of debt limit	26.49%	21.38%	18.06%	15.78%

Table 11

Legal Debt Margin Calculation for Fiscal Year 2011

Market value	\$ 1,804,121,500
Debt limit (3% of market value)	54,123,645
Debt applicable to limit	<u>2,961,000</u>
Legal debt margin	<u><u>\$ 51,162,645</u></u>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 34,686,356	\$ 38,556,150	\$ 60,658,830	\$ 64,036,746	\$ 60,056,688	\$ 54,123,645
<u>4,332,000</u>	<u>4,039,000</u>	<u>3,804,000</u>	<u>3,642,000</u>	<u>3,386,000</u>	<u>2,961,000</u>
<u><u>\$ 30,354,356</u></u>	<u><u>\$ 34,517,150</u></u>	<u><u>\$ 56,854,830</u></u>	<u><u>\$ 60,394,746</u></u>	<u><u>\$ 56,670,688</u></u>	<u><u>\$ 51,162,645</u></u>
12.49%	10.48%	6.27%	5.69%	5.64%	5.47%

CITY OF LINO LAKES, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Table 12

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2002	17,942	\$ 572,099	\$ 31,886	6,985	4.3
2003	18,368	600,266	32,680	6,992	5.0
2004	18,725	640,170	34,188	6,956	4.6
2005	19,698	686,968	34,875	6,934	3.8
2006	19,736	703,983	35,670	6,986	4.1
2007	19,851	745,901	37,575	6,874	4.8
2008	19,987	774,376	38,744	6,754	6.9
2009	20,305	N/A	N/A	6,722	7.8
2010	20,400	N/A	N/A	6,621	7.1
2011	20,300	N/A	N/A	6,426	5.9

Source:

- (1) Estimates from Metropolitan Council, except for 2010 which is per the U.S. Census & 2011 which is 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**
- (4) Information from MN Department of Employment and Economic Development - Anoka County statistics used as local information is unavailable**

Note: Information not available is marked N/A

CITY OF LINO LAKES, MINNESOTA
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO

Table 13

Employer	2011			2002		
	Employees	Rank	(1) Percentage of Total Employment	Employees	Rank	(1) Percentage of Total Employment
State of Minnesota Corrections	432	1	N/A %	600	1	N/A %
ISD 12 - Centennial Schools	362	2	N/A	-	-	N/A
Target Corporation	260	3	N/A	-	-	N/A
Curtis 1000	130	4	N/A	-	-	N/A
Kohls	121	5	N/A	160	3	N/A
Molin Concrete Products	120	6	N/A	135	5	N/A
YMCA	120	7	N/A	-	-	N/A
Rehbein Transit, Inc.	100	8	N/A	130	6	N/A
Anoka County Juvenile Center	86	9	N/A	160	3	N/A
Nol-Tech Systems, Inc.	70	10	N/A	57	10	N/A
City of Lino Lakes	-	-	-	67	8	N/A
AdGraphics	-	-	-	300	2	-
Custom Manufacturing	-	-	-	60	9	-
Summit Fire Protection	-	-	-	120	7	-
Total	1,801		- %	1,789		- %

Source: City of Lino Lakes Official Statements

Notes:

(1) = While information was obtainable for the largest employers within the City of Lino Lakes, information on the total employment within the City was not available.

CITY OF LINO LAKES, MINNESOTA

Table 14

Full-time-Equivalent Employees by Type
Last Ten Fiscal Years

	2002	2003	2004	2005	2006
General Government					
Administration	5.00	5.00	5.00	5.00	5.00
Seniors	0.63	0.63	0.63	0.63	0.63
Finance	3.50	3.50	3.50	3.50	3.50
Economic Development	1.75	1.00	1.00	1.00	1.00
Planning	2.00	2.00	2.00	2.00	2.00
Community Development	2.00	2.00	2.00	2.75	2.75
Engineering	-	-	-	-	-
Building	1.00	1.00	1.00	1.00	1.00
Other	0.55	0.55	0.55	1.15	1.15
Total General Government	<u>16.43</u>	<u>15.68</u>	<u>15.68</u>	<u>17.03</u>	<u>17.03</u>
Public Safety					
Officers	22.00	22.00	22.00	25.00	26.00
Civilians	4.00	4.00	4.00	4.75	4.75
Building Inspection	4.00	4.00	4.00	4.25	4.25
Total Public Safety	<u>30.00</u>	<u>30.00</u>	<u>30.00</u>	<u>34.00</u>	<u>35.00</u>
Public Works					
Streets	5.85	5.85	5.85	6.35	6.85
Other	1.15	1.15	1.15	1.15	1.15
Total Public Works	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.50</u>	<u>8.00</u>
Parks, Recreation and Forestry	9.15	9.15	9.15	9.05	9.55
Water	2.15	2.15	2.15	2.15	2.15
Sewer	2.15	2.15	2.15	2.15	2.15
Total	<u><u>66.88</u></u>	<u><u>66.13</u></u>	<u><u>66.13</u></u>	<u><u>71.88</u></u>	<u><u>73.88</u></u>

Source: City Finance Office

Table 14 (Continued)

2007	2008	2009	2010	2011
5.00	5.00	5.00	4.00	3.50
0.63	0.63	0.63	0.63	-
3.50	3.50	3.50	3.00	3.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	1.00
2.75	2.75	2.75	2.25	2.00
-	-	-	-	-
1.00	1.00	1.00	1.00	-
1.40	1.40	1.40	1.40	0.70
<u>17.28</u>	<u>17.28</u>	<u>17.28</u>	<u>15.28</u>	<u>11.20</u>
26.00	27.00	27.00	27.00	25.00
4.75	4.75	4.75	4.25	4.00
4.25	4.25	4.25	2.75	2.50
<u>35.00</u>	<u>36.00</u>	<u>36.00</u>	<u>34.00</u>	<u>31.50</u>
7.35	7.35	7.35	6.85	7.00
1.15	1.15	1.15	1.15	1.00
<u>8.50</u>	<u>8.50</u>	<u>8.50</u>	<u>8.00</u>	<u>8.00</u>
9.80	9.80	9.80	9.30	9.00
2.15	2.15	2.15	2.15	2.15
2.15	2.15	2.15	2.15	2.15
<u>74.88</u>	<u>75.88</u>	<u>75.88</u>	<u>70.88</u>	<u>64.00</u>

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

Table 15

Function/Program	Fiscal Year			
	2002	2003	2004	2005
General Government				
Elections	2	1	2	1
Registered voters	9,423	9,911	11,718	11,035
Number of votes cast	8,291	4,650	10,147	5,288
Voter participation (registered)	88.0%	46.9%	86.6%	47.9%
Public Safety				
Police:				
Calls for Service	7,318	7,668	7,538	7,766
Traffic Citations & Warnings	2,611	2,564	3,258	3,631
Part I Crimes	404	370	316	257
Part II Crimes	1,259	1,004	644	591
Inspections:				
Building Permits (1)	860	826	835	837
Inspections	N/A	N/A	N/A	N/A
Value of Building Permits	\$53,977,610	\$55,864,076	\$61,579,910	\$53,686,592
Public Works				
General Maintenance (hours)	N/A	2,656	3,263	6,014
Street Maintenance (hours)	N/A	4,082	3,533	3,106
Fleet Maintenance (hours)	N/A	3,780	3,804	4,440
Snow Plowing/Sanding (hours)	N/A	1,020	855	1,003
Culture and Recreation				
Parks:				
Park Maintenance (hours)	N/A	N/A	10,210	10,577
Utilities				
Water Maintenance (hours)	N/A	N/A	4,349	3,904
Sanitary Sewer Maintenance (hours)	N/A	N/A	3,347	4,092

Source: Various City Departments

Notes:

Information not available is labeled N/A.

(1) 1,565 and 4,337 repair permits issued in 2007 and 2008, respectively, due to storm damage.

Table 15 (Continued)

Fiscal Year					
2006	2007	2008	2009	2010	2011
2	1	2	1	2	1
11,618	10,908	12,723	11,805	12,284	11,705
8,284	2,337	11,051	4,354	8,545	4,314
71.3%	21.4%	86.9%	36.9%	69.6%	36.9%
7,418	7,208	7,318	6644	6575	6360
5,958	3,796	3,304	3180	2744	2599
292	250	305	215	225	221
649	671	1,191	630	667	656
686	2,297	5,041	1,535	509	509
N/A	N/A	N/A	N/A	N/A	N/A
\$42,078,007	\$30,539,559	\$15,852,780	\$ 9,586,160	\$ 11,295,493	\$ 11,295,493
5,692	6,758	6,129	5,870	4,945	7,416
3,631	2,916	3,851	3,267	3,099	4,352
4,460	4,144	5,043	4,782	4,850	4,214
867	1,425	1,353	950	1,638	1,534
10,368	10,939	11,136	12,406	9,257	9,813
4,387	4,256	5,716	5,041	3,560	3,568
3,347	4,148	3,760	3,486	3,531	3,557

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

Table 16

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol Units	9	9	10	11	12
Fire (Joint Powers):					
Stations in City	1	1	1	1	1
Fire Trucks	4	4	4	4	5
Public Works					
Lights	486	489	489	559	673
Vehicles	28	28	29	29	29
City Streets (miles)	93.2	93.8	94.3	95.5	96.0
Culture and Recreation					
Parks:					
Parks	18	19	19	18	18
Park Acres	138	142	142	141	141
Trails (miles)	14	18	18	19	20
Park Shelters	4	4	5	5	7
Basketball Courts	5	6	6	6	6
Fishing Pier	1	1	1	1	1
Skating Rinks	4	4	4	4	4
Soccer Fields	8	8	8	8	8
Baseball/Softball Fields	18	18	18	18	20
Tennis Courts	2	2	2	2	2
Playgrounds	16	17	17	17	16
Water					
Distribution System (miles)	42.5	46.2	48.2	50.8	51.1
Water Connections	3,433	3,548	3,738	3,957	4,090
Gallons Pumped (millions)	358	518	474	475	565
Number of Fire Hydrants	409	452	490	523	558
Water Tower Capacity (millions gallons)	2	2	2	2	2
Sanitary Sewer					
Collection System (miles)	51.3	59.2	61.4	63.5	63.3
Sewer Connections	3,636	3,763	3,960	4,142	4,282
Storm Sewer					
Pipe (miles)	29.8	31.3	31.9	33.1	34.1

Source: Various City Departments

Table 16 (Continued)

Fiscal Year					
2007	2008	2009	2010	2011	
1	1	1	1	1	1
12	12	12	12	12	12
1	1	1	1	1	1
5	5	5	5	5	5
673	673	673	673	673	673
29	29	29	29	29	29
96.1	96.1	96.1	96.1	96.1	96.1
18	18	18	18	18	18
141	141	141	141	141	141
29	29	29	29	29	29
7	7	7	7	7	6
6	6	6	6	6	6
1	1	1	1	1	1
4	4	4	4	4	4
8	8	8	8	8	8
20	20	20	20	20	20
2	2	2	2	2	2
16	16	16	16	16	16
51.5	51.5	51.5	51.5	51.5	51.5
4,112	4,247	4,340	4,382	4,382	4,424
595	590	589	498	498	492
558	558	558	558	558	558
2	2	2	2	2	2
64.5	64.5	64.5	64.5	64.5	64.5
4,428	4,447	4,486	4,530	4,530	4,567
34.3	34.3	34.3	34.3	34.3	34.3