

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

**FOR THE YEAR ENDED
December 31, 2021**

**Prepared By: Finance Department
Hannah Lynch, Director of Finance**

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CITY OF LINO LAKES, MINNESOTA
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INTRODUCTORY SECTION

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June 2, 2022

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 annual comprehensive financial report of the City of Lino Lakes, Minnesota for the fiscal year ended December 31, 2021.

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

The City of Lino Lakes' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021, 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.

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

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of Anoka County. It covers an area of 33 square miles and had a population of 21,399 as of the 2020 census. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 27.4% 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 and for overseeing the day-to-day operations of the City. The City council is elected at-large on a non-partisan basis, with council members serving four-year terms and the mayor serving a two-year term. Elections are held every two years with two council seats and the mayor being up for election each election cycle.

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

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All departments 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 30. The budget amounts cannot increase beyond the estimated receipts except to the extent that actual receipts exceed the estimate. Department directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. A budget-to-actual comparison for the General Fund, the only fund for which an annual budget has been adopted, is provided in Statement 10.

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. Infrastructure investments made by the City in the late 2000's and early 2010's in anticipation of a strengthening economy, are leading to continued residential, commercial and industrial growth. Completion of the 35E/CSAH 14 interchange has spurred residential, commercial and industrial development along this corridor. The City's largest residential development, the 864 lot Watermark project, is currently under construction in the northeast quadrant. Commercial interest continues to grow with the expansion of the Main Street Shoppes, Otter Crossing, and Belland Farms developments in the northeast quadrant.

Factors Affecting Financial Condition (Continued)

The 35E corridor also gained additional attention through a partnership with Anoka and Washington Counties, neighboring cities, and Connexus Energy, to establish the Minnesota Technology Corridor. Over 1,000 acres are available along the corridor with strong transportation, fiber and utility infrastructure to serve the growing data and tech fields

Overall, the City continued to see substantial development activity in 2021. 263 new residential construction permits were issued. Total building permit valuation was approximately \$91 million. These represent both the highest residential permit numbers in over 20 years and the highest new construction valuation on record. Approximately \$75 million was related to residential construction.

Long-term financial planning. The City's current five-year capital plan identifies street and utility improvements totaling \$62 million over the five-year period. These improvements are anticipated to be funded through a number of funding sources, including special assessments, municipal state aid road funds, the area and unit trunk fund, the stormwater management fund, water and sewer operating funds, and general fund tax levies. This plan is in the process of being revised to reflect the anticipated activity through the year 2027. In addition, the City's five-year financial plan includes funding projections for operations and operating impacts for a five-year period.

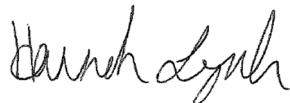
Awards and Acknowledgements

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 annual comprehensive financial report for the year ended December 31, 2020. This marks the twenty-sixth consecutive year the City has received this prestigious award. A governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which conform to program requirements. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is submitting the 2021 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the Certificate program.

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

Respectfully submitted,



Hannah Lynch
Director of Finance

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lino Lakes
Minnesota**

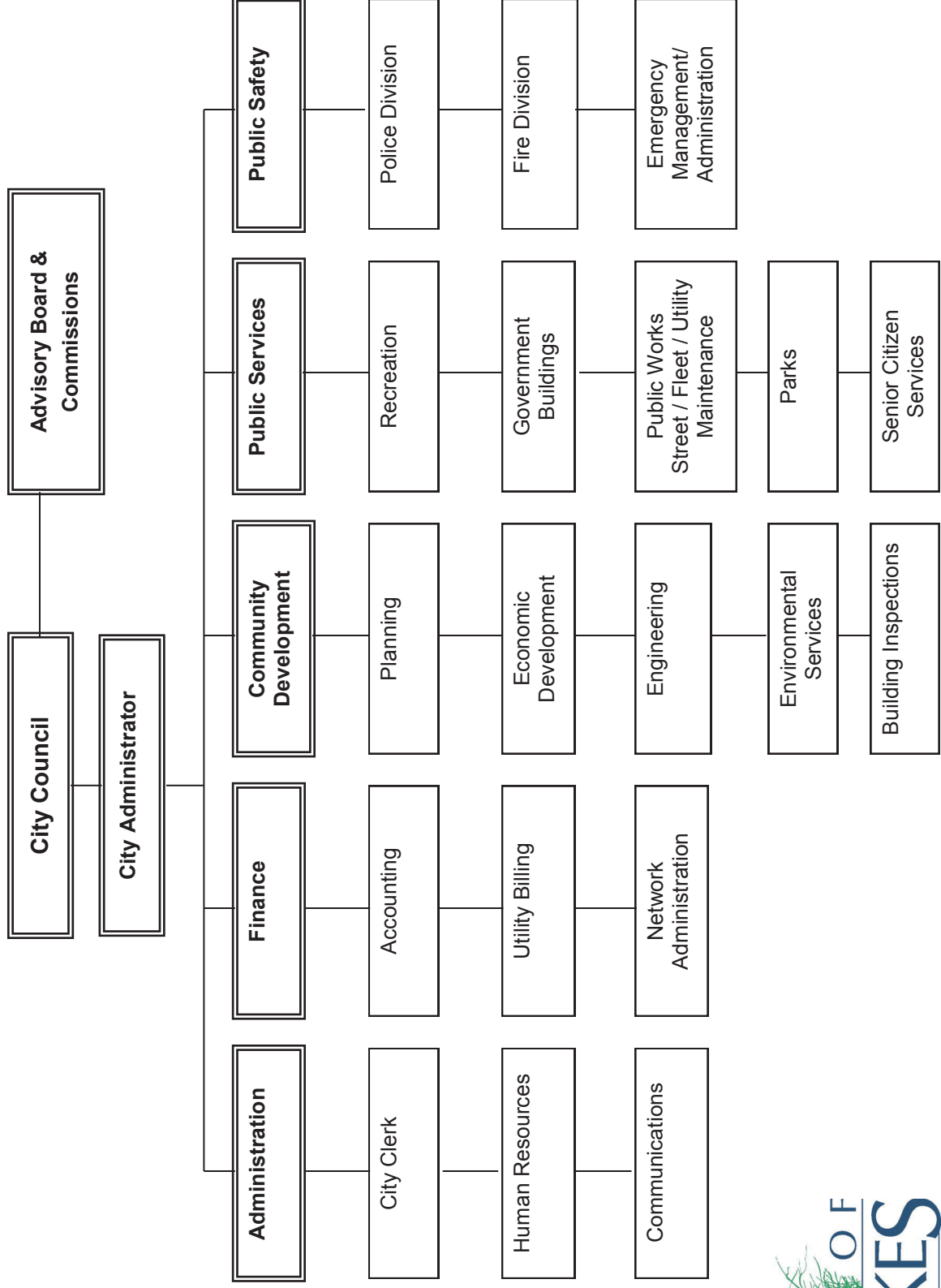
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrell

Executive Director/CEO

City of Lino Lakes Organizational Chart



CITY OF LINO LAKES, MINNESOTA

PRINCIPAL CITY OFFICIALS

December 31, 2021

		<u>Term Expires</u>
Mayor:	Rob Rafferty	December 31, 2023
Councilmembers:	Dale Stoesz	December 31, 2025
	Tony Cavegn	December 31, 2025
	Chris Lyden	December 31, 2023
	Michael Ruhland	December 31, 2023
City Administrator:	Sarah Cotton	Appointed
Directors:		
Community Development	Michael Grochala	Appointed
Finance	Hannah Lynch	Appointed
Public Safety	John Swenson	Appointed
Public Services	Richard DeGardner	Appointed

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lino Lakes, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lino Lakes, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lino Lakes, Minnesota's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2022 on our consideration of the City of Lino Lakes, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lino Lakes, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$134,843,980 (net position). Of this amount, \$38,401,016 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$11,330,390.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,927,326, an increase of \$1,807,202. Of this amount, \$8,437,406 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the general fund balance was \$8,147,750. Unassigned fund balance for the general fund was \$7,719,761, or 68% of total general fund expenditures and other financing uses.

Total outstanding debt decreased by \$1,300,970 during 2021. General Obligation Bonds totaling \$1,815,000 were issued, while regularly scheduled principal payments were made during the year.

Overview of the Financial Statements

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

Management's Discussion and Analysis

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and

Management's Discussion and Analysis

governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule is presented as statement 10.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following statement 9.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented as statements 18 through 25.

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,843,980 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$82,553,714, or 61%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lino Lakes' Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$48,102,801	\$44,476,092	\$16,979,300	\$16,571,768	\$65,082,101	\$61,047,860
Capital assets	61,128,255	55,151,912	43,566,016	43,366,197	104,694,271	98,518,109
Total assets	<u>\$109,231,056</u>	<u>\$99,628,004</u>	<u>\$60,545,316</u>	<u>\$59,937,965</u>	<u>\$169,776,372</u>	<u>\$159,565,969</u>
Deferred outflows of resources	<u>\$4,538,110</u>	<u>\$1,995,741</u>	<u>\$177,865</u>	<u>\$31,725</u>	<u>\$4,715,975</u>	<u>\$2,027,466</u>
Liabilities:						
Long-term liabilities outstanding	\$27,292,908	\$30,637,047	\$342,614	\$398,988	\$27,635,522	\$31,036,035
Other liabilities	4,881,735	3,722,743	151,737	123,285	5,033,472	3,846,028
Total liabilities	<u>\$32,174,643</u>	<u>\$34,359,790</u>	<u>\$494,351</u>	<u>\$522,273</u>	<u>\$32,668,994</u>	<u>\$34,882,063</u>
Deferred inflows of resources	<u>\$6,742,161</u>	<u>\$3,170,706</u>	<u>\$237,212</u>	<u>\$27,076</u>	<u>\$6,979,373</u>	<u>\$3,197,782</u>
Net position:						
Net investment in capital assets	\$38,987,698	\$31,960,308	\$43,566,016	\$43,366,197	\$82,553,714	\$75,326,505
Restricted	13,889,250	13,446,203	-	-	13,889,250	13,446,203
Unrestricted	21,975,414	18,686,738	16,425,602	16,054,144	38,401,016	34,740,882
Total net position	<u>\$74,852,362</u>	<u>\$64,093,249</u>	<u>\$59,991,618</u>	<u>\$59,420,341</u>	<u>\$134,843,980</u>	<u>\$123,513,590</u>

\$13,889,250 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$38,401,016) may be used to meet ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis

The City's net position increased by \$11,330,390 during 2021. Key elements of this increase are as follows:

City of Lino Lakes' Changes in Net Position

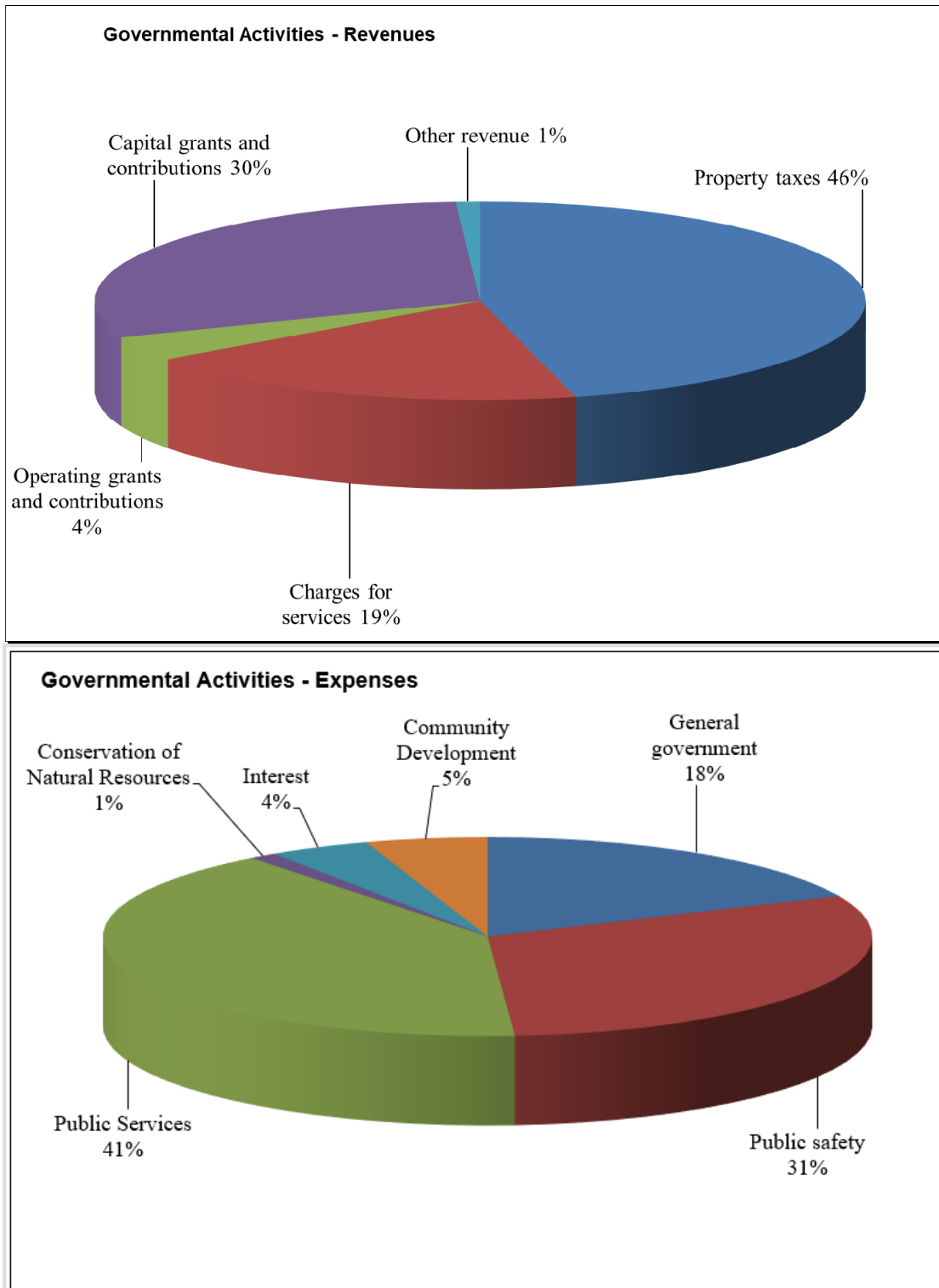
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$5,109,267	\$2,929,965	\$3,575,330	\$3,144,790	\$8,684,597	\$6,074,755
Operating grants and contributions	1,019,752	2,470,024	-	42,152	1,019,752	2,512,176
Capital grants and contributions	7,931,093	6,894,207	752,403	2,887,266	8,683,496	9,781,473
General revenues:						
General property taxes	11,132,851	10,492,131	-	-	11,132,851	10,492,131
Tax increment	873,310	766,912	-	-	873,310	766,912
Grants and contributions not restricted to specific programs	6,587	47,188	-	-	6,587	47,188
Unrestricted investment earnings	(171,260)	684,384	(86,764)	383,963	(258,024)	1,068,347
Gain on disposal of capital assets	387,972	150,041	29,012	-	416,984	150,041
Total revenues	26,289,572	24,434,852	4,269,981	6,458,171	30,559,553	30,893,023
Expenses:						
General government	2,828,407	4,197,819	-	-	2,828,407	4,197,819
Public safety	4,706,881	4,867,134	-	-	4,706,881	4,867,134
Public services	6,260,599	4,118,477	-	-	6,260,599	4,118,477
Conservation of natural resources	178,581	161,556	-	-	178,581	161,556
Community development	791,930	660,660	-	-	791,930	660,660
Interest and fees on long-term debt	654,287	733,207	-	-	654,287	733,207
Water	-	-	1,621,486	1,532,282	1,621,486	1,532,282
Sewer	-	-	2,186,992	2,199,865	2,186,992	2,199,865
Total expenses	15,420,685	14,738,853	3,808,478	3,732,147	19,229,163	18,471,000
Increase in net position before transfers	10,868,887	9,695,999	461,503	2,726,024	11,330,390	12,422,023
Transfers	(109,774)	(4,066,269)	109,774	4,066,269	-	-
Change in net position	10,759,113	5,629,730	571,277	6,792,293	11,330,390	12,422,023
Net position - January 1	64,093,249	58,463,519	59,420,341	52,628,048	123,513,590	111,091,567
Net position - December 31	\$74,852,362	\$64,093,249	\$59,991,618	\$59,420,341	\$134,843,980	\$123,513,590

Governmental Activities

Governmental activities increased the City's net position by \$10,759,113 during 2021. Contributions of capital assets from private sources, coronavirus relief grant funds, and property taxes levied to reduce debt all contributed to the increase in 2021.

Management's Discussion and Analysis

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

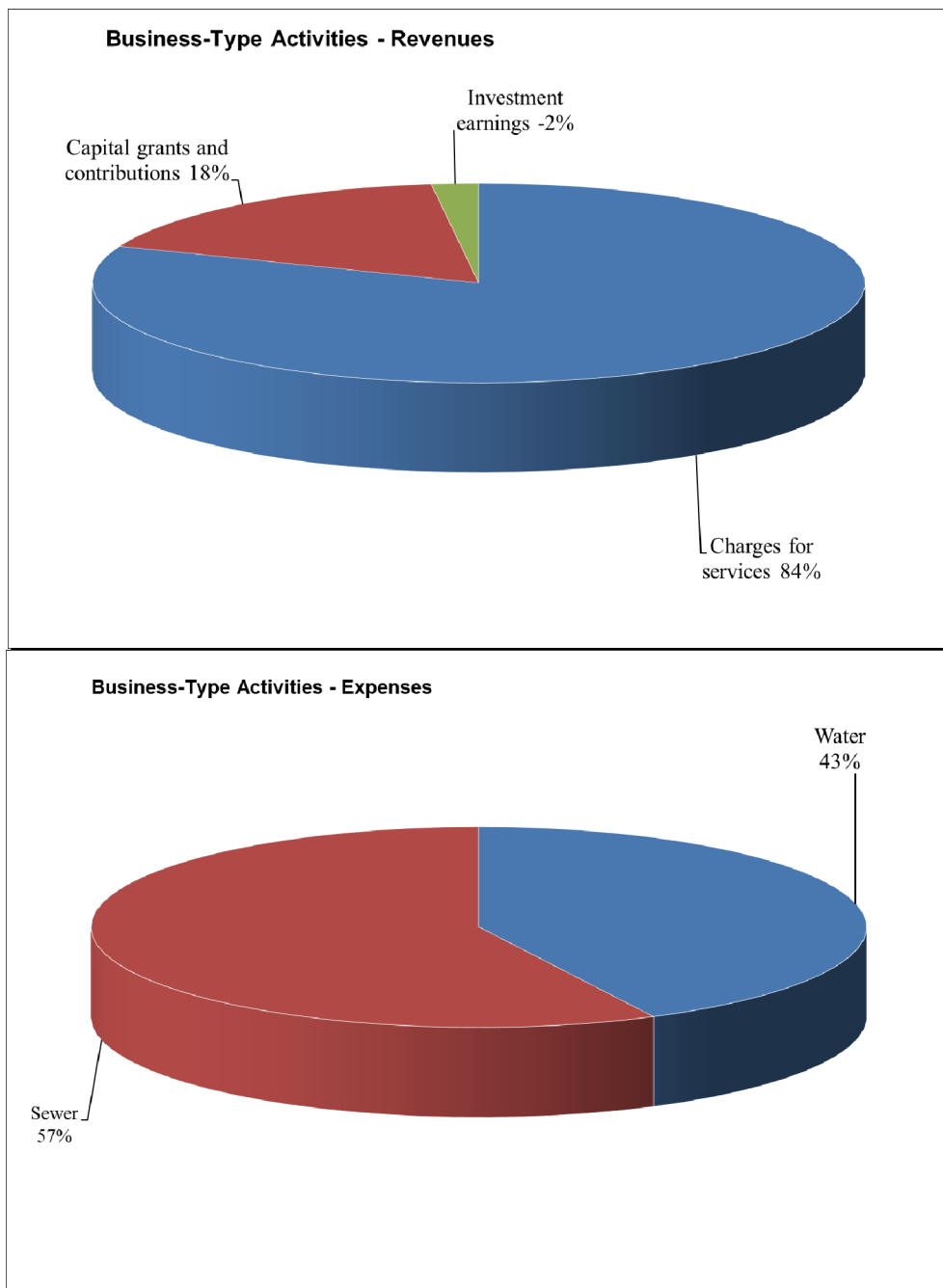


Management's Discussion and Analysis

Business-Type Activities

Business-type activities increased the City's net position by \$571,277 during 2021. The increase was due to contributions of capital assets from private sources and a transfer in from governmental activities of \$109,774.

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



Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,927,326. Approximately 25% of this total amount (\$8,437,406) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$565,192 of fund balance is not in a spendable form, \$602,501 has been committed, \$19,533,784 has been assigned, and \$4,788,443 is unassigned.

The General fund balance increased by \$620,028 in 2021, while the City anticipated an increase in fund balance of \$485,695 based on its final budget. Increased license and permit revenues and reduced personnel expenditures, primarily for police position vacancies, helped to increase the year end fund balance.

The G.O. Improvement Note of 2009A fund was established to service the debt issued by Anoka County as the City's financial commitment for the I-35E interchange project. The City prepaid the remaining balance of the note in 2017 using MSA funds. As deferred special assessments are received, MSA funds will be replenished. The fund began and ended the year with a fund balance of \$0 and \$141, respectively, and transferred \$65,330 to the MSA Construction fund.

The G.O. Improvement Bonds of 2016B fund decreased by \$145,413. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. The bonds matured in 2021 and future tax increment is expected to cover the interfund loan payable.

The Area and Unit Charge fund has a total fund balance of \$9,659,930, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$665 due Water Tower #3 construction costs and transfers out for debt service payments offsetting special assessment and charges for services revenue.

The MSA Construction fund has a total fund balance of \$3,134,847, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year increased by \$50,936 primarily due to Municipal State Aid received in excess of transfers out for debt service payments.

Management's Discussion and Analysis

The Pavement Management fund has a total fund balance of \$972,648, all of which is restricted or assigned to pavement preservation funding to improve the overall condition rating of city streets. The fund balance during the current year increased by \$474,243 primarily due to the issuance of G.O. Street Reconstruction Bonds to fund the 2021 Street Reconstruction Project.

The combined fund balance of other governmental funds increased by \$806,602 during 2021. Primary reasons for the increase include Water Tower #3 funds available at the end of the project for debt service payments on the 2020A G.O. Utility Revenue Bonds and development activities resulting in developer fee revenues (park dedication and surface water management).

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

The water fund has total net position at year-end of \$31,458,223, of which \$6,063,140 is unrestricted. The increase in net position of \$599,611 was primarily due to capital contributions from private sources as a result of residential development.

The sewer fund has total net position at year-end of \$28,533,395 of which \$10,362,462 is unrestricted. The decrease in net position of \$28,334 was primarily due to a net operating loss partially offset by capital contribution from private sources as a result of residential development.

Budgetary Highlights

General Fund

There were amendments to the original budget in 2021. The revenue budget was increased by \$459,900 to total \$11,957,468, and the expenditure budget was decreased by \$72,627 to total \$10,520,660. Other financing uses were increased \$25,000 to total \$951,113. Net changes to the budget resulted in a budgeted surplus of \$485,695.

Revenues were \$46,094 under budget for the year. General property taxes and investment earnings were \$101,853 under budget; however, this variance was partially offset by greater than anticipated license and permit revenues, charges for services, and gas franchise fees.

Expenditures came in under budget by \$180,427 primarily due to lower than expected personal services costs mostly driven by vacant positions.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to \$104,694,271 (net of accumulated depreciation), an increase of \$6,176,162 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure.

The City was conveyed the former Lino Lakes YMCA building and land after operations ceased due to the COVID-19 pandemic. The City is in the process of reopening the facility as the Rookery Activity Center. Construction of Water Tower #3 and the Well House #1 Rehabilitation improvements were completed. The City has continued to work to complete the 2021 Street Reconstruction Project, trunk utility improvements at 49&J, drainage improvements in the NE Area of the City, and a hard court facility at Tower Park.

Developer lead infrastructure improvements at various stages of completion include Watermark 1st, 2nd, and 3rd additions and Naduea Acres 1st and 2nd.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$5,675,330	\$3,532,930	\$ -	\$ -	\$5,675,330	\$3,532,930
Wetland credits	49,042	93,876	-	-	49,042	93,876
Construction in progress	7,861,679	8,036,003	3,239,205	10,336,586	11,100,884	18,372,589
Buildings	10,111,498	7,619,238	-	-	10,111,498	7,619,238
Office equipment and furniture	253,393	312,288	-	-	253,393	312,288
Vehicles	1,809,364	1,961,862	-	-	1,809,364	1,961,862
Machinery and shop equipment	1,125,742	1,070,655	368,489	257,047	1,494,231	1,327,702
Other equipment	1,065,828	1,002,034	-	-	1,065,828	1,002,034
Infrastructure	33,176,379	31,523,026	39,958,322	32,772,564	73,134,701	64,295,590
Total	<u>\$61,128,255</u>	<u>\$55,151,912</u>	<u>\$43,566,016</u>	<u>\$43,366,197</u>	<u>\$104,694,271</u>	<u>\$98,518,109</u>

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

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,831,182. Of this amount, \$21,986,182 comprises tax supported debt and \$845,000 is special assessment debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments or revenues pledged to the retirement of the debt. In addition, the City has a note payable to the City of Circle Pines for its share of the cost of capital equipment to be used by the North Metro Telecommunications Commission in the operation of a cable communications system in the amount of \$103,950.

City of Lino Lakes' Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$21,104,720	\$21,478,720	\$ -	\$ -	\$21,104,720	\$21,478,720
G.O. special assessment bonds	845,000	1,805,000	-	-	845,000	1,805,000
Bond premium	881,462	848,432	-	-	881,462	848,432
Total	<u>\$22,831,182</u>	<u>\$24,132,152</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,831,182</u>	<u>\$24,132,152</u>

The City of Lino Lakes' total bonded debt decreased by \$1,300,970 during the current fiscal year. General Obligation Bonds totaling \$1,815,000 were issued to finance the 2021 Street Reconstruction Project, while regularly scheduled principal payments were made during the year.

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

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

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BASIC FINANCIAL STATEMENTS

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CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2021

Statement 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$38,134,799	\$15,871,469	\$54,006,268
Accrued interest receivable	140,768	-	140,768
Due from other governmental units	159,898	2,236	162,134
Accounts receivable - net	52,288	400,851	453,139
Prepaid items	465,192	127,557	592,749
Internal balances	(559,110)	559,110	-
Inventory	-	18,077	18,077
Taxes receivable	227,084	-	227,084
Special assessments receivable	8,948,542	-	8,948,542
Net pension asset	533,340	-	533,340
Capital assets - nondepreciable	13,586,051	3,239,205	16,825,256
Capital assets - net of accumulated depreciation	47,542,204	40,326,811	87,869,015
Total assets	109,231,056	60,545,316	169,776,372
Deferred outflows of resources:			
Pension related	4,445,267	177,865	4,623,132
OPEB related	92,843	-	92,843
Total deferred outflows of resources	4,538,110	177,865	4,715,975
Liabilities:			
Accounts payable and other current liabilities	1,054,872	151,737	1,206,609
Deposits payable	2,375,417	-	2,375,417
Accrued interest payable	261,299	-	261,299
Unearned revenue	1,190,147	-	1,190,147
Other post employment benefits:			
Due in more than one year	456,037	46,206	502,243
Long-term liabilities:			
Due within one year	2,929,787	47,876	2,977,663
Due in more than one year	20,758,941	2,520	20,761,461
Net pension liability:			
Due in more than one year	3,148,143	246,012	3,394,155
Total liabilities	32,174,643	494,351	32,668,994
Deferred inflows of resources:			
Pension related	6,291,675	237,212	6,528,887
OPEB related	450,486	-	450,486
Total deferred inflows of resources	6,742,161	237,212	6,979,373
Net position:			
Net investment in capital assets	38,987,698	43,566,016	82,553,714
Restricted (nonexpendable) for environmental purposes	100,000	-	100,000
Restricted (expendable) for:			
Debt service	10,721,235	-	10,721,235
Park improvements	1,778,971	-	1,778,971
Tax increment purposes	580,723	-	580,723
Fire Department pension plan	457,288	-	457,288
Other purposes	251,033	-	251,033
Unrestricted	21,975,414	16,425,602	38,401,016
Total net position	\$74,852,362	\$59,991,618	\$134,843,980

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

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

For The Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,828,407	\$892,386
Public safety	4,706,881	1,688,606
Public services	6,260,599	2,528,275
Conservation of natural resources	178,581	-
Community development	791,930	-
Interest and fees on long-term debt	654,287	-
Total governmental activities	<u>15,420,685</u>	<u>5,109,267</u>
Business-type activities:		
Water	1,621,486	1,683,290
Sewer	2,186,992	1,892,040
Total business-type activities	<u>3,808,478</u>	<u>3,575,330</u>
Total primary government	<u>\$19,229,163</u>	<u>\$8,684,597</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$202,898	\$ -	(\$1,733,123)	\$ -	(\$1,733,123)
479,622	-	(2,538,653)	-	(2,538,653)
259,711	7,931,093	4,458,480	-	4,458,480
77,521	-	(101,060)	-	(101,060)
-	-	(791,930)	-	(791,930)
-	-	(654,287)	-	(654,287)
<u>1,019,752</u>	<u>7,931,093</u>	<u>(1,360,573)</u>	<u>-</u>	<u>(1,360,573)</u>
-	452,255	-	514,059	514,059
-	300,148	-	5,196	5,196
-	752,403	-	519,255	519,255
<u>\$1,019,752</u>	<u>\$8,683,496</u>	<u>(1,360,573)</u>	<u>519,255</u>	<u>(841,318)</u>
General revenues:				
General property taxes		11,132,851	-	11,132,851
Tax increment		873,310	-	873,310
Grants and contributions not restricted to specific programs		6,587	-	6,587
Unrestricted investment earnings		(171,260)	(86,764)	(258,024)
Gain on disposal of capital assets		387,972	29,012	416,984
Transfers		(109,774)	109,774	-
Total general revenues and transfers		<u>12,119,686</u>	<u>52,022</u>	<u>12,171,708</u>
Change in net position		10,759,113	571,277	11,330,390
Net position - January 1		<u>64,093,249</u>	<u>59,420,341</u>	<u>123,513,590</u>
Net position - December 31		<u>\$74,852,362</u>	<u>\$59,991,618</u>	<u>\$134,843,980</u>

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

CITY OF LINO LAKES, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General Fund	333 G.O. Improvement Note of 2009A	342 G.O. Improvement Bonds of 2016B
Assets			
Cash and investments	\$10,372,802	\$ -	\$ -
Accrued interest receivable	140,768	-	-
Due from other governmental units	81,921	-	-
Accounts receivable - net	28,630	-	-
Prepaid items	356,619	-	-
Advances to other funds	-	-	-
Taxes receivable:			
Due from county	143,020	-	-
Delinquent	74,703	-	-
Special assessments receivable:			
Due from county	-	141	-
Delinquent	-	-	-
Deferred	199	2,178,311	2,994,379
Interfund loan receivable	-	-	-
Total assets	\$11,198,662	\$2,178,452	\$2,994,379
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$220,314	\$ -	\$ -
Salaries payable	321,085	-	-
Due to other governmental units	37,736	-	-
Advances from other funds	-	-	-
Retainage payable	14,033	-	-
Deposits payable	2,375,417	-	-
Unearned revenue	7,425	-	-
Interfund loan payable	-	-	2,470,082
Total liabilities	2,976,010	0	2,470,082
Deferred inflows of resources:			
Unavailable revenue	74,902	2,178,311	2,994,379
Fund balance:			
Nonspendable	356,619	-	-
Restricted	-	141	-
Committed	71,370	-	-
Assigned	-	-	-
Unassigned	7,719,761	-	(2,470,082)
Total fund balance	8,147,750	141	(2,470,082)
Total liabilities, deferred inflows of resources, and fund balance	\$11,198,662	\$2,178,452	\$2,994,379

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

406 Area and Unit Charge	420 MSA Construction	421 Pavement Management	Other Governmental Funds	Total Governmental Funds
\$9,654,462	\$3,104,436	\$1,117,417	\$13,885,682	\$38,134,799
-	-	-	-	140,768
-	47,520	-	30,457	159,898
17,009	-	-	6,649	52,288
-	-	-	108,573	465,192
-	-	-	457,303	457,303
-	-	-	9,361	152,381
-	-	-	-	74,703
1,146	-	-	259	1,546
10,958	-	-	1,387	12,345
2,167,847	-	-	1,593,915	8,934,651
-	-	-	1,910,972	1,910,972
<u>\$11,851,422</u>	<u>\$3,151,956</u>	<u>\$1,117,417</u>	<u>\$18,004,558</u>	<u>\$50,496,846</u>
\$12,687	\$17,109	\$104,363	\$257,633	\$612,106
-	-	-	-	321,085
-	-	-	3,822	41,558
-	-	-	457,303	457,303
-	-	40,406	25,684	80,123
-	-	-	-	2,375,417
-	-	-	1,182,722	1,190,147
-	-	-	-	2,470,082
<u>12,687</u>	<u>17,109</u>	<u>144,769</u>	<u>1,927,164</u>	<u>7,547,821</u>
<u>2,178,805</u>	<u>-</u>	<u>-</u>	<u>1,595,302</u>	<u>9,021,699</u>
-	-	-	208,573	565,192
-	-	586,675	7,850,590	8,437,406
-	-	-	531,131	602,501
9,659,930	3,134,847	385,973	6,353,034	19,533,784
-	-	-	(461,236)	4,788,443
<u>9,659,930</u>	<u>3,134,847</u>	<u>972,648</u>	<u>14,482,092</u>	<u>33,927,326</u>
<u>\$11,851,422</u>	<u>\$3,151,956</u>	<u>\$1,117,417</u>	<u>\$18,004,558</u>	<u>\$50,496,846</u>

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

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CITY OF LINO LAKES, MINNESOTA**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION****Statement 4**

December 31, 2021

Fund balance - total governmental funds (Statement 3)	\$33,927,326
Net position reported for governmental activities in the Statement of Net Position is different because:	
Certain assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets	61,128,255
Net pension asset	533,340
Other long-term assets are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds:	
Delinquent taxes receivable	74,703
Delinquent special assessments receivable	12,345
Deferred special assessments receivable	8,934,651
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds and notes payable	(21,949,720)
Unamortized bond premiums	(889,410)
Unamortized bond discounts	7,948
Accrued interest payable	(261,299)
Compensated absences payable	(857,546)
Other post employment benefits	(456,037)
Net pension liability	(3,148,143)
Deferred outflows and inflows of resources related to pensions and OPEB are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. Balances at year end are:	
Deferred outflows of resources	4,538,110
Deferred inflows of resources	(6,742,161)
Net position of governmental activities (Statement 1)	<u><u>\$74,852,362</u></u>

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021

	General Fund	333 G.O. Improvement Note of 2009A	342 G.O. Improvement Bonds of 2016B
Revenues:			
General property taxes	\$9,280,331	\$ -	\$ -
Tax increment	-	-	-
Licenses and permits	1,400,755	-	-
Special assessments	-	65,680	-
Intergovernmental	626,279	-	-
Charges for services	337,291	-	-
Fines and forfeits	73,206	-	-
Investment earnings	(50,817)	(209)	(202)
Miscellaneous	244,329	-	-
Total revenues	11,911,374	65,471	(202)
Expenditures:			
Current:			
General government	2,074,782	-	-
Public safety	4,970,207	-	-
Public services	2,227,570	-	-
Conservation of natural resources	182,247	-	-
Community development	481,333	-	-
Capital outlay:			
General government	8,873	-	-
Public safety	3,100	-	-
Public services	392,121	-	-
Debt service:			
Principal	-	-	510,000
Interest and fiscal charges	-	-	4,276
Total expenditures	10,340,233	0	514,276
Revenues over (under) expenditures	1,571,141	65,471	(514,478)
Other financing sources (uses):			
Transfers in	-	-	369,065
Transfers out	(951,113)	(65,330)	-
Issuance of debt	-	-	-
Premium on issuance of debt	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	(951,113)	(65,330)	369,065
Net change in fund balance	620,028	141	(145,413)
Fund balance - January 1	7,527,722	-	(2,324,669)
Fund balance - December 31	\$8,147,750	\$141	(\$2,470,082)

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

406 Area and Unit Charge	420 MSA Construction	421 Pavement Management	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$1,909,448	\$11,189,779
-	-	-	873,310	873,310
-	-	-	-	1,400,755
1,257,220	-	-	274,797	1,597,697
9,251	336,365	-	198,783	1,170,678
1,201,127	-	36,630	1,527,664	3,102,712
-	-	-	40,153	113,359
(39,599)	(16,745)	(4,418)	(59,270)	(171,260)
-	-	-	263,924	508,253
2,427,999	319,620	32,212	5,028,809	19,785,283
-	-	-	183,097	2,257,879
-	-	-	57,454	5,027,661
38,150	4,868	238,633	420,382	2,929,603
-	-	-	-	182,247
-	-	-	340,674	822,007
-	-	-	-	8,873
-	-	-	252,655	255,755
1,124,710	62,020	2,202,897	1,453,219	5,234,967
-	-	-	2,639,000	3,149,000
-	-	49,097	695,506	748,879
1,162,860	66,888	2,490,627	6,041,987	20,616,871
1,265,139	252,732	(2,458,415)	(1,013,178)	(831,588)
-	65,330	1,034,046	1,771,600	3,240,041
(1,264,474)	(267,126)	-	(369,065)	(2,917,108)
-	-	1,796,110	18,890	1,815,000
-	-	102,502	-	102,502
-	-	-	398,355	398,355
(1,264,474)	(201,796)	2,932,658	1,819,780	2,638,790
665	50,936	474,243	806,602	1,807,202
9,659,265	3,083,911	498,405	13,675,490	32,120,124
\$9,659,930	\$3,134,847	\$972,648	\$14,482,092	\$33,927,326

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

CITY OF LINO LAKES, MINNESOTA
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For The Year Ended December 31, 2021
Statement 6

 Net change in fund balance - total governmental funds (Statement 5) \$1,807,202

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,499,595
Capital outlay not capitalized	(909,702)
Depreciation	(3,448,962)

Various other transactions involving capital assets increase (decrease) net position on the Statement of Activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:

Contributions of infrastructure from private sources	5,278,500
Contributions of infrastructure to business-type activities	(432,707)
Miscellaneous other differences related to capital assets	(10,381)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in delinquent taxes receivable	(56,928)
Change in delinquent special assessments receivable	(11,628)
Change in deferred special assessments receivable	730,158

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas amounts are deferred and amortized over the life of the debt in the Statement of Activities.

Bonds and notes issued, including bond premium	(1,917,502)
Repayment of principal	3,149,000
Amortization of bond premiums	69,472

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:

Change in accrued interest payable	25,120
Change in compensated absences payable	(38,291)
Change in OPEB liability and related deferred outflows and inflows of resources	35,088

Pension expense in governmental funds is measured by current year employee contributions. Pension expense in the Statement of Activities is measured by the change in the net pension liability and related deferred inflows and outflows of resources. This is the amount by which pension expense differed from pension contributions.

 991,079

Change in net position of governmental activities (Statement 2)	\$10,759,113
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The accompanying notes are an integral part of these financial statements.

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

Statement 7

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$6,131,906	\$9,739,563	\$15,871,469
Due from other governmental units	-	2,236	2,236
Accounts receivable - net	175,683	225,168	400,851
Prepaid items	14,158	113,399	127,557
Inventory	18,077	-	18,077
Total current assets	6,339,824	10,080,366	16,420,190
Noncurrent assets:			
Interfund loan receivable	-	559,110	559,110
Capital assets:			
Construction in progress	1,741,448	1,497,757	3,239,205
Equipment	148,436	521,307	669,743
Water and sewer systems	34,571,736	27,599,155	62,170,891
Total capital assets	36,461,620	29,618,219	66,079,839
Less: Allowance for depreciation	(11,066,537)	(11,447,286)	(22,513,823)
Net capital assets	25,395,083	18,170,933	43,566,016
Total assets	31,734,907	28,810,409	60,545,316
Deferred outflows of resources related to pensions	88,826	89,039	177,865
Liabilities:			
Current liabilities:			
Accounts payable	49,852	63,791	113,643
Salaries payable	8,991	8,991	17,982
Due to other governments	13,021	1,412	14,433
Other accrued liabilities	4,999	680	5,679
Compensated absences payable - current portion	23,938	23,938	47,876
Total current liabilities	100,801	98,812	199,613
Noncurrent liabilities:			
Compensated absences payable - noncurrent portion	1,260	1,260	2,520
Other post employment benefits - noncurrent portion	23,103	23,103	46,206
Net pension liability	121,831	124,181	246,012
Total noncurrent liabilities	146,194	148,544	294,738
Total liabilities	246,995	247,356	494,351
Deferred inflows of resources related to pensions	118,515	118,697	237,212
Net position:			
Investment in capital assets	25,395,083	18,170,933	43,566,016
Unrestricted	6,063,140	10,362,462	16,425,602
Total net position	\$31,458,223	\$28,533,395	\$59,991,618

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2021

Statement 8

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Totals
Operating revenues:			
Charges for services	\$1,475,211	\$1,835,443	\$3,310,654
Hook-up charges	68,770	56,597	125,367
Water meter sales	139,309	-	139,309
Total operating revenues	<u>1,683,290</u>	<u>1,892,040</u>	<u>3,575,330</u>
Operating expenses:			
Personal services	308,976	314,141	623,117
Materials and supplies	309,272	44,591	353,863
Contractual services	246,169	216,601	462,770
MCES sewer charges	-	988,487	988,487
Depreciation	625,544	550,018	1,175,562
Utilities	108,849	46,153	155,002
Other	22,676	27,001	49,677
Total operating expenses	<u>1,621,486</u>	<u>2,186,992</u>	<u>3,808,478</u>
Operating income (loss)	<u>61,804</u>	<u>(294,952)</u>	<u>(233,148)</u>
Nonoperating revenues (expenses):			
Gain on disposal of capital assets	14,506	14,506	29,012
Investment earnings	(34,068)	(52,696)	(86,764)
Total nonoperating revenues (expenses)	<u>(19,562)</u>	<u>(38,190)</u>	<u>(57,752)</u>
Income (loss) before contributions and transfers	<u>42,242</u>	<u>(333,142)</u>	<u>(290,900)</u>
Contributions and transfers:			
Capital contributions from private sources	452,255	300,148	752,403
Capital contributions from governmental activities	428,047	4,660	432,707
Transfer out	(322,933)	-	(322,933)
Total contributions and transfers	<u>557,369</u>	<u>304,808</u>	<u>862,177</u>
Change in net position	599,611	(28,334)	571,277
Net position - January 1	<u>30,858,612</u>	<u>28,561,729</u>	<u>59,420,341</u>
Net position - December 31	<u><u>\$31,458,223</u></u>	<u><u>\$28,533,395</u></u>	<u><u>\$59,991,618</u></u>
Amounts reported above		Capital Contributions	Transfers - Net
Amounts reported for business-type activities in the statement of activities are different because:		\$1,185,110	(\$322,933)
Transfer in of capital assets from governmental activities		<u>(432,707)</u>	<u>432,707</u>
Amounts reported on the statement of activities		<u><u>\$752,403</u></u>	<u><u>\$109,774</u></u>

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2021

Statement 9

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Sewer	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$1,646,059	\$1,865,395	\$3,511,454
Payment to suppliers	(700,183)	(1,288,495)	(1,988,678)
Payment to employees	(305,165)	(310,330)	(615,495)
Net cash flows provided by operating activities	640,711	266,570	907,281
Cash flows from noncapital financing activities:			
Intergovernmental revenue	29,991	-	29,991
Transfers out	(322,933)	-	(322,933)
Net cash flows provided by noncapital financing activities	(292,942)	-	(292,942)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(92,652)	(99,189)	(191,841)
Proceeds from sale of capital assets	15,291	15,291	30,582
Net cash flows provided by capital and related financing activities	(77,361)	(83,898)	(161,259)
Cash flows from investing activities:			
Investment earnings	(34,068)	(52,696)	(86,764)
Net increase in cash and cash equivalents	236,340	129,976	366,316
Cash and cash equivalents - January 1	5,895,566	9,609,587	15,505,153
Cash and cash equivalents - December 31	\$6,131,906	\$9,739,563	\$15,871,469
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$61,804	(\$294,952)	(\$233,148)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	625,544	550,018	1,175,562
Changes in assets and liabilities:			
Decrease (increase) in due from other governmental units	-	258	258
Decrease (increase) in accounts receivable - net	(37,231)	(26,903)	(64,134)
Decrease (increase) in prepaid items	(1,319)	(8,798)	(10,117)
Decrease (increase) in inventory	2,786	-	2,786
Decrease (increase) in deferred outflows of resources	(73,070)	(73,070)	(146,140)
Increase (decrease) in payables	15,173	43,136	58,309
Increase (decrease) in other accrued liabilities	(29,857)	-	(29,857)
Increase (decrease) in compensated absences	4,279	4,279	8,558
Increase (decrease) in other post employment benefits	19,619	19,619	39,238
Increase (decrease) in net pension liability	(52,085)	(52,085)	(104,170)
Increase (decrease) in deferred inflows of resources	105,068	105,068	210,136
Total adjustments	578,907	561,522	1,140,429
Net cash provided by operating activities	\$640,711	\$266,570	\$907,281
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$880,302	\$304,808	\$1,185,110

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

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

COMPONENT UNITS

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The fund financial statements are provided for governmental and proprietary funds. 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 is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

General Obligation Improvement Bonds of 2016B Fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The bonds were used to fund the Legacy at Woods Edge improvements.

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

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

Pavement Management Fund accounts for money received from levies assessments and developer charges for future street maintenance projects.

The City reports the following major proprietary funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. BUDGETS

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

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

E. LEGAL COMPLIANCE – BUDGETS

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

1. The City Administrator submits to the City Council a proposed operating budget (including the General Fund) 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.
7. A capital improvement program is reviewed periodically by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the department level unless approved by the City Council. Therefore, the legal level of budgetary control is at the department level (i.e. administration, community development, public safety, public services, and other).
9. The City Council may authorize transfers of budgeted amounts between City funds.

F. CASH AND INVESTMENTS

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

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

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

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

G. PROPERTY TAX REVENUE RECOGNITION

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

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

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

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

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

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

I. INVENTORY

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

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

J. PREPAID ITEMS

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

K. INTERFUND TRANSACTIONS

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

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

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year, which have an individual value equal to or greater than the capitalization thresholds for each asset class as follows:

Land	\$10,000
Buildings and building improvements	\$50,000
Improvements other than buildings (land improvements)	\$25,000
Machinery and equipment	\$10,000
Infrastructure and other improvements	\$100,000
Other assets	\$10,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All existing City infrastructure has been capitalized regardless of date placed in service.

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 40 years for buildings, office furniture and equipment, vehicles, machine shop and equipment and other assets, and 15 to 50 years for infrastructure and other improvements.

M. COMPENSATED ABSENCES

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

N. LONG-TERM OBLIGATIONS

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

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

O. DEFINED BENEFIT PENSION PLANS

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

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until that time. The City has two items that qualify for reporting in this category. Pension related deferred outflows of resources are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. OPEB related deferred outflows of resources are only reported in the governmental activities column of the government-wide Statement of Net Position as amounts applicable to business-type activities are immaterial.

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

Q. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

Unassigned - is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

R. USE OF ESTIMATES

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

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no additional deposit policies addressing custodial credit risk.

At December 31, 2021, the bank balance of the City's deposits with financial institutions was \$13,274,313 and the carrying amount was \$13,083,090. All deposits were covered by federal depository insurance or by collateral pledge and held in the City's name.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

At December 31, 2021, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1 - 3	3 - 6
Brokered certificates of deposit	Not rated	\$16,850,059	\$5,921,305	\$6,115,091	\$4,813,663
Municipal bonds	*	15,117,703	2,319,217	6,775,004	6,023,482
Federal agency securities	AA+	3,523,362	998,860	742,945	1,781,557
4M fund	Not rated	3,949,696	3,949,696	-	-
First American Gov't Obligation fund	AAAm	1,481,418	1,481,418	-	-
Total		<u>\$40,922,238</u>	<u>\$14,670,496</u>	<u>\$13,633,040</u>	<u>\$12,618,702</u>
* AAA \$1,419,107; AA+ \$1,873,555; AA \$5,930,620			Total investments		\$40,922,238
AA- \$1,759,771; A+ \$310,154; A \$247,878; Aaa \$808,556			Deposits		13,083,090
Aa1 \$1,380,748; Aa2 \$541,193; Aa3 \$846,121			Petty cash		940
Ratings per Moody's or S&P			Total cash and investments		<u>\$54,006,268</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements at December 31, 2021:

Investment Type	12/31/2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$16,850,059	\$ -	\$16,850,059	\$ -
Municipal bonds	15,117,703	-	15,117,703	-
Federal agency securities	3,523,362	-	3,523,362	-
		<u>\$0</u>	<u>\$35,491,124</u>	<u>\$0</u>
Investments not categorized:				
4M fund	3,949,696			
First American Gov't Obligation fund	1,481,418			
Total investments	<u>\$40,922,238</u>			

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

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

C. INVESTMENT RISKS

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

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

Credit Risk – 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2021, no individual investments exceeded 5% of the City’s total investment portfolio.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2021 are as follows:

	Property Taxes Receivable	Special Assessments Receivable	Total
Major Funds:			
General Fund	\$29,134	\$ -	\$29,134
G.O. Improvement Note of 2009A	-	2,150,712	2,150,712
G.O. Improvement Bonds of 2016B	-	2,994,379	2,994,379
Area and Unit Charge	-	2,044,809	2,044,809
Nonmajor Funds	-	1,515,668	1,515,668
Total	<u>\$29,134</u>	<u>\$8,705,568</u>	<u>\$8,734,702</u>

CITY OF LINO LAKES, MINNESOTA
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Note 4 UNAVAILABLE REVENUE

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

	Property Taxes Receivable	Special Assessments Receivable	Total
Major Funds:			
General Fund	\$74,703	\$199	\$74,902
G.O. Improvement Note of 2009A	-	2,178,311	2,178,311
G.O. Improvement Bonds of 2016B	-	2,994,379	2,994,379
Area and Unit Charge	-	2,178,805	2,178,805
Nonmajor Funds	-	1,595,302	1,595,302
Total	<u>\$74,703</u>	<u>\$8,946,996</u>	<u>\$9,021,699</u>

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$3,532,930	\$2,142,400	\$ -	\$ -	\$5,675,330
Wetland credits	93,876	-	(44,834)	-	49,042
Construction in progress	8,036,003	4,006,637	(3,748,254)	(432,707)	7,861,679
Total capital assets, not being depreciated	<u>11,662,809</u>	<u>6,149,037</u>	<u>(3,793,088)</u>	<u>(432,707)</u>	<u>13,586,051</u>
Capital assets, being depreciated:					
Buildings	13,463,193	3,150,600	-	-	16,613,793
Office equipment and furniture	830,171	-	-	-	830,171
Vehicles	4,910,323	154,862	(341,770)	-	4,723,415
Machinery and shop equipment	2,754,580	350,538	(210,895)	-	2,894,223
Other equipment	1,782,130	132,037	(39,773)	-	1,874,394
Infrastructure	96,273,892	3,775,315	-	-	100,049,207
Total capital assets, being depreciated	<u>120,014,289</u>	<u>7,563,352</u>	<u>(592,438)</u>	<u>0</u>	<u>126,985,203</u>
Less accumulated depreciation for:					
Buildings	5,843,955	658,340	-	-	6,502,295
Office equipment and furniture	517,883	58,895	-	-	576,778
Vehicles	2,948,461	307,360	(341,770)	-	2,914,051
Machinery and shop equipment	1,683,925	234,162	(149,606)	-	1,768,481
Other equipment	780,096	68,243	(39,773)	-	808,566
Infrastructure	64,750,866	2,121,962	-	-	66,872,828
Total accumulated depreciation	<u>76,525,186</u>	<u>3,448,962</u>	<u>(531,149)</u>	<u>0</u>	<u>79,442,999</u>
Total capital assets being depreciated - net	<u>43,489,103</u>	<u>4,114,390</u>	<u>(61,289)</u>	<u>0</u>	<u>47,542,204</u>
Governmental activities capital assets - net	<u>\$55,151,912</u>	<u>\$10,263,427</u>	<u>(\$3,854,377)</u>	<u>(\$432,707)</u>	<u>\$61,128,255</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$10,336,586	\$792,024	(\$8,322,112)	\$432,707	\$3,239,205
Capital assets, being depreciated:					
Machinery and shop equipment	550,553	152,220	(33,030)	-	669,743
Water and sewer systems	53,848,779	8,322,112	-	-	62,170,891
Total capital assets, being depreciated	54,399,332	8,474,332	(33,030)	0	62,840,634
Accumulated depreciation for:					
Machinery and shop equipment	293,507	39,207	(31,460)	-	301,254
Water and sewer systems	21,076,214	1,136,355	-	-	22,212,569
Total accumulated depreciation	21,369,721	1,175,562	(31,460)	0	22,513,823
Total capital assets being depreciated - net	33,029,611	7,298,770	(1,570)	0	40,326,811
Business-type activities capital assets - net	\$43,366,197	\$8,090,794	(\$8,323,682)	\$432,707	\$43,566,016

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

Governmental activities:	
General government	\$587,343
Public safety	302,722
Public services	2,558,047
Conservation of natural resources	850
Total depreciation expense - governmental activities	<u>\$3,448,962</u>
Business-type activities:	
Water	\$625,544
Sewer	550,018
Total depreciation expense - business-type activities	<u>\$1,175,562</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 6 LONG-TERM DEBT

The City issues general obligation bonds and certificates of indebtedness to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness at December 31, 2021 consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/2021
Governmental activities:					
General Obligation Bonds:					
G.O. TIF Bonds, Series 2007A	07/15/07	02/01/24	4.00% - 4.125%	\$4,215,000	\$790,000
G.O. Refunding Bonds, Series 2012A	11/15/12	02/01/24	1.00% - 2.00%	2,015,000	490,000
G.O. Bonds, Series 2015A	08/01/15	02/01/31	2.00% - 3.00%	3,095,000	2,105,000
EDA Lease Revenue Bonds, Series 2015B	10/01/15	04/01/36	2.00% - 3.00%	4,350,000	3,485,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	02/01/27	2.00%	1,420,000	875,000
G.O. Tax Abatement Refunding Bonds, Series 2016C	11/23/16	02/01/23	1.00% - 1.50%	1,600,000	595,000
G.O. Bonds, Series 2018A	12/19/18	02/01/34	3.00% - 5.00%	6,915,000	6,460,000
G.O. Utility Revenue Bonds, Series 2020A	07/08/20	02/01/35	2.00% - 4.00%	4,330,000	4,055,000
G.O. Street Reconstruction Bonds, Series 2021A	07/15/21	02/01/32	1.00% - 4.00%	1,815,000	1,815,000
Total General Obligation Bonds				<u>29,755,000</u>	<u>20,670,000</u>
Special Assessment Bonds:					
G.O. Improvement Bonds, Series, 2013A	07/15/13	02/01/24	1.25% - 4.00%	615,000	195,000
G.O. Improvement Bonds, Series 2014A	11/20/14	02/01/26	0.40% - 2.30%	2,645,000	650,000
Total Special Assessment Bonds				<u>5,235,000</u>	<u>845,000</u>
Direct Borrowings:					
G.O. Certificates of Indebtedness, Series 2019	02/01/19	12/31/22	1.00%	388,535	131,535
G.O. Capital Note, Series 2016A	04/14/16	02/01/26	2.00%	294,525	103,950
G.O. Certificates of Indebtness 2020A	01/01/20	12/31/23	1.00%	294,235	199,235
Total Direct Borrowings				<u>1,281,195</u>	<u>434,720</u>
Unamortized bond premiums				1,102,333	889,410
Unamortized bond discounts				(38,362)	(7,948)
Compensated absences payable				<u>N/A</u>	<u>857,546</u>
Total Government Activities				<u>\$37,335,166</u>	<u>\$23,688,728</u>
Business-Type Activities:					
Compensated absences payable				<u>N/A</u>	<u>\$50,396</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$20,685,000	\$1,815,000	\$1,830,000	\$20,670,000	\$1,845,000
Special assessment bonds	1,805,000	-	960,000	845,000	215,000
Direct borrowings	793,720	-	359,000	434,720	264,360
Total bonds and notes payable	23,283,720	1,815,000	3,149,000	21,949,720	2,324,360
Unamortized bond premiums	859,061	102,502	72,153	889,410	-
Unamortized bond discounts	(10,629)	-	(2,681)	(7,948)	-
Compensated absences payable	819,255	698,028	659,737	857,546	605,427
Total governmental activities	<u>\$24,951,407</u>	<u>\$2,615,530</u>	<u>\$3,878,209</u>	<u>\$23,688,728</u>	<u>\$2,929,787</u>
Business-Type Activities:					
Compensated absences payable	<u>\$41,838</u>	<u>\$47,398</u>	<u>\$38,840</u>	<u>\$50,396</u>	<u>\$47,876</u>

DESCRIPTIONS OF LONG-TERM DEBT

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

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

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

Certificates of Indebtedness – the certificates were issued to finance capital purchases in accordance with the City's Capital Equipment Replacement Schedule and will be repaid from ad valorem levies.

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

The City's agreements related to direct borrowings do not contain any significant events of default or termination events with finance-related consequences, other than a commitment to pledge future property tax and franchise fee revenues.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

DEBT SERVICE REQUIREMENTS

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

<u>Years Ending December 31</u>	<u>Bonded Debt</u>		<u>Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$2,060,000	\$638,513	\$264,360	\$5,387
2023	2,305,000	570,817	134,885	2,405
2024	2,080,000	501,795	35,475	710
2025	1,615,000	444,190	-	-
2026	1,525,000	394,554	-	-
2027-2031	7,340,000	1,223,534	-	-
2032-2036	4,590,000	282,294	-	-
Total	<u>\$21,515,000</u>	<u>\$4,055,697</u>	<u>\$434,720</u>	<u>\$8,501</u>

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

DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

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

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged		Remaining Principal and Interest	Current Year	
		Type	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Certificates of Indebtedness	Equipment purchases	Ad valorem taxes	2019- 2023	\$335,080	\$335,511	\$352,286
2007A G.O. TIF Bonds	Infrastructure improvements	Tax increment, MSA funding via transfers	2008 - 2024	\$840,294	\$267,126	\$267,126
2012A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, special assessments	2013 - 2024	\$501,763	\$168,560	\$175,896
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2024	\$206,700	\$69,000	\$39,000
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2026	\$680,534	\$406,390	\$125,601
2015A G.O. Bonds	Infrastructure improvements	Ad valorem taxes	2016 - 2031	\$2,368,206	\$256,263	\$266,923
2015B EDA Lease Revenue Bonds	Construction of a fire station	Ad valorem taxes	2016 - 2036	\$4,486,206	\$299,488	\$316,877
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2024	\$108,141	\$35,739	\$37,526
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2027	\$928,150	\$158,900	\$158,900
2016C G.O. Tax Abatement Bonds	Infrastructure improvements	Ad valorem taxes	2017 - 2023	\$603,893	\$285,423	\$313,567
2018A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, trunk utility charges, special assessments	2019-2034	\$8,095,356	\$631,413	\$877,094
2020A G.O. Utility Revenue Bonds	Infrastructure improvements	Trunk utility charges via transfers	2021-2035	\$4,841,100	\$412,061	\$643,791
2021A G.O. Street Reconstruction Bonds	Infrastructure improvements	Ad valorem taxes	2021-2032	\$2,018,495	\$ -	\$ -

Note 7 DEFINED BENEFIT PENSION PLANS – PERA

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. BENEFITS PROVIDED

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

1. GERF Benefits

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

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

after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

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

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

C. CONTRIBUTIONS

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2021 were \$223,767. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70%. The City's contributions to the PEPFF for the year ended December 31, 2021 were \$479,593. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2021, the City reported a liability of \$1,669,745 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$50,998. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions

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received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0391% at the end of the measurement period and 0.0392% for the beginning of the period.

For the year ended December 31, 2021, the City recognized pension expense of (\$38,656) for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$4,115 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2021, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$10,245	\$51,099
Changes in actuarial assumptions	1,019,512	36,921
Net collective between projected and actual investment earnings	-	1,445,728
Changes in proportion	24,720	20,649
Contributions paid to PERA subsequent to the measurement date	113,071	-
Total	<u>\$1,167,548</u>	<u>\$1,554,397</u>

The \$113,071 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$56,401)
2023	(34,710)
2024	(14,390)
2025	(394,419)
2026	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$1,724,411 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions

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received from all of PERA's participating employers. The City's proportionate share was 0.2234% at the end of the measurement period and 0.2336% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2020.

Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of (\$248,209) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$14,122 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$20,106 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$328,497	\$ -
Changes in actuarial assumptions	2,534,433	844,495
Net collective between projected and actual investment earnings	-	3,287,248
Changes in proportion	289,529	705,260
Contributions paid to PERA subsequent to the measurement date	241,688	-
Total	<u>\$3,394,147</u>	<u>\$4,837,003</u>

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The \$241,688 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2022	(\$1,075,095)
2023	(491,054)
2024	(258,660)
2025	(396,124)
2026	536,389
Thereafter	-

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the GERS range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERS were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience. Cost of living benefit increases after retirement are assumed to be 1.25% per year for GERS and 1.0% per year for PEPFF.

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

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The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Proportionate share of the GERF net pension liability	\$3,405,428	\$1,669,745	\$245,512
Proportionate share of the PEPFF net pension liability	\$5,474,714	\$1,724,411	(\$1,349,908)

H. PENSION PLAN FIDUCIARY NET POSITION

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

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2021 is as follows:

GERF	(\$34,541)
PEPFF	(234,087)
Fire Pension Plan (Note 8)	<u>116,950</u>
Total	<u><u>(\$151,678)</u></u>

Note 8 DEFINED BENEFIT PENSION PLAN – FIRE DIVISION

A. PLAN DESCRIPTION

The Lino Lakes Public Safety Department – Fire Division participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. At December 31, 2021 (measurement date), the plan

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covered 20 active firefighters and one vested terminated fire fighter whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

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

C. CONTRIBUTIONS

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$137,872 in fire state aid to the plan for the year ended December 31, 2021. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2021 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable.

D. PENSION COSTS

At December 31, 2021, the City reported a net pension asset of \$533,340 for the SVF plan. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance December 31, 2020	\$254,832	\$814,379	(\$559,547)
Changes for the year:			
Service cost	67,890	-	67,890
Interest on pension liability	19,363	-	19,363
Actuarial experience (gains) / losses	59,354	-	59,354
Projected investment earnings	-	48,864	(48,864)
Changes in benefit level	100,057		100,057
Contributions - employer	-	-	-
Contributions - State of MN	-	137,872	(137,872)
Asset (gain) / loss	-	34,428	(34,428)
Benefit payouts	-	-	-
PERA administrative fee	-	(707)	707
Net changes	246,664	220,457	26,207
Balance end of year December 31, 2021	\$501,496	\$1,034,836	(\$533,340)

During 2021, the benefit level per year of service increased from \$5,000 to \$7,000.

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For the year ended December 31, 2021, the City recognized pension expense of \$116,950.

At December 31, 2021, the City reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$79,375
Differences between expected and actual economic experience	61,435	58,112
Total	<u>\$61,435</u>	<u>\$137,487</u>

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

Year Ended December 31,	Pension Expense
2022	(\$18,573)
2023	(38,971)
2024	(23,494)
2025	4,986
2026	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

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

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

There were no changes in actuarial assumptions in 2021.

F. DISCOUNT RATE

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

G. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension asset	\$498,972	\$533,340	\$566,169

H. PLAN INVESTMENTS

1. Investment Policy

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

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

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

2. Asset Allocation

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

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

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

3. Description of Significant Investment Policy Changes During the Year

The SBI made no significant changes to their investment policy during fiscal year 2021 for the Volunteer Firefighter Fund.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position as of December 31, 2021 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

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

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Notes 7 and 8, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

B. BENEFITS PROVIDED

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

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

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65, Medicare becomes the primary insurer and the City's plan becomes secondary.

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C. PARTICIPANTS

As of the January 1, 2021 actuarial valuation, participants of the plan consisted of:

Active employees	60
Inactive employees or beneficiaries currently receiving benefits	3
Total	<u>63</u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$502,243 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021. Changes in the total OPEB liability during 2021 were:

Balance - beginning of year	\$613,474
Changes for the year:	
Service cost	65,484
Interest	13,256
Changes of benefit terms	-
Differences between expected and actual experience	(250,908)
Changes in assumptions	93,391
Benefit payments	<u>(32,454)</u>
Net changes	<u>(111,231)</u>
Balance - end of year	<u>\$502,243</u>

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

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.25%
Investment rate of return	N/A
Healthcare cost trend rates	6.25% for 2021, decreasing 0.25% per year to an ultimate rate of 5% for 2026 and beyond
Retirees' share of benefit-related costs	100%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20-year AA rated municipal bond rate as of December 31, 2021, obtained from <https://www.spglobal.com/spdji/en/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index/#overview>.

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Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality with Improvement Scale MP-2020. Post-retirement, disability retirement, and survivor retirement mortality rates were based on the RP-2014 White Collar Mortality with Improvement Scale MP-2020.

Based on past experience of the plan, 50% of future retirees are assumed to continue medical coverage until age 65. 15% of future pre-Medicare retirees are assumed to select spousal coverage. No spousal coverage is assumed for other future retirees. 25% of police/fire employees are assumed to retire at age 60, the balance at age 65. 20% of other City employees are assumed to retire at age 62, the balance at age 65.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1%) or 1% higher (3%) than the current discount rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total OPEB liability	\$541,746	\$502,243	\$463,971

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4%) or 1% higher (7.25% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (5.25% decreasing to 4%)	Healthcare Cost Trend Rates (6.25% decreasing to 5%)	1% Increase (7.25% decreasing to 6%)
Total OPEB liability	\$430,547	\$502,243	\$589,592

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

For the year ended December 31, 2021, the City recognized \$36,604 of OPEB expense. At December 31, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$92,843	\$450,486

Differences between expected and actual experience relate almost exclusively to the public safety function, and therefore, have been allocated entirely to governmental activities.

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

Year Ended December 31,	OPEB Expense
2022	(\$42,136)
2023	(42,136)
2024	(42,136)
2025	(42,136)
2026	(42,136)
Thereafter	(146,963)
	<u>(\$357,643)</u>

Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

The City has deficit fund balances at December 31, 2021 as follows:

	Fund Balance Deficit
Major Funds:	
G.O. Improvement Bonds of 2016B	(\$2,470,082)
Nonmajor Funds:	
Tax Increment Financing 1-11	(413,005)

The City intends to fund these deficits through future land sale proceeds and tax increment collections.

B. EXPENDITURES IN EXCESS OF BUDGET

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

	Final Budget	Actual	Overage
General government:			
Engineering/planning	\$109,760	\$114,139	\$4,379

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Note 11 INTERFUND RECEIVABLES AND PAYABLES

Short-term advances to funds that have insufficient cash balances are classified as advances to/from other funds. Long-term interfund loans are classified as interfund loan receivable/payable. A summary of interfund receivables and payables at December 31, 2021 is as follows:

	<u>Receivable</u>	<u>Payable</u>
Short-term advances:		
Nonmajor Funds:		
The Rookery Activity Center	\$ -	\$35,211
Closed Bond Fund	457,303	-
Tax Increment Financing 1-11	-	422,092
	<u>\$457,303</u>	<u>\$457,303</u>
Long-term interfund loans:		
Major Funds:		
G.O. Improvement Bonds of 2016B	\$ -	\$2,470,082
Sewer Fund	559,110	-
Nonmajor Funds:		
Building and Facilities	1,910,972	-
	<u>\$2,470,082</u>	<u>\$2,470,082</u>

Note 12 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2021 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ -	\$951,113
G.O. Improvement Note of 2009A	-	65,330
G.O. Improvement Bonds of 2016B	369,065	-
Area and Unit Charge	-	1,264,474
MSA Construction	65,330	267,126
Pavement Management	1,034,046	-
Water Fund	-	322,933
Nonmajor governmental funds	<u>1,771,600</u>	<u>369,065</u>
Total	<u>\$3,240,041</u>	<u>\$3,240,041</u>

During 2021, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 13 FUND BALANCE

At December 31, 2021, a summary of the governmental fund balance classifications is as follows:

	General Fund	G.O. Improvement Note of 2009A	G.O. Improvement Bonds of 2016B	Area and Unit Charge	MSA Construction	Pavement Management	Other Governmental Funds	Total
Nonspendable:								
Prepaid items	\$356,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$108,573	\$465,192
Corpus of permanent fund	-	-	-	-	-	-	100,000	100,000
Total nonspendable	<u>356,619</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,573</u>	<u>565,192</u>
Restricted for:								
Debt service	-	141	-	-	-	-	5,239,863	5,240,004
Capital improvements	-	-	-	-	-	586,675	1,778,971	2,365,646
Blue Heron Days	-	-	-	-	-	-	12,071	12,071
Narcotics & forfeiture funds	-	-	-	-	-	-	188,541	188,541
K-9 Unit purposes	-	-	-	-	-	-	16,232	16,232
Tax increment purposes	-	-	-	-	-	-	580,723	580,723
Environmental purposes	-	-	-	-	-	-	34,189	34,189
Total restricted	<u>0</u>	<u>141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>586,675</u>	<u>7,850,590</u>	<u>8,437,406</u>
Committed for:								
Future projects	55,566	-	-	-	-	-	-	55,566
Fire turnout gear	15,804	-	-	-	-	-	-	15,804
Economic development	-	-	-	-	-	-	236,839	236,839
Cable TV and communications purposes	-	-	-	-	-	-	270,160	270,160
Recreation purposes	-	-	-	-	-	-	24,132	24,132
Total committed	<u>71,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>531,131</u>	<u>602,501</u>
Assigned for:								
Capital improvements	-	-	-	9,659,930	3,134,847	385,973	6,353,034	19,533,784
Unassigned	<u>7,719,761</u>	<u>-</u>	<u>(2,470,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(461,236)</u>	<u>4,788,443</u>
Total fund balance	<u>\$8,147,750</u>	<u>\$141</u>	<u>(\$2,470,082)</u>	<u>\$9,659,930</u>	<u>\$3,134,847</u>	<u>\$972,648</u>	<u>\$14,482,092</u>	<u>\$33,927,326</u>

Note 14 PROPERTY UNDER LEASE AGREEMENT

The City entered into an agreement to lease space within its City Hall Complex, which at year end had a cost of \$4,744,742 and a net book value of \$1,172,535, to New Creations Child Care and Learning Center, LLC. The lease expires June 30, 2029, although the City has the option to terminate the lease with no less than 12 months' notice any time after the 61st month of the lease. Approximate future minimum lease payments receivable under the operating lease are as follows:

Year Ending December 31,	Amount
2022	\$90,462
2023	93,196
2024	95,977
2025	98,853
2026	101,822
Thereafter	267,755
	<u>\$748,065</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 15 TAX INCREMENT DISTRICTS

The City is the administering authority for four 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.

The following table reflects values at December 31, 2021:

	TIF 1-5 Cottage Homesteads	TIF 1-10 Panattoni	TIF 1-11 Woods Edge	TIF 1-12 Clearwater Creek
Authorizing law	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Year established	1994	2004	2005	2017
Final year of district	2022	2023	2031	2026
Net tax capacity:				
Original	\$128	\$15,869	\$17,901	\$21,416
Current	47,909	267,132	427,289	399,053
Captured - retained	<u>\$47,781</u>	<u>\$251,263</u>	<u>\$409,388</u>	<u>\$377,637</u>

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low to moderate income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

TIF District 1-12 has an outstanding pay-as-you-go revenue note. Tax Increment Revenue Note Series 2017 was issued in the principal sum of \$1,200,000. The note is not a general obligation of the City and is payable solely from available tax increments. Accordingly, the note is not reflected in the financial statements of the City. Principal payments are due August 1st and February 1st and are equal to 80% of the Tax Increment revenues collected in the preceding six months. Current year payments on the note totaled \$204,190 and the outstanding balance at December 31, 2021 was \$475,800.

Note 16 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

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

B. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

C. COMMITTED CONTRACTS

At December 31, 2021, the City had commitments of \$462,701 for uncompleted construction contracts.

Note 17 RISK MANAGEMENT

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

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

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

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

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

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 18 RECENTLY ISSUED ACCOUNTING STANDARDS

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

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92 *Omnibus 2020*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription – Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022

Statement No. 99 *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
Page 1 of 6

	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
General property taxes:				
Current and delinquent	\$9,267,367	\$9,327,367	\$9,268,523	(\$58,844)
Penalties and interest	4,000	4,000	11,808	7,808
Total general property taxes	9,271,367	9,331,367	9,280,331	(51,036)
Licenses and permits:				
Business	143,959	83,359	83,348	(11)
Non-business	799,060	1,310,060	1,317,407	7,347
Total licenses and permits	943,019	1,393,419	1,400,755	7,336
Intergovernmental:				
State:				
Police state aid	255,000	246,000	246,117	117
OTS grant	-	30,000	29,163	(837)
MSA maintenance	270,000	247,000	246,536	(464)
Other	28,000	38,000	35,742	(2,258)
County solid waste grant	78,523	61,523	68,721	7,198
Total intergovernmental	631,523	622,523	626,279	3,756
Charges for services:				
General government	22,933	48,933	52,176	3,243
Engineering and planning fees	29,076	34,076	44,385	10,309
Public safety	190,800	160,800	174,492	13,692
Public services	12,250	6,750	16,238	9,488
Investment management charge to other funds	50,000	50,000	50,000	-
Total charges for services	305,059	300,559	337,291	36,732
Fines and forfeits	106,100	74,100	73,206	(894)
Investment earnings	30,000	-	(50,817)	(50,817)
Miscellaneous:				
Gas franchise fees	55,000	55,000	67,620	12,620
Building lease revenue	115,000	115,000	114,154	(846)
Refunds and reimbursements	35,000	60,000	59,468	(532)
Donations	500	500	-	(500)
Other	5,000	5,000	3,087	(1,913)
Total miscellaneous	210,500	235,500	244,329	8,829
Total revenues	11,497,568	11,957,468	11,911,374	(46,094)

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
Page 2 of 6

	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personal services	47,563	47,563	47,030	533
Other services and charges	18,700	21,200	20,474	726
Contractual services	23,500	23,500	23,421	79
Total mayor and city council	89,763	92,263	90,925	1,338
Elections:				
Current:				
Personal services	10,160	10,160	10,075	85
Supplies	500	500	373	127
Other services and charges	2,000	2,000	1,781	219
Contractual services	6,500	4,500	4,215	285
Total elections	19,160	17,160	16,444	716
Administration:				
Current:				
Personal services	506,436	519,936	514,889	5,047
Supplies	-	-	5	(5)
Other services and charges	34,860	18,860	18,037	823
Contractual services	10,539	10,539	12,547	(2,008)
Total administration	551,835	549,335	545,478	3,857
Finance:				
Current:				
Personal services	319,168	319,168	314,625	4,543
Supplies	1,000	1,000	280	720
Other services and charges	255,759	256,759	259,782	(3,023)
Contractual services	110,300	92,300	92,107	193
Total finance	686,227	669,227	666,794	2,433
Cable TV:				
Current:				
Personal services	-	-	(2)	2
Contractual services	2,658	-	-	-
Total cable tv	2,658	0	(2)	2
Legal consultants:				
Current:				
Contractual services	135,000	125,000	119,890	5,110
Engineering/planning:				
Current:				
Contractual services	107,160	107,160	111,129	(3,969)
Capital outlay	2,600	2,600	3,010	(410)
Total engineering/planning	109,760	109,760	114,139	(4,379)

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
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	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
General government: (continued)				
Charter commission:				
Current:				
Other services and charges	2,500	1,000	302	698
Government buildings:				
Current:				
Personal services	2,511	2,511	2,510	1
Supplies	42,400	42,400	37,998	4,402
Other services and charges	378,475	387,475	385,290	2,185
Contractual services	71,200	98,200	98,024	176
Capital outlay	-	6,000	5,863	137
Total government buildings	494,586	536,586	529,685	6,901
Total general government	2,091,489	2,100,331	2,083,655	16,676
Public safety:				
Police:				
Current:				
Personal services	4,099,954	3,819,954	3,759,351	60,603
Supplies	46,630	46,630	39,164	7,466
Other services and charges	166,524	166,524	162,885	3,639
Contractual services	51,839	51,839	49,119	2,720
Capital outlay	3,100	3,100	3,100	-
Total police	4,368,047	4,088,047	4,013,619	74,428
Fire protection:				
Current:				
Personal services	535,860	432,860	427,306	5,554
Supplies	26,900	26,900	23,597	3,303
Other services and charges	91,560	75,756	75,495	261
Contractual services	44,565	34,565	32,386	2,179
Total fire protection	698,885	570,081	558,784	11,297
Building inspection:				
Current:				
Personal services	359,765	350,605	347,243	3,362
Supplies	2,150	2,150	970	1,180
Other services and charges	11,440	11,440	11,142	298
Contractual services	3,325	41,875	41,549	326
Total building inspection	376,680	406,070	400,904	5,166
Total public safety	5,443,612	5,064,198	4,973,307	90,891

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
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	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Public services:				
Streets:				
Current:				
Personal services	626,152	613,152	607,132	6,020
Supplies	151,000	144,500	134,687	9,813
Other services and charges	110,600	95,600	92,460	3,140
Contractual services	103,500	119,000	119,092	(92)
Capital outlay	17,500	17,500	18,007	(507)
Total streets	1,008,752	989,752	971,378	18,374
Fleet:				
Current:				
Personal services	218,294	215,294	212,963	2,331
Supplies	183,000	182,000	180,493	1,507
Other services and charges	85,865	85,865	87,419	(1,554)
Contractual services	67,000	52,500	44,820	7,680
Capital outlay	5,000	5,000	4,680	320
Total fleet	559,159	540,659	530,375	10,284
Parks:				
Current:				
Personal services	497,044	482,544	477,798	4,746
Supplies	45,000	37,000	34,651	2,349
Other services and charges	50,550	75,550	72,022	3,528
Contractual services	97,700	129,700	129,288	412
Capital outlay	-	375,000	369,434	5,566
Total parks	690,294	1,099,794	1,083,193	16,601
Recreation:				
Current:				
Other services and charges	-	34,745	34,745	-
Total recreation	0	34,745	34,745	0
Total public services	2,258,205	2,664,950	2,619,691	45,259

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
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	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Conservation of natural resources:				
Forestry:				
Current:				
Personal services	37,775	37,775	37,703	72
Supplies	3,250	3,250	611	2,639
Other services and charges	380	380	373	7
Contractual services	30,000	37,000	36,790	210
Total forestry	71,405	78,405	75,477	2,928
Environmental:				
Current:				
Personal services	51,811	43,811	42,250	1,561
Supplies	1,000	1,000	745	255
Other services and charges	9,430	9,430	5,679	3,751
Contractual services	1,100	1,100	-	1,100
Total environmental	63,341	55,341	48,674	6,667
Solid waste abatement:				
Current:				
Personal services	47,503	41,003	38,476	2,527
Supplies	1,100	1,100	713	387
Other services and charges	7,220	2,720	2,871	(151)
Contractual services	22,700	16,700	16,036	664
Total solid waste abatement	78,523	61,523	58,096	3,427
Total conservation of natural resources	213,269	195,269	182,247	13,022
Community development:				
Community development:				
Current:				
Personal services	226,155	226,155	225,098	1,057
Supplies	100	100	30	70
Other services and charges	7,900	7,900	5,513	2,387
Contractual services	1,025	1,025	702	323
Total community development	235,180	235,180	231,343	3,837
Economic development:				
Current:				
Personal services	21,219	27,419	25,775	1,644
Other services and charges	14,040	36,040	33,611	2,429
Contractual services	73,225	54,225	55,899	(1,674)
Total economic development	108,484	117,684	115,285	2,399

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021

Statement 10
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	Budgeted Amounts		2021 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures: (continued)				
Planning and zoning commission:				
Current:				
Personal services	113,598	113,598	113,369	229
Supplies	200	200	159	41
Other services and charges	16,250	16,250	13,446	2,804
Contractual services	38,000	13,000	7,731	5,269
Total planning and zoning commission	168,048	143,048	134,705	8,343
Total community development	511,712	495,912	481,333	14,579
Other:				
Contingency	75,000	-	-	-
Total expenditures	10,593,287	10,520,660	10,340,233	180,427
Revenues over (under) expenditures	904,281	1,436,808	1,571,141	134,333
Other financing sources (uses):				
Transfers out	(926,113)	(951,113)	(951,113)	-
Net change in fund balance	(\$21,832)	\$485,695	620,028	\$134,333
Fund balance - January 1			7,527,722	
Fund balance - December 31			\$8,147,750	

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
For The Last Ten Years

Statement 11

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$65,484	\$63,577	\$53,789	\$16,547	\$16,990
Interest	13,256	12,256	10,893	21,355	22,542
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(250,908)	-	(245,168)	-	(51,083)
Changes in assumptions	93,391	-	-	-	-
Benefit payments	(32,454)	(22,990)	(15,527)	(27,798)	(31,536)
Net change in total OPEB liability	(111,231)	52,843	(196,013)	10,104	(43,087)
Total OPEB liability - beginning	613,474	560,631	756,644	746,540	789,627
Total OPEB liability - ending	<u>\$502,243</u>	<u>\$613,474</u>	<u>\$560,631</u>	<u>\$756,644</u>	<u>\$746,540</u>
Covered-employee payroll	\$3,443,877	\$3,496,085	\$3,379,110	\$3,240,932	\$3,499,836
Total OPEB liability as a percentage of covered-employee payroll	14.6%	17.5%	16.6%	23.3%	21.3%

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

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 12

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -

GENERAL EMPLOYEES RETIREMENT FUND

For The Last Ten Years

Measurement Date June 30,	Fiscal Year Ending December 31,	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0410%	\$2,124,883	\$ -	\$2,124,883	\$2,407,426	88.3%	78.2%
2016	2016	0.0387%	3,142,248	41,033	3,183,281	2,401,546	132.6%	68.9%
2017	2017	0.0414%	2,642,949	33,230	2,676,179	2,666,880	100.3%	75.9%
2018	2018	0.0381%	2,113,632	69,419	2,183,051	2,563,053	85.2%	79.5%
2019	2019	0.0398%	2,200,453	68,330	2,268,783	2,814,860	80.6%	80.2%
2020	2020	0.0392%	2,350,219	72,457	2,422,676	2,797,444	86.6%	79.1%
2021	2021	0.0391%	1,669,745	50,998	1,720,743	2,812,588	61.2%	87.0%

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

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 13****SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND**

For The Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$182,102	\$182,102	\$ -	\$2,428,027	7.5%
2016	193,684	193,684	-	2,582,452	7.5%
2017	192,510	192,510	-	2,566,800	7.5%
2018	202,526	202,526	-	2,700,347	7.5%
2019	208,807	208,807	-	2,784,089	7.5%
2020	206,802	206,802	-	2,757,351	7.5%
2021	223,767	223,767	-	2,983,557	7.5%

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

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 14****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Last Ten Years

Measurement Date June 30,	Fiscal Year Ending December 31,	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.2490%	\$2,829,223	\$2,284,973	123.8%	86.6%
2016	2016	0.2590%	10,394,121	2,495,778	416.5%	63.9%
2017	2017	0.2570%	3,469,806	2,643,314	131.3%	85.4%
2018	2018	0.2426%	2,585,866	2,556,951	101.1%	88.8%
2019	2019	0.2547%	2,711,539	2,689,536	100.8%	89.3%
2020	2020	0.2336%	3,079,098	2,638,619	116.7%	87.2%
2021	2021	0.2234%	1,724,411	2,602,793	66.3%	93.7%

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

See accompanying notes to the required supplementary information.

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

For The Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$393,551	\$393,551	\$ -	\$2,429,327	16.20%
2016	424,970	424,970	-	2,623,271	16.20%
2017	416,665	416,665	-	2,572,006	16.20%
2018	420,821	420,821	-	2,597,660	16.20%
2019	452,731	452,731	-	2,670,979	16.95%
2020	444,711	444,711	-	2,512,491	17.70%
2021	479,593	479,593	-	2,709,565	17.70%

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

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Statement 16
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Last Ten Years

Fiscal year ending and measurement date - December 31:	2021	2020	2019	2018	2017
Total pension liability:					
Service cost	\$67,890	\$46,865	\$52,320	\$48,182	\$47,952
Interest on pension liability	19,363	19,051	16,603	8,754	6,191
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	59,354	(81,734)	(22,680)	69,760	(11,672)
Changes of assumptions	-	-	-	-	-
Changes in benefit level	100,057	-	-	-	-
Benefit payments	-	-	-	-	-
Net change in total pension liability	246,664	(15,818)	46,243	126,696	42,471
Total pension liability - beginning	254,832	270,650	224,407	97,711	55,240
Total pension liability - ending (a)	<u>\$501,496</u>	<u>\$254,832</u>	<u>\$270,650</u>	<u>\$224,407</u>	<u>\$97,711</u>
Plan fiduciary net position:					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - State of Minnesota	137,872	130,846	121,630	118,144	113,797
Contributions - other	-	-	-	64,869	58,800
Net investment income	83,292	95,960	78,063	(18,696)	9,153
Benefit payments	-	-	-	-	-
Administrative expense	(707)	(746)	(694)	(702)	(572)
Net change in plan fiduciary net position	220,457	226,060	198,999	163,615	181,178
Plan fiduciary net position - beginning	814,379	588,319	389,320	225,705	44,527
Plan fiduciary net position - ending (b)	<u>\$1,034,836</u>	<u>\$814,379</u>	<u>\$588,319</u>	<u>\$389,320</u>	<u>\$225,705</u>
Net pension liability/(asset) - ending (a) - (b)	<u>(\$533,340)</u>	<u>(\$559,547)</u>	<u>(\$317,669)</u>	<u>(\$164,913)</u>	<u>(\$127,994)</u>
Plan fiduciary net position as a percentage of the total pension liability	206%	320%	217%	173%	231%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 17****SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**

For The Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
2016	\$ -	\$44,394	(\$44,394)	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2020	-	-	-	N/A	N/A
2021	-	-	-	N/A	N/A

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. Additional years will be reported as they become

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

Note A LEGAL COMPLIANCE – BUDGETS

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

Note B OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2021 Changes in Actuarial Assumptions:

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

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 Changes in Plan Provisions:

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

2019 Changes in Actuarial Assumptions:

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

2019 Changes in the Plan Provisions:

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

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

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

2016 Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

2020 Changes in Actuarial Assumptions:

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

2019 Changes in Actuarial Assumptions:

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

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

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

2016 Changes in Actuarial Assumptions:

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

Single Employer – Fire Division

During 2021, the benefit level per year of service increased from \$5,000 to \$7,000. There have been no other factors, such as changes to assumptions, that affect trends in the amounts reported since the Fire Division was created.

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

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SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUNDS

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

PERMANENT FUNDS

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

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

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021

Statement 18

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$1,922,627	\$5,241,849	\$6,578,603	\$142,603	\$13,885,682
Due from other governmental units	30,457	-	-	-	30,457
Accounts receivable - net	1,969	-	4,680	-	6,649
Prepaid items	108,573	-	-	-	108,573
Advances to other funds	-	-	457,303	-	457,303
Taxes receivable:					
Due from county	-	-	9,361	-	9,361
Special assessments receivable:					
Due from county	-	14	245	-	259
Delinquent	-	-	1,387	-	1,387
Deferred	-	569,840	1,024,075	-	1,593,915
Interfund loan receivable	-	-	1,910,972	-	1,910,972
Total assets	\$2,063,626	\$5,811,703	\$9,986,626	\$142,603	\$18,004,558
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$45,462	\$2,000	\$201,757	\$8,414	\$257,633
Due to other governmental units	3,822	-	-	-	3,822
Advances from other funds	35,211	-	422,092	-	457,303
Retainage payable	-	-	25,684	-	25,684
Unearned revenue	1,170,814	-	11,908	-	1,182,722
Total liabilities	1,255,309	2,000	661,441	8,414	1,927,164
Deferred inflows of resources:					
Unavailable revenue	-	569,840	1,025,462	-	1,595,302
Fund balance:					
Nonspendable	108,573	-	-	100,000	208,573
Restricted	216,844	5,239,863	2,359,694	34,189	7,850,590
Committed	531,131	-	-	-	531,131
Assigned	-	-	6,353,034	-	6,353,034
Unassigned	(48,231)	-	(413,005)	-	(461,236)
Total fund balance	808,317	5,239,863	8,299,723	134,189	14,482,092
Total liabilities, deferred inflows of resources, and fund balance	\$2,063,626	\$5,811,703	\$9,986,626	\$142,603	\$18,004,558

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021

Statement 19

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Revenues:					
General property taxes	\$ -	\$1,909,448	\$ -	\$ -	\$1,909,448
Tax increment	-	-	873,310	-	873,310
Special assessments	-	96,013	178,784	-	274,797
Intergovernmental	198,783	-	-	-	198,783
Charges for services	63,610	-	1,464,054	-	1,527,664
Fines and forfeits	40,153	-	-	-	40,153
Investment earnings	(4,048)	(22,120)	(32,336)	(766)	(59,270)
Miscellaneous	18,464	37,526	199,134	8,800	263,924
Total revenues	<u>316,962</u>	<u>2,020,867</u>	<u>2,682,946</u>	<u>8,034</u>	<u>5,028,809</u>
Expenditures:					
Current:					
General government	1,481	-	181,616	-	183,097
Public safety	57,454	-	-	-	57,454
Public services	158,238	-	262,144	-	420,382
Community development	-	-	318,860	21,814	340,674
Capital outlay:					
Public safety	47,223	-	205,432	-	252,655
Public services	-	-	1,453,219	-	1,453,219
Debt service:					
Principal	-	2,639,000	-	-	2,639,000
Interest and fiscal charges	-	695,506	-	-	695,506
Total expenditures	<u>264,396</u>	<u>3,334,506</u>	<u>2,421,271</u>	<u>21,814</u>	<u>6,041,987</u>
Revenues over (under) expenditures	<u>52,566</u>	<u>(1,313,639)</u>	<u>261,675</u>	<u>(13,780)</u>	<u>(1,013,178)</u>
Other financing sources (uses):					
Transfers in	-	1,531,600	240,000	-	1,771,600
Transfers out	-	-	(369,065)	-	(369,065)
Issuance of debt	-	18,890	-	-	18,890
Proceeds from sale of capital assets	-	-	398,355	-	398,355
Total other financing sources (uses)	<u>0</u>	<u>1,550,490</u>	<u>269,290</u>	<u>0</u>	<u>1,819,780</u>
Net change in fund balance	52,566	236,851	530,965	(13,780)	806,602
Fund balance - January 1	<u>755,751</u>	<u>5,003,012</u>	<u>7,768,758</u>	<u>147,969</u>	<u>13,675,490</u>
Fund balance - December 31	<u>\$808,317</u>	<u>\$5,239,863</u>	<u>\$8,299,723</u>	<u>\$134,189</u>	<u>\$14,482,092</u>

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SPECIAL REVENUE FUNDS

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

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

The Rookery Activity Center – established to account for activities relating to The Rookery Activity Center.

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

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

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

Federal Forfeitures - Justice – established to account for activities associated with the receipt and use of equitable sharing paid from the U.S. Department of Justice Asset Forfeiture Fund.

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

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

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

Federal Forfeitures - Treasury – established to account for activities associated with the receipt and use of equitable sharing paid from the U.S. Department of Treasury Forfeiture Fund.

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

American Rescue Plan Act Funds – accounts for American Rescue Plan Act funds received by the City.

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

	201 Program Recreation	202 The Rookery Activity Center	203 Economic Development Authority	204 Cable TV and Communications Fund	205 Blue Heron Days
Assets					
Cash and investments	\$24,132	\$ -	\$236,839	\$270,160	\$12,071
Due from other governmental units	-	30,457	-	-	-
Accounts receivable - net	-	1,969	-	-	-
Prepaid items	-	108,573	-	-	-
Total assets	\$24,132	\$140,999	\$236,839	\$270,160	\$12,071
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$41,624	\$ -	\$ -	\$ -
Due to other governmental units	-	3,822	-	-	-
Advances from other funds	-	35,211	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	80,657	-	-	-
Fund balance:					
Nonspendable	-	108,573	-	-	-
Restricted	-	-	-	-	12,071
Committed	24,132	-	236,839	270,160	-
Unassigned	-	(48,231)	-	-	-
Total fund balance	24,132	60,342	236,839	270,160	12,071
Total liabilities and fund balance	\$24,132	\$140,999	\$236,839	\$270,160	\$12,071

206 Federal Forfeitures - Justice	207 State Narcotics Forfeitures	208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	213 American Rescue Plan Act Funds	Total Nonmajor Special Revenue Funds
\$33,207	\$44,612	\$74,827	\$1,375	\$37,674	\$16,916	\$1,170,814	\$1,922,627
-	-	-	-	-	-	-	30,457
-	-	-	-	-	-	-	1,969
-	-	-	-	-	-	-	108,573
<u>\$33,207</u>	<u>\$44,612</u>	<u>\$74,827</u>	<u>\$1,375</u>	<u>\$37,674</u>	<u>\$16,916</u>	<u>\$1,170,814</u>	<u>\$2,063,626</u>
\$ -	\$ -	\$3,154	\$ -	\$ -	\$684	\$ -	\$45,462
-	-	-	-	-	-	-	3,822
-	-	-	-	-	-	-	35,211
-	-	-	-	-	-	1,170,814	1,170,814
-	-	3,154	-	-	684	1,170,814	1,255,309
-	-	-	-	-	-	-	108,573
33,207	44,612	71,673	1,375	37,674	16,232	-	216,844
-	-	-	-	-	-	-	531,131
-	-	-	-	-	-	-	(48,231)
<u>33,207</u>	<u>44,612</u>	<u>71,673</u>	<u>1,375</u>	<u>37,674</u>	<u>16,232</u>	<u>0</u>	<u>808,317</u>
<u>\$33,207</u>	<u>\$44,612</u>	<u>\$74,827</u>	<u>\$1,375</u>	<u>\$37,674</u>	<u>\$16,916</u>	<u>\$1,170,814</u>	<u>\$2,063,626</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2021

	201 Program Recreation	202 The Rookery Activity Center	203 Economic Development Authority	204 Cable TV and Communications Fund	205 Blue Heron Days
Revenues:					
Intergovernmental	\$ -	\$198,783	\$ -	\$ -	\$ -
Charges for services	-	-	-	63,610	-
Fines and forfeits	-	-	-	-	-
Investment earnings	(123)	(3)	(1,278)	(1,422)	(62)
Miscellaneous	-	14,270	-	-	4,194
Total revenues	<u>(123)</u>	<u>213,050</u>	<u>(1,278)</u>	<u>62,188</u>	<u>4,132</u>
Expenditures:					
Current:					
General government	-	-	383	1,098	-
Public safety	-	-	-	-	-
Public services	-	152,708	-	-	5,530
Capital outlay:					
Public safety	-	-	-	-	-
Total expenditures	<u>0</u>	<u>152,708</u>	<u>383</u>	<u>1,098</u>	<u>5,530</u>
Revenues over (under) expenditures	(123)	60,342	(1,661)	61,090	(1,398)
Fund balance - January 1	<u>24,255</u>	<u>-</u>	<u>238,500</u>	<u>209,070</u>	<u>13,469</u>
Fund balance - December 31	<u><u>\$24,132</u></u>	<u><u>\$60,342</u></u>	<u><u>\$236,839</u></u>	<u><u>\$270,160</u></u>	<u><u>\$12,071</u></u>

206 Federal Forfeitures - Justice	207 State Narcotics Forfeitures	208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	213 American Rescue Plan Act Funds	Total Nonmajor Special Revenue Funds
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$198,783
-	-	-	-	-	-	-	63,610
26,081	185	13,887	-	-	-	-	40,153
(171)	(289)	(398)	(8)	(184)	(110)	-	(4,048)
-	-	-	-	-	-	-	18,464
<u>25,910</u>	<u>(104)</u>	<u>13,489</u>	<u>(8)</u>	<u>(184)</u>	<u>(110)</u>	<u>0</u>	<u>316,962</u>
-	-	-	-	-	-	-	1,481
6,776	30,982	10,295	185	3,448	5,768	-	57,454
-	-	-	-	-	-	-	158,238
-	-	-	-	47,223	-	-	47,223
<u>6,776</u>	<u>30,982</u>	<u>10,295</u>	<u>185</u>	<u>50,671</u>	<u>5,768</u>	<u>0</u>	<u>264,396</u>
19,134	(31,086)	3,194	(193)	(50,855)	(5,878)	0	52,566
<u>14,073</u>	<u>75,698</u>	<u>68,479</u>	<u>1,568</u>	<u>88,529</u>	<u>22,110</u>	<u>-</u>	<u>755,751</u>
<u>\$33,207</u>	<u>\$44,612</u>	<u>\$71,673</u>	<u>\$1,375</u>	<u>\$37,674</u>	<u>\$16,232</u>	<u>\$0</u>	<u>\$808,317</u>

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DEBT SERVICE FUNDS

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

General Debt Bonds – are repaid primarily from property taxes.

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

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

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

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

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2021

	315 Certificates of Indebtedness	332 G.O. TIF Bonds of 2007A	335 G.O. Bonds of 2012A	336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A
Assets					
Cash and investments	\$305,991	\$148,378	\$220,066	\$361,493	\$389,813
Special assessments receivable:					
Due from county	-	-	-	-	-
Deferred	-	-	-	168,849	-
Total assets	<u>\$305,991</u>	<u>\$148,378</u>	<u>\$220,066</u>	<u>\$530,342</u>	<u>\$389,813</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$200	\$200	\$200	\$200
Deferred inflows of resources:					
Unavailable revenue	-	-	-	168,849	-
Fund balance:					
Restricted	<u>305,991</u>	<u>148,178</u>	<u>219,866</u>	<u>361,293</u>	<u>389,613</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$305,991</u>	<u>\$148,378</u>	<u>\$220,066</u>	<u>\$530,342</u>	<u>\$389,813</u>

338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	344 G.O. Bonds of 2018A	345 G.O. Utility Revenue Bonds of 2020A	346 G.O. Bonds of 2021A	Total Nonmajor Debt Service Funds
\$652,008	\$336,699	\$1,595	\$268,250	\$436,348	\$1,871,556	\$230,843	\$18,809	\$5,241,849
-	-	-	-	-	14	-	-	14
-	-	-	-	-	400,991	-	-	569,840
<u>\$652,008</u>	<u>\$336,699</u>	<u>\$1,595</u>	<u>\$268,250</u>	<u>\$436,348</u>	<u>\$2,272,561</u>	<u>\$230,843</u>	<u>\$18,809</u>	<u>\$5,811,703</u>
\$200	\$200	\$ -	\$200	\$200	\$200	\$200	\$ -	\$2,000
-	-	-	-	-	400,991	-	-	569,840
651,808	336,499	1,595	268,050	436,148	1,871,370	230,643	18,809	5,239,863
<u>\$652,008</u>	<u>\$336,699</u>	<u>\$1,595</u>	<u>\$268,250</u>	<u>\$436,348</u>	<u>\$2,272,561</u>	<u>\$230,843</u>	<u>\$18,809</u>	<u>\$5,811,703</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2021

	315 Certificates of Indebtedness	332 G.O. TIF Bonds of 2007A	335 G.O. Bonds of 2012A	336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A
Revenues:						
General property taxes	\$352,286	\$ -	\$175,896	\$ -	\$ -	\$266,923
Special assessments	-	-	-	39,000	-	-
Investment earnings	(2,258)	(818)	(651)	(1,833)	(2,111)	(2,720)
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>350,028</u>	<u>(818)</u>	<u>175,245</u>	<u>37,167</u>	<u>(2,111)</u>	<u>264,203</u>
Expenditures:						
Debt service:						
Principal	326,000	230,000	160,000	60,000	390,000	205,000
Interest and fiscal charges	9,510	37,826	9,260	9,700	17,090	51,962
Total expenditures	<u>335,510</u>	<u>267,826</u>	<u>169,260</u>	<u>69,700</u>	<u>407,090</u>	<u>256,962</u>
Revenues over (under) expenditures	<u>14,518</u>	<u>(268,644)</u>	<u>5,985</u>	<u>(32,533)</u>	<u>(409,201)</u>	<u>7,241</u>
Other financing sources (uses):						
Transfers in	-	267,126	-	-	125,601	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>267,126</u>	<u>0</u>	<u>0</u>	<u>125,601</u>	<u>0</u>
Net change in fund balance	14,518	(1,518)	5,985	(32,533)	(283,600)	7,241
Fund balance - January 1	<u>291,473</u>	<u>149,696</u>	<u>213,881</u>	<u>393,826</u>	<u>673,213</u>	<u>644,567</u>
Fund balance - December 31	<u><u>\$305,991</u></u>	<u><u>\$148,178</u></u>	<u><u>\$219,866</u></u>	<u><u>\$361,293</u></u>	<u><u>\$389,613</u></u>	<u><u>\$651,808</u></u>

339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	344 G.O. Bonds of 2018A	345 G.O. Utility Revenue Bonds of 2020A	346 G.O. Bonds of 2021A	Total Nonmajor Debt Service Funds
\$316,877	\$ -	\$ -	\$313,567	\$483,899	\$ -	\$ -	\$1,909,448
-	-	-	-	57,013	-	-	96,013
(977)	(5)	(1,456)	(1,391)	(7,751)	(68)	(81)	(22,120)
-	37,526	-	-	-	-	-	37,526
315,900	37,521	(1,456)	312,176	533,161	(68)	(81)	2,020,867
180,000	33,000	140,000	275,000	365,000	275,000	-	2,639,000
120,137	4,526	19,550	11,072	267,111	137,762	-	695,506
300,137	37,526	159,550	286,072	632,111	412,762	0	3,334,506
15,763	(5)	(161,006)	26,104	(98,950)	(412,830)	(81)	(1,313,639)
-	-	158,900	-	336,182	643,791	-	1,531,600
-	-	-	-	-	-	18,890	18,890
0	0	158,900	0	336,182	643,791	18,890	1,550,490
15,763	(5)	(2,106)	26,104	237,232	230,961	18,809	236,851
320,736	1,600	270,156	410,044	1,634,138	(318)	-	5,003,012
\$336,499	\$1,595	\$268,050	\$436,148	\$1,871,370	\$230,643	\$18,809	\$5,239,863

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CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2021

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	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Assets					
Cash and investments	\$231,682	\$703,452	\$277,132	\$49,675	\$1,797,135
Accounts receivable - net	-	-	4,680	-	-
Advances to other funds	457,303	-	-	-	-
Taxes receivable:					
Due from county	-	-	-	-	-
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Interfund loan receivable	-	1,910,972	-	-	-
Total assets	\$688,985	\$2,614,424	\$281,812	\$49,675	\$1,797,135
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$2,500	\$30,295	\$2,104	\$18,164
Advances from other funds	-	-	-	-	-
Retainage payable	-	-	-	-	-
Unearned revenue	-	11,908	-	-	-
Total liabilities	0	14,408	30,295	2,104	18,164
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Fund balance:					
Restricted	-	-	-	-	1,778,971
Assigned	688,985	2,600,016	251,517	47,571	-
Unassigned	-	-	-	-	-
Total fund balance	688,985	2,600,016	251,517	47,571	1,778,971
Total liabilities, deferred inflows of resources, and fund balance	\$688,985	\$2,614,424	\$281,812	\$49,675	\$1,797,135

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2021

	411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12
Assets				
Cash and investments	\$395,352	\$1,590	\$ -	\$285,848
Accounts receivable - net	-	-	-	-
Advances to other funds	-	-	-	-
Taxes receivable:				
Due from county	-	-	9,210	151
Special assessments receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Interfund loan receivable	-	-	-	-
Total assets	\$395,352	\$1,590	\$9,210	\$285,999
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$123	\$123	\$102,095
Advances from other funds	-	-	422,092	-
Contracts payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	0	123	422,215	102,095
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balance:				
Restricted	395,352	1,467	-	183,904
Assigned	-	-	-	-
Unassigned	-	-	(413,005)	-
Total fund balance	395,352	1,467	(413,005)	183,904
Total liabilities, deferred inflows of resources, and fund balance	\$395,352	\$1,590	\$9,210	\$285,999

422 Surface Water Management	423 Street Reconstruction	424 Surface Water Maintenance	425 Park and Trail Improvements	484 Comp Plan Update	Total Nonmajor Capital Project Funds
\$1,801,144	\$567,829	\$236,988	\$204,942	\$25,834	\$6,578,603
-	-	-	-	-	4,680
-	-	-	-	-	457,303
-	-	-	-	-	9,361
245	-	-	-	-	245
1,387	-	-	-	-	1,387
982,014	42,061	-	-	-	1,024,075
-	-	-	-	-	1,910,972
<u>\$2,784,790</u>	<u>\$609,890</u>	<u>\$236,988</u>	<u>\$204,942</u>	<u>\$25,834</u>	<u>\$9,986,626</u>
\$24,870	\$ -	\$3,682	\$10,156	\$7,645	\$201,757
-	-	-	-	-	422,092
25,684	-	-	-	-	25,684
-	-	-	-	-	11,908
<u>50,554</u>	<u>0</u>	<u>3,682</u>	<u>10,156</u>	<u>7,645</u>	<u>661,441</u>
<u>983,401</u>	<u>42,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,462</u>
-	-	-	-	-	2,359,694
1,750,835	567,829	233,306	194,786	18,189	6,353,034
-	-	-	-	-	(413,005)
<u>1,750,835</u>	<u>567,829</u>	<u>233,306</u>	<u>194,786</u>	<u>18,189</u>	<u>8,299,723</u>
<u>\$2,784,790</u>	<u>\$609,890</u>	<u>\$236,988</u>	<u>\$204,942</u>	<u>\$25,834</u>	<u>\$9,986,626</u>

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2021

	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Revenues:					
Tax increment	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	14,334	-	-	-	-
Charges for services	-	209,343	-	-	477,470
Investment earnings	(5,921)	(1,471)	(2,348)	(346)	(7,586)
Miscellaneous	-	-	2,371	-	681
Total revenues	<u>8,413</u>	<u>207,872</u>	<u>23</u>	<u>(346)</u>	<u>470,565</u>
Expenditures:					
Current:					
General government	3,890	141,783	-	35,943	-
Public services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay:					
Public safety	-	-	205,432	-	-
Public services	-	-	263,850	-	18,630
Total expenditures	<u>3,890</u>	<u>141,783</u>	<u>469,282</u>	<u>35,943</u>	<u>18,630</u>
Revenues over (under) expenditures	<u>4,523</u>	<u>66,089</u>	<u>(469,259)</u>	<u>(36,289)</u>	<u>451,935</u>
Other financing sources (uses):					
Transfers in	-	-	-	25,000	-
Transfers out	-	-	-	-	-
Proceeds from sale of capital assets	-	-	140,120	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>140,120</u>	<u>25,000</u>	<u>0</u>
Net change in fund balance	4,523	66,089	(329,139)	(11,289)	451,935
Fund balance - January 1	<u>684,462</u>	<u>2,533,927</u>	<u>580,656</u>	<u>58,860</u>	<u>1,327,036</u>
Fund balance - December 31	<u>\$688,985</u>	<u>\$2,600,016</u>	<u>\$251,517</u>	<u>\$47,571</u>	<u>\$1,778,971</u>

411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	422 Surface Water Management	423 Street Reconstruction
\$51,352	\$170,258	\$395,575	\$256,125	\$ -	\$ -
-	-	-	-	151,974	12,476
-	-	-	-	777,241	-
-	-	-	-	(8,797)	(3,027)
-	-	-	-	194,104	-
51,352	170,258	395,575	256,125	1,114,522	9,449
-	-	-	-	-	-
-	-	-	-	83,729	-
61,626	1,555	3,891	205,745	-	-
-	-	-	-	-	-
-	-	-	-	1,085,925	-
61,626	1,555	3,891	205,745	1,169,654	0
(10,274)	168,703	391,684	50,380	(55,132)	9,449
-	-	-	-	-	-
-	(369,065)	-	-	-	-
-	-	-	-	258,235	-
0	(369,065)	0	0	258,235	0
(10,274)	(200,362)	391,684	50,380	203,103	9,449
405,626	201,829	(804,689)	133,524	1,547,732	558,380
\$395,352	\$1,467	(\$413,005)	\$183,904	\$1,750,835	\$567,829

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2021

Statement 25
Page 2 of 2

	424 Surface Water Maintenance	425 Park and Trail Improvements	484 2040 Comp Plan Update	Total Nonmajor Capital Project Funds
Revenues:				
Tax increment	\$ -	\$ -	\$ -	\$873,310
Special assessments	-	-	-	178,784
Charges for services	-	-	-	1,464,054
Investment earnings	(1,472)	(1,252)	(116)	(32,336)
Miscellaneous	-	1,978	-	199,134
Total revenues	<u>(1,472)</u>	<u>726</u>	<u>(116)</u>	<u>2,682,946</u>
Expenditures:				
Current:				
General government	-	-	-	181,616
Public services	127,685	50,730	-	262,144
Community development	-	-	46,043	318,860
Capital outlay:				
Public safety	-	-	-	205,432
Public services	-	84,814	-	1,453,219
Total expenditures	<u>127,685</u>	<u>135,544</u>	<u>46,043</u>	<u>2,421,271</u>
Revenues over (under) expenditures	<u>(129,157)</u>	<u>(134,818)</u>	<u>(46,159)</u>	<u>261,675</u>
Other financing sources (uses):				
Transfers in	130,000	60,000	25,000	240,000
Transfers out	-	-	-	(369,065)
Proceeds from sale of capital assets	-	-	-	398,355
Total other financing sources (uses)	<u>130,000</u>	<u>60,000</u>	<u>25,000</u>	<u>269,290</u>
Net change in fund balance	843	(74,818)	(21,159)	530,965
Fund balance - January 1	<u>232,463</u>	<u>269,604</u>	<u>39,348</u>	<u>7,768,758</u>
Fund balance - December 31	<u><u>\$233,306</u></u>	<u><u>\$194,786</u></u>	<u><u>\$18,189</u></u>	<u><u>\$8,299,723</u></u>

STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

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

Contents	Table Number
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	Tables 1-4
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	Tables 5-8
Debt Capacity These tables 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.	Tables 9-12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	Tables 13-14
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	Tables 15-17

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

	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$22,166,342	\$22,241,821	\$19,540,807	\$18,230,746
Restricted	11,595,112	11,000,033	8,666,357	8,635,293
Unrestricted	17,639,038	16,849,636	20,527,704	13,888,120
Total governmental activities net position	<u>\$51,400,492</u>	<u>\$50,091,490</u>	<u>\$48,734,868</u>	<u>\$40,754,159</u>
Business-type activities:				
Net investment in capital assets	\$28,798,095	\$28,423,284	\$27,556,022	\$29,127,829
Unrestricted	12,102,013	12,999,182	13,888,278	14,672,630
Total business-type activities net position	<u>\$40,900,108</u>	<u>\$41,422,466</u>	<u>\$41,444,300</u>	<u>\$43,800,459</u>
Primary government:				
Net investment in capital assets	\$50,964,437	\$50,665,105	\$47,096,829	\$47,358,575
Restricted	11,595,112	11,000,033	8,666,357	8,635,293
Unrestricted	29,741,051	29,848,818	34,415,982	28,560,750
Total primary government net position	<u>\$92,300,600</u>	<u>\$91,513,956</u>	<u>\$90,179,168</u>	<u>\$84,554,618</u>

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

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

Table 1

2016	2017	2018	2019	2020	2021
\$18,597,344	\$22,868,259	\$24,640,555	\$28,433,053	\$31,960,308	\$38,987,698
13,342,852	11,730,147	10,579,817	12,390,431	13,446,203	13,889,250
10,187,254	12,017,212	16,577,520	17,640,035	18,686,238	21,975,414
<u>\$42,127,450</u>	<u>\$46,615,618</u>	<u>\$51,797,892</u>	<u>\$58,463,519</u>	<u>\$64,092,749</u>	<u>\$74,852,362</u>
\$31,860,610	\$31,831,950	\$32,709,079	\$36,390,820	\$43,366,197	\$43,566,016
13,863,447	14,846,045	15,570,827	16,237,228	16,054,144	16,425,602
<u>\$45,724,057</u>	<u>\$46,677,995</u>	<u>\$48,279,906</u>	<u>\$52,628,048</u>	<u>\$59,420,341</u>	<u>\$59,991,618</u>
\$50,457,954	\$54,700,209	\$57,349,634	\$64,823,873	\$75,326,505	\$82,553,714
13,342,852	11,730,147	10,579,817	12,390,431	13,446,203	13,889,250
24,050,701	26,863,257	32,148,347	33,877,263	34,740,382	38,401,016
<u>\$87,851,507</u>	<u>\$93,293,613</u>	<u>\$100,077,798</u>	<u>\$111,091,567</u>	<u>\$123,513,090</u>	<u>\$134,843,980</u>

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

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$1,883,961	\$1,566,388	\$2,036,550	\$2,016,351
Public safety	4,046,415	3,950,197	4,107,759	5,135,865
Public services	6,795,150	5,376,671	5,880,030	7,971,712
Conservation of natural resources	184,051	141,204	159,649	186,111
Community development	430,121	404,726	407,448	432,268
Interest and fees on long-term debt	837,755	951,842	618,680	632,876
Total governmental activities expenses	<u>14,177,453</u>	<u>12,391,028</u>	<u>13,210,116</u>	<u>16,375,183</u>
Business-type activities:				
Water	949,121	927,800	965,641	1,394,897
Sewer	1,527,637	1,584,395	1,628,258	2,089,842
Total business-type activities expenses	<u>2,476,758</u>	<u>2,512,195</u>	<u>2,593,899</u>	<u>3,484,739</u>
Total primary government expenses	<u>\$16,654,211</u>	<u>\$14,903,223</u>	<u>\$15,804,015</u>	<u>\$19,859,922</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$129,151	\$93,118	\$103,072	\$818,468
Public safety	642,745	697,584	763,470	199,498
Public services	668,128	632,002	621,221	603,866
Conservation of natural resources	19,297	1,347	1,882	-
Community development	16,940	28,118	39,395	-
Operating grants and contributions	450,179	527,368	840,676	526,107
Capital grants and contributions	5,125,693	941,960	335,733	1,176,732
Total governmental activities program revenues	<u>7,052,133</u>	<u>2,921,497</u>	<u>2,705,449</u>	<u>3,324,671</u>
Business-type activities:				
Charges for services:				
Water	1,371,809	1,208,742	965,425	1,014,836
Sewer	1,505,781	1,516,397	1,564,099	1,621,633
Operating grants and contributions	-	-	263,024	263,024
Capital grants and contributions	20,018	883	1,035	3,035,031
Total business-type activities	<u>2,897,608</u>	<u>2,726,022</u>	<u>2,793,583</u>	<u>5,934,524</u>
Total primary government program revenues	<u>\$9,949,741</u>	<u>\$5,647,519</u>	<u>\$5,499,032</u>	<u>\$9,259,195</u>

Table 2
Page 1 of 2

2016	2017	2018	2019	2020	2021
\$2,456,864	\$2,395,633	\$2,345,386	\$2,466,130	\$4,197,819	\$2,828,407
6,567,523	5,166,538	4,749,394	5,053,511	4,867,134	4,706,881
6,228,893	5,492,395	5,384,522	5,810,919	4,118,477	6,260,599
216,905	200,016	201,590	183,982	161,556	178,581
454,144	459,455	576,794	686,421	660,660	791,930
831,529	518,897	414,607	498,587	733,207	654,287
16,755,858	14,232,934	13,672,293	14,699,550	14,738,853	15,420,685
1,367,693	1,245,249	1,332,755	1,322,811	1,532,282	1,621,486
1,850,962	1,901,821	1,964,471	2,002,711	2,199,865	2,186,992
3,218,655	3,147,070	3,297,226	3,325,522	3,732,147	3,808,478
\$19,974,513	\$17,380,004	\$16,969,519	\$18,025,072	\$18,471,000	\$19,229,163
\$520,231	\$550,117	\$562,816	\$612,237	\$587,888	\$892,386
1,359,426	2,249,152	1,591,658	1,255,363	1,235,829	1,688,606
865,327	801,633	448,009	1,273,900	1,106,248	2,528,275
-	-	-	-	-	-
-	-	-	-	-	-
722,858	1,106,014	861,429	870,532	2,470,024	1,019,752
5,046,307	4,141,383	5,187,023	6,820,419	6,894,207	7,931,093
8,514,149	8,848,299	8,650,935	10,832,451	12,294,196	14,060,112
1,094,897	1,150,834	1,217,589	1,172,580	1,341,559	1,683,290
1,659,322	1,698,963	1,753,712	1,771,143	1,803,231	1,892,040
-	-	-	-	42,152	-
1,543,947	836,029	1,242,032	2,894,794	2,887,266	752,403
4,298,166	3,685,826	4,213,333	5,838,517	6,074,208	4,327,733
\$12,812,315	\$12,534,125	\$12,864,268	\$16,670,968	\$18,368,404	\$18,387,845

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

	2012	2013	2014	2015
Net (expense) revenue:				
Governmental activities	(\$7,125,320)	(\$9,469,531)	(\$10,504,667)	(\$13,050,512)
Business-type activities	420,850	213,827	199,684	2,449,785
Total primary government, net	(6,704,470)	(9,255,704)	(10,304,983)	(10,600,727)
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	8,610,709	8,563,595	8,806,886	9,243,236
Unrestricted grants and contributions	4,941	4,442	4,443	5,363
Unrestricted investment earnings	202,828	(54,204)	265,695	112,961
Gain on disposal of capital assets	4,175	-	1,727	17,836
Special item - withdrawal from fire district	-	-	-	-
Transfers	41,043	(353,304)	69,294	66,834
Total governmental activities	8,863,696	8,160,529	9,148,045	9,446,230
Business-type activities:				
Unrestricted investment earnings	102,073	(44,773)	154,468	51,167
Gain on disposal of capital assets	-	-	-	-
Transfers	(41,043)	353,304	(69,294)	(66,834)
Total business-type activities	61,030	308,531	85,174	(15,667)
Total primary government	\$8,924,726	\$8,469,060	\$9,233,219	\$9,430,563
Change in net position:				
Governmental activities	\$1,738,376	(\$1,309,002)	(\$1,356,622)	(\$3,604,282)
Business-type activities	481,880	522,358	284,858	2,434,118
Total primary government change in net position	\$2,220,256	(\$786,644)	(\$1,071,764)	(\$1,170,164)

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

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

2016	2017	2018	2019	2020	2021
(\$8,241,709)	(\$5,384,635)	(\$5,021,358)	(\$3,867,099)	(\$2,444,657)	(\$1,360,573)
1,079,511	538,756	916,107	2,512,995	2,342,061	519,255
(7,162,198)	(4,845,879)	(4,105,251)	(1,354,104)	(102,596)	(841,318)
9,343,500	9,753,971	10,229,691	10,706,977	11,259,043	12,006,161
91,385	181,712	59,508	38,926	47,188	6,587
210,142	207,792	369,485	1,029,944	684,384	(171,260)
66,255	38,022	17,318	68,472	150,041	387,972
1,333,166	-	-	-	-	-
(914,414)	(308,694)	(472,370)	(1,311,593)	(4,066,269)	(109,774)
10,130,034	9,872,803	10,203,632	10,532,726	8,074,387	12,119,686
107,119	106,488	213,434	523,554	383,963	(86,764)
-	-	-	-	-	29,012
914,414	308,694	472,370	1,311,593	4,066,269	109,774
1,021,533	415,182	685,804	1,835,147	4,450,232	52,022
\$11,151,567	\$10,287,985	\$10,889,436	\$12,367,873	\$12,524,619	\$12,171,708
\$1,888,325	\$4,488,168	\$5,182,274	\$6,665,627	\$5,629,730	\$10,759,113
2,101,044	953,938	1,601,911	4,348,142	6,792,293	571,277
\$3,989,369	\$5,442,106	\$6,784,185	\$11,013,769	\$12,422,023	\$11,330,390

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

	2012	2013	2014	2015
General Fund:				
Nonspendable	\$180,786	\$176,797	\$253,471	\$220,677
Committed	-	-	-	-
Unassigned	5,053,031	5,209,286	5,053,064	5,725,736
Total general fund	<u>\$5,233,817</u>	<u>\$5,386,083</u>	<u>\$5,306,535</u>	<u>\$5,946,413</u>
All other governmental funds:				
Nonspendable	823,113	101,710	101,302	101,177
Restricted	3,041,524	3,651,550	2,830,526	2,637,638
Committed	115,196	121,075	152,078	163,239
Assigned	15,573,179	15,710,702	18,027,773	15,022,852
Unassigned	<u>(3,262,728)</u>	<u>(3,393,547)</u>	<u>(375,851)</u>	<u>(3,815,304)</u>
Total all other governmental funds	<u>\$16,290,284</u>	<u>\$16,191,490</u>	<u>\$20,735,828</u>	<u>\$14,109,602</u>
Total all funds	<u>\$21,524,101</u>	<u>\$21,577,573</u>	<u>\$26,042,363</u>	<u>\$20,056,015</u>

Table 3

2016	2017	2018	2019	2020	2021
\$225,114	\$243,317	\$286,186	\$296,907	\$315,224	\$356,619
-	-	-	443,900	425,000	71,370
6,031,077	6,573,608	6,599,956	6,052,388	6,787,498	7,719,761
\$6,256,191	\$6,816,925	\$6,886,142	\$6,793,195	\$7,527,722	\$8,147,750
101,220	101,659	101,998	102,842	102,076	208,573
6,502,424	5,289,641	9,824,255	6,650,462	8,206,540	8,437,406
170,950	175,401	182,613	175,485	470,047	531,131
15,778,480	14,581,669	19,195,652	19,672,706	18,943,415	19,533,784
(978,496)	(2,909,173)	(2,935,459)	(3,171,161)	(3,129,676)	(2,931,318)
\$21,574,578	\$17,239,197	\$26,369,059	\$23,430,334	\$24,592,402	\$25,779,576
\$27,830,769	\$24,056,122	\$33,255,201	\$30,223,529	\$32,120,124	\$33,927,326

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

	2012	2013	2014	2015
Revenues:				
Property taxes	\$8,560,340	\$8,475,214	\$8,612,011	\$8,950,507
Licenses and permits	319,172	431,654	407,681	551,202
Intergovernmental	5,267,570	500,963	823,025	679,627
Special assessments	816,998	2,130,519	1,278,202	703,141
Charges for services	744,633	717,300	731,640	696,501
Fines and forfeits	155,956	119,079	149,653	127,803
Investment earnings	202,825	(53,466)	265,794	112,915
Miscellaneous	414,088	384,749	767,477	766,072
Total revenues	16,481,582	12,706,012	13,035,483	12,587,768
Expenditures:				
Current:				
General government	1,619,215	1,569,722	1,692,175	1,643,966
Public safety	3,861,265	3,744,957	3,845,732	11,895,482
Public services	4,396,406	3,956,766	4,156,497	4,779,696
Conservation of natural resources	176,318	134,127	149,292	191,038
Community development	435,154	418,533	402,750	422,935
Capital outlay	616,931	291,135	674,488	1,566,057
Debt service:				
Principal	2,145,000	2,214,000	3,664,000	2,802,511
Interest and fiscal charges	831,875	774,172	696,780	542,166
Bond issuance costs	47,054	17,137	-	62,831
Total expenditures	14,129,218	13,120,549	15,281,714	23,906,682
Excess (deficiency) of revenues over expenditures	2,352,364	(414,537)	(2,246,231)	(11,318,914)
Other financing sources (uses):				
Proceeds from sale of capital assets	4,175	16,727	1,727	54,522
Insurance recovery	-	-	-	-
Issuance of debt	2,165,000	808,000	3,140,000	8,606,250
Premium on bonds issued	-	6,558	-	114,960
Payment to refunded bond escrow agent	-	(435,000)	-	-
Transfers in	1,979,457	1,722,541	2,608,534	3,392,971
Transfers out	(1,910,435)	(1,650,817)	(2,539,240)	(3,336,137)
Total other financing sources (uses)	2,238,197	468,009	3,211,021	8,832,566
Special item - withdrawal from fire district	-	-	-	-
Net change in fund balance	\$4,590,561	\$53,472	\$964,790	(\$2,486,348)
Debt service as a percentage of noncapital expenditures	22.0%	23.3%	29.9%	15.0%
Debt service as a percentage of total expenditures	21.1%	22.8%	28.5%	14.0%

Table 4

2016	2017	2018	2019	2020	2021
\$9,369,090	\$9,772,741	\$10,215,761	\$10,685,592	\$11,232,374	\$12,063,089
895,581	1,447,571	1,260,046	941,569	972,450	1,400,755
706,944	1,080,953	3,453,300	688,389	2,597,744	1,170,678
4,400,635	2,283,974	2,005,970	1,935,178	987,053	1,597,697
1,293,556	1,327,781	1,003,896	1,862,803	1,609,627	3,102,712
251,653	613,593	137,940	131,936	160,279	113,359
210,142	207,792	369,485	1,029,944	684,384	(171,260)
417,448	410,640	323,379	265,130	246,599	508,253
17,545,049	17,145,045	18,769,777	17,540,541	18,490,510	19,785,283
1,845,667	1,952,669	1,948,909	2,007,741	3,412,600	2,257,879
4,333,080	4,360,517	4,575,957	4,720,122	4,744,173	5,027,661
3,203,837	3,414,412	3,148,058	3,538,624	3,083,366	2,929,603
201,635	183,392	199,026	207,919	160,884	182,247
425,402	433,144	572,910	680,419	665,405	822,007
3,044,615	2,152,848	3,469,208	7,444,939	6,387,441	5,499,595
2,769,525	8,058,525	3,130,600	2,815,075	2,855,000	3,149,000
816,362	640,029	437,659	562,471	629,282	699,782
98,906	-	-	-	-	49,097
16,739,029	21,195,536	17,482,327	21,977,310	21,938,151	20,616,871
806,020	(4,050,491)	1,287,450	(4,436,769)	(3,447,641)	(831,588)
72,182	103,328	49,391	77,986	240,842	398,355
-	-	-	711,854	-	-
5,464,000	311,000	7,218,900	388,535	4,624,235	1,815,000
41,497	-	401,193	-	435,623	102,502
-	-	-	-	-	-
3,521,180	6,984,443	4,266,440	2,777,663	4,122,789	3,240,042
(3,241,959)	(7,122,927)	(4,024,295)	(2,550,941)	(4,079,253)	(2,917,109)
5,856,900	275,844	7,911,629	1,405,097	5,344,236	2,638,790
1,111,834	-	-	-	-	-
\$7,774,754	(\$3,774,647)	\$9,199,079	(\$3,031,672)	\$1,896,595	\$1,807,202
26.2%	45.4%	25.5%	23.2%	22.4%	24.0%
21.4%	41.0%	20.4%	15.4%	15.9%	18.7%

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

Table 5

Payable Year	Residential Property	Commercial/ Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Market Value
2012	\$14,743,557	\$2,945,026	\$310,870	\$17,999,453	42.894	\$1,640,455,854
2013	13,693,905	2,571,769	336,047	16,601,721	46.774	1,519,857,242
2014	13,646,798	2,450,473	341,974	16,439,245	46.683	1,509,921,169
2015	15,455,516	2,536,783	347,316	18,339,615	43.770	1,694,366,064
2016	15,472,329	2,609,482	359,006	18,440,817	46.019	1,699,288,883
2017	16,480,328	2,767,099	396,378	19,643,805	45.140	1,808,417,118
2018	17,879,879	2,966,548	442,867	21,289,294	42.826	1,959,826,108
2019	18,920,892	3,294,449	471,895	22,687,236	41.817	2,082,803,803
2020	20,781,383	3,686,997	419,457	24,887,837	39.870	2,294,753,477
2021	22,250,844	3,710,390	530,211	26,491,445	40.109	2,435,156,410

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

Source: Anoka County, Minnesota Assessors' Office

CITY OF LINO LAKES, MINNESOTA**DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES****Table 6**

Last Ten Fiscal Years

(rate per \$100 of Tax Capacity)

Fiscal Year	City Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts	Total Overlapping	
2012	37.501	5.393	42.894	40.010	41.146	6.691	87.847	130.741
2013	40.964	5.810	46.774	43.681	44.411	6.940	95.032	141.806
2014	39.784	6.899	46.683	46.186	43.239	6.712	96.137	142.820
2015	37.819	5.951	43.770	36.562	38.123	6.021	80.706	124.476
2016	35.025	10.994	46.019	36.426	38.894	6.405	81.725	127.744
2017	35.105	10.035	45.140	29.097	36.841	5.810	71.748	116.888
2018	36.168	6.658	42.826	34.970	35.334	5.658	75.962	118.788
2019	33.875	7.942	41.817	35.984	34.473	5.300	75.757	117.574
2020	31.803	8.067	39.870	34.059	33.078	5.048	72.185	112.055
2021	33.235	6.874	40.109	31.572	31.567	4.420	67.559	107.668

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

Source: Anoka County Property Records and Tax Division

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

Table 7

Taxpayer	2021			2012		
	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
AX Lino Lakes LP	\$398,754	1	1.51%	\$ -		-
Biynah MN WI LLC	349,912	2	1.32%	-		-
US Home Corporation	243,725	3	0.92%	-		-
Target Corporation	239,248	4	0.90%	235,854	1	1.31%
Northern States Power Co	231,476	5	0.87%	-		-
Minnegasco Inc	176,296	6	0.67%	-		-
Lino Lakes Assisted Living LLC	167,796	7	0.63%	-		-
LLAH Limited Partnership	144,733	8	0.55%	-		-
Gargaro Properties LLC	123,474	9	0.47%	95,776	7	0.53%
Tomas Commercial Real Estate Holdings LLC	104,240	10	0.39%	-		-
Lino Lakes Realty LLC	-		-	228,202	2	1.27%
Xcel Energy	-		-	157,305	3	0.87%
Moline Concrete Products	-		-	133,691	4	0.74%
Kohl's Department Store	-		-	117,218	5	0.65%
Taylor Corporation	-		-	108,982	6	0.61%
EOC Lino Lakes LLC	-		-	88,448	8	0.49%
Marmon/Keystone Corp	-		-	64,082	9	0.36%
Royal Oaks Realty Inc	-		-	60,974	10	0.34%
Total	<u>\$2,179,654</u>		<u>8.23%</u>	<u>\$1,290,532</u>		<u>7.17%</u>

Source: Anoka County

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
2012	\$7,192,818	\$1,034,441	\$8,227,259	\$8,095,502	98.4%
2013	7,190,538	1,025,090	8,215,628	8,094,911	98.5%
2014	7,098,922	1,197,122	8,296,044	8,229,986	99.2%
2015	7,490,578	1,195,494	8,686,072	8,630,830	99.4%
2016	7,018,572	2,039,856	9,058,428	9,022,964	99.6%
2017	7,360,431	2,131,424	9,491,855	9,439,688	99.5%
2018	8,165,859	1,610,873	9,776,732	9,729,472	99.5%
2019	8,193,124	1,862,292	10,055,416	9,981,243	99.3%
2020	8,368,756	2,122,762	10,491,518	10,415,622	99.3%
2021	9,232,367	1,909,448	11,141,815	11,055,781	99.2%

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

Table 8

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$79,992	\$8,174,133	99.4%	\$53,126	0.6%
70,620	8,165,263	99.4%	50,365	0.6%
45,415	8,272,351	99.7%	23,693	0.3%
27,660	8,657,695	99.7%	28,377	0.3%
11,132	9,032,985	99.7%	25,443	0.3%
17,747	9,455,662	99.6%	36,193	0.4%
38,076	9,762,703	99.9%	14,029	0.1%
52,825	10,027,085	99.7%	28,331	0.3%
75,671	10,415,622	99.3%	75,896	0.7%
-	11,055,781	99.2%	86,034	0.8%

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

Fiscal Year	Governmental Activities		
	General Obligation Bonds	Special Assessments Bonds Payable	Other Long-Term Debt
2012	\$10,331,000	\$7,095,000	\$3,695,000
2013	9,610,000	5,975,000	3,695,000
2014	9,036,000	7,640,000	2,080,000
2015	16,377,291	6,620,000	1,720,000
2016	18,337,081	7,795,000	1,609,000
2017	14,837,768	4,905,000	233,475
2018	20,360,713	3,890,000	202,125
2019	18,952,364	2,855,000	169,950
2020	22,190,202	1,805,000	136,950
2021	21,882,232	845,000	103,950

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

(1) Personal income information is not yet available for 2020 and 2021 from the Bureau of Economic Analysis Report

Table 9

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$21,121,000	1.29%	0.15%	\$1,024
19,280,000	1.27%	0.13%	925
18,756,000	1.24%	0.12%	888
24,717,291	1.46%	0.15%	1,205
27,741,081	1.63%	0.17%	1,334
19,976,243	1.10%	0.12%	946
24,452,838	1.25%	0.14%	1,111
21,977,314	1.03%	0.12%	999
24,132,152	1.05%	(1)	1,128
22,831,182	0.94%	(1)	1,031

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

Fiscal Year	Governmental Activities		Total Primary Government
	General Obligation Bonds	Special Assessments Bonds Payable	
2012	\$10,331,000	\$7,095,000	\$17,426,000
2013	9,610,000	5,975,000	15,585,000
2014	9,036,000	7,640,000	16,676,000
2015	16,377,291	6,620,000	22,997,291
2016	18,337,081	7,795,000	26,132,081
2017	14,837,768	4,905,000	19,742,768
2018	20,360,713	3,890,000	24,250,713
2019	18,952,364	2,855,000	21,807,364
2020	22,190,202	1,805,000	23,995,202
2021	21,882,232	845,000	22,727,232

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

Table 10

Per Capita (Total)	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Assessed Market Value	Per Capita (Net)
\$845	\$3,035,557	\$14,390,443	0.88%	\$698
748	3,357,196	12,227,804	0.80%	587
789	2,501,738	14,174,262	0.94%	671
1,121	2,813,226	20,184,065	1.19%	984
1,256	8,420,263	17,711,818	1.04%	851
935	5,171,905	14,570,863	0.81%	690
1,102	4,456,461	19,794,252	1.01%	900
991	4,772,799	17,034,565	0.80%	774
1,121	5,399,895	18,595,307	0.81%	869
1,026	5,241,849	17,485,383	0.72%	789

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

As of December 31, 2021

Table 11

	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping debt:			
Anoka County	\$52,995,000	6.1%	\$3,232,695
ISD 12	81,420,049	43.1%	35,092,041
ISD 624	299,000,000	3.1%	9,269,000
ISD 831	156,965,000	7.1%	11,144,515
Metropolitan Council	8,825,000	0.6%	52,950
Anoka County Railroad Authority	187,200,000	0.8%	1,497,600
Total overlapping			60,288,801
City of Lino Lakes direct debt	22,831,182	100%	22,831,182
Total direct and overlapping debt			\$83,119,983

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

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

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

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

Table 12

Legal Debt Margin Calculation for Fiscal Year 2021

Market value	\$2,540,177,800
Applicable percentage	3%
Debt limit	<u>76,205,334</u>
Debt applicable to limit:	
Total bonded debt	22,831,182
Less:	
Special assessment bonds	(845,000)
Tax abatement bonds	(595,000)
Tax increment bonds	(790,000)
Utility revenue bonds	<u>(6,700,000)</u>
	<u>13,901,182</u>
Legal debt margin	<u><u>\$62,304,152</u></u>

Legal Debt Margin Calculation for Fiscal Years 2012 Through 2021

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Debt Applicable to Limit Per Capita
2012	20,625	\$49,213,676	\$4,591,000	\$44,622,676	9.33%	\$223
2013	20,833	45,595,717	4,280,000	41,315,717	9.39%	205
2014	21,129	45,297,635	4,191,000	41,106,635	9.25%	198
2015	20,519	50,830,982	11,941,250	38,889,732	23.49%	582
2016	20,803	50,978,666	10,122,081	40,856,585	19.86%	487
2017	21,117	54,252,514	10,426,243	43,826,271	19.22%	494
2018	22,000	58,794,783	14,497,838	44,296,945	24.66%	659
2019	21,650	65,496,045	13,637,314	51,858,731	20.82%	630
2020	22,410	71,534,937	13,217,152	58,317,785	18.48%	590
2021	22,154	76,205,334	13,901,182	62,304,152	18.24%	627

CITY OF LINO LAKES, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 13

Fiscal Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2012	20,625	\$14,228,981	\$42,333	6,444	5.6%
2013	20,833	14,496,708	42,748	6,399	4.5%
2014	21,129	15,396,593	45,029	6,361	3.4%
2015	20,519	16,139,868	46,885	6,394	3.3%
2016	20,803	16,599,918	47,864	6,388	3.9%
2017	21,117	17,383,717	49,583	6,499	3.1%
2018	22,000	18,152,170	51,277	6,560	3.9%
2019	21,995	18,850,155	52,722	6,576	3.2%
2020	21,399	20,045,489	55,694	6,654	4.8%
2021	22,154	Not available	Not available	Not available	2.5%

Sources:

- (1) Estimates from Metropolitan Council, except for 2020 which is per the U.S. Census and 2021 which is a city estimate
- (2) Information from Bureau of Economic Analysis Report. Anoka County statistics used as local information is unavailable.
- (3) Information from ISD # 12 website (audit report).
- (4) Information from MN Department of Employment and Economic Development. Anoka County statistics used as local information is unavailable.

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

Table 14

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽¹⁾
State of Minnesota Corrections	447	1	24.8%	460	1	25.0%
ISD 12 - Centennial Schools	391	2	21.7%	362	2	19.7%
Target Corporation	200	3	11.1%	150	4	8.1%
Molin Concrete Products	130	4	7.2%	120	7	6.5%
Rehbein Transit, Inc.	130	5	7.2%	120	6	6.5%
Anoka County Juvenile Center	130	6	7.2%	100	10	5.4%
Kohls	123	7	6.8%	120	8	6.5%
Distribution Alternatives	120	8	6.7%	-	-	-
City of Lino Lakes	70	9	3.9%	-	-	-
Northern Wholesale	61	10	3.4%	-	-	-
Curtis 1000 (AdGraphics/Taylor Corp)	-	-	-	160	3	8.7%
YMCA	-	-	-	130	5	7.1%
Nol-Tech Systems, Inc.	-	-	-	120	9	6.5%
Total	<u>1,802</u>			<u>1,842</u>		

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

Source: City of Lino Lakes Official Statements and employer surveys

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

Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of December 31,			
	2012	2013	2014	2015
General Government:				
Administration	3.50	3.50	3.50	3.50
Finance	3.00	3.00	3.00	3.00
Economic Development	1.00	-	-	-
Planning	1.00	1.00	1.00	1.00
Community Development	2.00	2.00	2.00	2.00
Other	0.70	0.70	0.70	0.70
Total General Government	11.20	10.20	10.20	10.20
Public Safety:				
Sworn Officers	25.00	25.00	25.00	26.00
Civilians	3.00	3.00	4.00	4.00
Fire	-	-	1.00	1.00
Building Inspection	2.50	2.50	2.00	2.00
Total Public Safety	30.50	30.50	32.00	33.00
Public Works:				
Streets	7.00	7.00	7.00	7.00
Other	1.00	1.00	1.00	1.00
Total Public Works	8.00	8.00	8.00	8.00
Parks, Recreation and Forestry	9.00	8.70	8.70	8.70
Water	2.15	2.30	2.30	2.30
Sewer	2.15	2.30	2.30	2.30
Total	63.00	62.00	63.50	64.50

Source: City Finance Office

Table 15

Full-Time-Equivalent Employees as of December 31,					
2016	2017	2018	2019	2020	2021
4.00	4.00	4.00	4.00	4.00	5.00
3.50	3.50	3.50	3.50	3.10	3.10
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
0.65	0.65	0.65	0.65	0.63	0.63
11.15	11.15	11.15	11.15	10.73	11.73
27.00	27.00	27.00	27.00	27.00	28.00
4.50	4.50	4.00	4.00	4.00	5.00
1.50	1.50	1.50	1.50	1.50	1.50
2.50	2.50	2.50	3.50	3.50	3.50
35.50	35.50	35.00	36.00	36.00	38.00
6.50	6.65	6.65	6.65	6.50	6.25
1.50	1.50	1.50	1.50	1.50	2.20
8.00	8.15	8.15	8.15	8.00	8.45
7.75	7.90	6.90	6.90	5.78	5.33
2.30	2.70	3.20	3.20	3.25	3.25
2.30	2.70	3.20	3.20	3.25	3.25
67.00	68.10	67.60	68.60	67.00	70.00

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

	2012	2013	2014	2015
General Government:				
Elections	2	1	2	1
Registered voters	13,478	12,020	12,610	12,143
Number of votes cast	11,546	1,575	7,854	4,085
Voter participation (registered)	85.7%	13.1%	62.3%	33.6%
Public Safety:				
Police:				
Calls for Service	6,344	6,210	6,281	6,210
Traffic Citations & Warnings	2,694	2,597	2,296	2,199
Part I Crime Rate	983	918	631	1,226
Part II Crime Rate	2,396	2,144	1,836	2,395
Police:				
Case Numbers Generated				
Avg Response Time (Emergency & Non-Emergency)				
Part I Crime Offenses				
Part II Crime Offenses				
Group A				
Group B				
Clearance Rate				
Fire:				
Fire Call Load				
Fire Property Loss				
Fire Property Saved				
Fire Inspections				
Inspections:				
Building Permits	459	490	431	654
Value of Building Permits	\$10,751,626	\$17,683,665	\$13,535,514	\$26,570,593
Other Permits (4)				
Public Works:				
General Maintenance (hours)	6,939	3,994	5,200	7,839
Street Maintenance (hours)	5,926	5,740	3,840	3,347
Fleet Maintenance (hours)	3,945	4,548	4,746	4,322
Snow Plowing/Sanding (hours)	594	1,639	2,141	754
Culture and Recreation:				
Parks				
Park Maintenance (hours)	9,739	8,480	8,537	8,332
Utilities:				
Water Maintenance (hours)	3,585	3,119	3,189	3,240
Sanitary Sewer Maintenance (hours)	3,517	3,109	3,178	3,240

- (1) Increase in permits issued due to June 2017 storm damage.
(2) The Public Safety Department modified the metrics maintained for business purposes in 2016.
(3) Transition to FBI Uniform Crime Reporting NIBRS (National Incident Based Reporting System) in 2019.
January -July 2019 SRS, August-Dec 2019 NIBRS.
(4) Other Permits (plumbing, mechanical, etc.) data included in 2020 and presented retroactively back to 2016.

Source: Various City Departments

Table 16

2016	2017	2018	2019	2020	2021
2	1	2	1	4	1
13,636	12,624	12,860	13,312	14,964	14,441
11,562	2,165	10,738	3,075	13,505	1,873
84.8%	17.1%	83.5%	23.1%	90.2%	13.0%
6,210	(2)	(2)	(2)	(2)	(2)
2,199	(2)	(2)	(2)	(2)	(2)
1,091	(2)	(2)	(2)	(2)	(2)
3,635	(2)	(2)	(2)	(2)	(2)
16,321	18,199	14,487	13,973	13,214	12,138
5:26 minutes	4:42 minutes	5:16 minutes	5:53 minutes	6:41 minutes	6:46 minutes
224	176	195	93 (3)	(3)	(3)
746	808	587	304 (3)	(3)	(3)
			266 (3)	778	729
			98 (3)	217	182
73%	82%	69%	60%	48%	56%
269	316	356	379	371	399
\$694,000	\$325,100	\$205,200	\$246,600	\$241,450	\$148,683
\$10,511,300	\$6,342,100	\$1,791,500	\$7,548,100	\$13,682,450	\$1,251,340
53	117	107	98	60	116
761	5422 (1)	3,281	1,107	882	969
\$53,390,619	\$50,984,047	\$50,990,945	\$41,766,531	\$51,686,278	\$90,354,190
880	985	1,023	1,183	1,254	1,451
5,534	6,313	420	7,420	5,407	6,851
4,053	3,765	12,418	4,328	4,317	4,622
4,437	3,986	2,648	3,504	3,390	3,483
960	928	2,117	2,130	1,232	1,204
9,698	8,576	9,027	9,610	8,113	8,818
3,539	3,278	4,080	3,944	3,645	4,196
3,539	3,278	4,080	3,944	3,645	4,196

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

Table 17

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire:										
Stations	1	1	1	2	2	2	2	2	2	2
Fire Trucks	5	5	5	7	7	8	8	8	8	8
Public Works:										
Lights	673	673	673	673	815	838	854	859	859	859
Vehicles	29	29	29	29	39	39	39	39	39	39
City Streets (miles)	100.7	100.7	100.7	100.7	100.7	100.7	106.9	108.2	104.6 (1)	106.3
Culture & Recreation:										
Parks:										
Parks	18	18	18	18	17	18	19	19	19	19
Park Acres	141	141	141	141	139.6	147	152	152	152	152
Asphalt Trails (miles)	26	26	26	26	29.75	30	30	30	28 (2)	29
Concrete Trails (miles)	-	-	-	-	-	-	-	-	7 (2)	8
Boardwalk (miles)	-	-	-	-	-	-	-	-	0 (2)	-
Park Shelters	6	6	6	6	6	6	7	7	7	7
Basketball Courts	6	6	6	6	6	6	7	7	7	7
Fishing Pier	1	1	1	1	1	-	-	-	-	-
Skating Rinks	4	4	4	4	4	3	3	3	3	3
Soccer Fields	8	8	8	8	6	4	4	4	4	4
Baseball/Softball Fields	20	20	20	20	8	8	8	8	8	8
Tennis Courts	2	2	2	2	2	-	-	1	1	1
Playgrounds	16	16	16	16	15	16	17	17	17	17
Water:										
Distribution System (miles)	74.7	74.7	74.7	74.7	85.6	99.4	89.0	89.5	91.8	94.2
Water Connections	4,452	4,484	4,520	4,542	4,649	4,738	4,919	4,990	5,175	5,324
Gallons Pumped (millions)	609	536	536	449	452	494	508	493	547	630
Number of Fire Hydrants	538	538	538	1,024	1,024	1,028	942	937	1,013	1,046
Water Tower Capacity (millions gallons)	2	2	2	2	2	2	2	2	2	4
Sanitary Sewer:										
Collection System (miles)	69.8	69.8	69.8	77.9	77.9	87.0	79.5	80.1	80.1	82.8
Sewer Connections	4,567	4,624	4,685	4,685	4,817	4,976	5,102	5,276	5,439	5,650
Storm Sewer:										
Pipe (miles)	41.4	41.4	41.4	41.4	53.7	54.1	55.0	55.6	49.86 (1)	53.5

Source: Various City Departments

(1) Decrease due to reclassification of ownership.

(2) In 2020, trails were broken out between asphalt trail, concrete sidewalk, and boardwalk.