OF THE CITY OF LINO LAKES, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

Prepared By: Finance Department

Sarah Cotton, Director of Finance



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INTRODUCTORY SECTION

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May 28, 2020

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

Minnesota State law requires that cities over 2,500 population publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants and submit them to the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lino Lakes, Minnesota for the fiscal year ended December 31, 2019.

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, 2019, 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, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of the County of Anoka. It covers an area of 33 square miles and has a population of approximately 21,700. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 28.9% 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, providing and maintaining sanitary and storm sewer, water infrastructure, and two enterprise funds, the water and sewer funds.

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All divisions are required to submit appropriations requests to the City administrator for review and consolidation into a proposed budget. The City administrator is responsible for submitting the proposed annual budget to the City Council in August of each year. The city council is required to hold a public hearing on the proposed budget and to adopt by resolution a final budget and certify it no later than December 30. The budget amounts cannot increase beyond the estimated receipts except to the extent that actual receipts exceed the estimate. Division directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. Budget-to-actual comparisons for the general fund and the recreation program fund, the only funds for which an annual budget has been adopted, are provided in Statements 10 and 26, respectively.

Factors Affecting Financial Condition

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

Local economy. 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 northwest quadrant. The City's largest industrial user, Distribution Alternatives, expanded into a 402,000 square foot building in 2016. Commercial interest continues to grow with the expansion of the Main Street Shoppes in the northeast quadrant.

The 35E corridor also gained additional attention through a partnership with Anoka and Washington County's, neighboring cities and Connexus Energy, the Minnesota Technology Corridor. Over 1,000

Factors Affecting Financial Condition (Continued)

acres are available along the corridor with strong transportation, fiber and utility infrastructure to serve the growing data and tech fields.

Citywide development activities continued to increase in 2019. Residential permit activity for new home construction surpassed 100 for the fourth consecutive year. Overall construction activity exceeded \$42 million in new valuation. Commercial development included over 30,000 square feet of retail and service uses. Industrial vacancy rates continue to decline as over 260,000 square feet of office/warehouse space was occupied. This trend is expected to continue as national builder, Lennar Homes, continues construction in Watermark. The City also approved a development plan for a 200-unit senior living community, which is planned for construction in 2020.

Long-term financial planning. The City's current five-year capital plan identifies street and utility improvements totaling \$49,335,065 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 2024. In addition, the city's five-year financial plan includes funding projections for operations and operating impacts for a five-year period.

Relevant Financial Policies

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

Fund balance policy. The City had adopted a Fund Balance policy which identified the required designated amounts in the Fund Balance of the General Fund at fiscal year-end and directed the transfer of any excess revenues to other funds for specific purposes, as identified annually. For the year ended December 31, 2011 and subsequent years, the City amended its Fund Balance policy to conform to the requirements of GASB 54. The new policy targets the unassigned fund balance of the general fund in a range of 40% to 50% of budgeted general fund expenditures and other financial uses. In addition, fund balances are classified in compliance with GASB 54 according to the hierarchy of usable fund balance resources. The unassigned general fund balance as of December 31, 2019 was \$6,052,388 which is 52% of general fund final budgeted expenditures and other financing uses for the year.

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

The City's investment policy's primary objective is safety of principal. Therefore, all deposits were either insured by Federal depository insurance or were collateralized as required by State Statute. Due to the weakened economy, a historically low interest rate environment has persisted over the last several years and has had a dramatic impact on the city's investment earnings. The average interest income yield on investments for 2019 was 2.11%. Total investment income also includes positive or negative changes in the fair value of investments. Changes in fair value of investments during the current year resulted in unrealized gains of \$640,783, or 1.43%, for a total investment yield of 3.54%. The changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the City intends to hold to maturity. It is the City's practice to purchase and hold investments to maturity

and, accordingly, changes in fair value over the term of the City's investments are expected to net to book value.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for excellence in financial reporting to cities that meet certain criteria. The City of Lino Lakes received this award for its comprehensive annual financial report for the year ended December 31, 2018. This marks the twenty-fourth consecutive year the City has received this prestigious award. A governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program requirements. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is submitting the 2019 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,

Sarah R. Cotton Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lino Lakes Minnesota

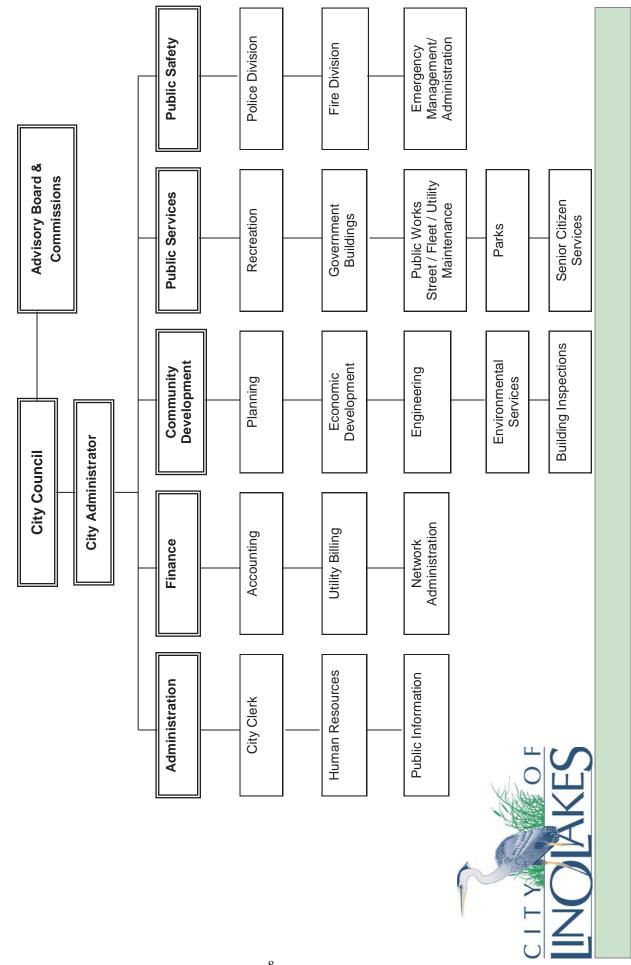
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

City of Lino Lakes Organizational Chart



CITY OF LINO LAKES, MINNESOTA

PRINCIPAL CITY OFFICIALS

December 31, 2019

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020, on our consideration of the City of Lino Lakes, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control over financial reporting and compliance.

REDPATH AND COMPANY, LTD.

Redpath and Company, Ltd.

St. Paul, Minnesota

May 28, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lino Lakes, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. 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 \$111,091,567 (net position). Of this amount, \$33,877,263 (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 \$11,013,769.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,223,529, a decrease of \$3,031,672. Of this amount, \$6,650,462 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the general fund balance was \$6,793,195. Unassigned fund balance for the general fund was \$6,052,388, or 52% of total general fund expenditures and other financing uses.

Total outstanding debt decreased by \$2,426,540 during 2019. Certificates of indebtedness totaling \$388,535 were issued, while regularly scheduled principal payments were made during the year.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or 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 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
- 2018 Street Reconstruction Capital Project Fund

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

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

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

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

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

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 26.

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 \$111,091,567 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$64,823,873, or 58%) 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	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$42,013,231	\$41,949,582	\$16,667,696	\$16,003,964	\$58,680,927	\$57,953,546
Capital assets	49,859,684	44,102,567	36,390,820	32,709,079	86,250,504	76,811,646
Total assets	\$91,872,915	\$86,052,149	\$53,058,516	\$48,713,043	\$144,931,431	\$134,765,192
Deferred outflows of resources	\$3,084,049	\$4,305,683	\$36,994	\$61,906	\$3,121,043	\$4,367,589
Liabilities:						
Long-term liabilities outstanding	\$27,963,093	\$30,443,714	\$327,294	\$312,016	\$28,290,387	\$30,755,730
Other liabilities	3,560,168	1,981,550	74,596	87,787	3,634,764	2,069,337
Total liabilities	\$31,523,261	\$32,425,264	\$401,890	\$399,803	\$31,925,151	\$32,825,067
Deferred inflows of resources	\$4,970,184	\$6,134,676	\$65,572	\$95,240	\$5,035,756	\$6,229,916
Net position:						
Net investment in capital assets	\$28,433,053	\$24,640,555	\$36,390,820	\$32,709,079	\$64,823,873	\$57,349,634
Restricted	12,390,431	10,579,817	-	-	12,390,431	10,579,817
Unrestricted	17,640,035	16,577,520	16,237,228	15,570,827	33,877,263	32,148,347
Total net position	\$58,463,519	\$51,797,892	\$52,628,048	\$48,279,906	\$111,091,567	\$100,077,798

\$12,390,431 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 (\$33,877,263) 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.

The City's net position increased by \$11,013,769 during 2019. Key elements of this increase are as follows:

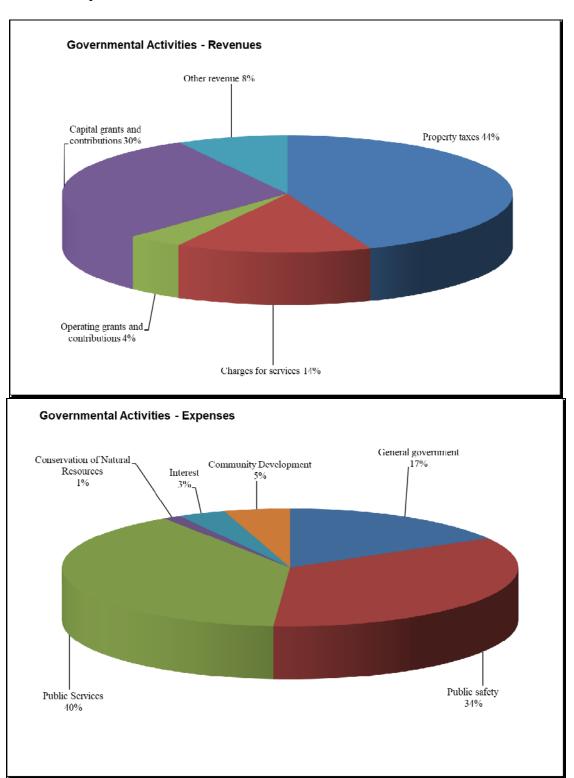
City of Lino Lakes' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019 2018		2019 2018		2019	2018
Revenues:						
Program revenues:						
Charges for services	\$3,141,500	\$2,602,483	\$2,943,723	\$2,971,301	\$6,085,223	\$5,573,784
Operating grants and contributions	870,532	861,429	-	-	870,532	861,429
Capital grants and contributions	6,820,419	5,187,023	2,894,794	1,242,032	9,715,213	6,429,055
General revenues:						
General property taxes	10,035,681	9,767,468	-	-	10,035,681	9,767,468
Tax increment	671,296	462,223	-	-	671,296	462,223
Grants and contributions not						
restricted to specific programs	38,926	59,508	-	-	38,926	59,508
Unrestricted investment earnings	1,029,944	369,485	523,554	213,434	1,553,498	582,919
Gain on disposal of capital assets	68,472	17,318			68,472	17,318
Total revenues	22,676,770	19,326,937	6,362,071	4,426,767	29,038,841	23,753,704
Expenses:						
General government	2,466,130	2,345,386	-	-	2,466,130	2,345,386
Public safety	5,053,511	4,749,394	-	-	5,053,511	4,749,394
Public services	5,810,919	5,384,522	-	-	5,810,919	5,384,522
Conservation of naturual resources	183,982	201,590	-	-	183,982	201,590
Community development	686,421	576,794	-	-	686,421	576,794
Interest and fees on long-term debt	498,587	414,607	-	-	498,587	414,607
Water	-	-	1,322,811	1,332,755	1,322,811	1,332,755
Sewer		-	2,002,711	1,964,471	2,002,711	1,964,471
Total expenses	14,699,550	13,672,293	3,325,522	3,297,226	18,025,072	16,969,519
Increase in net position before transfers	7,977,220	5,654,644	3,036,549	1,129,541	11,013,769	6,784,185
Transfers	(1,311,593)	(472,370)	1,311,593	472,370		
Change in net position	6,665,627	5,182,274	4,348,142	1,601,911	11,013,769	6,784,185
Net position - January 1	51,797,892	46,615,618	48,279,906	46,677,995	100,077,798	93,293,613
Net position - December 31	\$58,463,519	\$51,797,892	\$52,628,048	\$48,279,906	\$111,091,567	\$100,077,798

Governmental Activities

Governmental activities increased the City's net position by \$6,665,627 during 2019. Property tax levied to reduce debt, new assessment rolls, contributions of capital assets from private sources and increased investment earnings all contributed to the increase in 2019. This increase was partially offset by transfers out to business-type activities of \$1,311,593.

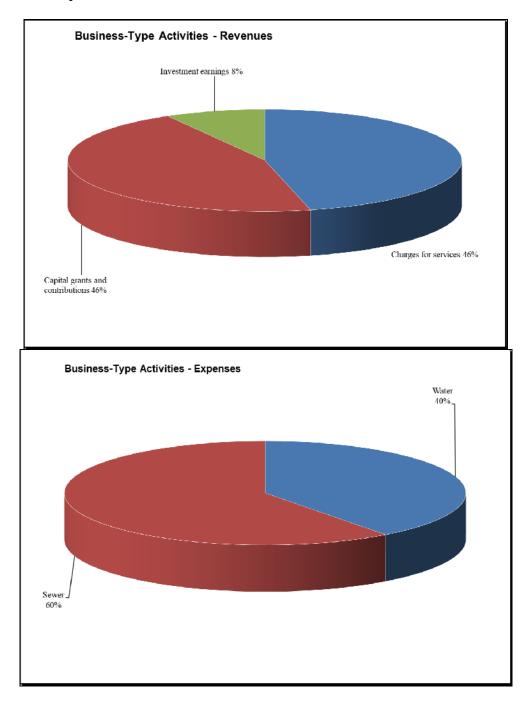
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Business-Type Activities

Business-type activities increased the City's net position by \$4,348,142 during 2019. The increase was due to contributions of capital assets from private sources, increased investment earnings, and a transfer in from governmental activities of \$1,311,593.

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 \$30,223,529. Approximately 22% of this total amount (\$6,650,462) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$399,749 of fund balance is not in a spendable form, \$619,385 has been committed, \$19,672,706 has been assigned, and \$2,881,227 is unassigned.

The fund balance of the General Fund decreased by \$92,947 in 2019, while the City anticipated the use of \$375,645 of the general fund balance. Strong investment earnings and increased license and permit revenues resulted in favorable General Fund revenues for the year. Reduced expenditures, primarily for personal services through position vacancies, and favorable professional and contractual services spending helped to increase the year end fund balance.

The G.O. Improvement Note of 2009A fund was established to service the debt issued by Anoka County as the City's financial commitment for the I-35E interchange project. The City prepaid the remaining balance of the note in 2017 using MSA funds. As deferred special assessments are received, MSA funds will be replenished. The fund began and ended the year with a fund balance of \$0, and transferred \$62,605 to the MSA Construction fund.

The G.O. Improvement Bonds of 2016B fund decreased by \$132,581. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. Future tax increment and land sale proceeds are expected to cover debt service and the interfund loan payable.

The Area and Unit Charge fund has a total fund balance of \$8,307,394, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$150,594 due primarily to the collection of prepaid special assessments and strong investment earnings. This increase was partially offset by feasibility and design expenditures incurred for Well #7.

The MSA Construction fund has a total fund balance of \$3,733,517, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year decreased by \$186,212 primarily due to transfers out for debt service payments.

The 2018 Street Reconstruction fund has a total fund balance of \$1,010,945. The fund balance decreased during the year by \$4,289,134 due to expending proceeds from the 2018 bond issuance for the West Shadow Lake Drive and LaMotte Area Street Reconstruction project.

The combined fund balance of other governmental funds increased by \$1,518,608 during 2019. Primary reasons for the increase include increased investment earnings, increased tax increment revenues, and increased development activities resulting in increased developer fee revenues (park dedication, seal coating, surface water management). Increases are partially offset by increased spending for park and trail improvements, Cedar Street Reconstruction improvements, and a transfer out for the Civic Complex roof replacement project.

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

The water fund has total net position at year-end of \$25,527,564, of which \$6,097,611 is unrestricted. The increase in net position of \$2,045,656 was primarily due to capital contributions and strong investment earnings, partially offset by a net operating loss and a transfer to the Pavement Management Fund for watermain system repairs associated with the 2019 Mill & Overlay project.

The sewer fund has total net position at year-end of \$27,100,484 of which \$10,139,617 is unrestricted. The increase in net position of \$2,302,486 was primarily due to capital contributions and strong investments earnings, partially offset by a net operating loss.

Budgetary Highlights

General Fund

The General Fund budget was amended during the year to reflect increased charges for services and municipal and police state aid and a slight decrease in revenues relative to building and licensing activities, fines and forfeitures, and refunds and reimbursements. In the budget was amended to account for a transfer in from the Municipal Buildings and Facilities Fund for the Civic Complex Roof Replacement project. The City also received \$711,854 of insurance proceeds associated with the damage to the Civic Complex roof. Changes to expenditure areas include decreased personal services due to personnel vacancies, a net decrease to professional and contracted services, a decrease in parts/supplies spending, increased capital outlay, increased expenditures associated with the Civic Complex Roof project, and transfers for the comprehensive plan and summer playground program temporary staff. The final amended expenditure budget was \$726,331 more than the original adopted budget.

Revenues were \$114,171 over budget for the year. General property tax, special assessments, and fines and forfeits were \$71,543 under budget; however, this variance was

more than offset by greater than anticipated license and permit revenues, intergovernmental revenue, charges for services, and investment earnings.

Expenditures came in under budget by \$168,830 due to many factors including lower than expected personal service costs from vacant positions and favorable professional and contracted service activity. Fuel costs were much higher than anticipated due to an increase in the average fuel price, as well as an increase in the number of snow events. Professional and contracted service activity in parks was much higher than anticipated due to costs associated with council initiated projects that were not originally planned for in 2019.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and businesstype activities as of December 31, 2019, amounted to \$86,250,504 (net of accumulated depreciation), an increase of \$9,438,858 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure. The City completed land preparation activities for NorthPointe Park and trunk watermain and trail improvements along Lake Drive in 2019. The City has continued to work to complete trunk utility improvements at 49&J, drainage improvements in the NE Area of the City, Water Tower #3, Phase II of the controls automation upgrade at the Civic Complex, Woods Edge Park improvements, and street and utility improvements in the West Shadow Lake Drive and LaMotte areas. In addition, the City started Civic Complex card access system upgrades, Woods of Baldwin Park improvements, Apollo Drive Trail improvements, Pheasant Hills watermain improvements, Well House #1 Rehabilitation improvements, Cedar Street Reconstruction improvements, and the purchase and build-out of two public safety vehicles. Developer lead infrastructure improvements at various stages of completion include St Clair Estates, NorthPointe 6th and 7th Additions, Saddle Club 3rdAddition, Century Farms 7th Addition, Chavez Estates, Eastside Villas, and Watermark.

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2019 2018		2018
Land	\$3,532,930	\$3,320,059	\$ -	\$ -	\$3,532,930	\$3,320,059
Wetland credits	170,421	167,224	-	-	170,421	167,224
Construction in progress	10,094,933	3,595,457	6,123,837	1,623,032	16,218,770	5,218,489
Buildings	6,983,477	6,375,432	10,157	-	6,993,634	6,375,432
Office equipment and furniture	233,176	270,711	-	-	233,176	270,711
Vehicles	1,842,573	1,945,189	-	-	1,842,573	1,945,189
Machinery and shop equipment	1,087,529	1,226,246	139,603	161,538	1,227,132	1,387,784
Other equipment	835,192	330,618	-	-	835,192	330,618
Infrastructure	25,079,453	26,971,631	30,117,223	30,924,509	55,196,676	57,896,140
Total	\$49,859,684	\$44,202,567	\$36,390,820	\$32,709,079	\$86,250,504	\$76,911,646

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,977,314. Of this amount, \$18,489,535 comprises tax supported debt and \$2,855,000 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 \$169,950.

City of Lino Lakes' Outstanding Debt

	Governmental Activities		Business-Type	Activities	Totals	
	2019	2018	2019 2018		2019	2018
General obligation bonds	\$18,659,485	\$20,051,025	\$ -	\$ -	\$18,659,485	\$20,051,025
G.O. special assessment bonds	2,855,000	3,890,000	-	-	2,855,000	3,890,000
Bond premium	462,829	511,813			462,829	511,813
Total	\$21,977,314	\$24,452,838	\$0	\$0	\$21,977,314	\$24,452,838

The City of Lino Lakes' total bonded debt decreased by \$2,426,540 during the current fiscal year. The issuance of \$388,535 of Certificates of Indebtedness to finance capital equipment purchases and scheduled principal payments of \$2,815,075 accounted for this change.

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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	F	Primary Government	
	Governmental	Business-Type	
	Activities	Activities	Total
Assets:			
Cash and investments	\$33,274,770	\$15,721,760	\$48,996,530
Accrued interest receivable	140,376	-	140,376
Due from other governmental units	62,818	2,238	65,056
Accounts receivable - net	108,939	324,995	433,934
Prepaid items	299,749	37,097	336,846
Internal balances	(559,110)	559,110	-
Inventory	-	22,496	22,496
Taxes receivable	200,014	-	200,014
Special assessments receivable	7,943,006	-	7,943,006
Long-term note receivable	225,000	_	225,000
Net pension asset	317,669	-	317,669
Capital assets - nondepreciable	13,798,284	6,123,837	19,922,121
Capital assets - net of accumulated depreciation	36,061,400	30,266,983	66,328,383
Total assets	91,872,915	53,058,516	144,931,431
Deferred outflows of resources:			
Pension related	3,072,263	36,994	3,109,257
OPEB related	11,786	<u> </u>	11,786
Total deferred outflows of resources	3,084,049	36,994	3,121,043
Liabilities:			
Accounts payable and other current liabilities	1,287,855	74,596	1,362,451
Deposits payable	2,139,839	-	2,139,839
Accrued interest payable	132,474	_	132,474
Other post employment benefits:	- , .		- , .
Due within one year	22,728	262	22,990
Due in more than one year	531,535	6,106	537,641
Long-term liabilities:		-,	227,4
Due within one year	3,333,866	38,596	3,372,462
Due in more than one year	19,444,630	672	19,445,302
Net pension liability:	13,,020	0,2	15,1.10,002
Due in more than one year	4,630,334	281,658	4,911,992
Total liabilities	31,523,261	401,890	31,925,151
			- / / -
Deferred inflows of resources:			
Pension related	4,691,103	65,572	4,756,675
OPEB related	279,081		279,081
Total deferred inflows of resources	4,970,184	65,572	5,035,756
Net position:			
Net investment in capital assets	28,433,053	36,390,820	64,823,873
Restricted for:			
Debt service	9,900,523	-	9,900,523
Tax increment purposes	675,228	-	675,228
Park improvements	900,326	-	900,326
Other purposes	914,354	-	914,354
Unrestricted	17,640,035	16,237,228	33,877,263
Total net position	\$58,463,519	\$52,628,048	\$111,091,567

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2019

		Program Revenues
<u>Functions/Programs</u>	Expenses	Charges For Services
Primary government:		
Governmental activities:		
General government	\$2,466,130	\$612,237
Public safety	5,053,511	1,255,363
Public services	5,810,919	1,273,900
Conservation of natural resources	183,982	-
Community development	686,421	-
Interest and fees on long-term debt	498,587	-
Total governmental activities	14,699,550	3,141,500
Business-type activities:		
Water	1,322,811	1,172,580
Sewer	2,002,711	1,771,143
Total business-type activities	3,325,522	2,943,723
Total primary government	\$18,025,072	\$6,085,223

Net (Expense) Revenue and
Changes in Net Position

1 Togram Revenues		D' C			
Operating	Capital		Primary Government		
Grants and	Grants and	Governmental	Business-Type		
Contributions	Contributions	Activities	Activities	Total	
\$5,667	\$711,854	(\$1,136,372)	\$ -	(\$1,136,372)	
454,372	-	(3,343,776)	-	(3,343,776)	
330,675	6,108,565	1,902,221	-	1,902,221	
79,818	-	(104,164)	-	(104,164)	
-	-	(686,421)	-	(686,421)	
-	-	(498,587)	-	(498,587)	
870,532	6,820,419	(3,867,099)	0	(3,867,099)	
-	1,291,185	-	1,140,954	1,140,954	
-	1,603,609	-	1,372,041	1,372,041	
0	2,894,794	0	2,512,995	2,512,995	
\$870,532	\$9,715,213	(3,867,099)	2,512,995	(1,354,104)	
General revenues:					
General property taxes		10,035,681	-	10,035,681	
Tax increment		671,296	-	671,296	
Grants and contributions	s not				
restricted to specific p	rograms	38,926	-	38,926	
Unrestricted investment	earnings	1,029,944	523,554	1,553,498	
Gain on disposal of capi	ital assets	68,472	-	68,472	
Transfers		(1,311,593)	1,311,593	-	
Total general revenu	ues and transfers	10,532,726	1,835,147	12,367,873	
Change in net position		6,665,627	4,348,142	11,013,769	
Net position - January 1		51,797,892	48,279,906	100,077,798	
Net position - December 3	31	\$58,463,519	\$52,628,048	\$111,091,567	

Program Revenues

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2019

Assets Cash and investments Accrued interest receivable Due from other governmental units Accounts receivable - net Prepaid items	\$8,686,525 140,376 62,818	\$ -	
Accrued interest receivable Due from other governmental units Accounts receivable - net Prepaid items	140,376	\$ -	
Due from other governmental units Accounts receivable - net Prepaid items			\$594,762
Accounts receivable - net Prepaid items	62,818	-	-
Prepaid items	60.404	-	-
1	62,494	-	-
	296,907	-	-
Advances to other funds	=	-	=
Taxes receivable:	77.204		
Due from county	77,384	-	=
Delinquent	86,821	-	-
Special assessments receivable:			
Due from county	523	729	-
Delinquent	-	560	-
Deferred	-	2,120,267	2,994,379
Interfund loan receivable	-	-	-
Long-term note receivable		-	
Total assets	\$9,413,848	\$2,121,556	\$3,589,141
Liabilities: Accounts payable	\$146,186	\$ -	\$805
Salaries payable	183,508	-	-
Due to other governmental units	60,927	-	-
Advances from other funds	-	729	-
Contracts payable	3,372	-	-
Deposits payable	2,139,839	-	-
Interfund loan payable		-	2,876,643
Total liabilities	2,533,832	729	2,877,448
Deferred inflows of resources:			
Unavailable revenue	86,821	2,120,827	2,994,379
Fund balance:			
Nonspendable	296,907	-	-
Restricted	-	=	-
Committed	443,900	-	-
Assigned	-	-	-
Unassigned	6,052,388	<u>-</u>	(2,282,686)
Total fund balance	6,793,195	0	(2,282,686)
Total liabilities, deferred inflows of	\$9,413,848	\$2,121,556	\$3,589,141

406 Area and Unit Charge	420 MSA Construction	485 2018 Street Reconstruction	Other Governmental Funds	Total Governmental Funds
\$8,301,414	\$3,732,788	\$1,702,759	\$10,256,522	\$33,274,770
=	=	-	-	140,376
-	-	-	-	62,818
22,102	=	-	24,343	108,939
-	-	-	2,842	299,749
-	729	-	85,224	85,953
-	-	-	17,668	95,052
-	-	-	18,141	104,962
1,968	-	-	409	3,629
26,876	=	-	13,830	41,266
1,863,394	-	-	920,071	7,898,111
-	-	-	3,117,897	3,117,897
 _	- -	 _	225,000	225,000
\$10,215,754	\$3,733,517	\$1,702,759	\$14,681,947	\$45,458,522
\$18,090 - - - - - - - 18,090	\$ - - - - - - -	\$825 - - - 690,989 - - - 691,814	\$173,539 - 309 85,224 9,305 - 800,364 1,068,741	\$339,445 183,508 61,236 85,953 703,666 2,139,839 3,677,007 7,190,654
- - - - -	- - - - -	- - - 690,989 - -	309 85,224 9,305 - 800,364	183,508 61,236 85,953 703,666 2,139,839 3,677,007
- - - - -	- - - - -	- - - 690,989 - -	309 85,224 9,305 - 800,364	183,508 61,236 85,953 703,666 2,139,839 3,677,007
18,090	- - - - -	- - - 690,989 - -	309 85,224 9,305 - 800,364 1,068,741 952,042 102,842 6,269,730	183,508 61,236 85,953 703,666 2,139,839 3,677,007 7,190,654 8,044,339
18,090	- - - - -	690,989	309 85,224 9,305 - 800,364 1,068,741 952,042 102,842 6,269,730 175,485 7,001,582	183,508 61,236 85,953 703,666 2,139,839 3,677,007 7,190,654 8,044,339 399,749 6,650,462 619,385 19,672,706
1,890,270	- - - - - 0	690,989 691,814 - 380,732	309 85,224 9,305 - 800,364 1,068,741 952,042 102,842 6,269,730 175,485	183,508 61,236 85,953 703,666 2,139,839 3,677,007 7,190,654 8,044,339

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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2019

Statement 4

Fund balance - total governmental funds (Statement 3)	\$30,223,529
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	49,859,684
Net pension asset	317,669
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	104,962
Delinquent special assessments receivable	41,266
Deferred special assessments receivable	7,898,111
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	(21,514,485)
Unamortized bond premiums	(476,139)
Unamortized bond discounts	13,310
Accrued interest payable	(132,474)
Compensated absences payable	(801,182)
Other post employment benefits	(554,263)
Net pension liability	(4,630,334)
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	3,084,049
Deferred inflows of resources	(4,970,184)
Deletied milette of resources	(3,770,104)
Net position of governmental activities (Statement 1)	\$58,463,519

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2019

		333 G.O.	342 G.O.
	General Fund	Improvement Note of 2009A	Improvement Bonds of 2016B
Revenues:			
General property taxes	\$8,160,572	\$ -	\$ -
Tax increment	-	-	-
Licenses and permits	941,569	=	=
Intergovernmental	645,289	=	=
Special assessments	751	62,605	=
Charges for services	322,652	=	=
Fines and forfeits	98,390	=	-
Investment earnings	159,482	-	8,554
Miscellaneous	190,279		-
Total revenues	10,518,984	62,605	8,554
Expenditures:			
Current:			
General government	1,988,237	=	-
Public safety	4,683,296	=	=
Public services	2,256,496	=	=
Conservation of natural resources	207,919	=	=
Community development	453,056	-	-
Capital outlay:			
General government	969,313	=	=
Public safety	47,851	=	=
Public services	30,544	=	=
Debt service:			
Principal	=	=	490,000
Interest and fiscal charges	 .	<u>-</u> .	17,585
Total expenditures	10,636,712	0	507,585
Revenues over (under) expenditures	(117,728)	62,605	(499,031)
Other financing sources (uses):			
Insurancy recovery	711,854	-	-
Transfers in	256,480	-	366,450
Transfers out	(943,553)	(62,605)	-
Issuance of debt	-	-	-
Proceeds from sale of capital assets	<u> </u>		-
Total other financing sources (uses)	24,781	(62,605)	366,450
Net change in fund balance	(92,947)	0	(132,581)
Fund balance - January 1	6,886,142	<u>-</u> _	(2,150,105)
Fund balance - December 31	\$6,793,195	\$0	(\$2,282,686)

406 Area and Unit Charge	420 MSA Construction	485 2018 Street Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$1,853,724	\$10,014,296
-	-	-	671,296	671,296
-	-	-	-	941,569
-	-	43,100	-	688,389
570,659	-	-	1,301,163	1,935,178
271,134	=	-	1,269,017	1,862,803
- 259,544	134,682	118,835	33,546 348,847	131,936 1,029,944
239,344	134,082	110,033	74,851	265,130
1,101,337	134,682	161,935	5,552,444	17,540,541
-	=	=	19,504	2,007,741
- 191,649	- 447	-	36,826	4,720,122
191,049	44/	-	1,090,032	3,538,624 207,919
- -	- -	- -	227,363	680,419
-	-	-	83,417	1,052,730
-	-	-	96,853	144,704
178,353	127,871	4,451,069	1,459,668	6,247,505
-	-	-	2,325,075	2,815,075
<u> </u>	<u>-</u>	<u>-</u>	544,886	562,471
370,002	128,318	4,451,069	5,883,624	21,977,310
731,335	6,364	(4,289,134)	(331,180)	(4,436,769)
-	-	-	-	711,854
-	62,605	-	2,092,128	2,777,663
(580,741)	(255,181)	-	(708,861)	(2,550,941)
-	-	-	388,535	388,535
(500.741)	(102.57()	-	77,986	77,986
(580,741) 150,594	(192,576) (186,212)	(4,289,134)	1,849,788 1,518,608	1,405,097 (3,031,672)
8,156,800	3,919,729	5,300,079	11,142,556	33,255,201
\$8,307,394	\$3,733,517	\$1,010,945	\$12,661,164	\$30,223,529

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, 2019 **Statement 6**

Net change in fund balance - total governmental funds (Statement 5)	(\$3,031,672)
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 Depreciation	7,444,939 (2,988,915)
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	2,845,725
Contributions of infrastructure to business-type activities	(1,538,315)
Miscellaneous other differences related to capital assets	(6,317)
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	21,385
Change in delinquent special assessments receivable	(1,116)
Change in deferred special assessments receivable	1,328,778
The issuance of long-term debt provides current financial resources to governmental	
funds, while repayment of the principal of long-term debt consumes the current	
financial resources of governmental funds. Neither transaction, however, has any	
effect on net position. Also, governmental funds report the effects of bond premiums	
and discounts when the debt is first issued, whereas amounts are deferred and amortized	
over the life of the debt in the Statement of Activities.	
Bonds and notes issued	(388,535)
Repayment of principal	2,815,075
Amortization of bond premiums and discounts	48,984
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	14,900
Change in compensated absences payable	12,690
Change in OPEB liability and related deferred outflows and inflows of resources	(26,348)
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 (\$591,394) differed from pension contributions (\$705,763).	114,369
Change in net position of governmental activities (Statement 2)	\$6,665,627

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2019

	Business-Typ	pe Activities - Enterpris	e Funds
	601 Water	602 Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$6,171,792	\$9,549,968	\$15,721,760
Due from other governmental units	-	2,238	2,238
Accounts receivable - net	121,112	203,883	324,995
Prepaid items	14,034	23,063	37,097
Inventory	22,496	-	22,496
Total current assets	6,329,434	9,779,152	16,108,586
Noncurrent assets:			
Interfund loan receivable	-	559,110	559,110
Capital assets:			
Construction in progress	3,098,608	3,025,229	6,123,837
Equipment	97,620	294,916	392,536
Water and sewer systems	26,078,583	24,042,195	50,120,778
Total capital assets	29,274,811	27,362,340	56,637,151
Less: Allowance for depreciation	(9,844,858)	(10,401,473)	(20,246,331)
Net capital assets	19,429,953	16,960,867	36,390,820
Total assets	25,759,387	27,299,129	53,058,516
	10.10=	10.10-	
Deferred outflows of resources related to pensions	18,497	18,497	36,994
Total assets and deferred outflows	25,777,884	27,317,626	53,095,510
Liabilities:			
Current liabilities:			
Accounts payable	23,852	9,089	32,941
Salaries payable	6,881	6,881	13,762
Due to other governments	9,582	3,404	12,986
Other accrued liabilities	13,572	1,335	14,907
Compensated absences payable - current portion	19,298	19,298	38,596
Other post employment benefits - current portion	131	131	262
Total current liabilities	73,316	40,138	113,454
Noncurrent liabilities:			
Compensated absences payable - noncurrent portion	336	336	672
Other post employment benefits - noncurrent portion	3,053	3,053	6,106
Net pension liability	140,829	140,829	281,658
Total noncurrent liabilities	144,218	144,218	288,436
Total liabilities	217,534	184,356	401,890
Defermed inflavor of management and to management	22.796	22.796	(5 57)
Deferred inflows of resources related to pensions Total liabilities and deferred inflows	32,786 250,320	32,786 217,142	65,572 467,462
Total habilities and deferred inflows	230,320	217,142	467,462
Net position:			
Investment in capital assets	19,429,953	16,960,867	36,390,820
Unrestricted	6,097,611	10,139,617	16,237,228
Total net position	\$25,527,564	\$27,100,484	\$52,628,048

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For The Year Ended December 31, 2019

	Business-Ty	pe Activities - Enterpr	rise Funds
	601 Water	602 Sewer	Totals
Operating revenues:			
Charges for services	\$1,100,675	\$1,745,709	\$2,846,384
Hook-up charges	31,510	25,434	56,944
Water meter sales	37,442	-	37,442
Other operating revenue	2,953		2,953
Total operating revenues	1,172,580	1,771,143	2,943,723
Operating expenses:			
Personal services	297,355	305,645	603,000
Materials and supplies	174,870	30,492	205,362
Contractual services	128,800	122,540	251,340
MCES sewer charges	-	977,612	977,612
Depreciation	603,559	495,816	1,099,375
Utilities	97,224	44,927	142,151
Other	18,968	25,679	44,647
Total operating expenses	1,320,776	2,002,711	3,323,487
Operating income (loss)	(148,196)	(231,568)	(379,764)
Nonoperating revenues (expenses):			
Investment earnings	210,056	313,498	523,554
Loss on sale of capital assets	(2,035)	- -	(2,035)
Total nonoperating revenues (expenses)	208,021	313,498	521,519
Income before contributions and transfers	59,825	81,930	141,755
Contributions and transfers:			
Capital contributions from private sources	1,291,185	1,603,609	2,894,794
Capital contributions from governmental activities	921,368	616,947	1,538,315
Transfer out	(226,722)	-	(226,722)
Total contributions and transfers	1,985,831	2,220,556	4,206,387
Change in net position	2,045,656	2,302,486	4,348,142
Net position - January 1	23,481,908	24,797,998	48,279,906
Net position - December 31	\$25,527,564	\$27,100,484	\$52,628,048
	_	Capital Contributions	Transfers - Net
Amounts reported above	_	\$4,433,109	(\$226,722)
Amounts reported for business-type activities in the			
statement of activities are different because:			
statement of activities are different because:			
Transfer in of capital assets from governmental activities	_	(1,538,315)	1,538,315

For The Year Ended December 31, 2019

	Business-Type Activities - Enterp		orise Funds	
	601 Water	602 Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$1,201,873	\$1,782,897	\$2,984,770	
Payment to suppliers	(393,323)	(1,223,487)	(1,616,810)	
Payment to employees	(292,094)	(300,384)	(592,478)	
Net cash flows provided by operating activities	516,456	259,026	775,482	
Cash flows from noncapital financing activities:				
Transfers out	(226,722)	<u> </u>	(226,722)	
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(350,042)	<u> </u>	(350,042)	
Cash flows from investing activities:				
Investment earnings	210,056	313,498	523,554	
Net increase in cash and cash equivalents	149,748	572,524	722,272	
Cash and cash equivalents - January 1	6,022,044	8,977,444	14,999,488	
Cash and cash equivalents - December 31	\$6,171,792	\$9,549,968	\$15,721,760	
Reconciliation of operating income to net		_		
cash provided by operating activities:				
Operating income (loss)	(\$148,196)	(\$231,568)	(\$379,764)	
Adjustments to reconcile operating income	(\$1.0,150)	(\$201,000)	(\$275,70.)	
(loss) to net cash flows from operating activities:				
Depreciation	603,559	495,816	1,099,375	
Changes in assets and liabilities:	000,000	.,,,,,,	1,000,070	
Decrease (increase) in due from other governmental units	-	(256)	(256)	
Decrease (increase) in accounts receivable - net	29,293	12,010	41,303	
Decrease (increase) in prepaid items	(125)	216	91	
Decrease (increase) in inventory	17,402	-	17,402	
Decrease (increase) in deferred outflows of resources	12,456	12,456	24,912	
Increase (decrease) in payables	(1,200)	(21,824)	(23,024)	
Increase (decrease) in other accrued liabilities	10,462	(629)	9,833	
Increase (decrease) in compensated absences	3,195	3,195	6,390	
Increase (decrease) in other post employment benefits	(1,113)	(1,113)	(2,226)	
Increase (decrease) in net pension liability	5,557	5,557	11,114	
Increase (decrease) in deferred inflows of resources	(14,834)	(14,834)	(29,668)	
Total adjustments	664,652	490,594	1,155,246	
Net cash provided by operating activities	\$516,456	\$259,026	\$775,482	
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$2,212,553	\$2,220,556	\$4,433,109	

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NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

COMPONENT UNITS

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of governmental and proprietary fund financial statements is on major individual

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

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

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

D. BUDGETS

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

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

E. LEGAL COMPLIANCE - BUDGETS

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

- 1. The City Administrator submits to the City Council a proposed operating budget (including the General Fund and Program Recreation Special Revenue Fund) for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain taxpayer comments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

F. CASH AND INVESTMENTS

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

G. PROPERTY TAX REVENUE RECOGNITION

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

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

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

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All existing City infrastructure has been capitalized regardless of date placed in service.

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

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

M. COMPENSATED ABSENCES

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

N. LONG-TERM OBLIGATIONS

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

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

O. DEFINED BENEFIT PENSION PLANS

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) 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 position 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.

O. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

R. USE OF ESTIMATES

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

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

<u>Custodial Credit Risk</u> – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The City has no additional deposit policies addressing custodial credit risk. At December 31, 2019, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

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

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

At December 31, 2019, the carrying amount of the City's deposits with financial institutions was \$4,768,651.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

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

December 31, 2019

At December 31, 2019, the City had the following investments and maturities:

			Investment Maturities (in Years)		
Investment Type	Rating	Fair Value	Less Than 1	1 - 3	3 - 6
Brokered certificates of deposit	Not rated	\$22,924,803	\$7,881,574	\$10,456,546	\$4,586,683
Municipal bonds	*	12,251,492	2,685,184	5,973,762	3,592,546
Federal Home Loan Mortgage Corp.	AA+	1,499,855	-	-	1,499,855
4M fund	Not rated	4,457,891	4,457,891	-	-
First American Gov't Obligation fund	AAAm	3,092,898	3,092,898	-	-
Total		\$44,226,939	\$18,117,547	\$16,430,308	\$9,679,084
* AAA \$2,312,282; AA+ \$2,599,103			Total investmen	nts	\$44,226,939
AA \$2,607,390; AA- \$1,974,259			Deposits		4,768,651
A+ \$2,144,214; A \$614,244			Petty cash		940
			Total cash and	dinvestments	\$48,996,530

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, 2019:

		Fair Value Measurement Using				
Investment Type	12/31/2019	Lev	el 1	Level 2	Lev	rel 3
Investments at fair value:						
Brokered certificates of deposit	\$22,924,803	\$	-	\$22,924,803	\$	-
Municipal bonds	12,251,492		-	12,251,492		-
Federal Home Loan Mortgage Corp.	1,499,855			1,499,855		
			\$0	\$36,676,150		\$0
Investments not categorized:						
4M fund	4,457,891		`			
First American Gov't Obligation fund	3,092,898					
Total investments	\$44,226,939					

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

fund are valued on the basis of amortized cost. Shares may be redeemed without penalty on any business day.

C. INVESTMENT RISKS

<u>Custodial Credit Risk – Investments</u> – 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.

<u>Interest Rate Risk</u> – 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.

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2019, no individual investments exceeded 5% of the City's total investment portfolio.

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2019

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2019 are as follows:

	Property	Special		
	Taxes	Assessments	Notes	
	Receivable	Receivable	Receivable	Total
Major Funds:				
General Fund	\$33,800	\$ -	\$ -	\$33,800
G.O. Improvement Note of 2009A	-	2,095,200	-	2,095,200
G.O. Improvement Bonds of 2016B	-	2,994,400	-	2,994,400
Area and Unit Charge	-	1,808,700	-	1,808,700
Nonmajor Funds	7,100	873,100	225,000	1,105,200
Total	\$40,900	\$7,771,400	\$225,000	\$8,037,300

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	Special	
	Taxes	Assessments	
	Receivable	Receivable	Total
Major Funds:			
General Fund	\$86,821	\$ -	\$86,821
G.O. Improvement Note of 2009A	-	2,120,827	2,120,827
G.O. Improvement Bonds of 2016B	-	2,994,379	2,994,379
Area and Unit Charge	-	1,890,270	1,890,270
Nonmajor Funds	18,141	933,901	952,042
Total	\$104,962	\$7,939,377	\$8,044,339

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Covernmental activities: Capital assets, not being depreciated: Land S.3.320,059 S.12_871 S - S - S.3.532_930 Wetland credits 167.224 3.197 S - S - S.3.532_930 Total capital assets, not being depreciated 7.082_740 8.418_607 (380_816) (1.538_315) 10.094_932_830 Total capital assets, not being depreciated 7.082_740 8.63_46.75 (380_816) (1.538_315) 10.094_932_84 S.3.66_75 S.3.66		Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated: Land	Governmental activities:	Baranee	mereases	Beereases	Transfers	Barance
New color						
Wetland credits 167.224 3,197 - - 170.421 Construction in progress 3,595,457 8,418,607 (380,816) (1,538,315) 10,094,933 Total capital assets, being depreciated: Total capital assets, being depreciated and furniture 861,550 23,258 (170,958) - 12,335,828 Office equipment and furniture 861,550 23,258 (170,958) - 12,335,828 Other equipment 2,707,945 262,778 (401,864) - 2,568,859 Other equipment 1,196,458 538,199 (179,260) - 1,555,397 Infrastructure 88,189,240 51,858 - - - 88,241,098 Total capital assets, being depreciated 10,8812,706 2,130,058 (910,288) 0 110,032,476 Less accumulated depreciation for: 81,162,008 4,25,227 427,124 - - 5,352,351 Office equipment and furniture 590,839		\$3,320,059	\$212,871	\$ -	\$ -	\$3,532,930
Construction in progress 3,595,457 8,418,607 (380,816) (1,538,315) 10,094,933 Total capital assets, not being depreciated 7,082,740 8,634,675 (380,816) (1,538,315) 13,798,284 13,798,294 13,798,284 13,798,294	Wetland credits			-	-	
Total capital assets, not being depreciated	Construction in progress			(380,816)	(1,538,315)	
Dialdings	1 6					
Office equipment and furniture 861,550 23,258 (170,958) - 713,850 Vehicles 4,556,854 218,796 (158,206) - 4,617,444 Machinery and shop equipment 2,707,945 262,778 (401,864) - 2,568,859 Other equipment 1,196,458 538,199 (179,260) - 1,555,397 Infrastructure 88,189,240 51,858 - - 88,241,098 Total capital assets, being depreciated 108,812,706 2,130,058 (910,288) 0 110,032,476 Less accumulated depreciation for: 80,074 427,124 - - 5,352,351 Office equipment and furniture 590,839 60,511 (170,676) - 480,674 Vehicles 2,611,665 321,412 (158,206) - 2,748,71 Machinery and shop equipment 1,581,699 202,207 (302,576) - 1,481,330 Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure	Capital assets, being depreciated:					
Vehicles 4,556,854 218,796 (158,206) — 4,617,444 Machinery and shop equipment 2,707,945 262,778 (401,864) — 2,568,859 Other equipment 1,196,458 538,199 (179,260) — 1,555,397 Infrastructure 88,189,240 51,858 —	Buildings	11,300,659	1,035,169	-	-	12,335,828
Machinery and shop equipment 2,707,945 262,778 (401,864) 2,568,859 Other equipment 1,196,458 538,199 (179,260) - 1,555,397 Infrastructure 88,189,240 51,858 - - 88,241,098 Total capital assets, being depreciated 108,812,706 2,130,058 (910,288) 0 110,032,476 Less accumulated depreciation for: 81,189,240 51,858 - - 88,241,098 Buildings 4,925,227 427,124 - - 5,352,351 Office equipment and furniture 590,839 60,511 (170,676) - 480,674 Vehicles 2,611,665 321,412 (158,206) - 2,774,871 Machinery and shop equipment 1,581,699 202,207 (302,576) - 1,481,330 Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - - 63,161,645 Total accumulated depreciated - net 37,	Office equipment and furniture	861,550	23,258	(170,958)	-	713,850
Other equipment 1,196,458 538,199 (179,260) 1,555,397 Infrastructure 88,189,240 51,858 - - 88,241,098 Total capital assets, being depreciated 108,812,706 2,130,058 (910,288) 0 110,032,476 Less accumulated depreciation for: Buildings 4,925,227 427,124 - - 5,352,351 Office equipment and furniture 590,839 60,511 (170,676) - 480,674 Vehicles 2,611,665 321,412 (158,206) - 2,774,871 Machinery and shop equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1944,036 - - 63,161,645 Total accumulated depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net 844,102,567 \$7,775,818 (8480,386) (\$1,538,315) \$49,859,684 Business-type activities: Capital assets, being depreciated: 6(5271,666) \$1,538,315 </td <td>Vehicles</td> <td>4,556,854</td> <td>218,796</td> <td>(158,206)</td> <td>-</td> <td>4,617,444</td>	Vehicles	4,556,854	218,796	(158,206)	-	4,617,444
Infrastructure	Machinery and shop equipment	2,707,945	262,778	(401,864)	-	2,568,859
Total capital assets, being depreciated 108,812,706 2,130,058 (910,288) 0 110,032,476	Other equipment	1,196,458	538,199	(179,260)	-	1,555,397
Less accumulated depreciation for: Buildings	Infrastructure	88,189,240	51,858			88,241,098
Buildings	Total capital assets, being depreciated	108,812,706	2,130,058	(910,288)	0	110,032,476
Office equipment and furniture 590,839 60,511 (170,676) - 480,674 Vehicles 2,611,665 321,412 (158,206) - 2,774,871 Machinery and shop equipment 1,581,699 202,207 (302,576) - 1,481,330 Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - - 63,161,645 Total accumulated depreciation 71,792,879 2,988,915 (810,718) 0 73,971,076 Total capital assets being depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net 844,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Business-type activities: Capital assets, not being depreciated: 51,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: 488,663 - (96,127) - 392,536 Machinery and shop equipment 488,663	Less accumulated depreciation for:					
Vehicles 2,611,665 321,412 (158,206) - 2,774,871 Machinery and shop equipment 1,581,699 202,207 (302,576) - 1,481,330 Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - 63,161,645 Total accumulated depreciation 71,792,879 2,988,915 (810,718) 0 73,971,076 Total capital assets being depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net 844,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Business-type activities: Beginning Balance Increases Decreases Transfers Balance Capital assets, peing depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: S2,623,332 \$28	Buildings	4,925,227	427,124	-	-	5,352,351
Machinery and shop equipment 1,581,699 202,207 (302,576) - 1,481,330 Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - - - 63,161,645 Total accumulated depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net \$44,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Business-type activities: Capital assets, not being depreciated: \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: \$488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 - - 50,120,778 Machinery and sh	Office equipment and furniture	590,839	60,511	(170,676)	-	480,674
Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - - 63,161,645 Total accumulated depreciation 71,792,879 2,988,915 (810,718) 0 73,971,076 Total capital assets being depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net \$44,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Business-type activities: Beginning Balance Decreases Transfers Ending Balance Capital assets, not being depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for:	Vehicles	2,611,665	321,412	(158,206)	-	2,774,871
Other equipment 865,840 33,625 (179,260) - 720,205 Infrastructure 61,217,609 1,944,036 - - 63,161,645 Total accumulated depreciation 71,792,879 2,988,915 (810,718) 0 73,971,076 Total capital assets being depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net \$44,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Business-type activities: Beginning Balance Decreases Transfers Ending Balance Capital assets, not being depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for:	Machinery and shop equipment	1,581,699	202,207	(302,576)	-	1,481,330
Total accumulated depreciation 71,792,879 2,988,915 (810,718) 0 73,971,076 Total capital assets being depreciated - net 37,019,827 (858,857) (99,570) 0 36,061,400 Governmental activities capital assets - net \$44,102,567 \$7,775,818 (\$480,386) (\$1,538,315) \$49,859,684 Beginning Balance Increases Decreases Transfers Balance Business-type activities: Capital assets, not being depreciated: Construction in progress \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 -	Other equipment	865,840	33,625	(179,260)	-	720,205
Total capital assets being depreciated - net Governmental activities capital assets - net \$44,102,567 \$7,775,818 \$(\$480,386) \$(\$1,538,315) \$49,859,684 \$44,102,567 \$7,775,818 \$(\$480,386) \$(\$1,538,315) \$49,859,684 \$44,102,567 \$7,775,818 \$(\$480,386) \$(\$1,538,315) \$49,859,684 \$480,386 \$(\$1,538,315) \$49,859,684 \$480,386 \$49,859,684 \$480,386 \$49,859,684 \$49,858,432 \$49,859,684 \$49,859,68	Infrastructure	61,217,609	1,944,036			63,161,645
Beginning Balance Beginning Balance Increases Decreases Transfers Balance Ending Balance Increases Decreases Transfers Balance Balance Increases Decreases Transfers Balance Balance Increases Decreases Transfers Balance Increases Decreases Transfers Balance Increases Decreases Transfers Balance Increases Decreases Transfers Balance Increases Decreases Increases I	Total accumulated depreciation	71,792,879	2,988,915	(810,718)	0	73,971,076
Beginning Balance Increases Decreases Transfers Balance	Total capital assets being depreciated - net	37,019,827	(858,857)	(99,570)	0	36,061,400
Business-type activities: Balance Increases Decreases Transfers Balance Capital assets, not being depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	Governmental activities capital assets - net	\$44,102,567	\$7,775,818	(\$480,386)	(\$1,538,315)	\$49,859,684
Business-type activities: Balance Increases Decreases Transfers Balance Capital assets, not being depreciated: S1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983		Designing				F., 4
Business-type activities: Capital assets, not being depreciated: Construction in progress \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837\$ Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983			I	D	Tuanafana	U
Capital assets, not being depreciated: \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	Dusinass type activities	Balance	Increases	Decreases	Iransiers	Balance
Construction in progress \$1,623,032 \$3,234,156 (\$271,666) \$1,538,315 \$6,123,837 Capital assets, being depreciated: Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983						
Capital assets, being depreciated: 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983		\$1,623,032	\$3 234 156	(\$271,666)	\$1 538 315	\$6 123 837
Machinery and shop equipment 488,663 - (96,127) - 392,536 Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	. •	ψ1,023,032	ψ5,234,130	(\$271,000)	ψ1,550,515	ψ0,123,037
Water and sewer systems 49,838,432 282,346 - - 50,120,778 Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983						
Total capital assets, being depreciated 50,327,095 282,346 (96,127) 0 50,513,314 Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983			-	(96,127)	-	
Accumulated depreciation for: Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983				- (0.5.1.2.5)		
Machinery and shop equipment 327,125 19,900 (94,092) - 252,933 Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	Total capital assets, being depreciated	50,327,095	282,346	(96,127)	0	50,513,314
Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	Accumulated depreciation for:					
Water and sewer systems 18,913,923 1,079,475 - - 19,993,398 Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983		327,125	19,900	(94,092)	-	252,933
Total accumulated depreciation 19,241,048 1,099,375 (94,092) 0 20,246,331 Total capital assets being depreciated - net 31,086,047 (817,029) (2,035) 0 30,266,983	Water and sewer systems	18,913,923	1,079,475	-	-	19,993,398
			1,099,375	(94,092)	0	20,246,331
	Total capital assets being depreciated - net	31,086,047	(817,029)	(2,035)	0	30,266,983
		\$32,709,079		(\$273,701)	\$1,538,315	\$36,390,820

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

Governmental activities:	
General government	\$452,015
Public safety	303,536
Public services	2,232,514
Conservation of natural resources	850
Total depreciation expense - governmental activities	\$2,988,915
Business-type activities:	
Water	\$603,559
Sewer	495,816
Total depreciation expense - business-type activities	\$1,099,375

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2019

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, 2019 consisted of the following:

		Final			
	Issue	Maturity	Interest	Original	Payable
	Date	Date	Rate	Issue	12/31/19
Governmental activities:					
General Obligation Bonds:					
G.O. TIF Bonds, Series 2007A	07/15/07	02/01/24	4.00% - 4.125%	\$4,215,000	\$1,235,000
G.O. Refunding Bonds, Series 2012A	11/15/12	02/01/24	1.00% - 2.00%	2,015,000	810,000
G.O. Bonds, Series 2015A	08/01/15	02/01/31	2.00% - 3.00%	3,095,000	2,510,000
EDA Lease Revenue Bonds, Series 2015B	10/01/15	04/01/36	2.00% - 3.00%	4,350,000	3,840,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	02/01/27	2.00%	1,420,000	1,155,000
G.O. Tax Abatement Refunding Bonds, Series 2016C	11/23/16	02/01/23	1.00% - 1.50%	1,600,000	1,130,000
G.O. Bonds, Series 2018A	12/19/18	02/01/34	3.00% - 5.00%	6,915,000	6,915,000
Total General Obligation Bonds				23,610,000	17,595,000
Special Assessment Bonds:					
G.O. Imp & Utility Revenue Bonds, Series 2010A	07/09/10	02/01/20	2.00% - 3.00%	1,000,000	115,000
G.O. Improvement Bonds, Series, 2013A	07/15/13	02/01/24	1.25% - 4.00%	615,000	315,000
G.O. Improvement Bonds, Series 2014A	11/20/14	02/01/26	0.40% - 2.30%	2,645,000	1,420,000
G.O. Improvement Refunding Bonds, Series 2016B	11/23/16	02/01/21	0.875% - 1.50%	1,975,000	1,005,000
Total Special Assessment Bonds				6,235,000	2,855,000
Direct Borrowings:					
G.O. Certificates of Indebtedness, Series 2015	08/25/15	12/31/20	1.50%	963,000	201,000
G.O. Certificates of Indebtedness, Series 2017	03/01/17	12/31/20	1.00%	311,000	105,000
G.O. Certificates of Indebtedness, Series 2018	02/01/18	12/31/21	1.00%	303,900	200,000
G.O. Certificates of Indebtedness, Series 2019	02/01/19	12/31/22	1.00%	388,535	388,535
G.O. Capital Note, Series 2016A	04/14/16	02/01/26	2.00%	294,525	169,950
Total Direct Borrowings				2,260,960	1,064,485
Unamortized bond premiums				575,188	476,139
Unamortized bond discounts				(38,362)	(13,310)
Compensated absences payable				N/A	801,182
Total Government Activities				\$32,642,786	\$22,778,496
Business-Type Activities:					
Compensated absences payable				N/A	\$39,268

CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2019:

	Beginning			Ending	Due Within
	Balance	Additions	Deletions	Balance	One Year
Governmental Activities:					
General obligation bonds	\$18,780,000	\$ -	\$1,185,000	\$17,595,000	\$1,240,000
Special assessment bonds	3,890,000	-	1,035,000	2,855,000	1,050,000
Direct borrowings	1,271,025	388,535	595,075	1,064,485	565,000
Total bonds and notes payable	23,941,025	388,535	2,815,075	21,514,485	2,855,000
Unamortized bond premiums	527,800	-	51,661	476,139	-
Unamortized bond discounts	(15,987)	-	(2,677)	(13,310)	-
Compensated absences payable	813,872	525,435	538,125_	801,182	478,866
Total governmental activities	\$25,266,710	\$913,970	\$3,402,184	\$22,778,496	\$3,333,866
Business-Type Activities:					
Compensated absences payable	\$32,878	\$42,194	\$35,804	\$39,268	\$38,596

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

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

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.

DEBT SERVICE REQUIREMENTS

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

Years Ending	Bonded Debt		Direct Bo	rrowings
December 31	Principal	Interest	Principal	Interest
2020	\$2,290,000	\$594,534	\$565,000	\$16,911
2021	2,515,000	541,386	264,000	6,365
2022	1,830,000	483,876	165,360	3,395
2023	1,905,000	428,672	34,650	1,403
2024	1,665,000	372,600	35,475	710
2025-2029	5,250,000	1,273,754	-	-
2030-2034	4,425,000	484,200	-	-
2035-2036	570,000	23,000		
Total	\$20,450,000	\$4,202,022	\$1,064,485	\$28,784

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

DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

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

The future scheduled tax levies are not shown as assets in the accompanying financial statements. Future scheduled tax levies for all bonds outstanding at December 31, 2019 totaled \$17,244,281.

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2019

REVENUE PLEDGED

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

		Revenue Pledged		Current Year		
Bond Issue	Use of Proceeds	Туре	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Certificates of Indebtedness	Equipment purchases	Ad valorem taxes	2016 - 2022	\$912,989	\$578,365	\$604,408
2007 A G.O. TIF Bonds	Infrastructure improvements	Tax increment, MSA funding via transfers	2008 - 2023	\$1,368,447	\$255,181	\$255,181
2010A Improvement and Utility Revenue Bonds	General and water infrastructure improvements	Special assessments, trunk utility charges	2011 - 2019	\$116,725	\$110,879	\$110,524
2012A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, special assessments	2013 - 2023	\$840,843	\$243,445	\$179,211
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2023	\$346,800	\$73,755	\$39,000
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2025	\$1,488,711	\$410,113	\$1,198
2015A G.O. Bonds	Infrastructure improvements	Ad valorem taxes	2016 - 2030	\$2,879,781	\$260,168	\$268,886
2015B EDA Lease Revenue Bonds	Construction of a fire station	Ad valorem taxes	2016 - 2035	\$5,084,631	\$303,243	\$314,208
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2025	\$180,279	\$38,029	\$38,028
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2026	\$1,248,750	\$160,255	\$160,800
2016B Improvement Bonds	Infrastructure improvements	Special assessments, tax increment	2017 - 2020	\$1,019,693	\$507,585	\$366,450
2016C G.O. Tax Abatement Bonds	Infrastructure improvements	Ad valorem taxes	2017 - 2022	\$1,163,085	\$262,483	\$287,787
2018A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, trunk utility charges, special assessments	2019-2033	\$9,094,557	\$174,045	\$835,787

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 bases from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be 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. GERF Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2019; the City was required to contribute 7.5% for Coordinated Plan members. The City contributions to the GERF for the year ended December 31, 2019 were \$208,807. The City contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 10.8% of pay to 11.3% and employer rates increased from 16.2% to 16.95% on January 1, 2019. The City contributions to the PEPFF for the year ended December 31, 2019 were \$452,731. The City contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2019, the City reported a liability of \$2,200,453 for its proportionate share of GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. 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 \$68,330. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS

December 31, 2019

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0398%, which was an increase of 0.0017% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$2,200,453
State of Minnesota's proportionate share of the net	
pension liability associated with the City	68,330
Total	\$2,268,783

For the year ended December 31, 2019, the City recognized pension expense of \$258,464 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$5,117 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2019, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between expected and		
actual economic experience	\$61,578	\$ -
Changes in actuarial assumptions	-	174,770
Net collective between projected and		
actual investment earnings	-	224,356
Changes in proportion	124,187	113,155
Contributions paid to PERA		
subsequent to the measurement date	103,255	
Total	\$289,020	\$512,281

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2019

\$103,255 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Pension
December 31,	Expense
2020	(\$103,476)
2021	(208,887)
2022	(17,699)
2023	3,546
2024	-
Thereafter	-
	(\$326,516)

2. PEPFF Pension Costs

At December 31, 2019, the City reported a liability of \$2,711,539 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.2547%, which was a decrease of 0.0121% from its proportion measured as of June 30, 2018. The City also recognized \$34,384 for the year ended December 31, 2019 as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whoever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$406,851 for its proportionate share of the PEPFF's pension expense.

At December 31, 2019, 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	Deferred Inflows	
	of Resources	of Resources	
Differences between expected and			
actual economic experience	\$115,694	\$421,284	
Changes in actuarial assumptions	2,289,610	3,079,016	
Net collective between projected and			
actual investment earnings	-	564,922	
Changes in proportion	138,350	127,759	
Contributions paid to PERA			
subsequent to the measurement date	234,728		
Total	\$2,778,382	\$4,192,981	

A total of \$234,728 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

Year Ended	Pension	
December 31,	Expense	
2020	(\$175,200)	
2021	(382,258)	
2022	(1,106,431)	
2023	(8,694)	
2024	23,256	
Thereafter	-	
	(\$1,649,327)	

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, 2019 actuarial valuation was determined using an individual entryage normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

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

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:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic equity	35.5%	5.10%
International equity	17.5%	5.30%
Fixed Income	20.0%	0.75%
Private markets	25.0%	5.90%
Cash equivalents	2.0%	0.00%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate 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 for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in		1% Increase in
	Discount Rate (6.5%)	Discount Rate (7.5%)	Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability	\$3,617,426	\$2,200,453	\$1,030,460
City's proportionate share of the PEPFF net pension liability	\$5,926,920	\$2,711,539	\$52

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, 2019 is as follows:

GERF	\$263,581
PEPFF	406,851
Fire Pension Plan (Note 8)	44,225
_	
Total	\$714,657

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, 2019 (measurement date), the plan covered 24 active firefighters and zero vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

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

C. CONTRIBUTIONS

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes, and voluntary City contributions. The State of Minnesota contributed \$121,630 in fire state aid to the plan for the year ended December 31, 2019. 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, 2019 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, 2019, the City reported a net pension asset of \$317,669 for the SVF plan. The net pension asset was measured as of December 31, 2019. 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.

D1...

NT-4

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance December 31, 2018	\$224,407	\$389,320	(\$164,913)
Changes for the year:			
Service cost	52,320	-	52,320
Interest on pension liability	16,603	-	16,603
Actuarial experience (gains) / losses	(22,680)	-	(22,680)
Projected investment earnings	-	23,359	(23,359)
Contributions - employer	-	-	-
Contributions - State of MN	-	121,630	(121,630)
Asset (gain) / loss	-	54,704	(54,704)
Benefit payouts	-	-	-
PERA administrative fee		(694)	694
Net changes	46,243	198,999	(152,756)
Balance end of year December 31, 2019	\$270,650	\$588,319	(\$317,669)

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$44,225.

At December 31, 2019, the City reported deferred inflows of resources from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Difference between projected and		
actual investment earnings	\$ -	\$27,039
Differences between expected and		
actual economic experience	41,856	24,374
Total	\$41,856	\$51,413

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

Year Ended	Pension
December 31,	Expense
2020	(\$291)
2021	1,290
2022	4,921
2023	(15,477)
2024	-
Thereafter	_

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2019, 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 2019

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		1% Increase in
	Discount Rate (5.0%)	Discount Rate (6.0%)	Discount Rate (7.0%)
Net pension asset	\$296,964	\$317.669	\$337,322

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:

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 2019 for the Volunteer Firefighter Fund.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position at June 30, 2019 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

C. PARTICIPANTS

As of the January 1, 2019 actuarial valuation, participants of the plan consisted of:

Active employees	42
Inactive employees or beneficiaries	
currently receiving benefits	4
Total	46

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$560,631 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019. Changes in the total OPEB liability during 2019 were:

Balance - beginning of year	\$756,644
Changes for the year:	
Service cost	53,789
Interest	10,893
Changes of benefit terms	-
Differences between expected and actual experience	(245,168)
Changes in assumptions	-
Benefit payments	(15,527)
Net changes	(196,013)
Balance - end of year	\$560,631

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, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inf	flation	3.00%
Sa	lary increases	3.00%
Di	scount rate	2.00%
Inv	vestment rate of return	2.00%
Не	ealthcare cost trend rates	-5.37% for 2019, 7% for 2020, decreasing 1% per year to an ultimate rate of 3% for 2024 and beyond
Re	tirees' share of henefit-related costs	100%

The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 January 14, 2020, obtained from www.fmsbonds.com/market-yields.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality tables with Scale MP-2019. Based on past experience of the plan, 90% of future retirees are assumed to continue medical coverage until age 65. 25% of future police/fire retirees are assumed to select spousal coverage. No spousal coverage is assumed for other future retirees. 50% of police/fire employees are assumed to retire at age 55, the balance at age 65. 50% of other City employees are assumed to retire at age 62, the balance at age 65.

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

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

	1% Decrease	Discount Rate	1% Increase	
	1%	2%	3%	
Total OPEB liability	\$595,065	\$560,631	\$526,577	

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 (6% decreasing to 2%) or 1% higher (8% decreasing to 4%) than the current healthcare cost trend rates:

	Healthcare Cost			
	1% Decrease	Trend Rates	1% Increase	
	(6% decreasing to 2%)	(7% decreasing to 3%)	(8% decreasing to 4%)	
Total OPEB liability	\$499,408	\$560,631	\$633,959	

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

For the year ended December 31, 2019, the City recognized \$39,649 of OPEB expense. At December 31, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between expected		
and actual experience	\$11,786	\$279,081

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

Year Ended	OPEB
December 31,	Expense
2020	(\$25,033)
2021	(25,033)
2022	(25,033)
2023	(25,033)
2024	(25,033)
Thereafter	(142,130)
	(\$267,295)

Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

The City has deficit fund balances at December 31, 2019 as follows:

	Fund Balance
	Deficit
Major Funds:	
G.O. Improvement Bonds of 2016B	(\$2,282,686)
Nonmajor Funds:	
G.O. Improvement Bonds of 2010A	(355)
Tax Increment Financing 1-11	(800,286)
Cedar Street Reconstruction	(87,834)

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

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:			
Administration	\$511,388	\$513,627	\$2,239
Legal consultants	125,000	132,227	7,227
Public services:			
Parks	670,639	743,144	72,505
Conservation of natural resources:			
Forestry	61,897	71,280	9,383
Community development:			
Economic development	111,248	112,912	1,664

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, 2019 is as follows:

	Receivable	Payable	
Short-term advances:			
Major Funds:			
G.O. Improvement Note of 2009A	\$ -	\$729	
MSA Construction	729	-	
Nonmajor Funds:			
Closed Bond Fund	85,224	-	
Cedar Street Reconstruction	<u> </u>	85,224	
	\$85,953	\$85,953	
Long-term interfund loans:			
Major Funds:			
G.O. Improvement Bonds of 2016B	\$ -	\$2,876,643	
Sewer Fund	559,110	-	
Nonmajor Funds:			
Closed Bond Fund	800,364	-	
Building and Facilities	2,317,533	-	
Tax Increment Financing 1-11		800,364	
	\$3,677,007	\$3,677,007	
		•	

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2019

Note 12 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2019 are as follows:

	Transfer In	Transfer Out
Major Funds:		
General Fund	\$256,480	\$943,553
G.O. Improvement Note of 2009A	-	62,605
G.O. Improvement Bonds of 2016B	366,450	-
Area and Unit Charge	-	580,741
MSA Construction	62,605	255,181
Water Fund	-	226,722
Nonmajor governmental funds	2,092,128	708,861
Total	\$2,777,663	\$2,777,663

During 2019, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments, to close debt service funds, and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

Note 13 FUND BALANCE

At December 31, 2019, a summary of the governmental fund balance classifications is as follows:

	General Fund	G.O. Improvement Bonds of 2016B	Area and Unit Charge	MSA Construction	2018 Street Reconstruction	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$296,907	\$ -	\$ -	\$ -	\$ -	\$2,842	\$299,749
Corpus of permanent fund	-					100,000	100,000
Total nonspendable	296,907	0	0	0	0	102,842	399,749
Restricted for:							
Debt service	-	-	-	-	-	4,187,934	4,187,934
Capital improvements	-	-	-	-	380,732	900,326	1,281,058
Economic development	-	-	-	-	-	225,000	225,000
Blue Heron Days	-	-	-	-	-	11,120	11,120
Narcotics and forfeiture funds	-	-	-	-	-	204,648	204,648
K-9 Unit purposes	-	-	-	-	-	19,604	19,604
Tax increment purposes	-	-	-	-	-	675,228	675,228
Environmental purposes						45,870	45,870
Total restricted	0	0	0	0	380,732	6,269,730	6,650,462
Committed for:							
Future projects	443,900	_	-	-	-	_	443,900
Recreation purposes	-	_	-	-	-	25,738	25,738
Economic development	-	_	-	-	-	9,714	9,714
Cable TV purposes	-	_	-	-	-	140,033	140,033
Total committed	443,900	0	0	0	0	175,485	619,385
Assigned for:							
Capital improvements	-		8,307,394	3,733,517	630,213	7,001,582	19,672,706
Unassigned	6,052,388	(2,282,686)				(888,475)	2,881,227
Total fund balance	\$6,793,195	(\$2,282,686)	\$8,307,394	\$3,733,517	\$1,010,945	\$12,661,164	\$30,223,529

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 \$1,488,852, 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
2020	\$82,653
2021	85,120
2022	87,679
2023	90,329
2024	93,025
Thereafter	454,022
	\$892,828

Note 15 TAX INCREMENT DISTRICTS

The City is the administrating 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, 2019:

	TIF 1-5		TIF 1-11	TIF 1-12
	Cottage	TIF 1-10	Woods	Clearwater
	Homesteads	Panattoni	Edge	Creek
Authorizing law	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Year established	1994	2004	2005	2006
Final year of district	2022	2023	2031	2026
Net tax capacity:				
Original	\$128	\$15,869	\$21,032	\$21,416
Current (payable 2019)	40,398	243,818	224,749	371,626
Captured - retained	\$40,270	\$227,949	\$203,717	\$350,210

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, 2019.

C. COMMITTED CONTRACTS

At December 31, 2019, the City had commitments of \$4,910,154 for uncompleted construction contracts. In addition, the City has entered into construction contracts during 2020 totaling \$2,467,839.

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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.

Note 18 INSURANCE RECOVERY

During 2019, the City received insurance proceeds in the amount of \$711,854 relating to storm damage. The insurance proceeds were expended during the year to replace the roof of the Civic Complex.

Note 19 PRESENTATION OF DEPOSITS PAYABLE

For the year ended December 31, 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*. Based on the guidance provided by GASB 84, the City's developer deposits no longer meet the definition of a fiduciary activity. Therefore, the amounts and activity previously reported in a fiduciary fund are now reported in the General Fund. This reclassification had no effect on beginning net position or fund balance.

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Note 20 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. 91 Conduit Debt Obligations. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

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

Statement No. 93 Replacement of Interbank Offered Rates. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

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.

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.

Note 21 SUBSEQUENT EVENTS AND UNCERTAINTIES

The COVID-19 pandemic continues to cause rapidly changing disruptions worldwide. Management has evaluated these conditions and believes that it is not possible to reasonably estimate the financial impact, if any, of COVID-19 on the City's financial statements at December 31, 2019.

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REQUIRED SUPPLEMENTARY INFORMATION

	Budgeted A	A mounts	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	7 IIIIo dilles	(Treguitre)
Revenues:				
General propery taxes:				
Current and delinquent	\$8,228,124	\$7,066,644	\$7,058,562	(\$8,082)
Fiscal disparities	-	1,161,480	1,102,010	(59,470)
Total general property taxes	8,228,124	8,228,124	8,160,572	(67,552)
Licenses and permits:				()-
Business	137,600	137,285	145,822	8,537
Non-business	764,859	757,859	795,747	37,888
Total licenses and permits	902,459	895,144	941,569	46,425
Intergovernmental:				
State:				
Police state aid	224,661	249,661	251,553	1,892
OTS grant	-	,,,,,,,,	22,033	22,033
MSA maintenance	250,000	255,000	255,335	335
Other	14,000	45,185	45,350	165
County solid waste grant	88,445	88,445	71,018	(17,427)
Total intergovernmental	577,106	638,291	645,289	6,998
Special assessments	4,000	4,000	751	(3,249)
Charges for services:	1,000	1,000		(3,217)
General government	18,477	35,677	43,213	7,536
Engineering and planning fees	26,982	26,982	29,461	2,479
Public safety	200,800	190,800	181,858	(8,942)
Public services	11,000	18,000	18,120	120
Investment management charge to other funds	50,000	50,000	50,000	120
Total charges for services	307,259	321,459	322,652	1,193
Fines and forfeits	119,132	99,132	98,390	(742)
Investment earnings	30,000	30,000	159,482	129,482
Miscellaneous:	30,000	30,000	137,402	127,402
Gas franchise fees	50,000	55,000	58,706	3,706
Building lease revenue	107,463	107,463	107,963	500
Refunds and reimbursements	50,000	20,000	19,103	(897)
Donations	50,000	500	550	50
Other	3,500	5,700	3,957	(1,743)
Total miscellaneous	211,463	188,663	190,279	
i otai iiiiscenaneous	211,403	100,003	190,279	1,616
Total revenues	10,379,543	10,404,813	10,518,984	114,171

	Budgeted A	mounts	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personal services	41,841	41,841	41,133	708
Other services and charges	23,200	19,700	19,453	247
Contractual services	17,500	17,500	18,061	(561)
Total mayor and city council	82,541	79,041	78,647	394
Elections:				
Current:				
Personal services	10,082	10,082	8,879	1,203
Supplies	800	800	461	339
Other services and charges	2,000	2,000	1,518	482
Contractual services	500	-	4,741	(4,741)
Capital outlay	4,800	4,800	-	4,800
Total elections	18,182	17,682	15,599	2,083
Administration:				
Current:				
Personal services	493,703	480,569	475,777	4,792
Other services and charges	22,860	22,860	31,336	(8,476)
Contractual services	7,959	7,959	6,514	1,445
Total administration	524,522	511,388	513,627	(2,239)
Finance:		· · · · · · · · · · · · · · · · · · ·		
Current:				
Personal services	348,805	348,805	350,195	(1,390)
Supplies	1,000	1,000	202	798
Other services and charges	202,500	234,190	217,010	17,180
Contractual services	106,167	106,167	106,999	(832)
Total finance	658,472	690,162	674,406	15,756
Cable TV:				
Current:				
Personal services	2,643	2,643	2,471	172
Legal consultants:				
Current:				
Contractual services	125,000	125,000	132,227	(7,227)
Engineering/planning:			- , .,	(1)
Current:				
Contractual services	112,760	112,760	103,307	9,453
•	,, -0	-,,	, ,	-,:

	Budgeted A	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final		(= (= (= (= (= (= (= (= (= (= (= (= (= (
xpenditures: (continued)				
General government: (continued)				
Charter commission:				
Current:				
Other services and charges	2,500	1,000	325	675
Government buildings:				
Current:				
Personal services	2,487	2,487	2,374	113
Supplies	42,400	42,400	35,283	7,117
Other services and charges	380,245	380,245	354,684	25,561
Contractual services	68,200	68,200	75,287	(7,087)
Capital outlay		998,334	969,313	29,021
Total government buildings	493,332	1,491,666	1,436,941	54,725
Total general government	2,019,952	3,031,342	2,957,550	73,792
Public safety:				
Police:				
Current:				
Personal services	3,747,049	3,650,720	3,639,202	11,518
Supplies	36,025	36,025	30,710	5,315
Other services and charges	126,786	126,786	117,918	8,868
Contractual services	41,450	41,450	39,087	2,363
Capital outlay	24,802	24,802	18,087	6,715
Total police	3,976,112	3,879,783	3,845,004	34,779
Fire protection:				
Current:				
Personal services	529,734	483,751	442,298	41,453
Supplies	25,650	23,312	15,502	7,810
Other services and charges	46,355	46,355	45,810	545
Contractual services	42,783	42,783	31,564	11,219
Capital outlay	29,750	32,088	29,764	2,324
Total fire protection	674,272	628,289	564,938	63,351
Building inspection:				
Current:				
Personal services	331,033	331,033	307,747	23,286
Supplies	2,150	2,150	1,221	929
Other services and charges	11,240	11,240	9,997	1,243
Contractual services	3,325	3,325	2,240	1,085
Total building inspection	347,748	347,748	321,205	26,543
Total public safety	4,998,132	4,855,820	4,731,147	124,673

	Dudgeted A	mounts	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Budgeted A Original	Final	Amounts	(Negative)
Expenditures: (continued)	Original	Fillal		
Public services:				
Streets:				
Current:				
Personal services	611,149	611,149	633,020	(21,871)
Supplies	144,000	139,000	114,227	24,773
Other services and charges	110,600	100,600	80,955	19,645
Contractual services	88,000	88,000	106,711	(18,711)
Capital outlay	10,100	10,100	8,843	1,257
Total streets	963,849	948,849	943,756	5,093
Fleet:	903,849	240,042	943,730	3,093
Current:				
Personal services	127,684	127,684	132,370	(4,686)
Supplies	168,000	158,000	165,017	(7,017)
Other services and charges	82,273	82,273	94,496	(12,223)
Contractual services	70,000	65,000	35,958	29,042
Capital outlay	-	5,000	4,986	14
Total fleet	447,957	437,957	432,827	5,130
Parks:		437,937	432,627	3,130
Current:				
Personal services	493,104	493,104	493,422	(318)
Supplies	43,000	493,104	56,219	(7,034)
Other services and charges	39,650	39,650	74,556	(34,906)
Contractual services	73,700	73,700	112,127	(38,427)
Capital outlay	15,000	15,000	6,820	8,180
Total parks	664,454	670,639	743,144	(72,505)
Recreation:	004,434	070,039	/43,144	(72,303)
Current:				
Personal services	169,509	146,364	138,541	7,823
	2,500	2,500		
Supplies Other services and charges	2,300 17,800	2,300 17,800	2,517 16,060	(17) 1,740
č	500	500	300	200
Contractual services Capital outlay			9,895	
1	10,000	10,000		9,851
Total recreation	200,309	177,164	167,313	9,851
Total public services	2,276,569	2,234,609	2,287,040	(52,431)

	Budgeted Amounts		2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Expenditures: (continued)					
Conservation of natural resources:					
Forestry:					
Current:					
Personal services	38,567	38,567	45,230	(6,663)	
Supplies	2,950	2,950	1,943	1,007	
Other services and charges	380	380	271	109	
Contractual services	20,000	20,000	23,836	(3,836)	
Total forestry	61,897	61,897	71,280	(9,383)	
Environmental:		- /	. ,	(-))	
Current:					
Personal services	52,505	52,505	52,029	476	
Supplies	1,000	1,000	1,384	(384)	
Other services and charges	9,430	9,430	5,565	3,865	
Contractual services	1,100	1,100	1,169	(69)	
Total environmental	64,035	64,035	60,147	3,888	
Solid waste abatement:		0 1,033		3,000	
Current:					
Personal services	55,525	55,525	52,424	3,101	
Supplies	3,000	3,000	1,458	1,542	
Other services and charges	7,220	7,220	766	6,454	
Contractual services	22,700	22,700	21,844	856	
	88,445		76,492		
Total solid waste abatement	88,443	88,445	/6,492	11,953	
Total conservation of natural resources	214,377	214,377	207,919	6,458	
Community development:					
Community development:					
Current:					
Personal services	212,964	211,906	210,409	1,497	
Supplies	100	100	-	100	
Other services and charges	7,900	7,900	5,017	2,883	
Contractual services	925	925	625	300	
Total community development	221,889	220,831	216,051	4,780	
Economic development:		•		-	
Current:					
Personal services	21,652	18,423	15,727	2,696	
Other services and charges	88,600	92,100	96,490	(4,390)	
Contractual services	725	725	695	30	
Total economic development	110,977	111,248	112,912	(1,664)	

	Budgeted A	mounts	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Planning and zoning commission:				
Current:				
Personal services	107,970	107,970	108,059	(89)
Supplies	200	200	186	14
Other services and charges	16,250	16,250	10,551	5,699
Contractual services	38,000	13,000	5,297	7,703
Total planning and zoning commission	162,420	137,420	124,093	13,327
Total community development	495,286	469,499	453,056	16,443
Other:				
Contingency	75,000	-	-	-
Total expenditures	10,079,316	10,805,647	10,636,712	168,935
Revenues over (under) expenditures	300,227	(400,834)	(117,728)	283,106
Other financing sources (uses):				
Insurance recovery	-	711,854	711,854	-
Transfers in	-	256,480	256,480	-
Transfers out	(895,000)	(943,145)	(943,553)	(408)
Total other financing sources (uses)	(895,000)	25,189	24,781	(408)
Net change in fund balance	(\$594,773)	(\$375,645)	(92,947)	\$282,698
Fund balance - January 1			6,886,142	
Fund balance - December 31			\$6,793,195	

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
For The Last Ten Years

Statement 11

	2019	2018	2017
Total OPEB liability:			
Service cost	\$53,789	\$16,547	\$16,990
Interest	10,893	21,355	22,542
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(245,168)	-	(51,083)
Changes in assumptions	-	-	-
Benefit payments	(15,527)	(27,798)	(31,536)
Net change in total OPEB liability	(196,013)	10,104	(43,087)
Total OPEB liability - beginning	756,644	746,540	789,627
Total OPEB liability - ending	\$560,631	\$756,644	\$746,540
Covered-employee payroll	\$3,379,110	\$3,240,932	\$3,499,836
Total OPEB liability as a percentage of covered-employee payroll	16.6%	23.3%	21.3%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - GENERAL EMPLOYEES RETIREMENT FUND

For The Last Ten Years

		City's	City's	State's Proportionate Share (Amount)	City's Proportionate Share of the Net Pension Liability and the State's		City's Proportionate Share of the Net Pension Liability	Plan Fiduciary Net Position as a
		Proportionate Share	Proportionate Share (Amount)	of the Net Pension	Proportionate Share of the Net		as a Percentage	Percentage of the
Measurement	Fiscal Year	(Percentage) of	of the Net	Liability	Pension Liability		of its	Total
Date	Ending	the Net Pension	Pension	Associated	Associated with	Covered	Covered	Pension
June 30,	December 31,	Liability	Liability (a)	with City (b)	City (a+b)	Payroll (c)	Payroll ((a+b)/c)	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%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND For The Last Ten Years

Statement 13

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	· <u>-</u>	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%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Last Ten Years

Statement 14

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%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND For The Last Ten Years

Statement 15

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%

For The Last Ten Years

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

Statement 16

Fiscal year ending and measurement date	December 31, 2019	December 31, 2018	December 31, 2017
Total pension liability:			
Service cost	\$52,320	\$48,182	\$47,952
Interest on pension liability	16,603	8,754	6,191
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(22,680)	69,760	(11,672)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Net change in total pension liability	46,243	126,696	42,471
Total pension liability - beginning	224,407	97,711	55,240
Total pension liability - ending (a)	\$270,650	\$224,407	\$97,711
Plan fiduciary net position:			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - State of Minnesota	121,630	118,144	113,797
Contributions - other	-	64,869	58,800
Net investment income	78,063	(18,696)	9,153
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	(694)	(702)	(572)
Net change in plan fiduciary net position	198,999	163,615	181,178
Plan fiduciary net position - beginning	389,320	225,705	44,527
Plan fiduciary net position - ending (b)	\$588,319	\$389,320	\$225,705
Net pension liability/(asset) - ending (a) - (b)	(\$317,669)	(\$164,913)	(\$127,994)
Plan fiduciary net position as a percentage of the total pension liability	217%	173%	231%
Covered payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered employee payroll	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.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Last Ten Years

Statement	17
Statement	1/

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO RSI December 31, 2019

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. The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

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.

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%.

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO RSI December 31, 2019

• 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

2019 Changes in Actuarial Assumptions:

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

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for nonvested 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%.

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO RSI December 31, 2019

• The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Single Employer - Fire Division

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

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COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2019

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$415,882	\$4,178,039	\$5,516,731	\$145,870	\$10,256,522
Accounts receivable - net	-	-	24,343	-	24,343
Prepaid items	2,842	-	-	-	2,842
Advances to other funds	-	-	85,224	-	85,224
Taxes receivable:					
Due from county	-	17,590	78	-	17,668
Delinquent	-	17,305	836	-	18,141
Special assessments receivable:					
Due from county	=	-	409	=	409
Delinquent	=	257	13,573	=	13,830
Deferred	=	712,295	207,776	=	920,071
Interfund loan receivable	-	-	3,117,897	-	3,117,897
Long-term note receivable	225,000				225,000
Total assets	\$643,724	\$4,925,486	\$8,966,867	\$145,870	\$14,681,947
Liabilities, Deferred Inflows of Reso	ources, and Fund Ba	lance			
Liabilities:					
Accounts payable	O 4 71 C				
= :	\$4,716	\$8,050	\$160,773	\$ -	\$173,539
Due to other governments	309	\$8,050 -	-	\$ - -	309
= :		\$8,050 - -	\$160,773 - 85,224	\$ - - -	
Due to other governments		\$8,050 - - -	-	\$ - - -	309
Due to other governments Advances from other funds		\$8,050 - - - -	- 85,224	\$ - - - -	309 85,224
Due to other governments Advances from other funds Contracts payable		\$8,050 - - - - - - 8,050	85,224 9,305	\$ - - - - - 0	309 85,224 9,305
Due to other governments Advances from other funds Contracts payable Interfund loan payable	309	- - - 	85,224 9,305 800,364	- - - -	309 85,224 9,305 800,364
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities	309	- - - 	85,224 9,305 800,364	- - - -	309 85,224 9,305 800,364
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources:	309	8,050	85,224 9,305 800,364 1,055,666	- - - -	309 85,224 9,305 800,364 1,068,741
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue	309	8,050	85,224 9,305 800,364 1,055,666	- - - -	309 85,224 9,305 800,364 1,068,741
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance:	309 - - - - 5,025	8,050	85,224 9,305 800,364 1,055,666	- - - - 0	309 85,224 9,305 800,364 1,068,741 952,042
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance: Nonspendable	309 - - - - 5,025	8,050	85,224 9,305 800,364 1,055,666	- 0	309 85,224 9,305 800,364 1,068,741
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance: Nonspendable Restricted	309 - - - 5,025 - 2,842 460,372	8,050	85,224 9,305 800,364 1,055,666	- 0	309 85,224 9,305 800,364 1,068,741 952,042 102,842 6,269,730
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance: Nonspendable Restricted Committed Assigned	309 - - - 5,025 - 2,842 460,372	729,857 - 4,187,934	85,224 9,305 800,364 1,055,666 222,185 1,575,554 - 7,001,582	- 0	309 85,224 9,305 800,364 1,068,741 952,042 102,842 6,269,730 175,485 7,001,582
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance: Nonspendable Restricted Committed	309 - - - 5,025 - 2,842 460,372	8,050	85,224 9,305 800,364 1,055,666 222,185	- 0	309 85,224 9,305 800,364 1,068,741 952,042 102,842 6,269,730 175,485 7,001,582
Due to other governments Advances from other funds Contracts payable Interfund loan payable Total liabilities Deferred inflows of resources: Unavailable revenue Fund balance: Nonspendable Restricted Committed Assigned Unassigned	309 - - - 5,025 - 2,842 460,372 175,485 -	729,857 - 4,187,934 - (355)	85,224 9,305 800,364 1,055,666 222,185 	- - - 0 - 100,000 45,870 - -	309 85,224 9,305 800,364 1,068,741 952,042 102,842 6,269,730 175,485 7,001,582 (888,475)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2019

_	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Revenues:					
General property taxes	\$ -	\$1,853,669	\$55	\$ -	\$1,853,724
Tax increment	-	-	671,296	-	671,296
Special assessments	-	497,290	803,873	-	1,301,163
Charges for services	124,063	-	1,144,954	-	1,269,017
Fines and forfeits	33,546	-	-	-	33,546
Investment earnings	15,979	92,702	235,349	4,817	348,847
Miscellaneous	26,555	38,028	1,468	8,800	74,851
Total revenues	200,143	2,481,689	2,856,995	13,617	5,552,444
Expenditures:					
Current:					
General government	-	-	19,504	-	19,504
Public safety	36,826	=	-	-	36,826
Public services	114,236	-	974,196	1,600	1,090,032
Community development	409	-	226,954	=	227,363
Capital outlay:					
General government	-	-	83,417	=	83,417
Public safety	25,774	-	71,079	=	96,853
Public services	85,000	-	1,374,668	=	1,459,668
Debt service:					
Principal	-	2,325,075	-	-	2,325,075
Interest and fiscal charges		544,886	-		544,886
Total expenditures	262,245	2,869,961	2,749,818	1,600	5,883,624
Revenues over (under) expenditures	(62,102)	(388,272)	107,177	12,017	(331,180)
Other financing sources (uses):					
Transfers in	117,158	836,695	1,138,275	-	2,092,128
Transfers out	(83,604)	(1,553)	(623,704)	=	(708,861)
Issuance of debt	-	-	388,535	=	388,535
Proceeds from sale of capital assets	6,395	-	71,591	-	77,986
Total other financing sources (uses)	39,949	835,142	974,697	0	1,849,788
Net change in fund balance	(22,153)	446,870	1,081,874	12,017	1,518,608
Fund balance - January 1	660,852	3,740,709	6,607,142	133,853	11,142,556
Fund balance - December 31	\$638,699	\$4,187,579	\$7,689,016	\$145,870	\$12,661,164

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.

<u>Program Recreation</u> – established to account for various self-supporting recreational programs.

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

<u>Cable TV and Communications Fund</u> – established to account for activities relating to Cable TV and Communications.

<u>Blue Heron Days</u> – established to account for the activities associated with the Blue Heron Days festival.

<u>Federal Forfeitures - Justice</u> – 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.

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

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

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

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

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

SUBCOMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS December 31, 2019

Assets	201 Program Recreation	203 Economic Development Authority	204 Cable TV and Communications Fund	205 Blue Heron Days
Cash and investments	\$29,819	\$9,714	\$140,489	\$11,129
Prepaid items	2,547	-	-	295
Long-term note receivable	<u> </u>	225,000		
Total assets	\$32,366	\$234,714	\$140,489	\$11,424
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$4,081	\$ -	\$456	\$9
Due to other governments	-	-	-	-
Total liabilities	4,081	-	456	9
Fund balance:				
Nonspendable	2,547	-	-	295
Restricted	-	225,000	-	11,120
Committed	25,738	9,714	140,033	-
Total fund balance	28,285	234,714	140,033	11,415
Total liabilities and fund balance	\$32,366	\$234,714	\$140,489	\$11,424

206 Federal Forfeitures - Justice	207 State Narcotics Forfeitures	208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	Total Nonmajor Special Revenue Funds
\$19,591 - 	\$30,061	\$67,534 - -	\$1,564 - -	\$86,377 - 	\$19,604 - -	\$415,882 2,842 225,000
\$19,591	\$30,061	\$67,534	\$1,564	\$86,377	\$19,604	\$643,724
\$ -	\$85	\$85	\$ -	\$ -	\$ -	\$4,716
	193	116			-	309
-	278	201		- -	- -	5,025
-	-	-	-	-	-	2,842
19,591	29,783	67,333	1,564	86,377	19,604	460,372
-	-	 .	-		<u>-</u>	175,485
19,591	29,783	67,333	1,564	86,377	19,604	638,699
\$19,591	\$30,061	\$67,534	\$1,564	\$86,377	\$19,604	\$643,724

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended December 31, 2019

	201 Program Recreation	203 Economic Development Authority	204 Cable TV and Communications Fund	205 Blue Heron Days
Revenues:				
Charges for services	\$59,544	\$ -	\$64,519	\$ -
Fines and forfeits	-	-	-	-
Investment earnings	946	2,218	4,507	488
Miscellaneous	1,108	-	<u>-</u>	24,947
Total revenues	61,598	2,218	69,026	25,435
Expenditures:				
Current:				
Public safety	-	-	-	-
Public services	86,699	-	3,568	23,969
Community development	-	409	-	-
Capital outlay:				
Public safety	-	-	-	-
Public services	<u> </u>	85,000	<u>-</u>	
Total expenditures	86,699	85,409	3,568	23,969
Revenues over (under) expenditures	(25,101)	(83,191)	65,458	1,466
Other financing sources (uses):				
Transfers in	33,145	409	_	_
Transfers out	-	_	-	-
Proceeds from sale of capital assets	-	2,955	-	-
Total other financing sources (uses)	33,145	3,364	0	0
Net change in fund balance	8,044	(79,827)	65,458	1,466
Fund balance - January 1	20,241	314,541	74,575	9,949
Fund balance - December 31	\$28,285	\$234,714	\$140,033	\$11,415

206 Federal Forfeitures - Justice	207 State Narcotics Forfeitures	208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$124,063
-	17,641	14,820	1,085	-	-	33,546
1,253	848	2,083	45	2,773	818	15,979
		<u>-</u>	<u>-</u>		500	26,555
1,253	18,489	16,903	1,130	2,773	1,318	200,143
3,359	7,632 - -	6,677 - -	255 - -	- - -	18,903 - -	36,826 114,236 409
25,774	-	-	-	-	-	25,774
29,133	7,632	6,677	255		18,903	85,000 262,245
29,133	/,032	0,0//	255		18,903	202,243
(27,880)	10,857	10,226	875	2,773	(17,585)	(62,102)
-	<u>-</u>	<u>-</u>	-	83,604	-	117,158
(83,604)	-	-	-	- -	-	(83,604)
		3,440				6,395
(83,604)	0	3,440	0	83,604	0	39,949
(111,484)	10,857	13,666	875	86,377	(17,585)	(22,153)
131,075	18,926	53,667	689		37,189	660,852
\$19,591	\$29,783	\$67,333	\$1,564	\$86,377	\$19,604	\$638,699

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:

<u>General Debt Bonds</u> – are repaid primarily from property taxes.

<u>Improvement Bonds and Notes</u> – are repaid primarily from special assessments.

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

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

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

SUBCOMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

December 31, 2019

Assets	315 Certificates of Indebtedness	332 G.O. TIF Bonds of 2007A	334 G.O. Improvement and Utility Bonds of 2010A	335 G.O. Bonds of 2012A	336 G.O. Improvement Bonds of 2013A
Cash and investments	\$249,200	\$150,051	\$ -	\$203,425	\$418,048
Taxes receivable:					
Due from county	5,736	-	-	1,700	-
Delinquent	5,832	-	-	1,767	=
Special assessments receivable:					
Delinquent	-	-	-	-	-
Deferred					225,668
Total assets	\$260,768	\$150,051	\$0	\$206,892	\$643,716
Liabilities, Deferred Inflows of Resources, and Fund B	Salance				
Liabilities:					
Accounts payable	\$ -	\$355	\$355	\$355	\$355
Deferred inflows of resources:					
Unavailable revenue	5,832	-	-	1,767	225,668
Fund balance:					
Restricted	254,936	149,696	-	204,770	417,693
Unassigned	=	=	(355)	- -	- -
Total fund balance	254,936	149,696	(355)	204,770	417,693
Total liabilities, deferred inflows of resources, and fund balance	\$260,768	\$150,051	\$0	\$206,892	\$643,716

337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	344 G.O. Bonds of 2018A	Total Nonmajor Debt Service Funds
\$932,086	\$619,032	\$298,513	\$1,194	\$266,634	\$375,528	\$664,328	\$4,178,039
- -	2,552 2,582	2,982 3,012	- -	- -	2,731 2,838	1,889 1,274	17,590 17,305
257	<u>-</u>	- -	-	<u>-</u>	<u>-</u>	486,627	257 712,295
\$932,343	\$624,166	\$304,507	\$1,194	\$266,634	\$381,097	\$1,154,118	\$4,925,486
\$3,455	\$355	\$355	\$ -	\$805	\$805	\$855	\$8,050
257	2,582	3,012			2,838	487,901	729,857
928,631	621,229	301,140	1,194	265,829	377,454	665,362	4,187,934 (355)
928,631	621,229	301,140	1,194	265,829	377,454	665,362	4,187,579
\$932,343	\$624,166	\$304,507	\$1,194	\$266,634	\$381,097	\$1,154,118	\$4,925,486

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2019

	315 Certificates of Indebtedness	331 G.O. CIP Bonds of 2006E	332 G.O. TIF Bonds of 2007A	334 G.O. Improvement and Utility Bonds of 2010A	335 G.O. Bonds of 2012A
Revenues:					
General property taxes	\$604,408	\$763	\$ -	\$ -	\$179,198
Special assessments	40	16	-	247	13
Investment earnings	11,996	-	-	-	3,093
Miscellaneous	<u> </u>				-
Total revenues	616,444	779	0	247	182,304
Expenditures:					
Debt service:					
Principal	562,900	-	200,000	105,000	230,000
Interest and fiscal charges	15,465		55,181	5,879	13,445
Total expenditures	578,365	0	255,181	110,879	243,445
Revenues over (under) expenditures	38,079	779	(255,181)	(110,632)	(61,141)
Other financing sources (uses):					
Transfers in	-	774	255,181	110,277	-
Transfers out	-	(1,553)	-	-	-
Total other financing sources (uses)	0	(779)	255,181	110,277	0
Net change in fund balance	38,079	0	0	(355)	(61,141)
Fund balance - January 1	216,857	<u> </u>	149,696		265,911
Fund balance - December 31	\$254,936	\$0	\$149,696	(\$355)	\$204,770

336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	344 G.O. Bonds of 2018A	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$268,886	\$314,208	\$ -	\$ -	\$287,787	\$198,419	\$1,853,669
39,000	1,198	18	21	-	-	21	456,716	497,290
13,558	27,739	15,376	6,344	605	4,008	6,363	3,620	92,702
-	-	<u>-</u>	-	38,028	<u>-</u>	-	-	38,028
52,558	28,937	284,280	320,573	38,633	4,008	294,171	658,755	2,481,689
60,000 13,755 73,755	380,000 30,113 410,113	200,000 60,168 260,168	175,000 128,243 303,243	32,175 5,854 38,029	135,000 25,255 160,255	245,000 17,483 262,483	174,045 174,045	2,325,075 544,886 2,869,961
(21,197)	(381,176)	24,112	17,330	604	(156,247)	31,688	484,710	(388,272)
<u>-</u>	129,011	- -	- -	<u>-</u>	160,800	- -	180,652	836,695 (1,553)
0	129,011	0	0	0	160,800	0	180,652	835,142
(21,197)	(252,165)	24,112	17,330	604	4,553	31,688	665,362	446,870
438,890	1,180,796	597,117	283,810	590	261,276	345,766	-	3,740,709
\$417,693	\$928,631	\$621,229	\$301,140	\$1,194	\$265,829	\$377,454	\$665,362	\$4,187,579

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.

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

<u>Capital Equipment Revolving</u> – 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.

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

<u>Tax Increment Financing Funds</u> – to account for development projects financed with tax increments.

<u>Pavement Management</u> – to account for money received from levies, assessments, and developer charges for future street maintenance projects.

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

<u>Street Reconstruction</u> – to account for the financing of future reconstruction of City streets.

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

<u>Park and Trail Improvements</u> – to account for park and trail improvement activities.

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

<u>Cedar Street Reconstruction</u> – this fund accounts for the activities relating to the construction of roadway improvements on East Cedar Street & Elmcrest Avenue North.

SUBCOMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2019

	301 Closed	401 Building	402 Capital Equipment	403 Office Equipment	405 Dedicated
	Bond Fund	and Facilities	Revolving	Revolving	Parks
Assets					
Cash and investments	\$157,083	\$81,774	\$612,632	\$48,262	\$906,692
Accounts receivable - net	-	18,384	5,959	-	-
Advances to other funds	85,224	-	-	-	-
Taxes receivable:					
Due from county	-	-	-	-	-
Delinquent	836	-	-	-	-
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	8,877	-	-	-	-
Deferred	14,140	-	-	-	-
Interfund loan receivable	800,364	2,317,533			-
Total assets	\$1,066,524	\$2,417,691	\$618,591	\$48,262	\$906,692
Liabilities, Deferred Inflows of Resources	, and Fund Balance				
Liabilities:					
Accounts payable	\$ -	\$10,129	\$ -	\$ -	\$681
Advances from other funds	-	-	-	-	-
Contracts payable	-	-	-	-	5,685
Interfund loan payable	-	-	-	-	-
Total liabilities	0	10,129	0	0	6,366
Deferred inflows of resources:					
Unavailable revenue	23,853			<u>-</u>	-
Fund balance:					
Restricted	-	-	-	-	900,326
Assigned	1,042,671	2,407,562	618,591	48,262	-
Unassigned	- · ·	- -	-	-	-
Total fund balance	1,042,671	2,407,562	618,591	48,262	900,326
Total liabilities, deferred inflows of					
resources, and fund balance	\$1,066,524	\$2,417,691	\$618,591	\$48,262	\$906,692

SUBCOMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2019

	411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	421 Pavement Management
Assets					
Cash and investments	\$397,530	\$197,598	\$ -	\$182,639	\$496,153
Accounts receivable - net	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Taxes receivable:					
Due from county	-	-	78	-	-
Delinquent	-	-	-	-	-
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Interfund loan receivable			<u> </u>	-	<u> </u>
Total assets	\$397,530	\$197,598	\$78	\$182,639	\$496,153
Liabilities, Deferred Inflows of Resou Liabilities:	rces, and Fund Balanc	ee			
Accounts payable	\$ -	\$ -	\$ -	\$102,539	\$24,705
Advances from other funds	-	-	-	-	-
Contracts payable	_	_	_	_	_
Interfund loan payable	-	-	800,364	-	-
Total liabilities	0	0	800,364	102,539	24,705
Deferred inflows of resources:					
Unavailable revenue				-	
Fund balance:					
Restricted	397,530	197,598	-	80,100	-
Assigned	-	-	-	-	471,448
Unassigned	-	-	(800,286)	-	-
Total fund balance	397,530	197,598	(800,286)	80,100	471,448
Total liabilities, deferred inflows of					
resources, and fund balance	\$397,530	\$197,598	\$78	\$182,639	\$496,153

422 Surface Water Management	423 Street Reconstruction	424 Surface Water Maintenance	425 Park and Trail Improvements	484 Comp Plan Update	486 Cedar Street Reconstruction	Total Nonmajor Capital Project Funds
*****	*===	*****	****	****		
\$1,134,959	\$778,814	\$184,218	\$329,159	\$9,218	\$ -	\$5,516,731
-	-	-	-	-	-	24,343
-	-	-	-	-	-	85,224
_	_	_	_	_	_	78
-	-	_	_	_	-	836
409	-	-	-	-	-	409
4,696	-	-	-	-	-	13,573
134,447	59,189	-	-	-	-	207,776
						3,117,897
\$1,274,511	\$838,003	\$184,218	\$329,159	\$9,218	\$0	\$8,966,867
\$13,469 -	\$ -	\$580 -	\$5,451 -	\$609	\$2,610	\$160,773
13,469	- 0	3,620 - 4,200	5,451	609	85,224 - - - 87,834	85,224 9,305 800,364 1,055,666
13,469	- 0	3,620	-	609	<u>-</u> 	85,224 9,305 800,364
13,469	59,189	3,620	-	609	<u>-</u> 	85,224 9,305 800,364
		3,620 - 4,200	-	- 8,609	87,834	85,224 9,305 800,364 1,055,666 222,185 1,575,554 7,001,582
139,143 - 1,121,899	59,189 - 778,814	3,620 - 4,200 - - 180,018	5,451 - 323,708	- 8,609 -	- 87,834 - - (87,834)	85,224 9,305 800,364 1,055,666 222,185 1,575,554 7,001,582 (888,120)
139,143 - 1,121,899	59,189 - 778,814	3,620 - 4,200 - - 180,018	5,451	- 8,609	87,834	85,224 9,305 800,364 1,055,666 222,185 1,575,554 7,001,582

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECT FUNDS For The Year Ended December 31, 2019

	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Revenues:					
General property taxes	\$55	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-
Special assessments	8,177	-	-	-	-
Charges for services	-	220,347	-	-	804,380
Investment earnings	33,615	8,466	23,772	1,940	27,004
Miscellaneous	-	-	973	-	495
Total revenues	41,847	228,813	24,745	1,940	831,879
Expenditures:					
Current:	244	- 40 0		12 (01	
General government	341	5,482	-	13,681	-
Public services	-	-	-	-	19,999
Community development	-	-	-	-	-
Capital outlay:					
General government	-	77,422	-	5,995	-
Public safety	-	-	71,079	-	-
Public services	-	-	298,024	-	139,094
Debt service:					
Interest and fiscal charges	-		-		-
Total expenditures	341	82,904	369,103	19,676	159,093
Revenues over (under) expenditures	41,506	145,909	(344,358)	(17,736)	672,786
Other financing sources (uses):					
Transfers in	1,553	-	-	25,000	-
Transfers out	(774)	(256,480)	-	-	-
Issuance of debt	-	-	388,535	-	-
Proceeds from sale of capital assets	-	-	71,591	-	-
Total other financing sources (uses)	779	(256,480)	460,126	25,000	0
Net change in fund balance	42,285	(110,571)	115,768	7,264	672,786
Fund balance - January 1	1,000,386	2,518,133	502,823	40,998	227,540
Fund balance - December 31	\$1,042,671	\$2,407,562	\$618,591	\$48,262	\$900,326

411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	421 Pavement Management	422 Surface Water Management	423 Street Reconstruction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47,347	174,236	192,214	257,499	-	-	-
-	-	-	-	-	783,258	12,438
-	- 9.242	-	2.070	120,227 23,686	-	- 25 922
12,200	8,242	-	2,079	23,686	46,888	25,833
59,547	182,478	192,214	259,578	143,913	830,146	38,271
-	-	-	-	-	-	-
-	-	-	-	857,184	7,454	-
172	2,999	17,604	206,179	-	-	-
-	-	-	-	-	-	-
- -	-	-	-	-	630,479	-
						_
172	2,999	17,604	206,179	857,184	637,933	0
59,375	179,479	174,610	53,399	(713,271)	192,213	38,271
_	_	_	_	856,722	_	_
-	(174,236)	(192,214)	-	-	-	-
-	-	-	-	-	-	-
					-	-
0	(174,236)	(192,214)	0	856,722	0	0
59,375	5,243	(17,604)	53,399	143,451	192,213	38,271
338,155	192,355	(782,682)	26,701	327,997	929,686	740,543
\$397,530	\$197,598	(\$800,286)	\$80,100	\$471,448	\$1,121,899	\$778,814

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECT FUNDS For The Year Ended December 31, 2019

	424 Surface Water Maintenance	425 Park and Trail Improvements	484 2040 Comp Plan Update	486 Cedar Street Reconstruction	Total Nonmajor Capital Project Funds
Revenues:	Φ.	d)	Φ.	Ф	Φ.5.5
General property taxes	\$ -	\$ -	\$ -	\$ -	\$55
Tax increment	-	-	-	-	671,296
Special assessments	-	-	-	-	803,873
Charges for services	-	-	-	-	1,144,954
Investment earnings	6,959	14,665	-	-	235,349
Miscellaneous			 .	- -	1,468
Total revenues	6,959	14,665	0	0	2,856,995
Expenditures:					
Current:					
General government	_	_	_	_	19,504
Public services	75,840	_	13,719	_	974,196
Community development	-	_	-	_	226,954
Capital outlay:					220,50 .
General government	_	_	_	_	83,417
Public safety	_	_	_	_	71,079
Public services	_	219,237	_	87,834	1,374,668
Debt service:		-,		,	, ,
Interest and fiscal charges	_	_	_	_	_
Total expenditures	75,840	219,237	13,719	87,834	2,749,818
•					
Revenues over (under) expenditures	(68,881)	(204,572)	(13,719)	(87,834)	107,177
Other financing sources (uses):					
Transfers in	140,000	90,000	25,000	_	1,138,275
Transfers out	-	-	-	_	(623,704)
Issuance of debt	-	-	-	_	388,535
Proceeds from sale of capital assets	_	_	_	_	71,591
Total other financing sources (uses)	140,000	90,000	25,000	0	974,697
Net change in fund balance	71,119	(114,572)	11,281	(87,834)	1,081,874
Fund balance - January 1	108,899	438,280	(2,672)	-	6,607,142
Fund balance - December 31	\$180,018	\$323,708	\$8,609	(\$87,834)	\$7,689,016

SPECIAL REVENUE FUND - PROGRAM RECREATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2019

	Budgeted A Original	.mounts Final	2019 Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:	Originar	1 mai		
Charges for services	\$76,010	\$76,010	\$59,544	(\$16,466)
Investment earnings	-	-	946	946
Miscellaneous	<u>-</u>	_	1,108	1,108
Total revenues	76,010	76,010	61,598	(14,412)
Expenditures:				
Public services:				
Current:				
Personal services	24,650	24,650	57,169	(32,519)
Supplies	23,350	23,350	25,414	(2,064)
Contractual services	12,050	12,050	4,116	7,934
Capital outlay	12,500	12,500		12,500
Total expenditures	72,550	72,550	86,699	(14,149)
Revenues over (under) expenditures	3,460	3,460	(25,101)	(28,561)
Other financing sources (uses): Transfers in	-	-	33,145	33,145
Net change in fund balance	\$3,460	\$3,460	8,044	\$4,584
Fund balance - January 1			20,241	
Fund balance - December 31			\$28,285	

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

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

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

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$22,562,217	\$24,600,103	\$22,166,342	\$22,241,821
Restricted	8,428,025	11,598,803	11,595,112	11,000,033
Unrestricted	16,738,885	13,463,210	17,639,038	16,849,636
Total governmental activities net position	\$47,729,127	\$49,662,116	\$51,400,492	\$50,091,490
Business-type activities:				
Net investment in capital assets	\$29,648,461	\$29,216,866	\$28,798,095	\$28,423,284
Unrestricted	10,728,626	11,201,362	12,102,013	12,999,182
Total business-type activities net position	\$40,377,087	\$40,418,228	\$40,900,108	\$41,422,466
Primary government:				
Net investment in capital assets	\$52,210,678	\$53,816,969	\$50,964,437	\$50,665,105
Restricted	8,428,025	11,598,803	11,595,112	11,000,033
Unrestricted	27,467,511	24,664,572	29,741,051	29,848,818
Total primary government net position	\$88,106,214	\$90,080,344	\$92,300,600	\$91,513,956

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.

2014	2015	2016	2017	2018	2019
\$19,540,807	\$18,230,746	\$18,597,344	\$22,868,259	\$24,640,555	\$28,433,053
8,666,357	8,635,293	13,342,852	11,730,147	10,579,817	12,390,431
20,527,704	13,888,120	10,187,254	12,017,212	16,577,520	17,640,035
\$48,734,868	\$40,754,159	\$42,127,450	\$46,615,618	\$51,797,892	\$58,463,519
\$27,556,022	\$29,127,829	\$31,860,610	\$31,831,950	\$32,709,079	\$36,390,820
13,888,278	14,672,630	13,863,447	14,846,045	15,570,827	16,237,228
\$41,444,300	\$43,800,459	\$45,724,057	\$46,677,995	\$48,279,906	\$52,628,048
\$47,096,829	\$47,358,575	\$50,457,954	\$54,700,209	\$57,349,634	\$64,823,873
8,666,357	8,635,293	13,342,852	11,730,147	10,579,817	12,390,431
34,415,982	28,560,750	24,050,701	26,863,257	32,148,347	33,877,263
\$90,179,168	\$84,554,618	\$87,851,507	\$93,293,613	\$100,077,798	\$111,091,567

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

_	2010	2011	2012	2013
Expenses				
Governmental activities:	Ø1 007 415	Φ1 000 127	Φ1 00 3 0 <i>C</i> 1	#1 <i>566</i> 200
General government	\$1,987,415	\$1,990,137	\$1,883,961	\$1,566,388
Public safety	3,971,261	4,019,101	4,046,415	3,950,197
Public services	5,092,970	9,329,451	6,795,150	5,376,671
Conservation of natural resources	197,571	139,544	184,051	141,204
Community development	1,105,254	617,747	430,121	404,726
Interest and fees on long-term debt	1,064,172	927,535	837,755	951,842
Total governmental activities expenses	13,418,643	17,023,515	14,177,453	12,391,028
Business-type activities:				
Water	1,045,901	966,643	949,121	927,800
Sewer	1,466,847	1,638,063	1,527,637	1,584,395
Total business-type activities expenses	2,512,748	2,604,706	2,476,758	2,512,195
Total primary government expenses	\$15,931,391	\$19,628,221	\$16,654,211	\$14,903,223
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$98,403	\$103,687	\$129,151	\$93,118
Public safety	691,005	713,985	642,745	697,584
Public services	605,207	593,263	668,128	632,002
Conservation of natural resources	4,153	4,392	19,297	1,347
Community development	14,148	5,138	16,940	28,118
Operating grants and contributions	617,450	593,798	450,179	527,368
Capital grants and contributions	1,388,984	7,347,613	5,125,693	941,960
Total governmental activities program revenues	3,419,350	9,361,876	7,052,133	2,921,497
Business-type activities:				
Business-type activities: Charges for services:				
Charges for services:	1 087 013	1 090 104	1 371 809	1 208 742
Charges for services: Water	1,087,013 1 498 218	1,090,104 1 494 188	1,371,809 1,505,781	
Charges for services: Water Sewer	1,087,013 1,498,218	1,090,104 1,494,188	1,371,809 1,505,781	
Charges for services: Water Sewer Operating grants and contributions	1,498,218	1,494,188	1,505,781	1,516,397
Charges for services: Water Sewer Operating grants and contributions Capital grants and contributions	1,498,218 - 8,709	1,494,188 - 1,462	1,505,781 - 20,018	1,516,397 - 883
Charges for services: Water Sewer Operating grants and contributions	1,498,218	1,494,188	1,505,781	1,208,742 1,516,397 - 883 2,726,022

Table 2 Page 1 of 2

2014	2015	2016	2017	2018	2019
\$2,036,550	\$2,016,351	\$2,456,864	\$2,395,633	\$2,345,386	\$2,466,130
4,107,759	5,135,865	6,567,523	5,166,538	4,749,394	5,053,511
5,880,030	7,971,712	6,228,893	5,492,395	5,384,522	5,810,919
159,649	186,111	216,905	200,016	201,590	183,982
407,448	432,268	454,144	459,455	576,794	686,421
618,680	632,876	831,529	518,897	414,607	498,587
13,210,116	16,375,183	16,755,858	14,232,934	13,672,293	14,699,550
965,641	1,394,897	1,367,693	1,245,249	1,332,755	1,322,811
1,628,258	2,089,842	1,850,962	1,901,821	1,964,471	2,002,711
2,593,899	3,484,739	3,218,655	3,147,070	3,297,226	3,325,522
\$15,804,015	\$19,859,922	\$19,974,513	\$17,380,004	\$16,969,519	\$18,025,072
\$103.072	\$818.468	\$520,231	\$550,117	\$562,816	\$612.23
\$103,072 763,470	\$818,468 199,498	\$520,231 1,359,426	\$550,117 2.249,152	\$562,816 1,591,658	
\$103,072 763,470 621,221	\$818,468 199,498 603,866	\$520,231 1,359,426 865,327	\$550,117 2,249,152 801,633	\$562,816 1,591,658 448,009	1,255,363
763,470	199,498	1,359,426	2,249,152	1,591,658	1,255,363
763,470 621,221	199,498	1,359,426	2,249,152	1,591,658	\$612,23° 1,255,36° 1,273,90° -
763,470 621,221 1,882	199,498	1,359,426	2,249,152	1,591,658	1,255,365 1,273,900 -
763,470 621,221 1,882 39,395	199,498 603,866 -	1,359,426 865,327 -	2,249,152 801,633 -	1,591,658 448,009 -	1,255,36. 1,273,900 - 870,53.
763,470 621,221 1,882 39,395 840,676	199,498 603,866 - - 526,107	1,359,426 865,327 - - 722,858	2,249,152 801,633 - - 1,106,014	1,591,658 448,009 - - 861,429	1,255,363
763,470 621,221 1,882 39,395 840,676 335,733	199,498 603,866 - - 526,107 1,176,732	1,359,426 865,327 - - 722,858 5,046,307	2,249,152 801,633 - 1,106,014 4,141,383	1,591,658 448,009 - - 861,429 5,187,023	1,255,36. 1,273,900 - - 870,53: 6,820,41
763,470 621,221 1,882 39,395 840,676 335,733	199,498 603,866 - - 526,107 1,176,732	1,359,426 865,327 - - 722,858 5,046,307	2,249,152 801,633 - 1,106,014 4,141,383	1,591,658 448,009 - - 861,429 5,187,023	1,255,36; 1,273,900 - 870,533; 6,820,419 10,832,45
763,470 621,221 1,882 39,395 840,676 335,733 2,705,449	199,498 603,866 - 526,107 1,176,732 3,324,671	1,359,426 865,327 - 722,858 5,046,307 8,514,149	2,249,152 801,633 - 1,106,014 4,141,383 8,848,299	1,591,658 448,009 - - 861,429 5,187,023 8,650,935	1,255,36. 1,273,900 - 870,533 6,820,419 10,832,45
763,470 621,221 1,882 39,395 840,676 335,733 2,705,449	199,498 603,866 - 526,107 1,176,732 3,324,671	1,359,426 865,327 - 722,858 5,046,307 8,514,149	2,249,152 801,633 - 1,106,014 4,141,383 8,848,299	1,591,658 448,009 - - - - - - - - - - - - - - - - - -	1,255,36 1,273,90 - 870,53 6,820,41 10,832,45
763,470 621,221 1,882 39,395 840,676 335,733 2,705,449	199,498 603,866 - 526,107 1,176,732 3,324,671 1,014,836 1,621,633	1,359,426 865,327 - 722,858 5,046,307 8,514,149 1,094,897 1,659,322	2,249,152 801,633 - 1,106,014 4,141,383 8,848,299 1,150,834 1,698,963	1,591,658 448,009 - - - - - - - - - - - - - - - - - -	1,255,36 1,273,90 - 870,53 6,820,41 10,832,45 1,172,58 1,771,14
763,470 621,221 1,882 39,395 840,676 335,733 2,705,449	199,498 603,866 - 526,107 1,176,732 3,324,671 1,014,836 1,621,633 263,024	1,359,426 865,327 - 722,858 5,046,307 8,514,149 1,094,897 1,659,322	2,249,152 801,633 - 1,106,014 4,141,383 8,848,299 1,150,834 1,698,963	1,591,658 448,009 - 861,429 5,187,023 8,650,935 1,217,589 1,753,712 -	1,255,363 1,273,900 - 870,532 6,820,419 10,832,453 1,172,580 1,771,143

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

<u>2010</u> <u>2011</u> <u>2012</u>	2013
Net (expense) revenue:	
Governmental activities (\$9,999,293) (\$7,661,639) (\$7,125,32	(\$9,469,531)
Business-type activities 81,192 (18,952) 420,85	213,827
Total primary government, net (9,918,101) (7,680,591) (6,704,47)	(9,255,704)
General revenues and other changes in net position: Governmental activities:	
Property taxes 8,764,183 8,768,805 8,610,70	9 8,563,595
Unrestricted grants and contributions 4,389 4,072 4,94	, , , , , , , , , , , , , , , , , , ,
Unrestricted investment earnings 225,677 251,250 202,82	,
Gain on disposal of capital assets - 37,579 4,17	` ' /
Special item - withdrawal from fire district	-
Transfers (7,078) 66,122 41,04	(353,304)
Total governmental activities 8,987,171 9,127,828 8,863,69	
Business-type activities:	
Unrestricted investment earnings 104,770 126,215 102,07	73 (44,773)
Transfers 7,078 (66,122) (41,04	353,304
Total business-type activities 111,848 60,093 61,03	308,531
Total primary government \$9,099,019 \$9,187,921 \$8,924,72	\$8,469,060
Change in net position:	
Governmental activities (\$1,012,122) \$1,466,189 \$1,738,37	(\$1,309,002)
Business-type activities 193,040 41,141 481,88	522,358
Total primary government change in net position (\$819,082) \$1,507,330 \$2,220,25	(\$786,644)

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.

2014	2015	2016	2017	2018	2019
(\$10,504,667)	(\$13,050,512)	(\$8,241,709)	(\$5,384,635)	(\$5,021,358)	(\$3,867,099)
199,684	2,449,785	1,079,511	538,756	916,107	2,512,995
(10,304,983)	(10,600,727)	(7,162,198)	(4,845,879)	(4,105,251)	(1,354,104)
8,806,886	9,243,236	9,343,500	9,753,971	10,229,691	10,706,977
4,443	5,363	91,385	181,712	59,508	38,926
265,695	112,961	210,142	207,792	369,485	1,029,944
1,727	17,836	66,255	38,022	17,318	68,472
-	-	1,333,166	-	-	-
69,294	66,834	(914,414)	(308,694)	(472,370)	(1,311,593)
9,148,045	9,446,230	10,130,034	9,872,803	10,203,632	10,532,726
154,468	51,167	107,119	106,488	213,434	523,554
(69,294)	(66,834)	914,414	308,694	472,370	1,311,593
85,174	(15,667)	1,021,533	415,182	685,804	1,835,147
\$9,233,219	\$9,430,563	\$11,151,567	\$10,287,985	\$10,889,436	\$12,367,873
(\$1,356,622)	(\$3,604,282)	\$1,888,325	\$4,488,168	\$5,182,274	\$6,665,627
284,858	2,434,118	2,101,044	953,938	1,601,911	4,348,142
(\$1,071,764)	(\$1,170,164)	\$3,989,369	\$5,442,106	\$6,784,185	\$11,013,769

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013
General Fund:				
Reserved	\$181,471	\$ -	\$ -	\$ -
Unreserved	5,445,334	-	-	-
Nonspendable	-	165,079	180,786	176,797
Committed	-	-	-	-
Unassigned	-	5,440,101	5,053,031	5,209,286
Total general fund	\$5,626,805	\$5,605,180	\$5,233,817	\$5,386,083
All other governmental funds:				
Reserved reported in:				
Special revenue funds	\$227,342	\$ -	\$ -	\$ -
Capital projects funds	658,875	-	-	-
Debt service funds	2,986,102	-	-	-
Permanent funds	100,000	-	-	-
Unreserved reported in:				
Special revenue funds	110,471	-	-	-
Capital projects funds	12,537,841	-	-	-
Debt service funds	(1,093,765)	-	-	-
Permanent funds	12,676	-	-	-
Nonspendable	-	906,010	823,113	101,710
Restricted	-	2,658,010	3,041,524	3,651,550
Committed	-	110,568	115,196	121,075
Assigned	-	10,808,268	15,573,179	15,710,702
Unassigned	-	(3,154,496)	(3,262,728)	(3,393,547)
Total all other governmental funds	\$15,539,542	\$11,328,360	\$16,290,284	\$16,191,490
Total all funds	\$21,166,347	\$16,933,540	\$21,524,101	\$21,577,573

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

Table 3

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- 253,471	- 220,677	- 225,114	243,317	- 286,186	296,907
-	-	-	-	-	443,900
5,053,064	5,725,736	6,031,077	6,573,608	6,599,956	6,052,388
\$5,306,535	\$5,946,413	\$6,256,191	\$6,816,925	\$6,886,142	\$6,793,195
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
101,302	101,177	101,220	101,659	101,998	102,842
2,830,526	2,637,638	6,502,424	5,289,641	9,824,255	6,650,462
152,078	163,239	170,950	175,401	182,613	175,485
18,027,773	15,022,852	15,778,480	14,581,669	19,195,652	19,672,706
(375,851)	(3,815,304)	(978,496)	(2,909,173)	(2,935,459)	(3,171,161)
\$20,735,828	\$14,109,602	\$21,574,578	\$17,239,197	\$26,369,059	\$23,430,334
		=		=	
\$26,042,363	\$20,056,015	\$27,830,769	\$24,056,122	\$33,255,201	\$30,223,529

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2010	2011	2012	2013
Revenues:			_	_
Property taxes	\$8,647,488	\$8,655,971	\$8,560,340	\$8,475,214
Licenses and permits	330,138	322,030	319,172	431,654
Intergovernmental	1,176,863	1,331,914	5,267,570	500,963
Special assessments	851,270	904,522	816,998	2,130,519
Charges for services	780,044	812,604	744,633	717,300
Fines and forfeits	127,203	154,020	155,956	119,079
Investment earnings	225,677	251,244	202,825	(53,466)
Miscellaneous	502,992	460,710	414,088	384,749
Total revenues	12,641,675	12,893,015	16,481,582	12,706,012
Expenditures:				
Current:				
General government	1,730,390	1,773,515	1,619,215	1,569,722
Public safety	3,798,106	3,791,329	3,861,265	3,744,957
Public services	2,848,232	3,251,923	4,396,406	3,956,766
Conservation of natural resources	185,232	134,122	176,318	134,127
Community development	1,098,682	624,286	435,154	418,533
Capital outlay	282,938	4,209,593	616,931	291,135
Debt service:	202,700	.,=0>,0>0	010,501	2,1,150
Principal	1,866,000	2,030,000	2,145,000	2,214,000
Interest and fiscal charges	1,042,883	983,129	831,875	774,172
Bond issuance costs	1,042,003	703,127	47,054	17,137
Total expenditures	12,852,463	16,797,897	14,129,218	13,120,549
Excess (deficiency) of revenues over expenditures	(210,788)	(3,904,882)	2,352,364	(414,537)
Excess (deficiency) of revenues over experiantares	(210,788)	(3,904,002)	2,332,304	(414,337)
Other financing sources (uses):				
Proceeds from sale of capital assets	20,600	50,953	4,175	16,727
Insurace recovery	-	-	-	-
Issuance of debt	1,170,000	120,000	2,165,000	808,000
Premium on bonds issued	10,980	-	-	6,558
Payment to refunded bond escrow agent	(965,000)	-	-	(435,000)
Loan payable reapportionment	-	(565,000)	-	-
Transfers in	1,195,747	2,971,715	1,979,457	1,722,541
Transfers out	(1,127,625)	(2,905,593)	(1,910,435)	(1,650,817)
Total other financing sources (uses)	304,702	(327,925)	2,238,197	468,009
Special item - withdrawal from fire district	<u> </u>	<u> </u>	<u> </u>	-
Net change in fund balance	\$93,914	(\$4,232,807)	\$4,590,561	\$53,472
Debt service as a percentage of noncapital expenditures	23.1%	23.9%	22.0%	23.3%
Debt service as a percentage of total expenditures	22.6%	17.9%	21.1%	22.8%

2014	2015	2016	2017	2018	2019
\$8,612,011	\$8,950,507	\$9,369,090	\$9,772,741	\$10,215,761	\$10,685,592
407,681	551,202	895,581	1,447,571	1,260,046	941,569
823,025	679,627	706,944	1,080,953	3,453,300	688,389
1,278,202	703,141	4,400,635	2,283,974	2,005,970	1,935,178
731,640	696,501	1,293,556	1,327,781	1,003,896	1,862,803
149,653	127,803	251,653	613,593	137,940	131,936
265,794	112,915	210,142	207,792	369,485	1,029,944
767,477	766,072	417,448	410,640	323,379	265,130
13,035,483	12,587,768	17,545,049	17,145,045	18,769,777	17,540,541
1,692,175	1,643,966	1,845,667	1,952,669	1,948,909	2,007,741
3,845,732	1,895,482	4,333,080	4,360,517	4,575,957	4,720,122
4,156,497	4,779,696	3,203,837	3,414,412	3,148,058	3,538,624
149,292	191,038	201,635	183,392	199,026	207,919
402,750	422,935	425,402	433,144	572,910	680,419
674,488	1,566,057	3,044,615	2,152,848	3,469,208	7,444,939
3,664,000	2,802,511	2,769,525	8,058,525	3,130,600	2,815,075
696,780	542,166	816,362	640,029	437,659	562,471
	62,831	98,906	<u> </u>	<u>-</u>	-
15,281,714	23,906,682	16,739,029	21,195,536	17,482,327	21,977,310
(2,246,231)	(11,318,914)	806,020	(4,050,491)	1,287,450	(4,436,769)
1,727	54,522	72,182	103,328	49,391	77,986
-	-	-	-	-	711,854
3,140,000	8,606,250	5,464,000	311,000	7,218,900	388,535
-	114,960	41,497	-	401,193	-
-	-	-	-	-	-
-	-	-	-	-	-
2,608,534	3,392,971	3,521,180	6,984,443	4,266,440	2,777,663
(2,539,240)	(3,336,137)	(3,241,959)	(7,122,927)	(4,024,295)	(2,550,941
3,211,021	8,832,566	5,856,900	275,844	7,911,629	1,405,097
	- -	1,111,834	<u> </u>	<u> </u>	-
\$964,790	(\$2,486,348)	\$7,774,754	(\$3,774,647)	\$9,199,079	(\$3,031,672
29.9%	15.0%	26.2%	45.4%	25.5%	23.2%
29.970					

Payable Year	Residential Property	Commercial/ Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Market Value
2010	\$17,978,917	\$3,800,004	\$291,904	\$22,070,825	37.91	\$2,001,889,600
2011	16,214,698	3,223,901	303,964	19,742,563	42.04	1,804,121,500
2012	14,743,557	2,945,026	310,870	17,999,453	42.89	1,640,455,854
2013	13,693,905	2,571,769	336,047	16,601,721	46.77	1,519,857,242
2014	13,646,798	2,450,473	341,974	16,439,245	46.68	1,509,921,169
2015	15,455,516	2,536,783	347,316	18,339,615	43.77	1,694,366,064
2016	15,472,329	2,609,482	359,006	18,440,817	46.02	1,699,288,883
2017	16,480,328	2,767,099	396,378	19,643,805	45.14	1,808,417,118
2018	17,879,879	2,966,548	442,867	21,289,294	42.83	1,959,826,108
2019	18,920,892	3,294,449	471,895	22,687,236	41.82	2,082,803,803

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

DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES

Last Ten Fiscal Years

(rate per \$100 of Tax Capacity)

		City Direct Rate		Overlapping Rates						
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts	Total Overlapping	Total Direct and Overlapping Tax Rate		
2010	34.086	3.819	37.905	37.285	35.189	5.879	78.353	116.258		
2011	37.425	4.616	42.041	43.695	39.952	6.278	89.925	131.966		
2012	37.501	5.393	42.894	40.010	41.146	6.691	87.847	130.741		
2013	40.964	5.810	46.774	43.681	44.411	6.940	95.032	141.806		
2014	39.784	6.899	46.683	46.186	43.239	6.712	96.137	142.820		
2015	37.819	5.951	43.770	36.562	38.123	6.021	80.706	124.476		
2016	35.025	10.994	46.019	36.426	38.894	6.405	81.725	127.744		
2017	35.105	10.035	45.140	29.097	36.841	5.810	71.748	116.888		
2018	36.168	6.658	42.826	34.970	35.334	5.658	75.962	118.788		
2019	33.875	7.942	41.817	35.984	34.473	5.300	75.757	117.574		

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 Divisior

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PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

		2019			2010	
Taxpayer	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	\$371,186	1	1.64%	\$ -	-	0.00%
Target Corporation	225,052	2	0.99%	254,772	1	1.15%
Northern States Power Co	214,794	3	0.95%	141,737	6	0.64%
WI MN AB BIYNAH LLC	207,126	4	0.91%	-	-	-
Minnegasco Inc	138,204	5	0.61%	-	-	-
Gargaro Properties LLC	130,356	6	0.57%	-	-	-
Moline Concrete Products	121,210	7	0.53%	150,370	4	0.68%
Taylor Corporation	109,834	8	0.48%	132,706	8	0.60%
Kohl's Department Store	92,196	9	0.41%	140,438	7	0.64%
Marmon/Keystone Corp	89,730	10	0.40%	-	-	-
Lino Lakes Realty LLC	-		-	242,114	2	1.10%
Marshall Investment Corp	-		-	164,371	3	0.74%
Lino Lakes Assisted Living LLC	-		-	147,060	5	0.67%
Royal Oaks Realty Inc	-		-	115,350	9	0.52%
F&G Incorporated				108,700	10	0.49%
Total	\$1,699,688		7.49%	\$1,597,618		7.23%

Source: Anoka County

CITY OF LINO LAKES, MINNESOTAPROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	Taxes l	Taxes Levied for the Fiscal Year			ithin the of Levy
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
2010	\$7,816,232	\$879,182	\$8,695,414	\$8,400,439	96.6%
2011	7,719,240	940,760	8,660,000	8,486,845	98.0%
2012	7,192,818	1,034,441	8,227,259	8,095,502	98.4%
2013	7,190,538	1,025,090	8,215,628	8,094,911	98.5%
2014	7,098,922	1,197,122	8,296,044	8,229,986	99.2%
2015	7,490,578	1,195,494	8,686,072	8,630,830	99.4%
2016	7,018,572	2,039,856	9,058,428	9,022,964	99.6%
2017	7,360,431	2,131,424	9,491,855	9,439,688	99.5%
2018	8,165,859	1,610,873	9,776,732	9,729,472	99.5%
2019	8,193,124	1,862,292	10,055,416	9,981,243	99.3%

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

	Total Collectio	ns to Date		
Collections in Subsequent		Percentage of	Outstanding Delinquent	Percentage of Levy
Years	Amount	Levy	Taxes	Outstanding
\$183,079	\$8,583,518	98.7%	\$111,896	1.3%
127,296	8,614,141	99.5%	45,859	0.5%
78,631	8,174,133	99.4%	53,126	0.6%
70,352	8,165,263	99.4%	50,365	0.6%
42,365	8,272,351	99.7%	23,693	0.3%
26,865	8,657,695	99.7%	28,377	0.3%
9,148	9,032,112	99.7%	26,316	0.3%
15,960	9,455,648	99.6%	36,207	0.4%
30,735	9,760,207	99.8%	16,525	0.2%
_	9,981,243	99.3%	74.173	0.7%

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	G	overnmental Activities		Business-Type Activities
Fiscal Year	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	General Obligation Revenue Bonds
2010	\$10,141,000	\$9,175,000	\$4,260,000	\$795,000
2011	9,421,000	7,985,000	3,695,000	405,000
2012	10,331,000	7,095,000	3,695,000	-
2013	9,610,000	5,975,000	3,695,000	-
2014	9,036,000	7,640,000	2,080,000	-
2015	16,377,291	6,620,000	1,720,000	-
2016	18,337,081	7,795,000	1,609,000	-
2017	14,837,768	4,905,000	233,475	-
2018	20,360,713	3,890,000	202,125	-
2019	18,952,364	2,855,000	169,950	-

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 2019 from the Bureau of Economic Analysis Report

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$24,371,000	1.22%	3.13%	\$1,206
21,506,000	1.19%	2.59%	1,049
21,121,000	1.29%	2.46%	1,024
19,280,000	1.27%	2.19%	925
18,756,000	1.24%	2.04%	888
24,717,291	1.46%	2.64%	1,205
27,741,081	1.63%	2.84%	1,334
19,976,243	1.10%	1.94%	946
24,452,838	1.25%	2.23%	1,145
21,977,314	1.03%	(1)	994

RATIOS OF NET GENERAL BONDED DEBT

Last Ten Fiscal Years

	Governmental	Governmental Activities		
	General	Special	Total	
Fiscal	Obligation	Assessments	Primary	
Year	Bonds	Payable	Government	
2010	\$10,141,000	\$9,175,000	\$19,316,000	
2011	9,421,000	7,985,000	17,406,000	
2012	10,331,000	7,095,000	17,426,000	
2013	9,610,000	5,975,000	15,585,000	
2014	9,036,000	7,640,000	16,676,000	
2015	16,377,291	6,620,000	22,997,291	
2016	18,337,081	7,795,000	26,132,081	
2017	14,837,768	4,905,000	19,742,768	
2018	20,360,713	3,890,000	24,250,713	
2019	18,952,364	2,855,000	21,807,364	

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.

	Less: Amounts		Percentage	
Per	Available in Debt	Net	of Assessed	Per
Capita (Total)	Service Funds	Bonded Debt	Market Value	Capita (Net)
\$955	\$2,986,102	\$16,329,898	0.82%	\$808
849	2,638,129	14,767,871	0.82%	720
845	3,035,557	14,390,443	0.88%	698
748	3,357,196	12,227,804	0.80%	587
789	2,501,738	14,174,262	0.94%	671
1,121	2,813,226	20,184,065	1.19%	984
1,256	8,420,263	17,711,818	1.04%	851
935	5,171,905	14,570,863	0.81%	690
1,102	4,456,461	19,794,252	1.01%	900
986	4,772,799	17,034,565	0.80%	765

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2019

	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping debt:			
Anoka County	\$73,895,000	6.1%	\$4,518,961
ISD 12	95,506,668	43.8%	41,868,817
ISD 624	77,560,000	3.0%	2,337,742
ISD 831	155,405,000	7.1%	11,027,665
Metropolitan Council	1,555,384,035	0.6%	8,886,568
Rice Creek Watershed District	54,315	32.4%	17,615
Anoka County Railroad Authority	21,655,000	6.1%	1,324,292
Total overlapping			69,981,660
City of Lino Lakes direct debt	\$21,977,314	100%	21,977,314
Total direct and overlapping debt			\$91,958,974

^{*}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.

Last Ten Fiscal Years

Legal Debt Margin	Calculation for Fiscal Year 2019

Market value	\$2,183,201,500
Applicable percentage	3%
Debt limit	65,496,045
Debt applicable to limit:	
Total bonded debt	21,977,314
Less:	
Special assessment bonds	(2,855,000)
Tax abatement bonds	(1,130,000)
Tax increment bonds	(1,235,000)
Utility revenue bonds	(3,120,000)
	13,637,314
Legal debt margin	\$51,858,731

Legal Debt Margin Calculation for Fiscal Years 2010 Through 2019

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
2010	20,216	\$60,622,086	\$3,386,000	\$57,236,086	5.59%	\$167
2011	20,505	54,123,645	2,961,000	51,162,645	5.47%	144
2012	20,625	49,213,676	4,591,000	44,622,676	9.33%	223
2013	20,833	45,595,717	4,280,000	41,315,717	9.39%	205
2014	21,129	45,297,635	4,191,000	41,106,635	9.25%	198
2015	20,519	50,830,982	11,941,250	38,889,732	23.49%	582
2016	20,803	50,978,666	10,122,081	40,856,585	19.86%	487
2017	21,117	54,252,514	10,426,243	43,826,271	19.22%	494
2018	22,000	58,794,783	14,497,838	44,296,945	24.66%	659
2019	21,650	65,496,045	13,637,314	51,858,731	20.82%	630

Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemploymen Rate
2010	20,216	\$777,912	\$38,480	6,523	7.1%
2011	20,505	831,170	40,535	6,426	5.9%
2012	20,625	857,753	41,588	6,421	5.6%
2013	20,833	879,903	42,236	6,392	4.5%
2014	21,129	917,252	43,412	6,410	3.4%
2015	20,519	934,764	45,556	6,371	3.3%
2016	20,803	975,682	46,901	6,473	3.9%
2017	21,117	1,028,123	48,687	6,500	3.1%
2018	22,000	1,094,205	51,258	6,558	3.9%
2019	21,650	Not available	Not available	6,641	3.2%

Sources:

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

Current Year and Nine Years Ago

		2019			2010	
			Percentage of Total City			Percentage of Total City
Employer	Employees	Rank	Employment ⁽¹⁾	Employees	Rank	Employment ⁽¹⁾
State of Minnesota Corrections	478	1	25.3%	500	1	28.4%
ISD 12 - Centennial Schools	391	2	20.7%	-	-	-
Target Corporation	200	3	10.6%	271	2	15.4%
Molin Concrete Products	130	4	6.9%	179	4	10.2%
Rehbein Transit, Inc.	130	5	6.9%	120	7	6.8%
Anoka County Juvenile Center	130	6	6.9%	149	6	8.5%
Kohls	123	7	6.5%	-	-	-
YMCA	120	8	6.3%	-	-	-
Distribution Alternatives	120	9	6.3%	-	-	-
City of Lino Lakes	69	10	3.6%	74	8	4.2%
Curtis 1000 (AdGraphics/Taylor Corp)	-	-	-	190	3	10.8%
Customer Manufacturing	-	-	-	60	9	3.4%
Nol-Tech Systems, Inc.	-	-	-	56	10	3.2%
Synovis Interventional Systems		-	-	160	5	9.1%
Total	1,891			1,759		

⁽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

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of December 31,				
	2010	2011	2012	2013	
General Government:				_	
Administration	4.00	3.50	3.50	3.50	
Seniors	0.63	-	-	-	
Finance	3.00	3.00	3.00	3.00	
Economic Development	1.00	1.00	1.00	-	
Planning	2.00	1.00	1.00	1.00	
Community Development	2.25	2.00	2.00	2.00	
Building	1.00	-	-	-	
Other	1.40	0.70	0.70	0.70	
Total General Government	15.28	11.20	11.20	10.20	
Public Safety:					
Sworn Officers	27.00	25.00	25.00	25.00	
Civilians	4.25	4.00	3.00	3.00	
Fire	-	-	-	-	
Building Inspection	2.75	2.50	2.50	2.50	
Total Public Safety	34.00	31.50	30.50	30.50	
Public Works:					
Streets	6.85	7.00	7.00	7.00	
Other	1.15	1.00	1.00	1.00	
Total Public Works	8.00	8.00	8.00	8.00	
Parks, Recreation and Forestry	9.30	9.00	9.00	8.70	
Water	2.15	2.15	2.15	2.30	
Sewer	2.15	2.15	2.15	2.30	
Total	70.88	64.00	63.00	62.00	

Source: City Finance Office

2014	2015	2016	2017	2018	2019
3.50	3.50	4.00	4.00	4.00	4.00
3.00	3.00	3.50	3.50	3.50	3.50
1.00	1.00	- 1.00	- 1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
0.70	0.70	- 0.65	- 0.65	0.65	- 0.65
10.20	10.20	0.65 11.15	0.65	0.65 11.15	0.65 11.15
25.00	26.00	27.00	27.00	27.00	27.00
4.00	4.00	4.50	4.50	4.00	4.00
1.00	1.00	1.50	1.50	1.50	1.50
2.00	2.00	2.50	2.50	2.50	3.50
32.00	33.00	35.50	35.50	35.00	36.00
7.00	7.00	6.50	6.65	6.65	6.65
1.00	1.00	1.50	1.50	1.50	1.50
8.00	8.00	8.00	8.15	8.15	8.15
8.70	8.70	7.75	7.90	6.90	6.90
2.30	2.30	2.30	2.70	3.20	3.20
2.30	2.30	2.30	2.70	3.20	3.20
63.50	64.50	67.00	68.10	67.60	68.60

	2010	2011	2012	2013
General Government:				
Elections	2	1	2	1
Registered voters	12,284	11,705	13,478	12,020
Number of votes cast	8,545	4,314	11,546	1,575
Voter participation (registered)	69.6%	36.9%	85.7%	13.1%
Public Safety:				
Police:				
Calls for Service	6,398	6,384	6,344	6,210
Traffic Citations & Warnings	2,743	2,604	2,694	2,597
Part I Crime Rate	982	1,117	983	918
Part II Crime Rate	2,911	2,911	2,396	2,144
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 (1) (2)	509	452	459	490
Value of Building Permits	\$11,295,493	\$11,192,264	\$10,751,626	\$17,683,665
Public Works:				
General Maintenance (hours)	4,945	7,416	6,939	3,994
Street Mantenance (hours)	3,099	4,352	5,926	5,740
Fleet Maintenance (hours)	4,850	4,214	3,945	4,548
Snow Plowing/Sanding (hours)	1,638	1,534	594	1,639
Culture and Recreation:				
Parks				
Park Maintenance (hours)	9,257	9,813	9,739	8,480
Utilities:				
Water Maintenance (hours)	3,560	3,568	3,585	3,119
Sanitary Sewer Maintenance (hours)	3,531	3,557	3,517	3,109

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

Source: Various City Departments

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

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

⁽⁴⁾ Transition to FBI Uniform Crime Reporting NIBRS (National Incident Based Reporting System) in 2019. January -July 2019 SRS, August-Dec 2019 NIBRS.

					_
2014	2015	2016	2017	2018	2019
2	1	2	1	2	1
12,610	12,143	13,636	12,624	12,860	13,312
7,854	4,085	11,562	2,165	10,738	3,075
62.3%	33.6%	84.8%	17.1%	83.5%	23.1%
6,281	6,210	6,210	(3)	(3)	(3)
2,296	2,199	2,199	(3)	(3)	(3)
631	1,226	1,091	(3)	(3)	(3)
1,836	2,395	3,635	(3)	(3)	(3)
		16,321 5:26 minutes 224 746	18,199 4:42 minutes 176 808	14,487 5:16 minutes 195 587	13,973 5:53 minutes 93 (4) 304 (4) 266 (4) 98 (4)
		73% 269 \$694,000 \$10,511,300 53	82% 316 \$325,100 \$6,342,100 117	356 \$205,200 \$1,791,500	98 (4) 60% 379 \$246,600 \$7,548,100 98
431	654	761	5,422	3,281	1,107
\$13,535,514	\$26,570,593	\$53,390,619	\$50,984,047	\$50,990,945	\$41,766,531
5,200	7,839	5,534	6,313	420	7,420
3,840	3,347	4,053	3,765	12,418	4,328
4,746	4,322	4,437	3,986	2,648	3,504
2,141	754	960	928	2,117	2,130
8,537	8,332	9,698	8,576	9,027	9,610
3,189	3,240	3,539	3,278	4,080	3,944
3,178	3,240	3,539	3,278	4,080	3,944

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire:										
Stations	1	1	1	1	1	2	2	2	2	2
Fire Trucks	5	5	5	5	5	7	7	8	8	8
Public Works:										
Lights	673	673	673	673	673	673	815	838	854	859
Vehicles	29	29	29	29	29	29	39	39	39	39
City Streets (miles)	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	106.9	108.2
Culture & Recreation:										
Parks:										
Parks	18	18	18	18	18	18	17	18	19	19
Park Acres	141	141	141	141	141	141	139.6	147	152	152
Trails (miles)	26	26	26	26	26	26	29.75	30	30	30
Park Shelters	7	6	6	6	6	6	6	6	7	7
Basketball Courts	6	6	6	6	6	6	6	6	7	7
Fishing Pier	1	1	1	1	1	1	1	-	-	-
Skating Rinks	4	4	4	4	4	4	4	3	3	3
Soccer Fields	8	8	8	8	8	8	6	4	4	4
Baseball/Softball Fields	20	20	20	20	20	20	8	8	8	8
Tennis Courts	2	2	2	2	2	2	2	-	-	1
Playgrounds	16	16	16	16	16	16	15	16	17	17
Water:										
Distribution System (miles)	74.7	74.7	74.7	74.7	74.7	74.7	85.6	99.4	89.0	89.5
Water Connections	4,382	4,424	4,452	4,484	4,520	4,542	4,649	4,738	4,919	4,990
Gallons Pumped (millions)	498	492	609	536	536	449	452	494	508	493
Number of Fire Hydrants	538	538	538	538	538	1,024	1,024	1,028	942	937
Water Tower Capacity (millions gallons)	2	2	2	2	2	2	2	2	2	2
Sanitary Sewer:										
Collection System (miles)	69.8	69.8	69.8	69.8	69.8	77.9	77.9	87.0	79.5	80.1
Sewer Connections	4,530	4,567	4,567	4,624	4,685	4,685	4,817	4,976	5,102	5,276
Storm Sewer:										
Pipe (miles)	41.4	41.4	41.4	41.4	41.4	41.4	53.7	54.1	55.0	55.6

Source: Various City Departments

OTHER INFORMATION (UNAUDITED)

SCHEDULE OF LONG-TERM DEBT

December 31, 2019

	Interest Rates	Issue Date	Final Maturity Date
Long-term debt:			
General Obligation Bonds:			
2015B Certificates of Indebtedness	1.50%	8/25/15	12/31/20
2016A Certificates of Indebtedness	1.00%	2/1/16	12/31/19
2017A Certificates of Indebtedness	1.00%	3/1/17	12/31/20
2018A Certificates of Indebtedness	1.00%	2/1/18	12/31/21
2019A Certificates of Indebtedness	1.00%	2/1/19	12/31/22
G.O. TIF Bonds, Series 2007A	4.00% - 4.125%	7/15/17	2/1/24
G.O. Refunding Bonds, Series 2012A	1.00% - 2.00%	11/15/12	2/1/24
G.O. Bonds, Series 2015A	2.00% - 3.00%	8/1/15	2/1/31
EDA Lease Revenue Bonds, Series 2015B	2.00% - 3.00%	10/1/15	4/1/36
G.O. Utility Revenue Bonds, Series 2016A	2.00%	11/23/16	2/1/27
G.O. Tax Abatement Refunding Bonds, Series 2016C	1.00% - 1.50%	11/23/16	2/1/23
G.O. Bonds, Series 2018A	2.05% - 3.50%	12/19/18	2/1/34
Total General Obligation Bonds			
Special Assessment Bonds:			
G.O. Imp & Utility Revenue Bonds, Series 2010A	2.00% - 3.00%	7/9/10	2/1/20
G.O. Improvement Bonds, Series, 2013A	1.25% - 4.00%	7/15/13	2/1/24
G.O. Improvement Bonds, Series 2014A	0.40% - 2.30%	11/20/14	2/1/26
G.O. Improvement Refunding Bonds, Series 2016B Total Special Assessment Bonds	0.875% - 1.50%	11/23/16	2/1/21
G.O. Capital Note, Series 2016A	2.00%	4/14/16	2/1/26

Total long-term debt

		Payable	20	19	Payable	Principal
Original	Prior	January 1,			December 31,	Due in
Issue	Payments	2019	Issued	Payments	2019	2020
963,000	565,000	398,000	-	197,000	201,000	201,000
469,000	311,000	158,000	_	158,000	-	-
311,000	102,000	209,000	_	104,000	105,000	105,000
303,900	<u>-</u>	303,900	_	103,900	200,000	100,000
388,535	-	-	388,535	-	388,535	126,000
4,215,000	2,780,000	1,435,000	-	200,000	1,235,000	215,000
2,015,000	975,000	1,040,000	-	230,000	810,000	160,000
3,095,000	385,000	2,710,000	-	200,000	2,510,000	200,000
4,350,000	335,000	4,015,000	-	175,000	3,840,000	175,000
1,420,000	130,000	1,290,000	-	135,000	1,155,000	140,000
1,600,000	225,000	1,375,000	-	245,000	1,130,000	260,000
6,915,000	-	6,915,000	-	-	6,915,000	90,000
26,045,435	5,808,000	19,848,900	388,535	1,747,900	18,489,535	1,772,000
1,000,000	780,000	220,000	-	105,000	115,000	115,000
615,000	240,000	375,000	_	60,000	315,000	60,000
2,645,000	845,000	1,800,000	-	380,000	1,420,000	380,000
1,975,000	480,000	1,495,000	-	490,000	1,005,000	495,000
6,235,000	2,345,000	3,890,000	0	1,035,000	2,855,000	1,050,000
294,525	92,400	202,125		32,175	169,950	33,000
\$32,574,960	\$8,245,400	\$23,941,025	\$388,535	\$2,815,075	\$21,514,485	\$2,855,000

SCHEDULE OF DEFERRED TAX LEVIES

Year of Levy/ Collection	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2017A	Certificates of Indebtedness 2018A	Certificates of Indebtedness 2019A
2019/2020	\$214,216	\$111,353	\$107,100	\$140,119
2020/2021	-	-	106,050	140,307
2021/2022	-	-	-	139,493
2022/2023	-	-	-	-
2023/2024	-	-	-	-
2024/2025	-	-	-	-
2025/2026	-	-	-	-
2026/2027	-	-	-	-
2027/2028	-	-	-	-
2028/2029	-	-	-	-
2029/2030	-	-	-	-
2030/2031	-	-	-	-
2031/2032	-	-	-	-
2032/2033	-	-	-	-
2033/2034	-	-	-	-
2034/2035	-			
	\$214,216	\$111,353	\$213,150	\$419,919

G.O. Refunding Bonds 2012A	G.O. Bonds 2015A	EDA Lease Revenue Bonds 2015B	G.O. Tax Abatement Refunding Bonds 2016C	G.O. Bonds 2018A	Total
\$178,080	\$271,228	\$317,297	\$301,571	\$481,799	\$2,122,762
175,896	266,923	316,877	313,567	483,899	1,803,519
178,794	267,868	316,299	325,054	485,212	1,712,720
176,109	273,958	320,814	-	485,737	1,256,618
-	274,588	319,764	-	485,474	1,079,827
-	269,863	318,557	-	484,214	1,072,634
-	269,798	317,192	-	482,639	1,069,628
-	222,364	315,669	-	485,527	1,023,560
-	222,626	319,239	-	482,114	1,023,980
-	222,758	317,244	-	480,644	1,020,646
-	221,708	320,342	-	484,109	1,026,158
-	-	317,231	-	481,320	798,551
-	-	319,200	-	482,908	802,108
-	-	318,780	-	478,170	796,950
-	-	317,940	-	-	317,940
- -	-	316,680		-	316,680
\$708,879	\$2,783,681	\$5,089,127	\$940,191	\$6,763,765	\$17,244,281

DEBT SERVICE PAYMENTS TO MATURITY

	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2017A
Bonds payable	\$201,000	\$105,000
Future interest payable	3,015	1,050
	\$204,015	\$106,050
Payments to maturity:		
2020	204,015	106,050
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029	-	-
2030	-	-
2031 2032	-	-
2032	-	-
2033	-	-
2034	-	-
2036	- -	
2030		
	\$204,015	\$106,050

Certificates of Indebtedness 2018A	Certificates of Indebtedness 2019A	G.O. TIF Bonds 2007A	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A
\$200,000	\$388,535	\$1,235,000	\$810,000	\$2,510,000
3,000	11,389	133,447	30,843	369,781
\$203,000	\$399,924	\$1,368,447	\$840,843	\$2,879,781
102.000	122 447	2(1.02(170.520	255 210
102,000	133,447	261,026	170,520	255,312
101,000	133,626	267,126	168,560	256,265
-	132,851	272,504 282,016	166,400 169,001	252,16 253,01
-	-	285,775	166,362	258,71
_	_	203,773	100,302	259,26
_	_		- -	254,48
_	<u>-</u>	-	<u>-</u>	254,36
_	_	-	_	209,40
-	-	-	-	209,58
-	-	-	-	209,15
-	-	-	-	208,07
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	- -	- -	- -	-
\$203,000	\$399,924	\$1,368,447	\$840,843	\$2,879,78

DEBT SERVICE PAYMENTS TO MATURITY

	EDA Lease Revenue Bonds 2015B	G.O. Utility Revenue Bonds 2016A	G.O. Tax Abatement Refunding Bonds 2016C	G.O. Bonds 2018A
Bonds payable	\$3,840,000	\$1,155,000	\$1,130,000	\$6,915,000
Future interest payable	1,244,631	93,750	33,085	2,179,556
	\$5,084,631	\$1,248,750	\$1,163,085	\$9,094,556
Payments to maturity:				
2020	298,937	161,700	273,770	367,788
2021	299,488	158,900	285,422	631,412
2022	299,012	156,100	296,605	637,537
2023	298,388	158,250	307,288	637,537
2024	302,538	155,350	-	641,413
2025	301,462	152,450	-	642,575
2026	300,237	154,500	-	632,987
2027	298,863	151,500	-	634,112
2028	297,338	-	-	633,987
2029	300,587	-	-	638,012
2030	298,613	-	-	597,187
2031	301,106	-	-	606,025
2032	298,062	-	-	598,650
2033	298,800	-	-	600,094
2034	298,200	-	-	595,240
2035	297,200	-	-	-
2036	295,800		- -	-
	\$5,084,631	\$1,248,750	\$1,163,085	\$9,094,556

G.O. Imp & Utility Revenue Bonds 2010A	G.O. Improvement Bonds 2013A	G.O. Improvement Bonds 2014A	G.O. Improvement Refunding Bonds 2016B	G.O. Capital Note 2016A	Total
\$115,000	\$315,000	\$1,420,000	\$1,005,000	\$169,950	\$21,514,485
1,725	31,800	68,711	14,693	10,330	4,230,806
\$116,725	\$346,800	\$1,488,711	\$1,019,693	\$180,280	\$25,745,291
116,725	71,100	401,788	505,868	36,399	3,466,445
- -	69,000	406,390	513,825	35,739	3,326,751
-	71,500	162,055	- -	35,904	2,482,631
-	68,900	159,280	-	36,053	2,369,726
-	66,300	161,151	_	36,185	2,073,786
-	- -	162,645	-	-	1,518,395
-	-	35,402	-	-	1,377,607
-	-	-	-	-	1,338,837
-	-	-	-	-	1,140,725
-	-	-	-	-	1,148,186
-	-	-	-	-	1,104,950
-	-	-	-	-	1,115,206
-	-	-	-	-	896,712
-	-	-	-	-	898,894
-	-	-	-	-	893,440
-	-	-	-	-	297,200
		<u> </u>		<u>-</u>	295,800
\$116,725	\$346,800	\$1,488,711	\$1,019,693	\$180,280	\$25,745,291

Coverage	Amount
General Liability:	
Bodily Injury/Property Damage	\$2,000,000
Personal Injury/Police Professional Liability	2,000,000
Medical Expense Occurrence Limit	2,500
Medical Expense Aggregate	10,000
Property Damage (\$1,000 Deductible)	,
Property:	
Buildings and Contents (including Mobile and EDP - Electronic Equipment & Valuable Papers)	40,925,357
Faithful Performance Blanket Bond	500,000
Storage Tank Liability	250,000
Rented/Leased Equipment (\$1,000 Deductible)	500,000
Public Official and Employee Liability (\$1,000 Deductible each occurrence)	1,500,000
Automotive:	
Bodily Injury and Property Damage	2,000,000
Comprehensive and Collision	Actual Cash Value
Uninsured Motorists	200,000
Worker's Compensation	Statutory
Employer Liability	1,500,000
Umbrella Liability	1,000,000
Crime - Theft Disappearance and Destruction (\$1,000 Deductible)	250,000

	Tax Capacity Values 2018/2019		Tax Capacity Values 2017/2018	
Taxable valuations:				
Total	\$22,687,236		\$21,289,294	
Fiscal disparities:				
Distribution	3,211,348		3,014,265	
Contribution	(1,322,808)		(1,215,584)	
Less: Captured Tax Increment Value	(606,568)		(421,495)	
	\$23,969,208		\$22,666,480	
		Tax		Tax
	Certified	Capacity	Certified	Capacity
	Levy	Rate	Levy	Rate
Taxes Levied:				
Revenue	\$8,193,124	33.875	\$8,165,859	36.168
Bond and Interest	1,862,292	7.942	1,610,873	6.658
Totals	\$10,055,416	41.817	\$9,776,732	42.826

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

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