### OF THE CITY OF LINO LAKES, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

**Prepared By: Finance Department** 

Sarah Cotton, Director of Finance Paula Schloer, Accountant



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### **INTRODUCTORY SECTION**

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May 29, 2018

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, 2017.

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, 2017, 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, 2017, 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 21,100. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 25.8% since 2000. Within the City's borders lies the 2,550 acre Rice Creek Chain of Lakes Regional Park. Access to St. Paul and Minneapolis is provided by I-35W and I-35E.

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

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

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

### **Factors Affecting Financial Condition**

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

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

### **Factors Affecting Financial Condition (Continued)**

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

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

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

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

Development activities continued to increase in 2017. Residential permit activity surpassed 100 for the second consecutive year with 133 issued. Commercial development continues to show signs of recovery as new construction activities and development planning emerges. National Builder, DR Horton

continued development of the 112 unit Woods Edge townhome development. Lennar Homes received planned unit development approval on the 871 lot Watermark development previously owned by aae Mattamy Homes. Lennar is anticipating development of the site in 2018. The 402,000 square-foot Distribution Alternatives building, developed by United Properties, was completed and occupied in 2017.

**Long-term financial planning.** The City's currently adopted five-year financial plan identifies street and utility improvements totaling \$26,838,947 over the five-year period. These improvements are anticipated to be funded through a number of funding sources, including special assessments, municipal state aid road funds, the area and unit trunk fund, the stormwater management fund and voter-approved tax levies. The five-year plan also includes funding projections for operations and operating impacts for the five-year period. This plan is in the process of being revised to reflect the anticipated activity through the year 2022.

### **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, 2016 was \$6,573,608 which is 64% of general fund budgeted expenditures and other financing uses for the year.

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

The City's investment policy's primary objective is safety of principal. Therefore, all deposits were either insured by Federal depository insurance or were collateralized as required by State Statute. Due to the weakened economy, a historically low interest rate environment has persisted over the last several years and has had a dramatic impact on the city's investment earnings. The average interest income yield on investments for 2017 was 0.62%. 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 \$62,488, or 0.16%, for a total investment yield of 0.78%. 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, 2016. This marks the twenty-second 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 2017 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,

Lawn Collin

Sarah R. Cotton Director of Finance - This page intentionally left blank -



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

### City of Lino Lakes Minnesota

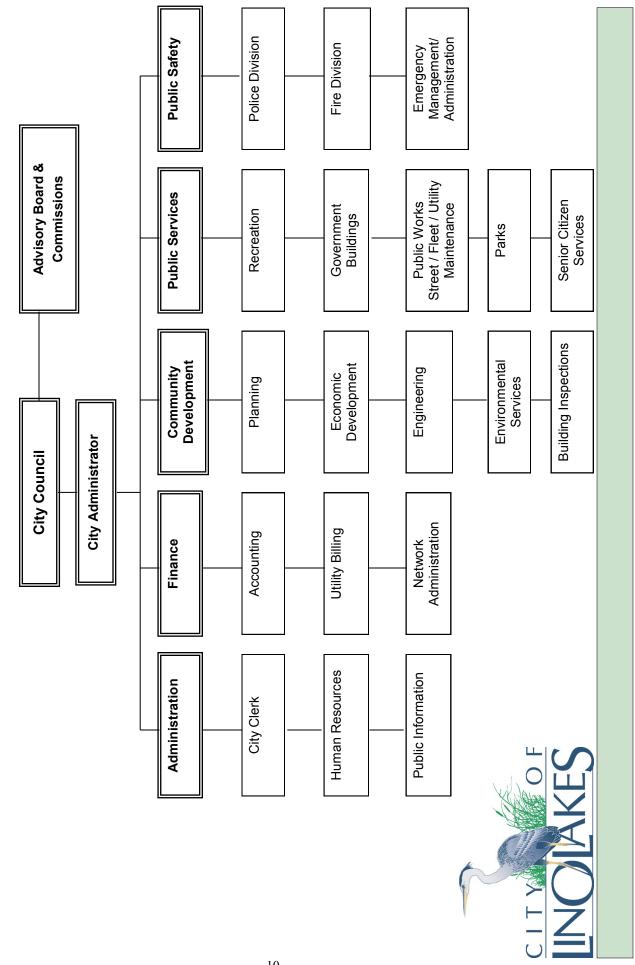
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**December 31, 2016** 

Christopher P. Morrill

Executive Director/CEO

# City of Lino Lakes Organizational Chart



### CITY OF LINO LAKES, MINNESOTA

### PRINCIPAL CITY OFFICIALS

December 31, 2017

		Term Expires
Mayor:	Jeff Reinert	December 31, 2017
Councilmembers:	William Kusterman Rob Rafferty Melissa Maher Michael Manthey	December 31, 2017 December 31, 2017 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, 2017, 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, 2017, 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.

### **Emphasis of Matter**

As described in Note 20 to the financial statements, the City of Lino Lakes, Minnesota adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended December 31, 2017. Our opinion is not modified with respect to this matter.

### **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 29, 2018, 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 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 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, 4td.

REDPATH AND COMPANY, LTD.

St. Paul, Minnesota

May 29, 2018

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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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$93,293,613 (net position). Of this amount, \$26,863,256 (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 \$5,442,106.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,056,122, a decrease of \$3,774,647. Of this amount, \$5,289,641 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 \$6,816,925. Unassigned fund balance for the general fund was \$6,573,608, or 65% of total general fund expenditures and other financing uses.

Total outstanding debt decreased by \$7,764,838 during 2017. Refunding bonds in the amount of \$3,575,000 were issued during November 2016, the proceeds from which were used to pay off two bonds on February 1, 2017. In addition, the City prepaid the 2009A Series Note with Anoka County.

### **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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains five 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 Bonds of 2005A Debt Service Fund
- G.O. Improvement Notes of 2009A Debt Service Fund
- G.O. Improvement Bonds of 2016B Debt Service Fund
- Area and Unit Charge Capital Project Fund

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

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

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

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

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

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

The basic fiduciary fund statements are Statements 10 and 28.

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

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

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$93,293,613 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$54,700,209, or 59%) 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$32,942,034	\$37,480,144	\$15,272,668	\$14,501,255	\$48,214,702	\$51,981,399
Capital assets	42,611,027	41,154,425	31,831,950	31,860,608	74,442,977	73,015,033
Total assets	\$75,553,061	\$78,634,569	\$47,104,618	\$46,361,863	\$122,657,679	\$124,996,432
Deferred outflows of resources	\$5,625,220	\$8,780,333	\$97,118	\$168,302	\$5,722,338	\$8,948,635
Liabilities:						
Long-term liabilities outstanding	\$27,257,669	\$42,409,997	\$413,334	\$468,598	\$27,671,003	\$42,878,595
Other liabilities	894,136	1,331,338	43,453	287,286	937,589	1,618,624
Total liabilities	\$28,151,805	\$43,741,335	\$456,787	\$755,884	\$28,608,592	\$44,497,219
Deferred inflows of resources	\$6,410,858	\$1,546,117	\$66,954	\$50,224	\$6,477,812	\$1,596,341
Net position:						
Net investment in capital assets	\$22,868,259	\$18,597,344	\$31,831,950	\$31,860,610	\$54,700,209	\$50,457,954
Restricted	11,730,147	13,342,852	-	-	11,730,147	13,342,852
Unrestricted	12,017,212	10,187,254	14,846,045	13,863,447	26,863,257	24,050,701
Total net position	\$46,615,618	\$42,127,450	\$46,677,995	\$45,724,057	\$93,293,613	\$87,851,507

\$11,730,147 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 (\$26,863,257) 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 \$5,442,106 during 2017. Key elements of this increase are as follows:

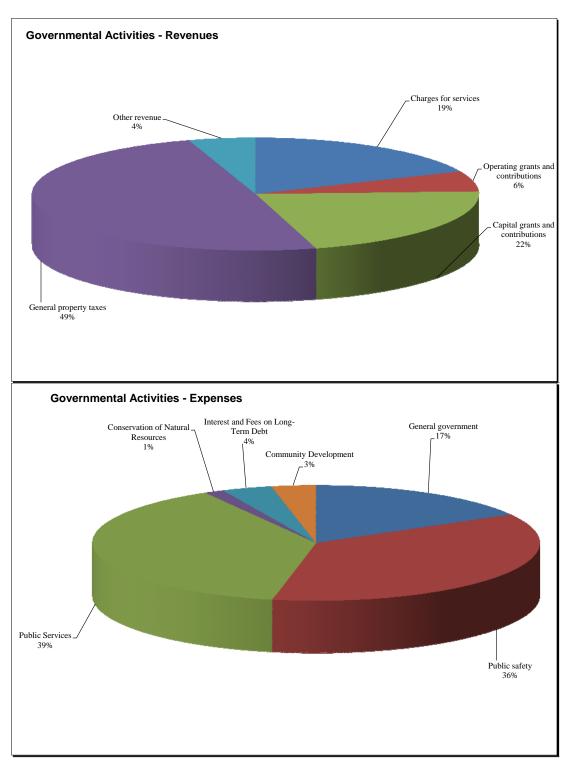
City of Lino Lakes' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$3,600,902	\$2,744,984	\$2,849,797	\$2,754,219	\$6,450,699	\$5,499,203
Operating grants and contributions	1,106,014	722,858	-	-	1,106,014	722,858
Capital grants and contributions	4,141,383	5,046,307	836,029	1,543,947	4,977,412	6,590,254
General revenues:						
General property taxes	9,441,819	9,049,671	-	-	9,441,819	9,049,671
Tax increment	312,152	293,829	-	-	312,152	293,829
Grants and contributions not						
restricted to specific programs	181,712	91,385	-	-	181,712	91,385
Unrestricted investment earnings	207,792	210,142	106,488	107,119	314,280	317,261
Gain on disposal of capital assets	38,022	66,255	-		38,022	66,255
Total revenues	19,029,796	18,225,431	3,792,314	4,405,285	22,822,110	22,630,716
Expenses:						
General government	2,395,633	2,456,864	_	_	2,395,633	2,456,864
Public safety	5,166,538	6,567,523	_	_	5,166,538	6,567,523
Public services	5,492,395	6,228,893	_	_	5,492,395	6,228,893
Conservation of naturual resources	200,016	216,905	_	_	200,016	216,905
Community development	459,455	454,144	_	_	459,455	454,144
Interest and fees on long-term debt	518,897	831,529	_	_	518,897	831,529
Water	-	-	1,245,249	1,367,693	1,245,249	1,367,693
Sewer	_	_	1,901,821	1,850,962	1,901,821	1,850,962
Total expenses	14,232,934	16,755,858	3,147,070	3,218,655	17,380,004	19,974,513
Increase in net position before						
special item and transfers	4,796,862	1,469,573	645,244	1,186,630	5,442,106	2,656,203
Special item	4,770,002	1,333,166	043,244	1,100,030	3,442,100	1,333,166
Transfers	(308,694)	(914,414)	308,694	914,414	-	-
Change in net position	4,488,168	1,888,325	953,938	2,101,044	5,442,106	3,989,369
Net position - January 1, as previously reported	42,819,930	40,754,159	45,724,057	43,800,459	88,543,987	84,554,618
Prior period adjustment	(692,480)	177,446	-	(177,446)	(692,480)	
Net position - January 1, as restated	42,127,450	40,931,605	45,724,057	43,623,013	87,851,507	84,554,618
Net position - December 31	\$46,615,618	\$42,819,930	\$46,677,995	\$45,724,057	\$93,293,613	\$88,543,987

### **Governmental Activities**

Governmental activities increased the City's net position by \$4,488,168 during 2017. The cumulative effect of increased charges for services and decreases in public safety expenses and public services spending account for the increase in 2017. This increase was partially offset by transfers out to business-type activities of \$308,694.

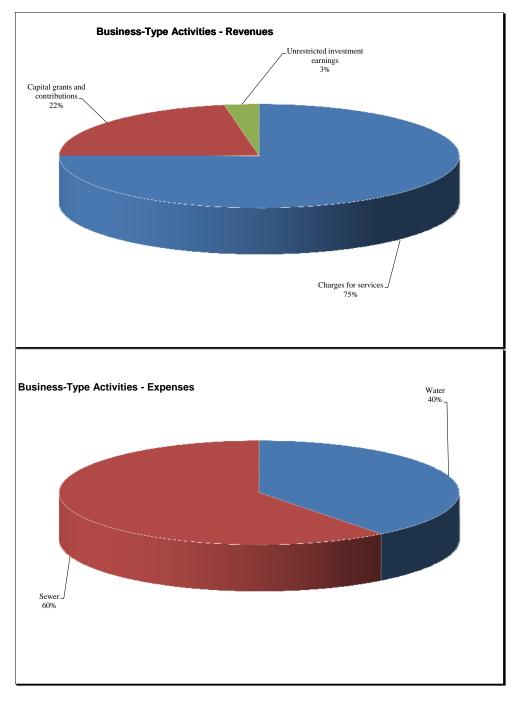
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



### **Business-Type Activities**

Business-type activities increased the City's net position by \$953,938 during 2017. The increase was due to contributions of capital assets from private sources, as well as the City's governmental activities, in the amount of \$1,006,239.

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 \$24,056,122. Approximately 22% of this total amount (\$5,289,641) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$344,976 of fund balance is not in a spendable form, \$175,401 has been committed, \$14,581,669 has been assigned, and \$3,664,435 is unassigned.

The fund balance of the General Fund increased by \$560,734 in 2017, while the City anticipated the use of \$518,000 of the general fund balance. Overall, signs of continued economic recovery are being seen with increased building and development activities taking place which resulted in increased license and permit revenues for the year. The City also saw a significant increase in the number of roofing and siding permits issued during the year due to a storm causing significant damage throughout the City in June of 2017. Finally, reduced expenditures, primarily for personal services through vacant positions, fuel costs, and professional and contractual services helped to increase the year end fund balance.

The G.O. Improvement Bonds of 2005A fund balance decreased by \$226,135. The 2005A series bonds were refunded in 2016 and the fund made a debt service payment of \$2,420,000 in February 2017.

The G.O. Improvement Note of 2009A fund, to service the debt issued by Anoka County as the City's financial commitment for the I-35E interchange project, ended the year with a fund balance of \$0, a decrease of \$22. The City prepaid the note in 2017 using MSA funds. As deferred special assessments are received the MSA funds will be replenished. The outstanding balance on the note as of December 31, 2017 was \$0.

The G.O. Improvement Bonds of 2016B fund decreased by \$1,932,000. 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 \$7,656,155, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$1,389,955 due to the collection of prepaid special assessments and trunk utility development fees.

The combined fund balance of other governmental funds decreased \$3,567,167 during 2017. Primary reasons for the decrease include the issuance of \$1,600,000 of G.O. Tax Abatement Refunding Bonds, Series 2016C, the proceeds from which were used to pay-off the G.O. Tax Abatement Bonds of 2006C on February 1, 2017. Also, the fund balance of the Municipal State Aid (MSA) Construction fund decreased \$1,169,000 as MSA funds were used to prepay the 2009A Note with Anoka County for the city's share of the 35E Interchange 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 \$22,621,564, of which \$5,455,247 is unrestricted. The increase in net position of \$602,293 was primarily due to capital contributions, partially offset by a net operating loss.

The sewer fund has total net position at year-end of \$24,056,431, of which \$9,390,798 is unrestricted. The increase in net position of \$351,645 was primarily due to capital contributions, partially offset by a net operating loss.

### **Budgetary Highlights**

### **General Fund**

The General Fund budget was amended several times during the year to reflect increased revenues relative to building and licensing activities, state aid, and other operating transfers, as well as changes in expenditure areas due to personnel vacancies, changes to professional and contracted services, variances in supplies, investment in the Civic Complex air conditioning units, and finally the transfer for the park land loan and the comprehensive plan update budgeted over 3 years (2016-2018). The final amended expenditure budget was \$150,759 less than the original adopted budget.

Revenues were \$5,934 over budget for the year. General property tax, intergovernmental revenue, and miscellaneous refunds and reimbursements were \$66,444 under budget; however, this variance was more than offset by greater than anticipated license and permit revenues, fines and forfeits, and investment earnings.

Expenditures came in under budget by \$311,492 due to many factors including lower than expected personal service costs from vacant positions. Fuel and fleet maintenance supply costs were much lower than anticipated and the Civic Complex air-conditioning upgrades were not completed in 2017, resulting in favorability in capital outlay.

### **Capital Asset and Debt Administration**

Capital assets. The City's investment in capital assets for its governmental and businesstype activities as of December 31, 2017, amounted to \$74,442,977 (net of accumulated depreciation), an increase of \$1,427,942 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure. The City completed the Shenandoah Area street improvements, NorthPointe 2<sup>nd</sup> Addition infrastructure improvements, Fire Station #2, Pump House #6, the reconditioning of Water Tower #1, Aqua Lane to Blackduck Drive water main improvements, the build-out of two Ford F-650 light rescue fire vehicles, and the upgrade of the air conditioning system (Phase I ) at the Civic Complex. The City has continued to work to complete the Birch Street turn lanes and infrastructure improvements in 2017. In addition, the City began land preparation activities for NorthPointe Park, the upgrade of the air conditioning system (Phase II) at the Civic Complex, and the Council Chambers upgrade. Developer lead infrastructure improvements at various stages of completion include NorthPointe 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> Additions, Saddle Club 2<sup>nd</sup> and 3<sup>rd</sup>Additions, Century Farms 6<sup>th</sup> Addition, Woods Edge 1<sup>st</sup> and 2<sup>nd</sup> Additions, Clearwater Creek, St Clair Estates, and Chavez Estates.

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

Governmental Activities		Business-Ty	pe Activities	Totals	
2017	2016	2017	2016	2017	2016
				<del>-</del>	
\$3,320,059	\$3,275,859	\$ -	\$ -	\$3,320,059	\$3,275,859
162,372	-	-	-	162,372	-
2,482,238	8,961,062	1,507,153	5,617,436	3,989,391	14,578,498
6,376,011	2,706,355	-	-	6,376,011	2,706,355
236,777	157,704	-	-	236,777	157,704
2,016,355	1,370,732	-	-	2,016,355	1,370,732
1,133,624	1,017,332	147,568	167,440	1,281,192	1,184,772
267,096	206,385	-	-	267,096	206,385
26,616,495	23,458,996	30,177,229	26,075,734	56,793,724	49,534,730
\$42,611,027	\$41,154,425	\$31,831,950	\$31,860,610	\$74,442,977	\$73,015,035
	\$3,320,059 162,372 2,482,238 6,376,011 236,777 2,016,355 1,133,624 267,096 26,616,495	2017 2016 \$3,320,059 \$3,275,859 162,372 - 2,482,238 8,961,062 6,376,011 2,706,355 236,777 157,704 2,016,355 1,370,732 1,133,624 1,017,332 267,096 206,385 26,616,495 23,458,996	2017         2016         2017           \$3,320,059         \$3,275,859         \$ -           162,372         -         -           2,482,238         8,961,062         1,507,153           6,376,011         2,706,355         -           236,777         157,704         -           2,016,355         1,370,732         -           1,133,624         1,017,332         147,568           267,096         206,385         -           26,616,495         23,458,996         30,177,229	2017         2016         2017         2016           \$3,320,059         \$3,275,859         \$ -         \$ -           \$162,372         -         -         -           \$2,482,238         \$8,961,062         \$1,507,153         \$5,617,436           \$6,376,011         \$2,706,355         -         -           \$236,777         \$157,704         -         -           \$2,016,355         \$1,370,732         -         -           \$1,133,624         \$1,017,332         \$147,568         \$167,440           \$26,016,495         \$23,458,996         \$30,177,229         \$26,075,734	2017         2016         2017         2016         2017           \$3,320,059         \$3,275,859         \$ -         \$ -         \$3,320,059           \$162,372         -         -         -         162,372           \$2,482,238         \$9,61,062         \$1,507,153         \$5,617,436         \$3,989,391           \$6,376,011         \$2,706,355         -         -         \$6,376,011           \$236,777         \$157,704         -         -         \$236,777           \$2,016,355         \$1,370,732         -         -         \$2,016,355           \$1,133,624         \$1,017,332         \$147,568         \$167,440         \$1,281,192           \$267,096         \$206,385         -         -         \$267,096           \$26,616,495         \$23,458,996         \$30,177,229         \$26,075,734         \$56,793,724

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 \$19,976,243. Of this amount, \$14,714,250 comprises tax supported debt and \$4,905,000 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 \$233,475.

### City of Lino Lakes' Outstanding Debt

	Governmental Activities		Business-Typ	e Activities	Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$14,947,725	\$18,460,250	\$ -	\$ -	\$14,947,725	\$18,460,250
G.O. special assessment bonds	4,905,000	7,795,000	-	-	4,905,000	7,795,000
Note payable - Anoka County	-	1,345,000	-	-	-	1,345,000
Bond premium	123,518	140,831			123,518	140,831
Total	\$19,976,243	\$27,741,081	\$0	\$0	\$19,976,243	\$27,741,081

The City of Lino Lakes' total bonded debt decreased by \$7,764,838 during the current fiscal year. The key factors for the change include the issuance of \$311,000 of Certificates of Indebtedness to finance capital equipment purchases, as well as principal retired in the amount of \$8,508,525 during the year.

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

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

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# **BASIC FINANCIAL STATEMENTS**

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	Primary Government			
	Governmental	Business-Type		
	Activities	Activities	Total	
Assets:				
Cash and investments	\$24,934,980	\$13,921,698	\$38,856,678	
Accrued interest receivable	84,517	-	84,517	
Due from other governmental units	133,556	1,614	135,170	
Accounts receivable - net	51,052	376,957	428,009	
Prepaid items	244,976	27,082	272,058	
Internal balances	(914,949)	914,949	-	
Inventory	-	30,368	30,368	
Taxes receivable	100,047	-	100,047	
Special assessments receivable	7,954,861	-	7,954,861	
Long-term notes receivable	225,000	-	225,000	
Net pension asset	127,994	-	127,994	
Capital assets - nondepreciable	5,964,669	1,507,153	7,471,822	
Capital assets - net of accumulated depreciation	36,646,358	30,324,797	66,971,155	
Total assets	75,553,061	47,104,618	122,657,679	
Deferred outflows of resources related to pensions	5,625,220	97,118	5,722,338	
Liabilities:				
Accounts payable and other current liabilities	736,608	43,453	780,061	
Accrued interest payable	157,528	<del>-</del>	157,528	
Compensated absences payable:	- · <b>,-</b> -			
Due within one year	492,042	38,130	530,172	
Due in more than one year	276,866	28,426	305,292	
Other post employment benefits	738,061	8,480	746,541	
Bonds and notes payable:		-,		
Due within one year	3,130,600	_	3,130,600	
Due in more than one year	16,845,643	_	16,845,643	
Net pension liability:	-,,		-,,-	
Due in more than one year	5,774,457	338,298	6,112,755	
Total liabilities	28,151,805	456,787	28,608,592	
Deferred inflows of resources:				
Pension related	6,359,775	66,954	6,426,729	
OPEB related	51,083	-	51,083	
Total deferred inflows of resources	6,410,858	66,954	6,477,812	
Net position:				
Net investment in capital assets	22,868,259	31,831,950	54,700,209	
Restricted for:		• •		
Debt service	10,564,305	-	10,564,305	
Economic development	225,000	-	225,000	
Tax increment purposes	479,695	-	479,695	
Environmental improvements - nonexpendable	100,000	-	100,000	
Environmental improvements - expendable	23,316	-	23,316	
Other purposes	337,831	-	337,831	
Unrestricted	12,017,212	14,846,045	26,863,257	
Total net position	\$46,615,618	\$46,677,995	\$93,293,613	

# STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2017

		Program Revenues
<u>Functions/Programs</u>	Expenses	Charges For Services
Primary government:		
Governmental activities:		
General government	\$2,395,633	\$550,117
Public safety	5,166,538	2,249,152
Public services	5,492,395	801,633
Conservation of natural resources	200,016	-
Community development	459,455	-
Interest and fees on long-term debt	518,897	
Total governmental activities	14,232,934	3,600,902
Business-type activities:		
Water	1,245,249	1,150,834
Sewer	1,901,821	1,698,963
Total business-type activities	3,147,070	2,849,797
Total primary government	\$17,380,004	\$6,450,699

Program Reven	ues		t (Expense) Revenue and Changes in Net Position	
Operating	Capital		Primary Government	
Grants and	Grants and	Governmental	Business-Type	
Contributions	Contributions	Activities	Activities	Total
\$1,460	\$ -	(\$1,844,056)	\$ -	(\$1,844,056)
351,258	-	(2,566,128)	-	(2,566,128)
661,302	4,141,383	111,923	-	111,923
91,994	-	(108,022)	-	(108,022)
-	-	(459,455)	=	(459,455)
	<u> </u>	(518,897)	=	(518,897)
1,106,014	4,141,383	(5,384,635)	0	(5,384,635)
-	421,608	-	327,193	327,193
-	414,421	-	211,563	211,563
0	836,029	0	538,756	538,756
\$1,106,014	\$4,977,412	(5,384,635)	538,756	(4,845,879)
General revenues:				
General property taxes		9,441,819	-	9,441,819
Tax increment		312,152	-	312,152
Grants and contributions not				
restricted to specific progr		181,712	=	181,712
Unrestricted investment earn	•	207,792	106,488	314,280
Gain on disposal of capital a	ssets	38,022	-	38,022
Transfers		(308,694)	308,694	-
Total general revenues a	nd transfers	9,872,803	415,182	10,287,985
Change in net position		4,488,168	953,938	5,442,106
Net position - January 1, as pr	eviously reported	42,819,930	45,724,057	88,543,987
Prior period adjustment		(692,480)	-	(692,480)
Net position - January 1, as re-	stated	42,127,450	45,724,057	87,851,507
Net position - December 31		\$46,615,618	\$46,677,995	\$93,293,613

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2017

333 G.O. 342 G.O. Other Total Improvement Improvement 406 Area and Governmental Governmental General Fund Note of 2009A Bonds of 2016B Unit Charge Funds Funds Assets Cash and investments \$6,648,162 \$944,886 \$7,528,465 \$9,813,467 \$24,934,980 Accrued interest receivable 84,517 84,517 Due from other governmental units 133,556 133,556 23,758 25,439 1,855 51,052 Accounts receivable - net Prepaid items 243,317 1,659 244,976 Taxes receivable: 23,611 6.789 30,400 Due from county Delinquent 56,559 13,088 69,647 Special assessments receivable: 798 Due from county 2,400 3,198 Delinquent 9,129 9,151 18,280 Deferred 329 2,639,483 2,994,379 1,117,458 1,181,734 7,933,383 Interfund loan receivable 100,361 2,934,516 3,034,877 Long-term notes receivable 225,000 225,000 Total assets \$7,213,809 \$2,639,483 \$3,939,265 \$8,783,252 \$14,188,057 \$36,763,866 Liabilities, Deferred Inflows of Resources, and Fund Balances Liabilities: \$194,538 \$705 \$510 \$257,313 \$453,066 Accounts payable Salaries payable 110,845 453 111,298 Due to other governmental units 34,613 12,176 46,789 Contracts payable 125,455 125,455 Interfund loan payable 2,876,643 1,073,183 3,949,826 Total liabilities 2,877,348 4,686,434 339,996 0 510 1,468,580 Deferred inflows of resources: Unavailable revenue 56,888 2,639,483 2,994,379 1,126,587 1,203,973 8,021,310 Fund balance: Nonspendable 243,317 101,659 344,976 Restricted 5,289,641 5,289,641 Committed 175,401 175,401 Assigned 7,656,155 6,925,514 14,581,669 Unassigned 6,573,608 (1,932,462)(976,711)3,664,435 Total fund balance 6,816,925 11,515,504 24,056,122 0 (1,932,462)7,656,155 Total liabilities, deferred inflows of resources, and fund balance \$7,213,809 \$2,639,483 \$3,939,265 \$8,783,252 \$14,188,057 \$36,763,866

# RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31,2017

Statement 4

Fund balance - total governmental funds (Statement 3)	\$24,056,122
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	42,611,027
Net pension asset	127,994
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	69,647
Delinquent special assessments receivable	18,280
Deferred special assessments receivable	7,933,383
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	(19,852,725)
Unamortized bond premiums	(142,182)
Unamortized bond discounts	18,664
Accrued interest payable	(157,528)
Compensated absences payable	(768,908)
Other post employment benefits	(738,061)
Net pension liability	(5,774,457)
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	5,625,220
Deferred inflows of resources	(6,410,858)
Deterred filliows of resources	(0,+10,636)
Net position of governmental activities (Statement 1)	\$46,615,618

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2017

	General Fund	327 G.O. Improvement Bonds of 2005A
Revenues:		_
General property taxes	\$7,338,876	\$ -
Tax increment	-	-
Licenses and permits	1,447,571	=
Intergovernmental	667,520	-
Special assessments	4,293	-
Charges for services	302,038	-
Fines and forfeits	147,977	-
Investment earnings	40,913	6,486
Miscellaneous	295,439	-
Total revenues	10,244,627	6,486
Expenditures:		
Current:		
General government	1,945,691	-
Public safety	4,347,108	-
Public services	2,178,725	-
Conservation of natural resources	183,392	-
Community development	426,653	-
Capital outlay:		
General government	87,104	-
Public safety	66,587	-
Public services	-	-
Conservation of natural resources	8,247	-
Debt service:		
Principal	-	2,360,000
Interest and fiscal charges	<u> </u>	60,117
Total expenditures	9,243,507	2,420,117
Revenues over (under) expenditures	1,001,120	(2,413,631)
Other financing sources (uses):		
Transfers in	439,373	2,187,503
Transfers out	(879,759)	(7)
Issuance of debt	-	-
Proceeds from sale of capital assets	<u> </u>	-
Total other financing sources (uses)	(440,386)	2,187,496
Net change in fund balance	560,734	(226,135)
Fund balance - January 1	6,256,191	226,135
Fund balance - December 31	\$6,816,925	\$0

333 G.O. Improvement Note of 2009A	342 G.O. Improvement Bonds of 2016B	406 Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$2,121,713	\$9,460,589
· -	· -	· -	312,152	312,152
-	-	-	- -	1,447,571
-	-	-	413,433	1,080,953
287,628	-	1,325,125	666,928	2,283,974
-	-	257,468	768,275	1,327,781
-	-	-	465,616	613,593
-	=	69,217	91,176	207,792
<u>-</u>	<u> </u>	-	115,201	410,640
287,628	0	1,651,810	4,954,494	17,145,045
-	<u>-</u>	<u>-</u>	6,978	1,952,669
-	-	-	13,409	4,360,517
-	-	25,307	1,210,380	3,414,412
-	-	- -	, , , =	183,392
-	-	-	6,491	433,144
-	-	-	228,895	315,999
-	-	-	893,831	960,418
-	-	-	868,184	868,184
-	-	-	-	8,247
1,345,000	-	-	4,353,525	8,058,525
68,707	17,015	-	494,190	640,029
1,413,707	17,015	25,307	8,075,883	21,195,536
(1,126,079)	(17,015)	1,626,503	(3,121,389)	(4,050,491
1,126,057	272,506	-	2,959,004	6,984,443
- -	(2,187,503)	(236,548)	(3,819,110)	(7,122,927
-	-	-	311,000	311,000
<u>-</u>	<u>-</u>		103,328	103,328
1,126,057	(1,914,997)	(236,548)	(445,778)	275,844
(22)	(1,932,012)	1,389,955	(3,567,167)	(3,774,647
22	(450)	6,266,200	15,082,671	27,830,769
\$0	(\$1,932,462)	\$7,656,155	\$11,515,504	\$24,056,122

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, 2017

Statement 6

Net change in fund balance - total governmental funds (Statement 5)	(\$3,774,647)
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:  Depreciation	(2,959,683)
Capital outlay	2,152,848
Capital outlay not capitalized	118,240
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	2,380,713
Contributions of infrastructure to business-type activities  Gain (loss) on disposal of capital assets	(170,210) (65,306)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	(03,300)
Change in delinquent taxes receivable	(18,770)
Change in delinquent special assessments receivable Change in deferred special assessments receivable	5,570
	(544,874)
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	(311,000)
Repayment of principal Amortization of bond premiums and discounts	8,058,525 17,313
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:	17,515
Change in accrued interest payable	103,819
Change in compensated absences payable  Change other post employment benefits liability and related deferred inflows of resources	(34,493) 483
	463
Pension expense in governmental funds is measured by current year employee contributions. Pension expense in the Statement of Activities is measured by the change in the net pension liability and related deferred inflows and outflows of resources.	
This is the amount by which pension expense differed from pension contributions.	(470,360)
Change in net position of governmental activities (Statement 2)	\$4,488,168

December 31, 2017

	601 Water	ne Activities - Enterpris 602 Sewer	Total
Assets:	001 Water	002 Sewei	Total
Current assets:			
Cash and cash equivalents	\$5,477,346	\$8,444,352	\$13,921,698
Due from other governmental units	-	1,614	1,614
Accounts receivable - net	157,008	219,949	376,957
Prepaid items	9,255	17,827	27,082
Inventory	30,368	, -	30,368
Interfund loan receivable	=	914,949	914,949
Total current assets	5,673,977	9,598,691	15,272,668
Noncurrent assets:			
Capital assets:			
Construction in progress	772,676	734,477	1,507,153
Equipment	143,429	331,225	474,654
Water and sewer systems	24,949,194	23,048,571	47,997,765
Total capital assets	25,865,299	24,114,273	49,979,572
Less: Allowance for depreciation	(8,698,982)	(9,448,640)	(18,147,622)
Net capital assets	17,166,317	14,665,633	31,831,950
Total assets	22,840,294	24,264,324	47,104,618
Deferred outflows of resources related to pensions	48,559	48,559	97,118
Total assets and deferred outflows	22,888,853	24,312,883	47,201,736
Liabilities:			
Current liabilities:			
Accounts payable	8,256	7,054	15,310
Salaries payable	3,917	3,917	7,834
Due to other governments	11,683	2,769	14,452
Other accrued liabilities	3,289	2,568	5,857
Compensated absences payable - current portion	19,065	19,065	38,130
Total current liabilities	46,210	35,373	81,583
Noncurrent liabilities:  Compensated absences payable - noncurrent portion	14,213	14,213	28,426
Other post employment benefits	4,240	4,240	8,480
Net pension liability	169,149	169,149	338,298
Total noncurrent liabilities	187,602	187,602	375,204
Total liabilities	233,812	222,975	456,787
Defend inflamed and an arrangement of the second and arrangement of the second arran	22.477	22.477	CC 054
Deferred inflows of resources related to pensions	33,477	33,477	66,954
Total liabilities and deferred inflows	267,289	256,452	523,741
Net position:	4	44 2	04.004.0==
Investment in capital assets	17,166,317	14,665,633	31,831,950
Unrestricted	5,455,247	9,390,798	14,846,045
Total net position	\$22,621,564	\$24,056,431	\$46,677,995

STATEMENT OF REVENUES, EXPENSES AND

Statement 8

CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For The Year Ended December 31, 2017

	Business-Tvr	oe Activities - Enterprise	e Funds
	601 Water	602 Sewer	Totals
Operating revenues:			
Charges for services	\$1,065,379	\$1,672,456	\$2,737,835
Hook-up charges	33,010	26,497	59,507
Water meter sales	37,606	-	37,606
Other operating revenue	14,839	10	14,849
Total operating revenues	1,150,834	1,698,963	2,849,797
Operating expenses:			
Personal services	264,673	268,134	532,807
Materials and supplies	172,864	51,038	223,902
Contractual services	102,165	93,992	196,157
MCES sewer charges	-	942,972	942,972
Depreciation	580,804	477,094	1,057,898
Utilities	102,877	41,297	144,174
Other	21,866	27,294	49,160
Total operating expenses	1,245,249	1,901,821	3,147,070
Operating income (loss)	(94,415)	(202,858)	(297,273)
Nonoperating revenues:			
Investment earnings	39,612	66,876	106,488
Income (loss) before contributions and transfers	(54,803)	(135,982)	(190,785)
Contributions and transfers:			
Capital contributions from private sources	421,608	414,421	836,029
Capital contributions from governmental activities	166,246	3,964	170,210
Transfer in	104,969	104,969	209,938
Transfer out	(35,727)	(35,727)	(71,454)
Total contributions and transfers	657,096	487,627	1,144,723
Change in net position	602,293	351,645	953,938
Net position - January 1	22,019,271	23,704,786	45,724,057
Net position - December 31	\$22,621,564	\$24,056,431	\$46,677,995

For The Year Ended December 31, 2017

	Business-Typ	oe Activities - Enterpr	ise Funds
	601 Water	602 Sewer	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$1,136,110	\$1,695,698	\$2,831,808
Payment to suppliers	(444,107)	(1,301,838)	(1,745,945)
Payment to employees	(248,394)	(252,391)	(500,785)
Net cash flows provided by operating activities	443,609	141,469	585,078
Cash flows from noncapital financing activities:			
Interfund loans provided to other funds	-	(355,839)	(355,839)
Transfers in	104,969	104,969	209,938
Transfers out	(35,727)	(35,727)	(71,454)
Net cash flows provided by (used in)			
noncapital financing activities	69,242	(286,597)	(217,355)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(23,000)		(23,000)
Net cash flows provided by (used in)	(23,000)		(23,000)
capital and related financing activities	(23,000)	0	(23,000)
capital and related financing activities	(23,000)		(23,000)
Cash flows from investing activities:			
Investment earnings	39,612	66,876	106,488
Net increase (decrease) in cash and cash equivalents	529,463	(78,252)	451,211
Cash and cash equivalents - January 1	4,947,883	8,522,604	13,470,487
Cash and cash equivalents - December 31	\$5,477,346	\$8,444,352	\$13,921,698
Reconciliation of operating income to net			
cash provided by operating activities:			
Operating income (loss)	(\$94,415)	(\$202,858)	(\$297,273)
Adjustments to reconcile operating income		<u> </u>	•
(loss) to net cash flows from operating activities:			
Depreciation	580,804	477,094	1,057,898
Changes in assets and liabilities:			
Decrease (increase) in due from other governmental units	-	409	409
Decrease (increase) in accounts receivable - net	(14,724)	(3,674)	(18,398)
Decrease (increase) in prepaid items	906	1,259	2,165
Decrease (increase) in inventory	51,459	-	51,459
Decrease (increase) in deferred outflows of resources	35,592	35,592	71,184
Increase (decrease) in payables	(96,700)	(146,504)	(243,204)
Increase (decrease) in other accrued liabilities	(46)	(582)	(628)
Increase (decrease) in compensated absences	83	83	166
Increase (decrease) in other post employment benefits	4,240	4,240	8,480
Increase (decrease) in net pension liability	(31,955)	(31,955)	(63,910)
Increase (decrease) in deferred inflows of resources	8,365	8,365	16,730
Total adjustments	538,024	344,327	882,351
Net cash provided by operating activities	\$443,609	\$141,469	\$585,078
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$587,854	\$418,385	\$1,006,239

STATEMENT OF NET POSITION FIDUCIARY FUNDS December 31, 2017 Statement 10

Assets:

Cash and investments \$1,719,511

Liabilities:

Deposits payable \$1,719,511

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

# 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

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental funds:

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

General Obligation Improvement Bonds of 2005A Fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The fund was closed in 2017.

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.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

# C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

imposed by the provider have been met. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

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

# D. BUDGETS

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### E. LEGAL COMPLIANCE - BUDGETS

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

- 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.
- 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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

#### G. PROPERTY TAX REVENUE RECOGNITION

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

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

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

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

# H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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

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

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

# I. INVENTORY

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

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

# J. PREPAID ITEMS

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

# K. INTERFUND TRANSACTIONS

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

# 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2017, no interest was capitalized in connection with construction in progress.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) that time. The City has one item that qualifies for reporting in the category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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

# Q. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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, 2017, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

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

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- 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, 2017, the carrying amount of the City's deposits with financial institutions was \$257,836.

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### **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.

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

# At December 31, 2017, the City had the following investments and maturities:

				Investment Maturities (in Years)			Years)
Investment Type	Rating	Fair Value	Less Than 1	1 - 5	6 - 8		
Wells Fargo money market	NR	\$4,275,289	\$4,275,289	\$ -	\$ -		
Morgan Stanley money market	NR	24,165	24,165	-	-		
4M Fund	NR	7,207,927	7,207,927	-	-		
Brokered CD's	NR	16,419,585	6,887,755	8,413,876	1,117,954		
Municipal bonds	*	10,908,237	1,568,897	8,746,306	593,034		
Federal Home Loan Mortgage Corp.	AAA	1,482,210	-	-	1,482,210		
Total		\$40,317,413	\$19,964,033	\$17,160,182	\$3,193,198		
NR - Not Rated			Total investment	s	\$40,317,413		
* AAA \$1,975,589; AA+ \$463,359			Deposits		257,836		
AA \$3,507,002; AA- \$2,967,505			Petty cash		940		
A+ \$710,532			Total cash and	investments	\$40,576,189		

These amounts are presented in the financial statements as follows:

Cash and investments:	
Governmental and business-type (Statement 1)	\$38,856,678
Fiduciary (Statement 10)	1,719,511
Total	\$40,576,189

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, 2017:

		Fair Value Measurement Using			
Investment Type	12/31/2017	Level 1	Level 2	Level 3	
Investments at fair value:					
Brokered CD's	\$16,419,585	\$ -	\$16,419,585	\$ -	
Municipal bonds	10,908,237	-	10,908,237	-	
Federal Home Loan Mortgage Corp.	1,482,210		1,482,210		
		\$0	\$28,810,032	\$0	
Investments not categorized:					
Wells Fargo money market	4,275,289		`		
Morgan Stanley money market	24,165				
4M Fund	7,207,927				
Total investments	\$40,317,413				

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.

# 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, 2017, no individual investments exceeded 5% of the City's total investment portfolio.

# Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2017 are as follows:

	Property Taxes	Special Assessments	Notes	
	Receivable	Receivable	Receivable	Total
Major Funds:				
General Fund	\$35,344	\$ -	\$ -	\$35,344
G.O. Improvement Note of 2009A	-	2,630,915	-	2,630,915
G.O. Improvement Bonds of 2016B	-	2,994,379	-	2,994,379
Area and Unit Charge	-	1,029,733	-	1,029,733
Nonmajor Funds	8,179	1,042,887	225,000	1,276,066
Total	\$43,523	\$7,697,914	\$225,000	\$7,966,437

# 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	\$56,559	\$329	\$56,888
G.O. Improvement Note of 2009A	=	2,639,483	2,639,483
G.O. Improvement Bonds of 2016B	-	2,994,379	2,994,379
Area and Unit Charge	=	1,126,587	1,126,587
Nonmajor Funds	13,088	1,190,885	1,203,973
Total	\$69,647	\$7,951,663	\$8,021,310

# Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Capital assets, not being depreciated:   Capital assets, being depreciated:   Capital assets, being depreciated:   Capital assets, not being depreciated:   Ca		Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Land	Governmental activities:					
Wetland credits         1. 162,372         Construction in progres         8,961,062         2,742,038         (9,050,652)         (170,210)         2,482,238           Total capital assets, not being depreciated         12,236,2921         2,948,610         (9,050,652)         (170,210)         5,564,669           Capital assets, being depreciated:         8         4,029,901         -         -         10,921,748           Office equipment and furniture         659,440         124,186         -         -         783,626           Vehicles         3,417,668         1,102,354         (175,204)         -         4,344,818           Machinery and shop equipment         1,034,126         77,284         (28,017)         -         2,557,317           Other equipment and furniture         80,738,460         5,144,197         -         -         105,601,576           Less accumulated depreciation for:         80,738,460         1,753,843         (203,221)         0         105,601,567           Less accumulated depreciation for:         80,736         45,113         -         -         4545,737           Office equipment and furniture         501,736         45,113         -         -         546,849           Vehicles         2046,936         396,889	Capital assets, not being depreciated:					
Construction in progress         8,961,062         2,742,038         (9,050,652)         (170,210)         2,482,238           Total capital assets, not being depreciated:         12,235,921         2,948,610         (9,050,652)         (170,210)         5,564,669           Capital assets, being depreciated:         801,101         4,029,901         -         -         10,921,748           Office equipment and furniture         659,440         1,241,86         -         -         783,626           Vehicles         3,417,668         1,102,354         (175,204)         -         4,344,818           Machinery and shop equipment         2,309,413         275,921         (28,017)         -         2,557,317           Other equipment         1,034,126         77,284         -         -         1,111,410           Infrastructure         80,738,660         5,144,197         -         -         85,882,657           Total capital assets, being depreciated         95,050,954         10,753,843         (203,221)         0         105,601,576           Less accumulated depreciation for:         81,000,435         -         -         4,545,737         0         10,600,632         4,545,737         0         105,601,536         0         105,601,536         0	Land	\$3,275,859	\$44,200	\$ -	\$ -	\$3,320,059
Total capital assets, not being depreciated:		-	· · · · · · · · · · · · · · · · · · ·	-	-	,
Capital assets, being depreciated:   Buildings	1 6					
Buildings	Total capital assets, not being depreciated	12,236,921	2,948,610	(9,050,652)	(170,210)	5,964,669
Buildings         6,891,847         4,029,901         -         -         10,921,748           Office equipment and furniture         659,440         124,186         -         -         783,626           Vehicles         3,417,668         1,102,334         (175,204)         -         4,344,818           Machinery and shop equipment         1,034,126         77,284         -         -         2,557,317           Other equipment         1,034,126         77,284         -         -         1,111,410           Infrastructure         80,738,460         5,144,197         -         -         8,882,657           Total capital assets, being depreciated         95,050,954         10,753,843         (203,221)         0         105,601,576           Less accumulated depreciation for:         80,738,460         4,185,492         360,245         -         4,545,737           Office equipment and furniture         501,736         45,113         -         -         4,545,737           Office equipment and furniture         501,736         45,113         -         -         2,238,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         (11,236)         -         1,232,693           Othe	Capital assets, being depreciated:					
Vehicles         3,417,668         1,102,354         (175,204)         -         4,344,818           Machinery and shop equipment         2,309,413         275,921         (28,017)         -         2,557,317           Other equipment         1,034,126         77,284         -         -         1,111,410           Infrastructure         80,738,460         5,144,197         -         -         85,882,657           Total capital assets, being depreciated         95,059,954         10,753,843         (203,221)         0         105,601,576           Less accumulated depreciation for:         80,738,460         5,144,197         -         -         4,545,737           Office equipment and furniture         501,736         45,113         -         -         5,468,49           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         844,314           Infrastructure         52,279,464         1,986,698         -         -         59,266,162           Total accipital assets being depreciated - net <td></td> <td>6,891,847</td> <td>4,029,901</td> <td>-</td> <td>-</td> <td>10,921,748</td>		6,891,847	4,029,901	-	-	10,921,748
Machinery and shop equipment         2,309,413         275,921         (28,017)         2,557,317           Other equipment         1,034,126         77,284         -         -         1,111,410           Infrastructure         80,738,460         5,144,197         -         85,882,657           Total capital assets, being depreciated         95,050,954         10,753,843         (203,221)         0         105,601,576           Less accumulated depreciation for:         81,185,492         360,245         -         -         4,545,737           Office equipment and furniture         501,736         45,113         -         546,849           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         844,314           Infrastructure         57,279,464         1,986,698         -         -         59,266,162           Total accumulated depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         541,154,425         \$	Office equipment and furniture	659,440	124,186	-	_	783,626
Other equipment         1,034,126         77,284         -         8,111,11,410           Infrastructure         80,738,460         5,144,197         -         85,882,657           Total capital assets, being depreciated         95,050,954         10,753,843         (203,221)         0         105,601,576           Less accumulated depreciation for:         Buildings         4,185,492         360,245         -         -         4,545,737           Office equipment and furniture         501,736         45,113         -         546,849           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (89,115,958)         (8170,210)         \$42,611,027	Vehicles	3,417,668	1,102,354	(175,204)	-	4,344,818
Infrastructure	Machinery and shop equipment	2,309,413	275,921	(28,017)	-	2,557,317
Total capital assets, being depreciated   95,050,954   10,753,843   (203,221)   0   105,601,576	Other equipment	1,034,126	77,284	-	-	1,111,410
Less accumulated depreciation for:   Buildings	Infrastructure	80,738,460	5,144,197	-	-	85,882,657
Buildings         4,185,492         360,245         -         4,545,737           Office equipment and furniture         501,736         45,113         -         546,849           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         \$42,611,027           Business-type activities:         - <t< td=""><td>Total capital assets, being depreciated</td><td>95,050,954</td><td>10,753,843</td><td>(203,221)</td><td>0</td><td>105,601,576</td></t<>	Total capital assets, being depreciated	95,050,954	10,753,843	(203,221)	0	105,601,576
Buildings         4,185,492         360,245         -         4,545,737           Office equipment and furniture         501,736         45,113         -         546,849           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         36,646,358           Beginning Balance         Increases         Decreases         Transfers         Ending Balance           Business-type activities:         -         \$1,006,237         (\$5,116,520)         \$-         \$1,507,153           Capital assets, not being depreciated:         -         \$1,006,237         \$5,116,520)         \$-         \$1,507,153           Ca	Less accumulated depreciation for:					
Office equipment and furniture         501,736         45,113         -         -         546,849           Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         844,314           Infrastructure         57,279,464         1,986,698         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         36,646,358           Beginning Balance         Increases         Decreases         Transfers         Ending Balance           Capital assets, not being depreciated:         S5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         474,654         -         -         -         474,654           Machinery and shop equipment         474,654         -         -         -         474,654           W	1	4 185 492	360 245	_	_	4 545 737
Vehicles         2,046,936         396,889         (115,362)         -         2,328,463           Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         844,314           Infrastructure         57,279,464         1,986,698         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         \$42,611,027           Business-type activities:         -         -         Decreases         Transfers         Ending Balance           Construction in progress         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         -         -         -         -         474,654           Machinery and shop equipment         474,654         -         -         -         474,654	•	, ,	,	_	_	, ,
Machinery and shop equipment         1,292,081         154,165         (22,553)         -         1,423,693           Other equipment         827,741         16,573         -         -         844,314           Infrastructure         57,279,464         1,986,698         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         \$42,611,027           Business-type activities:         Beginning Balance         Decreases         Transfers         Balance           Capital assets, not being depreciated:         S5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         Machinery and shop equipment         474,654         -         -         -         474,654           Water and sewer systems         42,858,242         4,969,313         -         170,210         47,997,765           Total capital assets, being depreciated         307,2	* *	,	· · · · · · · · · · · · · · · · · · ·	(115.362)	_	, , , , , , , , , , , , , , , , , , ,
Other equipment         827,741         16,573         -         844,314           Infrastructure         57,279,464         1,986,698         -         -         59,266,162           Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (89,115,958)         (\$170,210)         \$42,611,027           Beginning Balance         Increases         Decreases         Transfers         Ending Balance           Capital assets, not being depreciated:         S5,617,436         \$1,006,237         (\$5,116,520)         \$-         \$1,507,153           Capital assets, being depreciated:         S5,617,436         \$1,006,237         (\$5,116,520)         \$-         \$1,507,153           Capital assets, being depreciated:         474,654         -         -         -         474,654           Water and sewer systems         42,858,242         4,969,313         -         170,210         48,472,419           Accumulated depreciation for:         Machinery and shop equipment         307,215         19,			· ·		_	
Infrastructure				-	_	
Total accumulated depreciation         66,133,450         2,959,683         (137,915)         0         68,955,218           Total capital assets being depreciated - net         28,917,504         7,794,160         (65,306)         (170,210)         36,646,358           Governmental activities capital assets - net         \$41,154,425         \$10,742,770         (\$9,115,958)         (\$170,210)         \$42,611,027           Beginning Balance         Increases         Decreases         Transfers         Balance           Capital assets, not being depreciated:				_	_	
Total capital assets being depreciated - net   28,917,504   7,794,160   (65,306)   (170,210)   36,646,358				(137,915)	0	
Business-type activities:         Decreases         Transfers         Ending Balance           Capital assets, not being depreciated:         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         \$ -         \$1,507,153           Machinery and shop equipment         474,654         -         -         -         -         474,654           Water and sewer systems         42,858,242         4,969,313         -         170,210         47,997,765           Total capital assets, being depreciated         43,332,896         4,969,313         0         170,210         48,472,419           Accumulated depreciation for:         \$ 19,870         -         -         -         327,085           Water and sewer systems         16,782,509         1,038,028         -         -         17,820,537           Total accumulated depreciation         17,089,724         1,057,898         0         0         18,147,622	Total capital assets being depreciated - net				(170,210)	
Business-type activities:         Decreases         Transfers         Ending Balance           Capital assets, not being depreciated:         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         \$ -         \$1,507,153           Capital assets, being depreciated:         \$5,617,436         \$1,006,237         \$ -         \$1,507,153           Machinery and shop equipment         474,654         -         -         -         -         474,654           Water and sewer systems         42,858,242         4,969,313         -         170,210         47,997,765           Total capital assets, being depreciated         43,332,896         4,969,313         0         170,210         48,472,419           Accumulated depreciation for:         \$ 19,870         -         -         -         327,085           Water and sewer systems         16,782,509         1,038,028         -         -         17,820,537           Total accumulated depreciation         17,089,724         1,057,898         0         0         18,147,622	Governmental activities capital assets - net	\$41,154,425	\$10,742,770	(\$9,115,958)	(\$170,210)	\$42,611,027
Capital assets, not being depreciated:       \$5,617,436       \$1,006,237       (\$5,116,520)       \$ -       \$1,507,153         Capital assets, being depreciated:         Machinery and shop equipment       474,654       -       -       -       474,654         Water and sewer systems       42,858,242       4,969,313       -       170,210       47,997,765         Total capital assets, being depreciated       43,332,896       4,969,313       0       170,210       48,472,419         Accumulated depreciation for:         Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797		0 0	Increases		Transfers	_
Construction in progress         \$5,617,436         \$1,006,237         (\$5,116,520)         \$ -         \$1,507,153           Capital assets, being depreciated:         Machinery and shop equipment         474,654         -         -         -         474,654           Water and sewer systems         42,858,242         4,969,313         -         170,210         47,997,765           Total capital assets, being depreciated         43,332,896         4,969,313         0         170,210         48,472,419           Accumulated depreciation for:         Machinery and shop equipment         307,215         19,870         -         -         327,085           Water and sewer systems         16,782,509         1,038,028         -         -         17,820,537           Total accumulated depreciation         17,089,724         1,057,898         0         0         18,147,622           Total capital assets being depreciated - net         26,243,172         3,911,415         0         170,210         30,324,797						
Capital assets, being depreciated:         Machinery and shop equipment       474,654       -       -       474,654         Water and sewer systems       42,858,242       4,969,313       -       170,210       47,997,765         Total capital assets, being depreciated       43,332,896       4,969,313       0       170,210       48,472,419         Accumulated depreciation for:         Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797						
Machinery and shop equipment       474,654       -       -       474,654         Water and sewer systems       42,858,242       4,969,313       -       170,210       47,997,765         Total capital assets, being depreciated       43,332,896       4,969,313       0       170,210       48,472,419         Accumulated depreciation for:         Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797	Construction in progress	\$5,617,436	\$1,006,237	(\$5,116,520)	\$ -	\$1,507,153
Water and sewer systems       42,858,242       4,969,313       -       170,210       47,997,765         Total capital assets, being depreciated       43,332,896       4,969,313       0       170,210       48,472,419         Accumulated depreciation for:         Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797						
Total capital assets, being depreciated       43,332,896       4,969,313       0       170,210       48,472,419         Accumulated depreciation for:       Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797			-	-	-	
Accumulated depreciation for:         Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797						
Machinery and shop equipment       307,215       19,870       -       -       327,085         Water and sewer systems       16,782,509       1,038,028       -       -       17,820,537         Total accumulated depreciation       17,089,724       1,057,898       0       0       0       18,147,622         Total capital assets being depreciated - net       26,243,172       3,911,415       0       170,210       30,324,797	Total capital assets, being depreciated	43,332,896	4,969,313		170,210	48,472,419
Water and sewer systems         16,782,509         1,038,028         -         -         17,820,537           Total accumulated depreciation         17,089,724         1,057,898         0         0         18,147,622           Total capital assets being depreciated - net         26,243,172         3,911,415         0         170,210         30,324,797	Accumulated depreciation for:					
Water and sewer systems         16,782,509         1,038,028         -         -         17,820,537           Total accumulated depreciation         17,089,724         1,057,898         0         0         18,147,622           Total capital assets being depreciated - net         26,243,172         3,911,415         0         170,210         30,324,797	Machinery and shop equipment	307,215	19,870	-	-	327,085
Total capital assets being depreciated - net 26,243,172 3,911,415 0 170,210 30,324,797		16,782,509	1,038,028	-	-	17,820,537
	•		1,057,898	0	0	
Business-type activities capital assets - net \$31,860,608 \$4,917,652 (\$5,116,520) \$170,210 \$31,831,950	Total capital assets being depreciated - net	26,243,172	3,911,415	0	170,210	30,324,797
	Business-type activities capital assets - net	\$31,860,608	\$4,917,652	(\$5,116,520)	\$170,210	\$31,831,950

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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

Governmental activities:	
General government	\$361,534
Public safety	346,690
Public services	2,248,202
Conservation of natural resources	850
Community development	2,407
Total depreciation expense - governmental activities	\$2,959,683
Business-type activities:	
Water	\$580,804
Sewer	477,094
Total depreciation expense - business-type activities	\$1,057,898

# CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2017

# 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, 2017 consisted of the following:

		Final			
	Issue	Maturity	Interest	Original	Payable
	Date	Date	Rate	Issue	12/31/17
Governmental activities:					
General Obligation Bonds:					
2015A Certificates of Indebtedness	02/01/15	12/31/18	1.00%	\$198,250	\$66,250
2015B Certificates of Indebtedness	08/25/15	12/31/20	1.50%	963,000	593,000
2016A Certificates of Indebtedness	02/01/16	12/31/19	1.00%	469,000	314,000
2017A Certifciates of Indebtedness	03/01/17	12/31/20	1.00%	311,000	311,000
G.O. CIP Refunding Bonds, Series 2006E	11/01/06	02/01/18	4.00%	2,990,000	425,000
G.O. TIF Bonds, Series 2007A	07/15/07	02/01/24	4.00% - 4.125%	4,215,000	1,625,000
G.O. Refunding Bonds, Series 2012A	11/15/12	02/01/24	1.00% - 2.00%	2,015,000	1,270,000
G.O. Bonds 2015A	08/01/15	02/01/31	2.00% - 3.00%	3,095,000	2,905,000
EDA Lease Revenue Bonds 2015B	10/01/15	04/01/36	2.00% - 3.00%	4,350,000	4,185,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	02/01/27	2.00%	1,420,000	1,420,000
G.O. Tax Abatement Refunding Bonds 2016C	11/23/16	02/01/23	1.00% - 1.50%	1,600,000	1,600,000
Total General Obligation Bonds				21,626,250	14,714,250
Special Assessment Bonds:					
G.O. Imp & Utility Revenue Bonds, Series 2010A	07/09/10	02/01/20	2.00% - 3.00%	1,000,000	325,000
G.O. Improvement Bonds, Series, 2013A	07/15/13	02/01/24	1.25% - 4.00%	615,000	435,000
G.O. Improvement Bonds, Series 2014A	11/20/14	02/01/26	0.40% - 2.30%	2,645,000	2,170,000
G.O. Improvement Refunding Bonds, Series 2016B	11/23/16	02/01/21	0.875% - 1.50%	1,975,000	1,975,000
Total Special Assessment Bonds				6,235,000	4,905,000
G.O. Capital Note, Series 2016A	04/14/16	2/1/2026	2.00%	294,525	233,475
Unamortized bond premiums	0.07.070	2, 1, 2020	2.0070	199,750	142,182
Unamortized bond discounts				(51,997)	(18,664)
Compensated absences payable				N/A	768,908
componented acceptates payable				1011	, 00,, 00
Total Government Activities				\$28,303,528	\$20,745,151
Business-Type Activities:					
Compensated absences payable				N/A	\$66,556

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

# CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2017:

	Beginning			Ending	Due Within
	Balance	Additions	Deletions	Balance	One Year
Governmental Activities:			_		
General obligation bonds	\$18,196,250	\$311,000	\$3,793,000	\$14,714,250	\$2,084,250
Special assessment bonds	7,795,000	-	2,890,000	4,905,000	1,015,000
Total bonded debt	25,991,250	311,000	6,683,000	19,619,250	3,099,250
Improvement note	1,345,000	-	1,345,000	-	-
Capital note	264,000	-	30,525	233,475	31,350
Unamortized bond premiums	166,322	-	24,140	142,182	-
Unamortized bond discounts	(25,491)	-	(6,827)	(18,664)	-
Compensated absences payable	734,415	614,868	580,375	768,908	492,042
Total governmental activities	\$28,475,496	\$925,868	\$8,656,213	\$20,745,151	\$3,622,642
Business-Type Activities:					
Compensated absences payable	\$66,390	\$44,663	\$44,497	\$66,556	\$38,130

#### 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.

Improvement Note – This note was used to finance improvement projects at the I-35E and County Road 14 interchange and was repaid primarily with special assessments levied on the properties benefiting from the improvements.

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

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

# DEBT SERVICE REQUIREMENTS

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

Years Ending	Bonded	Bonded Debt		Note
December 31	Principal	Interest	Principal	Interest
		_		
2018	\$3,099,250	\$417,929	\$31,350	\$4,670
2019	2,679,000	365,296	32,175	4,042
2020	2,506,000	320,811	33,000	3,399
2021	2,150,000	274,974	33,000	2,739
2022	1,440,000	236,339	33,825	4,191
2023-2027	4,675,000	742,488	70,125	-
2028-2032	1,970,000	361,919	-	-
2033-2037	1,100,000	90,000	-	-
Total	\$19,619,250	\$2,809,756	\$233,475	\$19,041

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.

# <u>DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT</u>

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, 2017 totaled \$13,005,401.

# CURRENT REFUNDINGS

On November 23, 2016, the City issued \$1,975,000 of Taxable General Obligation Improvement Refunding Bonds, Series 2016B with an average interest rate of 1.29%. On February 1, 2017, the net proceeds were used to redeem the 2018 through 2021 maturities of the Taxable General Obligation Improvement Bonds, Series 2005A with interest rates of 5.00% - 5.15%. The City refunded the bonds to reduce its total debt service payments over four years by \$145,931 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$130,682.

On November 23, 2016, the City issued \$1,600,000 of General Obligation Tax Abatement Refunding Bonds, Series 2016C with an average interest rate of 1.34%. On February 1, 2017, the net proceeds were used to redeem the 2018 through 2023 maturities of the General Obligation Tax Abatement Bonds, Series 2006C with interest rates of 4.25% - 4.30%. The City refunded the bonds to reduce its total debt service payments over six

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

years by \$133,718 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$124,952.

# **REVENUE PLEDGED**

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

		Revenue Pled		Currer	it Year	
Bond Issue	Use of Proceeds	Type	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Certificates of Indebtedness	Equipment purchases	Ad valorem taxes	2015 - 2020	\$1,316,355	\$606,792	\$633,871
2006E G.O. CIP Bonds	Infrastructure improvements	Ad valorem taxes	2007 - 2017	\$433,500	\$431,657	\$462,493
2007A G.O. TIF Bonds	Infrastructure improvements	MSA funding via transfers, tax increment	2008 - 2023	\$1,874,899	\$475,481	\$475,481
2010A Improvement and Utility Revenue Bonds	General and water infrastructure improvements	Special assessments and trunk charges	2011 - 2019	\$339,925	\$111,955	\$46,247
2012A G.O. Bonds	Infrastructure improvements	Ad valorem taxes and Special assessments	2013 - 2023	\$1,328,093	\$242,020	\$200,014
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2023	\$494,160	\$76,853	\$63,606
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2025	\$2,294,501	\$402,927	\$251,212
2015A G.O. Bonds	Infrastructure improvements	Ad valorem taxes	2016 - 2030	\$3,397,356	\$257,817	\$271,621
2015B EDA Lease Revenue Bonds	Construction of a fire station	Ad valorem taxes	2016 - 2035	\$5,687,956	\$299,942	\$315,855
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2025	\$252,516	\$37,595	\$37,595
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2026	\$1,565,300	\$20,269	\$274,474
2016B Improvement Bonds	Infrastructure improvements	Special assessments, tax increment	2017 - 2020	\$2,028,048	\$17,015	\$ -
2016C G.O. Tax Abatement Bonds	Infrastructure improvements	Ad valorem taxes	2017 - 2022	\$1,668,913	\$14,671	\$259,710

# Note 7 CONDUIT DEBT

The City has issued Industrial Development Revenue Bonds and Commercial Revenue Notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities which are deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issue. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

accompanying financial statements. At December 31, 2017, one series of Industrial Revenue Bonds was outstanding with an aggregate remaining principal balance of \$60,000, and one series of Commercial Revenue Notes was outstanding with an aggregate remaining principal balance of \$1,097,227.

# Note 8 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 either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

# 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 a local relief association 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

#### 1. GERF Benefits

Benefits are based on a member's highest salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-

#### NOTES TO FINANCIAL STATEMENTS

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rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hire 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.

#### 2. PEPFF Benefits

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

# 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

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2017. The City contributions to the GERF for the year ended December 31, 2017 were \$192,510. The City contributions were equal to the required contributions as set by state statute.

#### 2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.2% of pay for PEPFF members in calendar year 2017. The City contributions to the PEPFF for the year ended December 31, 2017 were \$416,665. The City contributions were equal to the required contributions as set by state statute.

## D. PENSION COSTS

#### 1. GERF Pension Costs

At December 31, 2017, the City reported a liability of \$2,642,949 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 \$6 million to the fund in 2017. 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 \$33,230. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.0414%, which was an increase of 0.0027% from its proportionate share measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$380,051 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$960 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

At December 31, 2017, 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:

of Resources	of Resources
\$87,104	\$171,203
438,787	264,956
19,277	-
118,300	86,926
95,266	
\$758,734	\$523,085
	\$87,104 438,787 19,277 118,300 95,266

\$95,266 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 2018. 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
2018	\$100,060
2019	163,129
2020	(10,618)
2021	(112,188)
2022	-
Thereafter	_

#### 2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$3,469,806 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial

#### CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS

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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, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.257%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016. The City also recognized \$23,130 for the year ended December 31, 2017 as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$874,127 for its proportionate share of the PEPFF's pension expense.

At December 31, 2017, 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	\$79,868	\$927,062	
Changes in actuarial assumptions	4,540,933	4,926,263	
Difference between projected and			
actual investment earnings	46,997	-	
Changes in proportion	75,053	27,560	
Contributions paid to PERA			
subsequent to the measurement date	220,753_		
Total	\$4,963,604	\$5,880,885	

A total of \$220,753 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 2018. 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
2018	\$73,515
2019	73,518
2020	(53,354)
2021	(256,922)
2022	(974,791)
Thereafter	-

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

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#### E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017 actuarial valuation was determined using 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 were based on RP-2014 tables for the GERF and PEPFF for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the GERF through 2044 and PEPFF through 2064 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015. The most recent five-year experience study for PEPFF was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

#### General Employees Fund

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

#### Police and Fire Fund

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully
  generational table to the RP-2014 fully generational table (with a base year of 2006), with
  male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from
  Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed
  from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent 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 percent to 60 percent.

- 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 perfect for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The long-term expected rate of return on pension plan investments is 7.5%. 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 are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Cash	2%	0.00%
Totals	100%	

#### F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employees will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. At June 30, 2016, the Police and Fire Fund projected benefit payments to exceed the funds projected fiduciary net position after June 30, 2056 and therefore used a single discount rate of 5.6%, which as stated above, increased to 7.5% at June 30, 2017.

#### 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	\$4,099,410	\$2,642,949	\$1,450,571
City's proportionate share of the PEPFF net pension liability City's proportionate share of the	\$6,534,657	\$3,469,806	\$939,602

#### 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, 2017 is as follows:

GERF	\$381,011
PEPFF	874,127
Fire Pension Plan (Note 9)	45,088
Total	\$1,300,226

#### Note 9 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, 2017 (measurement date), the plan covered 23 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.

NOTES TO FINANCIAL STATEMENTS

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#### **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 \$113,797 in fire state aid to the plan for the year ended December 31, 2017. 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, 2017 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made voluntary contributions of \$58,800 to the plan.

#### D. PENSION COSTS

At December 31, 2017, the City reported a net pension asset of \$127,994 for the SVF plan. The net pension asset was measured as of December 31, 2017. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance December 31, 2016	\$55,240	\$44,527	\$10,713
Changes for the year:			
Service cost	47,952	-	47,952
Interest on pension liability	6,191	-	6,191
Actuarial experience (gains) / losses	(11,672)	-	(11,672)
Projected investment earnings	-	2,672	(2,672)
Contributions - employer	-	58,800	(58,800)
Contributions - State of MN	-	113,797	(113,797)
Asset (gain) / loss	-	6,481	(6,481)
Benefit payouts	-	-	-
PERA administrative fee		(572)	572
Net changes	42,471	181,178	(138,707)
Balance end of year December 31, 2017	\$97,711	\$225,705	(\$127,994)

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2017, the City recognized pension expense of \$45,088.

At December 31, 2017, the City reported deferred inflows of resources from the following sources:

of Resources	of Resources
\$ -	\$5,264
	17,495
\$0	\$22,759
	of Resources

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
2018	(\$6,955)
2019	(6,956)
2020	(5,215)
2021	(3,633)
2022	-
Thereafter	-

#### E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2017, 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 2017

#### 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	\$118,348	\$127,994	\$136,963

#### 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 Statewide Volunteer Firefighter Retirement Plan (VOLP) 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 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 2017 for the Statewide Volunteer Firefighter Retirement Plan.

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#### I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position at June 30, 2017 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at <a href="https://www.mnpera.org">www.mnpera.org</a>.

#### Note 10 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 8 and 9, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

#### **B. BENEFITS PROVIDED**

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

The City provides health coverage for peace officers or firefighters disabled or killed in the line of duty in accordance with Minnesota Statute 299A.465. The amount of coverage provided is equal to the employer portion of health insurance premiums that would have otherwise been paid if the officer or firefighter was an active employee. During 2017, benefits were provided to one officer disabled in the line of duty and one officer killed in the line of duty.

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

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#### C. PARTICIPANTS

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

Active employees	46
Inactive employees or beneficiaries	
currently receiving benefits	6
Total	52

#### D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$746,540 was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2017. Changes in the total OPEB liability during 2017 were:

Balance - beginning of year	\$789,627
Changes for the year:	
Service cost	16,990
Interest	22,542
Changes of benefit terms	-
Differences between expected and actual experience	(51,083)
Changes in assumptions	-
Benefit payments	(31,536)
Net changes	(43,087)
Balance - end of year	\$746,540

#### E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Inflation	3.50%
Salary increases	3.50%
Discount rate	2.85%
Investment rate of return	2.85%
II a libarus a set tuan duntas	0.000/ £

Healthcare cost trend rates 8.00% for 2017, decreasing 1.00% per year to an ultimate rate of 3.00% for 2022 and beyond

Retirees' share of benefit-related costs 100%

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

	1% Decrease	Discount Rate	1% Increase
	(1.85%)	(2.85%)	(3.85%)
Total OPEB liability	\$831,489	\$746,540	\$671,756

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7% decreasing to 2%) or 1% higher (9% decreasing to 4%) than the current healthcare cost trend rates:

		Healthcare Cost	
	1% Decrease	Trend Rates	1% Increase
	(7% decreasing to 2%)	(8% decreasing to 3%)	(9% decreasing to 4%)
Total OPEB liability	\$661,327	\$746,540	\$845,440

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

For the year ended December 31, 2017, the City recognized \$39,532 of OPEB expense. At December 31, 2017, 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	\$0	\$51,083

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
2018	(\$3,923)
2019	(3,923)
2020	(3,923)
2021	(3,923)
2022	(3,923)
Thereafter	(31,468)
	(\$51,083)

#### Note 11 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. DEFICIT FUND BALANCES

The City has deficit fund balances at December 31, 2017 as follows:

	Fund Balance
	Deficit
Nonmajor Governmental Funds:	
G.O. Improvement Bonds of 2016B	(\$1,932,462)
Tax Increment Financing 1-11	(777,999)
Tax Increment Financing 1-12	(1,044)
2018 Street Reconstruction	(197,668)

The City intends to fund these deficits through future tax levies, special assessment levies, 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:			
Engineering/planning	\$105,706	\$111,441	\$5,735
Government buildings	603,318	636,089	32,771
Public services:			
Parks	639,281	664,740	25,459
Recreation	246,949	248,031	1,082

Additionally, actual expenditures of the Program Recreation Special Revenue Fund exceeded final budgeted expenditures by \$26,511.

#### December 31, 2017

#### Note 12 INTERFUND RECEIVABLES AND PAYABLES

Long-term interfund loans are classified as interfund loan receivable/payable. A summary of such loans at December 31, 2017 is as follows:

	Receivable	Payable	
Major Funds:			
G.O. Improvement Bonds of 2016B	\$ -	\$2,876,643	
Area and Unit Charge	100,361	=	
Sewer Fund	914,949	-	
Nonmajor Funds:			
Closed Bond Fund	616,983	-	
Building and Facilities	2,317,533	-	
Dedicated Parks	-	100,361	
Tax Increment Financing 1-11	-	775,154	
2018 Street Reconstruction	<del></del>	197,668	
	\$3,949,826	\$3,949,826	

#### Note 13 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2017 are as follows:

	Transfer In	Transfer Out
Major Funds:		
General Fund	\$439,373	\$879,759
G.O. Improvement Bonds of 2005A	2,187,503	7
G.O. Improvement Note of 2009A	1,126,057	-
G.O. Improvement Bonds of 2016B	272,506	2,187,503
Area and Unit Charge	-	236,548
Water Fund	104,969	35,727
Sewer Fund	104,969	35,727
Nonmajor governmental funds	2,959,004	3,819,110
Total	\$7,194,381	\$7,194,381

During 2017, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments, to close capital project funds and debt service funds, and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

#### Note 14 FUND BALANCE

At December 31, 2017, a summary of the governmental fund balance classifications is as follows:

	General Fund	G.O. Improvement Bonds of 2016B	Area and Unit Charge	Other Governmental Funds	Total
Nonspendable:					
Prepaid items	\$243,317	\$ -	\$ -	\$1,659	\$244,976
Corpus of permanent fund	-		-	100,000	100,000
Total nonspendable	243,317	0	0	101,659	344,976
Restricted for:					
Debt service	-	-	-	4,223,799	4,223,799
Economic development	-	-	-	225,000	225,000
Blue Heron Days	-	-	-	6,965	6,965
Narcotics and forfeiture funds	-	-	-	330,866	330,866
Tax increment purposes	-	-	-	479,695	479,695
Environmental purposes	-		-	23,316	23,316
Total restricted	0	0	0	5,289,641	5,289,641
Committed for:					
Economic development	-	-	-	88,251	88,251
Cable TV purposes	-	-	-	83,946	83,946
Recreation purposes	-		=	3,204	3,204
Total committed	0	0	0	175,401	175,401
Assigned for:					
Capital improvements			7,656,155	6,925,514	14,581,669
Unassigned	6,573,608	(1,932,462)	-	(976,711)	3,664,435
Total fund balance	\$6,816,925	(\$1,932,462)	\$7,656,155	\$11,515,504	\$24,056,122

#### Note 15 PROPERTY UNDER LEASE AGREEMENT

The City entered into an agreement to lease space within the City Hall Complex, which at year end had a cost of \$4,744,742 and a net book value of \$1,805,168, to New Creations Child Care and Learning Center, LLC. The lease is dated July 1, 2014 and continues through June 30, 2019. The lease requires escalating annual lease payments of between \$5.94 and \$8.65 per square foot over the lease term, for a total of \$330,904.

Approximate future minimum lease payments receivable under the noncancelable operating lease are as follows:

Year Ending	
December 31,	Amount
2018	\$77,901
2019	39,522
	\$117,423

#### Note 16 TAX INCREMENT DISTRICTS

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

The following table reflects values at December 31, 2017:

	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	\$7,241	\$11,731
Current (payable 2017)	34,052	232,094	135,973	11,731
Captured - retained	\$33,924	\$216,225	\$128,732	\$0

#### Note 17 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, 2017.

#### C. COMMITTED CONTRACTS

At December 31, 2017, the City had commitments of \$194,558 for uncompleted construction contracts.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### Note 18 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 19 RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

**Statement No. 85** *Omnibus 2017.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

**Statement No. 86** *Certain Debt Extinguishment Issues.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

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

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

#### CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2017

The effect these standards may have on future financial statements is not determinable at this time, but it is

#### Note 20 CHANGE IN ACCOUNTING PRINCIPLE

expected that Statement No. 87 may have a material impact.

For the year ended December 31, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established new accounting and financial reporting requirements for governments whose employees are provided OPEB. See Note 10 for further information.

The standard required retroactive implementation which resulted in a restatement of net position for governmental activities at December 31, 2016. Certain amounts necessary to fully restate 2016 financial statements are not determinable, therefore, prior year comparative amounts have not been restated. Details of the prior period adjustment are as follows:

	Governmental Activities
Net position - January 1, 2017, as previously reported	\$42,819,930
Prior period adjustment: Effect of implementing GASB Statement No. 75	(692,480)
Net position - January 1, 2017, as restated	\$42,127,450

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#### **REQUIRED SUPPLEMENTARY INFORMATION**

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	Timounts	(Tregutive)
Revenues:				
General propery taxes:				
Current and delinquent	\$7,410,431	\$6,407,494	\$6,359,583	(\$47,911)
Fiscal disparities	- -	977,937	975,939	(1,998)
Excess tax increments	-	3,000	3,354	354
Total general property taxes	7,410,431	7,388,431	7,338,876	(49,555)
Licenses and permits:				
Business	126,229	141,229	146,709	5,480
Non-business	486,524	1,238,524	1,300,862	62,338
Total licenses and permits	612,753	1,379,753	1,447,571	67,818
Intergovernmental:				
State:				
Police state aid	195,000	230,000	229,395	(605)
OTS grant	110,000	85,000	84,385	(615)
MSA maintenance	255,000	240,000	241,138	1,138
Other	14,000	22,000	29,108	7,108
County solid waste grant	107,409	107,409	83,494	(23,915)
Total intergovernmental	681,409	684,409	667,520	(16,889)
Special assessments	14,500	4,500	4,293	(207)
Charges for services:				
General government	11,100	26,100	27,030	930
Engineering and planning fees	15,000	25,000	25,459	459
Public safety	189,200	189,200	187,988	(1,212)
Public services	25,500	16,500	11,561	(4,939)
Investment management charge to other funds	50,000	50,000	50,000	-
Total charges for services	290,800	306,800	302,038	(4,762)
Fines and forfeits	175,600	145,600	147,977	2,377
Investment earnings	30,000	30,000	40,913	10,913
Miscellaneous:		· · · · · · · · · · · · · · · · · · ·		
Gas franchise fees	70,000	50,000	54,689	4,689
Building lease revenue	102,848	102,848	102,848	_
Refunds and reimbursements	40,000	40,000	29,052	(10,948)
Donations	5,000	500	500	-
Other	2,500	105,852	108,350	2,498
Total miscellaneous	220,348	299,200	295,439	(3,761)
Total revenues	9,435,841	10,238,693	10,244,627	5,934

# REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Expenditures:   General government:   Gene		Budgeted A Original	Amounts Final	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
Mayor and city council:   Current:   Personal services   43,733   43,733   38,966   4,767     Other services and charges   18,000   18,500   19,541   (1,041)     Contractual services   17,500   17,500   17,265   235     Total mayor and city council   79,233   79,733   75,772   3,961     Elections:                     Elections:                   Personal services   10,130   10,130   8,685   1,445     Supplies   800   800   257   543     Other services and charges   1,200   1,200   1,923   (723)     Contractual services   -	Expenditures:	Original	1 mai		
Mayor and city council:           Current:         Current:           Personal services         43,733         43,733         38,966         4,767           Other services and charges         18,000         18,500         19,541         (1,041)           Contractual services         17,500         17,500         17,265         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         Total mayor and city council         800         800         257         543           Current:         800         800         257         543           Other services and charges         1,200         1,200         1,923         723           Other services and charges         1,200         1,200         1,923         723           Contractual services         -         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration         21,860         21,860         18,450         3,410           Contractual services         21,860					
Current:         Personal services         43,733         43,733         38,966         4,761           Other services and charges         18,000         18,500         19,541         (1,041)           Contractual services         17,500         17,500         17,265         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         20         17,500         17,265         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         20         10,130         8,685         1,445           Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         (723)           Contractual services         1,6730         16,730         15,932         798           Administration:         20         4,600         4,685         (85)           Total elections         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         1					
Personal services         43,733         43,733         38,966         4,767           Other services and charges         18,000         19,500         19,541         (1,041)           Contractual services         17,500         17,500         17,265         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         Current:           Personal services         10,130         10,130         8,685         1,445           Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         723           Contractual services         2,0         2,0         1,20         1,923         723           Contractual services         1,200         1,200         1,923         723         723           Contractual services         1,200         1,200         1,923         723         723           Current:         200         1,6730         15,932         788         752         752         752         752         752         752         752         752         752         752         752         752         752					
Other services and charges         18,000         18,500         19,541         (1,041)           Contractual services         17,500         17,500         17,265         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         Urrent:           Personal services         10,130         10,130         8,685         1,445           Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         (723)           Copital outlay         4,600         4,600         4,608         385         385           Total elections         16,730         16,730         15,932         798           Administration         16,730         16,730         15,932         798           Administration         21,860         21,860         18,450         3,410           Contractual services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,40         3,410           Current:         200,000         1,000         9,481         1,019		43.733	43.733	38.966	4.767
Contractual services         17,500         17,505         235           Total mayor and city council         79,233         79,733         75,772         3,961           Elections:         Current:           Personal services         10,130         10,130         8,685         1,445           Supplies         800         800         257         5,43           Other services and charges         1,200         1,200         1,923         (723)           Contractual services         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:         Current:           Personal services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         315,935         319,495         1,340           Supplies         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         2,46         754           Other					,
Total mayor and city council   79,233   79,733   75,772   3,961     Elections:					
Current:   Personal services   10,130   10,130   8,685   1,445     Supplies   800   800   257   543     Other services and charges   1,200   1,200   1,923   (723)     Contractual services   -     382   (382)     Capital outlay   4,600   4,600   4,685   (85)     Total elections   16,730   16,730   15,932   798     Administration:                   Current:   Personal services   472,255   445,735   7,520     Other services and charges   21,860   21,860   18,450   3,410     Contractual services   10,500   10,500   9,481   1,019     Total administration   504,615   487,615   475,666   11,949     Finance:                   Current:                       Personal services   317,635   320,835   319,495   1,340     Supplies   1,000   1,000   246   754     Other services and charges   207,088   207,088   181,219   25,869     Contractual services   207,088   207,088   181,219   25,869     Contractual services   101,067   101,067   101,932   (865)     Total finance   626,790   629,990   602,892   27,098     Cable TV:					
Current:         Personal services         10,130         10,130         8,685         1,445           Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         (723)           Contractual services         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:         20         1,6730         15,932         798           Administration:         8         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:         20         20         487,615         475,666         11,949           Finance:         20         20         38,835         319,495         1,340           Supplies         1,000 <td< td=""><td>· · · · · · · · · · · · · · · · · · ·</td><td></td><td>.,,,,,,</td><td>70,772</td><td>2,701</td></td<>	· · · · · · · · · · · · · · · · · · ·		.,,,,,,	70,772	2,701
Personal services         10,130         10,130         8,685         1,445           Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         (723)           Contractual services         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration         200         1,6730         15,932         798           Administration         8         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:         2         2         2         2         2         3         3,410         4,600         1,000         2,466         1,949         1,949         1,949         1,949         1,949         1,949         1,949 <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
Supplies         800         800         257         543           Other services and charges         1,200         1,200         1,923         (723)           Contractual services         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:         2         4,600         4,603         15,932         798           Administration:         8         2         4,600         16,730         15,932         798           Administration:         8         2         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:         Current:         2         2         2         2         2         2         2         3         319,495         1,340         3,40         2,446         754         3,40         2		10.130	10.130	8.685	1,445
Other services and charges         1,200         1,200         1,923         (723)           Contractual services         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:           Current:           Personal services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         6865					
Contractual services         -         -         382         (382)           Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:         Current:           Personal services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:         Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         365           Total finance         2,340         2,340         2,477         (137)           Cable TV:         Current:	**				
Capital outlay         4,600         4,600         4,685         (85)           Total elections         16,730         16,730         15,932         798           Administration:           Current:           Personal services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:         2         1,000         1,000         2,466         1,440           Supplies         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         2,340         2,340         2,477         137           Capital outlay         2,340 <td></td> <td>-</td> <td></td> <td></td> <td>, ,</td>		-			, ,
Total elections         16,730         16,730         15,932         798           Administration:           Current:           Personal services         472,255         455,255         447,735         7,520           Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         626,790         629,990         602,892         27,098           Cable TV:           Current:         2,340         2,340         2,477         (137)           Capital outlay         500         500		4.600	4,600		, ,
Administration:         Current:         Personal services       472,255       455,255       447,735       7,520         Other services and charges       21,860       21,860       18,450       3,410         Contractual services       10,500       10,500       9,481       1,019         Total administration       504,615       487,615       475,666       11,949         Finance:       Current:         Personal services       317,635       320,835       319,495       1,340         Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:       Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current: </td <td>- · · · · · · · · · · · · · · · · · · ·</td> <td></td> <td></td> <td></td> <td></td>	- · · · · · · · · · · · · · · · · · · ·				
Current:         Personal services       472,255       455,255       447,735       7,520         Other services and charges       21,860       21,860       18,450       3,410         Contractual services       10,500       10,500       9,481       1,019         Total administration       504,615       487,615       475,666       11,949         Finance:         Current:         Personal services       317,635       320,835       319,495       1,340         Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:         Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       2,840       2,840					
Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         626,790         629,990         602,892         27,098           Cable TV:           Current:           Personal services         2,340         2,340         2,477         (137)           Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         2,840         2,840         2,477         363 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Other services and charges         21,860         21,860         18,450         3,410           Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         626,790         629,990         602,892         27,098           Cable TV:           Current:           Personal services         2,340         2,340         2,477         (137)           Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         2,840         2,840         2,477         363 </td <td>Personal services</td> <td>472.255</td> <td>455,255</td> <td>447,735</td> <td>7.520</td>	Personal services	472.255	455,255	447,735	7.520
Contractual services         10,500         10,500         9,481         1,019           Total administration         504,615         487,615         475,666         11,949           Finance:           Current:           Personal services         317,635         320,835         319,495         1,340           Supplies         1,000         1,000         246         754           Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         626,790         629,990         602,892         27,098           Cable TV:           Current:           Personal services         2,340         2,340         2,477         (137)           Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         -         500					
Total administration       504,615       487,615       475,666       11,949         Finance:         Current:         Personal services       317,635       320,835       319,495       1,340         Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:         Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:         Current:	<u> </u>				
Finance:         Current:       Personal services       317,635       320,835       319,495       1,340         Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Current:         Personal services       2,340       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,840       2,840       2,840       2,847       363         Legal consultants:         Current:					
Current:         Personal services       317,635       320,835       319,495       1,340         Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:       Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current:			,		
Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:       Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current:					
Supplies       1,000       1,000       246       754         Other services and charges       207,088       207,088       181,219       25,869         Contractual services       101,067       101,067       101,932       (865)         Total finance       626,790       629,990       602,892       27,098         Cable TV:       Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current:	Personal services	317.635	320.835	319,495	1,340
Other services and charges         207,088         207,088         181,219         25,869           Contractual services         101,067         101,067         101,932         (865)           Total finance         626,790         629,990         602,892         27,098           Cable TV:         Current:           Personal services         2,340         2,340         2,477         (137)           Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         Current:         -         -         -         500	Supplies				
Contractual services     101,067     101,067     101,932     (865)       Total finance     626,790     629,990     602,892     27,098       Cable TV:       Current:       Personal services     2,340     2,340     2,477     (137)       Capital outlay     500     500     -     500       Total cable TV     2,840     2,840     2,477     363       Legal consultants:       Current:	**				
Total finance       626,790       629,990       602,892       27,098         Cable TV:       Current:         Personal services       2,340       2,340       2,477       (137)         Capital outlay       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current:					
Cable TV:         Current:       2,340       2,340       2,477       (137)         Capital outlay       500       500       -       500         Total cable TV       2,840       2,840       2,477       363         Legal consultants:       Current:	Total finance				
Personal services         2,340         2,340         2,477         (137)           Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         -         -         -         500         -         -         500         -         -         500         -         363         -         -         363         -         -         -         -         -         363         -	Cable TV:	<del></del>			
Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         -         -         500	Current:				
Capital outlay         500         500         -         500           Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:         -         -         500	Personal services	2,340	2,340	2,477	(137)
Total cable TV         2,840         2,840         2,477         363           Legal consultants:         Current:					
Legal consultants: Current:				2,477	
Current:			,		
		140,000	120,000	111,902	8,098

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(= += g + )
Expenditures: (continued)	<u> </u>	Tillul		
General government: (continued)				
Engineering/planning:				
Current:				
Contractual services	105,706	105,706	111,441	(5,735)
Charter commission:		100,700	111,	(0,700)
Current:				
Other services and charges	2,500	2,500	624	1,876
Government buildings:		2,500	021	1,070
Current:				
Personal services	2,460	2,460	2,452	8
Supplies	48,400	48,400	47,139	1,261
Other services and charges	361,258	361,258	426,293	(65,035)
Contractual services	64,200	64,200	77,786	(13,586)
Capital outlay	37,000	127,000	82,419	44,581
Total government buildings	513,318	603,318	636,089	(32,771)
Total government buildings	313,316	003,310	030,007	(32,771)
Total general government	1,991,732	2,048,432	2,032,795	15,637
Public safety:				
Police:				
Current:	2.562.924	2.562.024	2.426.002	105.040
Personal services	3,562,824	3,562,824	3,436,882	125,942
Supplies	33,150	33,150	27,183	5,967
Other services and charges	100,176	100,176	107,373	(7,197)
Contractual services	56,520	56,520	41,702	14,818
Capital outlay	35,000	35,000	34,036	964
Total police	3,787,670	3,787,670	3,647,176	140,494
Fire protection:				
Current:	454.444	454.444	107.501	40.545
Personal services	474,411	474,411	425,694	48,717
Supplies	16,050	16,050	8,135	7,915
Other services and charges	50,545	50,545	47,648	2,897
Contractual services	28,380	28,380	22,532	5,848
Capital outlay	36,614	36,614	32,551	4,063
Total fire protection	606,000	606,000	536,560	69,440
Building inspection:				
Current:	227 420	224.120	221 717	2 412
Personal services	227,428	224,128	221,715	2,413
Supplies	1,650	1,650	591	1,059
Other services and charges	9,110	9,110	6,502	2,608
Contractual services	1,000	1,000	1,151	(151)
Capital outlay	600	600		600
Total building inspection	239,788	236,488	229,959	6,529
Total public safety	4,633,458	4,630,158	4,413,695	216,463

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#### CITY OF LINO LAKES, MINNESOTA

#### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted A	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Public services:				
Streets:				
Current:				
Personal services	552,424	565,979	539,862	26,117
Supplies	159,000	166,097	124,256	41,841
Other services and charges	109,600	109,600	149,997	(40,397)
Contractual services	198,000	73,000	95,822	(22,822)
Total streets	1,019,024	914,676	909,937	4,739
Fleet:		_		
Current:				
Personal services	118,315	121,704	121,627	77
Supplies	194,000	165,000	139,794	25,206
Other services and charges	62,427	62,427	59,779	2,648
Contractual services	57,000	57,000	34,817	22,183
Total fleet	431,742	406,131	356,017	50,114
Parks:		_		
Current:				
Personal services	477,081	483,081	464,841	18,240
Supplies	26,500	26,500	29,574	(3,074)
Other services and charges	39,000	54,000	62,612	(8,612)
Contractual services	55,700	75,700	107,713	(32,013)
Total parks	598,281	639,281	664,740	(25,459)
Recreation:				<del>-</del>
Current:				
Personal services	234,199	227,299	226,836	463
Supplies	2,500	2,500	2,756	(256)
Other services and charges	16,150	16,150	18,001	(1,851)
Contractual services	1,000	1,000	438	562
Total recreation	253,849	246,949	248,031	(1,082)
Total public services	2,302,896	2,207,037	2,178,725	28,312

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted A	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Conservation of natural resources:				
Forestry:				
Current:				
Personal services	37,457	37,457	36,540	917
Supplies	4,350	4,350	5,276	(926)
Other services and charges	380	380	352	28
Contractual services	15,000	15,000	8,704	6,296
Capital outlay	7,700	7,700	8,247	(547)
Total forestry	64,887	64,887	59,119	5,768
Environmental:				
Current:				
Personal services	54,215	47,215	44,785	2,430
Supplies	1,000	1,000	802	198
Other services and charges	9,150	9,150	6,876	2,274
Contractual services	1,100	1,100	1,133	(33)
Total environmental	65,465	58,465	53,596	4,869
Solid waste abatement:				
Current:				
Personal services	54,900	54,900	47,074	7,826
Other services and charges	11,500	11,500	11,298	202
Contractual services	41,000	41,000	20,552	20,448
Total solid waste abatement	107,400	107,400	78,924	28,476
Total solid waste abatement	107,100	107,100	70,721	20,170
Total conservation of natural resources	237,752	230,752	191,639	39,113
Community development:				
Community development:				
Current:				
Personal services	210,269	183,469	182,500	969
Supplies	100	100	41	59
Other services and charges	8,150	11,650	11,732	(82)
Contractual services	900	900	905	(5)
Total community development	219,419	196,119	195,178	941
Economic development:				
Current:				
Personal services	21,617	18,617	17,783	834
Other services and charges	90,100	90,100	85,327	4,773
Contractual services	400	400	695	(295)
Total economic development	112,117	109,117	103,805	5,312
<del>-</del>				

# REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted A	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Planning and zoning commission:				
Current:				
Personal services	101,684	101,684	101,579	105
Supplies	200	200	34	166
Other services and charges	16,250	16,250	10,792	5,458
Contractual services	40,250	15,250	15,265	(15)
Total planning and zoning commission	158,384	133,384	127,670	5,714
Total community development	489,920	438,620	426,653	11,967
Other:				
Contingency	50,000	-	-	-
Total expenditures	9,705,758	9,554,999	9,243,507	311,492
Revenues over (under) expenditures	(269,917)	683,694	1,001,120	317,426
Other financing sources (uses):				
Transfers in	317,717	439,373	439,373	_
Transfers out	(565,800)	(879,152)	(879,759)	(607)
Total other financing sources (uses)	(248,083)	(439,779)	(440,386)	(607)
Net change in fund balance	(\$518,000)	\$243,915	560,734	\$316,819
Fund balance - January 1			6,256,191	
Fund balance - December 31			\$6,816,925	

# REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS For The Year Ended December 31,2017

**Statement 12** 

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

#### Statement 13

#### CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -GENERAL EMPLOYEES RETIREMENT FUND For The Year Ended December 31, 2017

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

#### REQUIRED SUPPLEMENTARY INFORMATION

Statement 14

SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

For The Year Ended December 31, 2017

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2017

**Statement 15** 

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%

REQUIRED SUPPLEMENTARY INFORMATION

Statement 16

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Year Ended December 31, 2017

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -

LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Year Ended December 31, 2017

Fiscal year ending and measurement date	December 31, 2017	December 31, 2016
Total pension liability:		
Service cost	\$47,952	\$38,419
Interest on pension liability	6,191	3,568
Changes of benefit terms	-	-
Differences between expected and actual experience	(11,672)	(7,804)
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u> </u>	
Net change in total pension liability	42,471	34,183
Total pension liability - beginning	55,240	21,057
Total pension liability - ending (a)	\$97,711	\$55,240
Plan fiduciary net position:		
Contributions - employer	\$58,800	\$44,394
Contributions - State of Minnesota	113,797	ψ · · · · · · · · · · · · · · · · · · ·
Net investment income	9,153	133
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	(572)	-
Net change in plan fiduciary net position	181,178	44,527
Plan fiduciary net position - beginning	44,527	-
Plan fiduciary net position - ending (b)	\$225,705	\$44,527
Net pension liability/(asset) - ending (a) - (b)	(\$127,994)	\$10,713
Plan fiduciary net position as a percentage of the total pension liability	231.0%	80.6%
Covered payroll	N/A	N/A
Net pension liability as a percentage of covered employee payroll	N/A	N/A

**Statement 17** 

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.

#### REQUIRED SUPPLEMENTARY INFORMATION

**Statement 18** 

SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION For The Year Ended December 31,2017

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

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.

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO RSI

December 31, 2017

#### Note A LEGAL COMPLIANCE – BUDGETS

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

#### Note B OPEB INFORMATION

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

#### Note C PENSION INFORMATION

#### PERA – General Employees Retirement Fund

#### 2017 Changes

Changes in Actuarial Assumptions:

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

#### 2016 Changes

Changes in Actuarial Assumptions:

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

#### 2017 Changes

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.

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO RSI

December 31, 2017

- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent 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 percent to 60 percent.
- 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 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

#### 2016 Changes

Changes in Actuarial Assumptions:

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

#### Single Employer – Fire Division

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

# COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

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## SPECIAL REVENUE FUNDS

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

## **DEBT SERVICE FUNDS**

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

#### CAPITAL PROJECT FUNDS

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

## PERMANENT FUNDS

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

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

# **NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment and Stewardship Fund	Total Nonmajor Governmental Funds
Assets			J		
Cash and investments	\$622,865	\$4,220,235	\$4,847,051	\$123,316	\$9,813,467
Accounts receivable - net	-	-	1,855	-	1,855
Prepaid items	1,659	-	-	-	1,659
Taxes receivable:					
Due from county	-	6,784	5	-	6,789
Delinquent	_	12,845	243	_	13,088
Special assessments receivable:		,	-		-,
Due from county	_	231	567	_	798
Delinquent	_	1,074	8,077	_	9,151
Deferred	_	850,252	331,482	_	1,181,734
Interfund loan receivable	_	-	2,934,516	_	2,934,516
Long-term notes receivable	225,000		-,		225,000
Total assets	\$849,524	\$5,091,421	\$8,123,796	\$123,316	\$14,188,057
Liabilities, Deferred Inflows of Reso	ources, and Fund Ba	llance			
Liabilities:			<b>01.47.40</b> 5		Ф25 <b>7</b> 212
Liabilities: Accounts payable	\$106,378	slance \$3,450	\$147,485	\$ -	
Liabilities: Accounts payable Salaries payable	\$106,378 453		-	\$ - -	\$257,313 453
Liabilities: Accounts payable Salaries payable Due to other governments	\$106,378		9,374	\$ - -	453 12,176
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable	\$106,378 453		9,374 125,455	\$ - - -	453 12,176 125,455
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable	\$106,378 453 2,802	\$3,450 - - - -	9,374 125,455 1,073,183	- - -	453 12,176 125,455 1,073,183
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable	\$106,378 453		9,374 125,455	\$ - - - - - 0	
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable	\$106,378 453 2,802	\$3,450 - - - -	9,374 125,455 1,073,183	- - -	453 12,176 125,455 1,073,183
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities	\$106,378 453 2,802	\$3,450 - - - -	9,374 125,455 1,073,183	- - -	453 12,176 125,455 1,073,183
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities  Deferred inflows of resources: Unavailable revenue	\$106,378 453 2,802	\$3,450 - - - - - - 3,450	9,374 125,455 1,073,183 1,355,497	- - -	453 12,176 125,455 1,073,183 1,468,580
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities  Deferred inflows of resources: Unavailable revenue	\$106,378 453 2,802	\$3,450 - - - - - - 3,450	9,374 125,455 1,073,183 1,355,497	- - -	453 12,176 125,455 1,073,183 1,468,580 1,203,973
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities  Deferred inflows of resources: Unavailable revenue  Fund balance:	\$106,378 453 2,802 - - 109,633	\$3,450 - - - - - - 3,450	9,374 125,455 1,073,183 1,355,497	- 0	453 12,176 125,455 1,073,183 1,468,580 1,203,973
Liabilities:    Accounts payable    Salaries payable    Due to other governments    Contracts payable    Interfund loan payable     Total liabilities  Deferred inflows of resources:    Unavailable revenue  Fund balance:    Nonspendable	\$106,378 453 2,802 - - 109,633	\$3,450 - - - - - 3,450 864,172	9,374 125,455 1,073,183 1,355,497 339,801	- - - - 0	453 12,176 125,455 1,073,183 1,468,580
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities  Deferred inflows of resources: Unavailable revenue  Fund balance: Nonspendable Restricted	\$106,378 453 2,802 - - 109,633 - 1,659 562,831	\$3,450 - - - - - 3,450 864,172	9,374 125,455 1,073,183 1,355,497 339,801	- - - - 0	453 12,176 125,455 1,073,183 1,468,580 1,203,973 101,659 5,289,641 175,401
Liabilities:    Accounts payable    Salaries payable    Due to other governments    Contracts payable    Interfund loan payable    Total liabilities  Deferred inflows of resources:    Unavailable revenue  Fund balance:    Nonspendable    Restricted    Committed	\$106,378 453 2,802 - - 109,633 - 1,659 562,831	\$3,450 - - - - - 3,450 864,172	9,374 125,455 1,073,183 1,355,497 339,801	- - - - 0	12,176 125,455 1,073,183 1,468,580  1,203,973  101,659 5,289,641 175,401 6,925,514
Liabilities: Accounts payable Salaries payable Due to other governments Contracts payable Interfund loan payable Total liabilities  Deferred inflows of resources: Unavailable revenue  Fund balance: Nonspendable Restricted Committed Assigned	\$106,378 453 2,802 - - 109,633 - 1,659 562,831	\$3,450 - - - - - 3,450 864,172	9,374 125,455 1,073,183 1,355,497 339,801 - 479,695 - 6,925,514	- - - - 0	12,176 125,455 1,073,183 1,468,580  1,203,973  101,659 5,289,641 175,401 6,925,514 (976,711
Liabilities:    Accounts payable    Salaries payable    Due to other governments    Contracts payable    Interfund loan payable     Total liabilities  Deferred inflows of resources:    Unavailable revenue  Fund balance:    Nonspendable    Restricted    Committed    Assigned    Unassigned	\$106,378 453 2,802 - 109,633 - 1,659 562,831 175,401 -	\$3,450 - - - - - 3,450 864,172 - 4,223,799 - -	9,374 125,455 1,073,183 1,355,497 339,801 - 479,695 - 6,925,514 (976,711)	100,000 23,316	453 12,176 125,455 1,073,183 1,468,580 1,203,973 101,659 5,289,641

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

NONWAJOR GOVERNWENTAL FUND

For The Year Ended December 31, 2017

_	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment and Stewardship Fund	Total Nonmajor Governmental Funds
Revenues:					
General property taxes	\$ -	\$2,121,680	\$33	\$ -	\$2,121,713
Tax increment	-	-	312,152	-	312,152
Intergovernmental	-	-	413,433	-	413,433
Special assessments	-	364,742	302,186	-	666,928
Charges for services	175,110	-	593,165	-	768,275
Fines and forfeits	465,616	-	-	-	465,616
Investment earnings	4,536	21,265	64,414	961	91,176
Miscellaneous	33,046	37,595	36,060	8,500	115,201
Total revenues	678,308	2,545,282	1,721,443	9,461	4,954,494
Expenditures: Current:					
General government			6,978		6,978
Public safety	13,409	-	0,978	<del>-</del>	13,409
Public services	179,480	-	1,030,900	-	1,210,380
Community development	179,480 607	-	5,884	=	
* *	607	-	3,884	=	6,491
Capital outlay:			220 005		220 005
General government	-	-	228,895	-	228,895
Public safety	85,638	-	808,193	-	893,831
Public services	108,219	-	759,965	-	868,184
Debt service:		4 252 525			4 252 525
Principal	-	4,353,525	-	-	4,353,525
Interest and fiscal charges	-	488,354	5,836	-	494,190
Total expenditures	387,353	4,841,879	2,846,651	0	8,075,883
Revenues over (under) expenditures	290,955	(2,296,597)	(1,125,208)	9,461	(3,121,389)
Other financing sources (uses):					
Transfers in	88,959	1,595,477	1,274,568	-	2,959,004
Transfers out	(121,656)	(588,899)	(3,108,555)	-	(3,819,110)
Issuance of debt	-	-	311,000	-	311,000
Proceeds from sale of capital assets	_	_	103,328	_	103,328
Total other financing sources (uses)	(32,697)	1,006,578	(1,419,659)	0	(445,778)
Net change in fund balance	258,258	(1,290,019)	(2,544,867)	9,461	(3,567,167)
Fund balance - January 1	481,633	5,513,818	8,973,365	113,855	15,082,671
Fund balance - December 31	\$739,891	\$4,223,799	\$6,428,498	\$123,316	\$11,515,504
=	:				

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

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

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

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

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

## CITY OF LINO LAKES, MINNESOTA SUBCOMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2017

Assets	201 Program Recreation	203 Economic Development Authority	204 Cable TV Fund	205 Blue Heron Days	206 Federal Narcotics	207 State Narcotics	208 DUI Forfeitures	Total Nonmajor Special Revenue Funds
Cash and investments	\$9,186	\$88,456	\$186,113	\$8,244	\$262,269	\$23,636	\$44,961	\$622,865
Prepaid items	1,460	-	-	199	-	-	-	1,659
Long-term notes receivable		225,000						225,000
Total assets	\$10,646	\$313,456	\$186,113	\$8,443	\$262,269	\$23,636	\$44,961	\$849,524
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$2,932	\$ -	\$102,167	\$1,279	\$ -	\$ -	\$ -	\$106,378
Due to other governments	2,802	-	-	-	-	-	-	2,802
Salaries payable	248	205	-	-	-	-	-	453
Total liabilities	5,982	205	102,167	1,279	0	0	0	109,633
Fund balance:								
Nonspendable	1,460	-	-	199	-	-	-	1,659
Restricted	-	225,000	-	6,965	262,269	23,636	44,961	562,831
Committed	3,204	88,251	83,946					175,401
Total fund balance	4,664	313,251	83,946	7,164	262,269	23,636	44,961	739,891
Total liabilities and fund balance	\$10,646	\$313,456	\$186,113	\$8,443	\$262,269	\$23,636	\$44,961	\$849,524

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended December 31, 2017

	201 Program Recreation	203 Economic Development Authority	204 Cable TV Fund	205 Blue Heron Days	206 Federal Narcotics	207 State Narcotics	208 DUI Forfeitures	Total Nonmajor Special Revenue Funds
Revenues:	****							******
Charges for services	\$108,892	\$ -	\$66,218	\$ -	\$ -	\$ -	\$ -	\$175,110
Fines and forfeits	-	-	-	-	433,941	11,024	20,651	465,616
Investment earnings	370	104	1,408	65	2,148	146	295	4,536
Miscellaneous	- 100.252	- 104		22,731	- 425,000	5,377	4,938	33,046
Total revenues	109,262	104	67,626	22,796	436,089	16,547	25,884	678,308
Expenditures: Current:								
Public safety	-	-	-	-	679	6,143	6,587	13,409
Public services	142,696	-	9,533	27,251	-	-	-	179,480
Community development	-	607	-	-	-	_	-	607
Capital outlay:								
Public safety	-	-	-	-	81,396	-	4,242	85,638
Public services	-	-	108,219	-	-	-	-	108,219
Total expenditures	142,696	607	117,752	27,251	82,075	6,143	10,829	387,353
Revenues over (under) expenditures	(33,434)	(503)	(50,126)	(4,455)	354,014	10,404	15,055	290,955
Other financing sources (uses):								
Transfers in	-	88,959	-	-	-	_	-	88,959
Transfers out	-	-	-	-	(121,656)	_	-	(121,656)
Total other financing sources (uses)	0	88,959	0	0	(121,656)	0	0	(32,697)
Net change in fund balance	(33,434)	88,456	(50,126)	(4,455)	232,358	10,404	15,055	258,258
Fund balance - January 1	38,098	224,795	134,072	11,619	29,911	13,232	29,906	481,633
Fund balance - December 31	\$4,664	\$313,251	\$83,946	\$7,164	\$262,269	\$23,636	\$44,961	\$739,891

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## **DEBT SERVICE FUNDS**

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

<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, 2017

Assets	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
Cash and investments	\$184,203	\$970,261	\$149,951	\$849	\$317,957
Taxes receivable:		,			,
Due from county	2,021	1,489	-	-	567
Delinquent	3,572	3,335	-	-	1,148
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	-	-	-	-	-
Deferred				447	16,420
Total assets	\$189,796	\$975,085	\$149,951	\$1,296	\$336,092
Liabilities, Deferred Inflows of Resource	es, and Fund Balance				
Liabilities:					
Accounts payable	\$ -	\$255	\$255	\$255	\$255
Deferred inflows of resources:					
Unavailable revenue	3,572	3,335		447	17,569
Fund balance:					
Restricted	186,224	971,495	149,696	594	318,268
Total liabilities, deferred inflows of resources, and fund balance	\$189,796	\$975,085	\$149,951	\$1,296	\$336,092

336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A	339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	343 G.O. Tax Abatement Bonds of 2016C	Total Nonmajor Debt Service Funds
\$287,008	\$1,035,505	\$450,068	\$257,616	\$253	\$254,460	\$312,104	\$4,220,235
- -	- -	863 1,336	1,004 1,554	- -	- -	840 1,900	6,784 12,845
- - 452,098	231 1,074 381,287	- - -	- - -	- - -	- - -	- - -	231 1,074 850,252
\$739,106	\$1,418,097	\$452,267	\$260,174	\$253	\$254,460	\$314,844	\$5,091,421
\$255	\$255	\$255	\$255	\$	\$705	\$705	\$3,450
452,098	382,361	1,336	1,554		<u>-</u> .	1,900	864,172
286,753	1,035,481	450,676	258,365	253	253,755	312,239	4,223,799
\$739,106	\$1,418,097	\$452,267	\$260,174	\$253	\$254,460	\$314,844	\$5,091,421

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SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR DEBT SERVICE FUNDS

For The	Year	Ended	December	31, 2017
I OI I IIC	1 Cui	Lilaca	December	51, 2017

	315 Certificates of Indebtedness	328 G.O. Improvement Bonds of 2005B	329 G.O. Tax Abatement Bonds of 2006C	330 G.O. Utility Revenue Bonds of 2006D	331 G.O. CIP Bonds of 2006E
Revenues:					
General property taxes	\$633,871	\$221	\$966	\$ -	\$462,493
Special assessments	131	4,886	159	21,036	276
Investment earnings	2,252	254	1,348	1,019	5,202
Miscellaneous					-
Total revenues	636,254	5,361	2,473	22,055	467,971
Expenditures: Debt service:					
Principal	583,000	-	1,755,000	70,000	405,000
Interest and fiscal charges	23,792		37,448	1,452	26,657
Total expenditures	606,792	0	1,792,448	71,452	431,657
Revenues over (under) expenditures	29,462	5,361	(1,789,975)	(49,397)	36,314
Other financing sources (uses):					
Transfers in	-	-	-	71,454	-
Transfers out	-	(36,463)	(67,132)	(209,939)	-
Total other financing sources (uses)	0	(36,463)	(67,132)	(138,485)	0
Net change in fund balance	29,462	(31,102)	(1,857,107)	(187,882)	36,314
Fund balance - January 1	156,762	31,102	1,857,107	187,882	935,181
Fund balance - December 31	\$186,224	\$0	\$0	\$0	\$971,495

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2017

	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
Revenues:				
General property taxes	\$ -	\$ -	\$176,943	\$ -
Special assessments	-	247	23,071	63,606
Investment earnings	-	-	1,348	1,642
Miscellaneous				
Total revenues	0	247	201,362	65,248
Expenditures: Debt service:				
Principal	400,000	100,000	225,000	60,000
Interest and fiscal charges	75,481	11,955	17,020	16,853
Total expenditures	475,481	111,955	242,020	76,853
Revenues over (under) expenditures	(475,481)	(111,708)	(40,658)	(11,605)
Other financing sources (uses):				
Transfers in	475,481	46,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	475,481	46,000	0	0
Net change in fund balance	0	(65,708)	(40,658)	(11,605)
Fund balance - January 1	149,696	66,302	358,926	298,358
Fund balance - December 31	\$149,696	\$594	\$318,268	\$286,753

		220 FD 4		244.67.0	242.5	m . 1
227.6.0		339 EDA	240.00	341 G.O.	343 G.O.	Total
337 G.O.	220 C O	Lease	340 G.O.	Utility	Tax	Nonmajor
Improvement Bonds	338 G.O. Bonds	Revenue	Capital Note	Revenue Bonds	Abatement Bonds	Debt
of 2014A	of 2015A	Bonds of 2015B	of 2016A	of 2016A	of 2016C	Service Funds
01 2014A	01 2015A	01 2015B	01 2010A	01 2010A	01 2016C	runas
\$ -	\$271,621	\$315,855	\$ -	\$ -	\$259,710	\$2,121,680
251,212	55	63	-	-	-	364,742
5,758	705	1,079	140	-	518	21,265
<u> </u>		<u> </u>	37,595		<u>-</u>	37,595
256,970	272,381	316,997	37,735	0	260,228	2,545,282
370,000 32,927	190,000 67,817	165,000 134,942	30,525 7,070	20,269	14,671	4,353,525 488,354
402,927	257,817	299,942	37,595	20,269	14,671	4,841,879
(145,957)	14,564	17,055	140	(20,269)	245,557	(2,296,597)
465,084	195,852	-	-	274,474	67,132	1,595,477
(269,412)		(5,953)				(588,899)
195,672	195,852	(5,953)	0	274,474	67,132	1,006,578
49,715	210,416	11,102	140	254,205	312,689	(1,290,019
985,766	240,260	247,263	113	(450)	(450)	5,513,818
\$1,035,481	\$450,676	\$258,365	\$253	\$253,755	\$312,239	\$4,223,799

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#### CAPITAL PROJECT FUNDS

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

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

<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>Municipal State Aid (MSA) Construction</u> – to account for the financing of future reconstruction of state aid eligible streets.

<u>Street Maintenance</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>21<sup>st</sup> Ave Extension</u> – this fund accounts for activities relating to the construction performed in the expansion of 21<sup>st</sup> Avenue within the City.

<u>Fire House #2 Construction</u> – this fund accounts for activities relating to the construction of Fire House #2.

Well #6 Construction – this fund accounts for activities relating to the construction of Well #6 and well house.

<u>Northpointe Improvements</u> – this fund accounts for activities relating to the construction of streets and utilities within the Northpointe development.

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

<u>2015 Street Reconstruction</u> – this fund accounts for the construction and improvements to Shenandoah Street.

<u>Blackduck / Aqua Lane Watermain Extension</u> – this fund accounts for activities relating to the trunk watermain improvements along Aqua Lane to north of Blackduck Drive.

<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>2018 Street Reconstruction</u> – this fund accounts for street and utility improvements within the West Shadow Lake Drive and LaMotte neighborhoods.

#### CITY OF LINO LAKES, MINNESOTA SUBCOMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS December 31, 2017

			402 Capital	403 Office	405	411 Tax	417 Tax
	301 Closed	401 Building	Equipment	Equipment	Dedicated	Increment	Increment
	Bond Fund	and Facilities	Revolving	Revolving	Parks	Financing 1-5	Financing 1-10
Assets							
Cash and investments	\$ -	\$190,359	\$434,623	\$45,356	\$420,647	\$290,444	\$190,157
Accounts receivable - net	-	1,855	-	-	-	-	-
Taxes receivable:							
Due from county	5	-	-	-	-	-	-
Delinquent	243	-	-	-	-	-	-
Special assessments receivable:							
Due from county	-	-	-	-	-	-	-
Delinquent	4,801	-	-	-	-	-	-
Deferred	43,291	-	-	-	-	-	-
Interfund loan receivable	616,983	2,317,533	<del>-</del>				-
Total assets	\$665,323	\$2,509,747	\$434,623	\$45,356	\$420,647	\$290,444	\$190,157
Liabilities, Deferred Inflows of Reso	ources, and Fund B	alance					
Liabilities:		<b>** * * * * * * * * *</b>	<b></b>	04.050			
Accounts payable	\$ -	\$2,500	\$9,588	\$1,373	\$ -	\$ -	\$ -
Due to other governments	4,579	-	-	-	-	425	481
Contracts payable	-	-	-	-	11,626	-	-
Interfund loan payable	- 4.550	2.500	- 0.500	1.072	100,361	- 42.5	- 401
Total liabilities	4,579	2,500	9,588	1,373	111,987	425	481
Deferred inflows of resources:							
Unavailable revenue	48,334		<u>-</u>		-		
Fund balance:							
Restricted	-	-	-	-	-	290,019	189,676
Assigned	612,410	2,507,247	425,035	43,983	308,660	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	612,410	2,507,247	425,035	43,983	308,660	290,019	189,676
Total liabilities, deferred inflows of							
resources, and fund balance	\$665,323	\$2,509,747	\$434,623	\$45,356	\$420,647	\$290,444	\$190,157

Assets	418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	420 MSA Construction	421 Street Maintenance
Cash and investments	\$ -	\$ -	\$843,374	\$362,495
Accounts receivable - net	Ψ -	Ψ -	φο 13,37 T	φ302,193 -
Taxes receivable:				
Due from county	-	-	_	_
Delinquent	-	-	-	-
Special assessments receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Interfund loan receivable		<u>-</u> -		-
Total assets	\$0	\$0	\$843,374	\$362,495
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$81,227
Due to other governments	2,845	1,044	-	-
Contracts payable	-	-	-	21,026
Interfund loan payable	775,154	<del> </del>		<del>-</del>
Total liabilities	777,999	1,044	0	102,253
Deferred inflows of resources:				
Unavailable revenue	<del>-</del>	<del>-</del> -	<del>-</del>	-
Fund balance:				
Restricted	-	-	-	-
Assigned	-	-	843,374	260,242
Unassigned	(777,999)	(1,044)		-
Total fund balance	(777,999)	(1,044)	843,374	260,242
Total liabilities, deferred inflows of				
resources, and fund balance	\$0	\$0	\$843,374	\$362,495

422 Surface Water Management	423 Street Reconstruction	424 Surface Water Maintenance	478 Fire House # 2 Construction	481 Birch St/ Centerville Rd Improvements	484 2040 Comp Plan Update	485 2018 Street Reconstruction	Total Nonmajor Capital Project Funds
\$995,093 -	\$706,274 -	\$105,798 -	\$92,081 -	\$133,592 -	\$36,758 -	\$ - -	\$4,847,051 1,855
- -	- -	-	- -	-	- -	-	5 243
567 3,276 203,449	- 84,742 -	- - - -	- - -	- - - -	- - -	- - - -	567 8,077 331,482 2,934,516
\$1,202,385	\$791,016	\$105,798	\$92,081	\$133,592	\$36,758	\$0	\$8,123,796
\$15,428	\$ -	\$2,349	\$1,888	\$ -	\$33,132	\$ -	\$147,485
-	- -	- 2,610	90,193	-	- - -	- - 197,668	9,374 125,455 1,073,183
15,428	0	4,959	92,081	0	33,132	197,668	1,355,497
206,725	84,742		-		<u>-</u>		339,801
980,232	- 706,274 -	- 100,839 -	- - -	- 133,592	- 3,626	- - (197,668)	479,695 6,925,514 (976,711)
980,232	706,274	100,839	0	133,592	3,626	(197,668)	6,428,498
\$1,202,385	\$791,016	\$105,798	\$92,081	\$133,592	\$36,758	\$0	\$8,123,796

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR CAPITAL PROJECT FUNDS

For The Year Ended December 31, 2017

	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Revenues:					
General property taxes	\$33	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Special assessments	14,775	-	-	-	-
Charges for services	-	186,278	-	-	361,788
Investment earnings	4,781	1,974	5,244	407	4,227
Miscellaneous	- -	· =	19,235	-	338
Total revenues	19,589	188,252	24,479	407	366,353
Expenditures:					
Current:					
General government	5,539	1,439	-	-	-
Public services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay:					
General government	-	217,986	-	10,909	-
Public safety	-	-	805,140	3,053	-
Public services	-	-	305,912	1,710	339,636
Debt service:					
Interest and fiscal charges				-	5,836
Total expenditures	5,539	219,425	1,111,052	15,672	345,472
Revenues over (under) expenditures	14,050	(31,173)	(1,086,573)	(15,265)	20,881
Other financing sources (uses):					
Transfers in	36,464	-	-	25,000	50,000
Transfers out	(317,717)	-	-	-	(14,257)
Issuance of debt	-	-	311,000	-	-
Proceeds from sale of capital assets			103,328	-	-
Total other financing sources (uses)	(281,253)	0	414,328	25,000	35,743
Net change in fund balance	(267,203)	(31,173)	(672,245)	9,735	56,624
Fund balance - January 1	879,613	2,538,420	1,097,280	34,248	252,036
Fund balance - December 31	\$612,410	\$2,507,247	\$425,035	\$43,983	\$308,660

\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ - - -	\$ -	\$ -
397,433	-		Ф -
	-	-	-
		-	-
	-	273,219	14,192
	45,099	-	-
2,036 1,804 18,822	3,256	6,516	5,412
16,487	- 40.255	- 270.725	- 10.604
41,689 153,346 120,957 0 432,742	48,355	279,735	19,604
	-	-	-
	512,091	48,147	-
568 1,256 3,016 1,044 -	-	-	-
	-	-	-
	-	-	-
	-	24,349	-
	-	-	-
568 1,256 3,016 1,044 0	512,091	72,496	0
41,121 152,090 117,941 (1,044) 432,742	(463,736)	207,239	19,604
	540,800	67,927	-
- (151,542) (120,957) - (1,601,538)	-	(30,355)	-
	-	-	-
			-
0 (151,542) (120,957) 0 (1,601,538)	540,800	37,572	0
41,121 548 (3,016) (1,044) (1,168,796)	77,064	244,811	19,604
248,898 189,128 (774,983) - 2,012,170	183,178	735,421	686,670
\$290,019 \$189,676 (\$777,999) (\$1,044) \$843,374	\$260,242	\$980,232	\$706,274

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR CAPITAL PROJECT FUNDS

For The Year Ended December 31, 2017

D	424 Surface Water Maintenance	477 21st Ave Extension	478 Fire House # 2 Construction	479 Well #6 Construction	480 Northpointe Improvements
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
General property taxes Tax increment	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Special assessments	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	1,175	-	710	222	2,555
Miscellaneous	1,173	-	/10	222	2,333
Total revenues	1,175		710	222	2,555
Total revenues	1,173	<u> </u>	/10	222	2,333
Expenditures:					
Current:					
General government	-	-	-	-	-
Public services	106,608	-	-	-	-
Community development	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public services	-	1,851	4,339	13,813	199
Debt service:					
Interest and fiscal charges		<u> </u>	<u> </u>	-	
Total expenditures	106,608	1,851	4,339	13,813	199
Revenues over (under) expenditures	(105,433)	(1,851)	(3,629)	(13,591)	2,356
Other financing sources (uses):					
Transfers in	125,000	269,412	5,953	-	-
Transfers out	-	(67,927)	-	(9,291)	(324,645)
Issuance of debt	-	-	-	-	-
Proceeds from sale of capital assets				-	
Total other financing sources (uses)	125,000	201,485	5,953	(9,291)	(324,645)
Net change in fund balance	19,567	199,634	2,324	(22,882)	(322,289)
Fund balance - January 1	81,272	(199,634)	(2,324)	22,882	322,289
Fund balance - December 31	\$100,839	\$0	\$0	\$0	\$0

481 Birch St/ Centerville Rd Improvements	482 2015 Street Reconstruction	483 Blackduck/ Aqua Lane Watermain Extension	484 2040 Comp Plan Update	485 2018 Street Reconstruction	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$33
-	· -	-	-	· -	312,152
-	-	-	16,000	-	413,433
-	-	-	-	-	302,186
-	-	-	-	-	593,165
1,042	1,279	2,952	-	-	64,414
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	36,060
1,042	1,279	2,952	16,000	0	1,721,443
-	-	-	-	-	6,978
-	-	-	166,386	197,668	1,030,900
-	-	-	-	-	5,884
-	-	-	-	-	228,895
878	652	66,626	- -	-	808,193 759,965
-	-	-	-	-	5,836
878	652	66,626	166,386	197,668	2,846,651
164	627	(63,674)	(150,386)	(197,668)	(1,125,208)
_	_	_	154,012	_	1,274,568
-	(195,852)	(274,474)		_	(3,108,555)
-	-	-	-	-	311,000
<u> </u>	<u>-                                      </u>	<u> </u>	<u> </u>	<u> </u>	103,328
0	(195,852)	(274,474)	154,012	0	(1,419,659)
164	(195,225)	(338,148)	3,626	(197,668)	(2,544,867)
133,428	195,225	338,148		<u> </u>	8,973,365
\$133,592	\$0	\$0	\$3,626	(\$197,668)	\$6,428,498

#### **Statement 27**

## CITY OF LINO LAKES, MINNESOTA

SPECIAL REVENUE FUND - PROGRAM RECREATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2017

	Budgeted A	Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$127,235	\$127,235	\$108,892	(\$18,343)
Investment earnings			370	370
Total revenues	127,235	127,235	109,262	(17,973)
Expenditures:				
Public services:				
Current:				
Personal services	57,325	57,325	56,010	1,315
Supplies	36,160	36,160	32,811	3,349
Other services and charges	-	-	8,836	(8,836)
Contractual services	22,000	22,000	45,039	(23,039)
Capital outlay	700	700		700
Total expenditures	116,185	116,185	142,696	(26,511)
Revenues over (under) expenditures	11,050	11,050	(33,434)	(44,484)
Other financing sources (uses):				
Transfers out	(10,000)	(10,000)		(10,000)
Net change in fund balance	\$1,050	\$1,050	(33,434)	(\$34,484)
Fund balance - January 1			38,098	
Fund balance - December 31			\$4,664	

# STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For The Year Ended December 31, 2017

**Statement 28** 

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Assets: Cash and investments	\$825,373	\$1,070,581	\$176,443	\$1,719,511
Liabilities: Deposits payable	\$825,373	\$1,070,581	\$176,443	\$1,719,511

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STATISTICAL SECTION (UNAUDITED)

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## 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.

Number
Tables 1-4
Tables 5-8
Tables 9-12
Tables 13-14
Tables 15-17

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Accrual Basis of Accounting)

	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$28,472,865	\$23,400,453	\$22,562,217	\$24,600,103
Restricted	9,870,676	9,414,474	8,428,025	11,598,803
Unrestricted	10,790,359	15,926,322	16,738,885	13,463,210
				_
Total governmental activities net position	\$49,133,900	\$48,741,249	\$47,729,127	\$49,662,116
_				
Business-type activities:				
Net investment in capital assets	\$30,372,670	\$30,071,840	\$29,648,461	\$29,216,866
Unrestricted	9,028,778	10,112,207	10,728,626	11,201,362
Total business-type activities net position	\$39,401,448	\$40,184,047	\$40,377,087	\$40,418,228
				_
Primary government:				
Net investment in capital assets	\$58,845,535	\$53,472,293	\$52,210,678	\$53,816,969
Restricted	9,870,676	9,414,474	8,428,025	11,598,803
Unrestricted	19,819,137	26,038,529	27,467,511	24,664,572
Total primary government net position	\$88,535,348	\$88,925,296	\$88,106,214	\$90,080,344

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.

2012	2013	2014	2015	2016	2017
\$22,166,342	\$22,241,821	\$19,540,807	\$18,230,746	\$18,597,344	\$22,868,259
11,595,112	11,000,033	8,666,357	8,635,293	13,342,852	11,730,147
17,639,038	16,849,636	20,527,704	13,888,120	10,187,254	12,017,212
\$51,400,492	\$50,091,490	\$48,734,868	\$40,754,159	\$42,127,450	\$46,615,618
¢20 700 005	¢20 422 204	\$27.556.022	\$20,127,820	¢21 960 610	¢21 921 050
\$28,798,095	\$28,423,284	\$27,556,022	\$29,127,829	\$31,860,610	\$31,831,950
12,102,013	12,999,182	13,888,278	14,672,630	13,863,447	14,846,045
\$40,900,108	\$41,422,466	\$41,444,300	\$43,800,459	\$45,724,057	\$46,677,995
¢50.064.427	Φ50 ((5.105	¢47.007.020	¢47.250.575	Φ50 457 054	Φ5.4.700.200
\$50,964,437	\$50,665,105	\$47,096,829	\$47,358,575	\$50,457,954	\$54,700,209
11,595,112	11,000,033	8,666,357	8,635,293	13,342,852	11,730,147
29,741,051	29,848,818	34,415,982	28,560,750	24,050,701	26,863,257
\$92,300,600	\$91,513,956	\$90,179,168	\$84,554,618	\$87,851,507	\$93,293,613

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Expenses Governmental activities: General government Public safety Public services Conservation of natural resources	\$2,323,358 4,051,162 8,528,574 184,624	\$2,201,439 4,299,366 5,341,113	\$1,987,415 3,971,261	\$1,990,137
Governmental activities: General government Public safety Public services	4,051,162 8,528,574 184,624	4,299,366 5,341,113	3,971,261	
General government Public safety Public services	4,051,162 8,528,574 184,624	4,299,366 5,341,113	3,971,261	
Public safety Public services	4,051,162 8,528,574 184,624	4,299,366 5,341,113	3,971,261	
Public services	8,528,574 184,624	5,341,113		
	184,624	, ,		4,019,101
Conservation of natural resources			5,092,970	9,329,451
	1 114 170	215,607	197,571	139,544
Community development	1,114,158	1,005,997	1,105,254	617,747
Interest and fees on long-term debt	1,045,781	928,668	1,064,172	927,535
Total governmental activities expenses	17,247,657	13,992,190	13,418,643	17,023,515
Business-type activities:				
Water	1,020,770	1,089,569	1,045,901	966,643
Sewer	1,287,943	1,432,107	1,466,847	1,638,063
Total business-type activities expenses	2,308,713	2,521,676	2,512,748	2,604,706
Total primary government expenses	\$19,556,370	\$16,513,866	\$15,931,391	\$19,628,221
Program revenues Governmental activities:				
Charges for services:				
General government	\$79,844	\$101,741	\$98,403	\$103,687
Public safety	1,296,418	725,747	691,005	713,985
Public services	600,325	594,168	605,207	593,263
Conservation of natural resources	3,660	3,858	4,153	4,392
Community development	11,623	8,667	14,148	5,138
Operating grants and contributions	693,065	682,797	617,450	593,798
Capital grants and contributions	1,094,789	1,357,015	1,388,984	7,347,613
Total governmental activities program revenues	3,779,724	3,473,993	3,419,350	9,361,876
Business-type activities:				
Charges for services:				
Water	1,058,493	1,365,817	1,087,013	1,090,104
Sewer	1,472,093	1,502,164	1,498,218	1,494,188
Operating grants and contributions		62,710	, , -	-
Capital grants and contributions	10,117	8,769	8,709	1,462
Total business-type activities	2,540,703	2,939,460	2,593,940	2,585,754
Total primary government program revenues	\$6,320,427	\$6,413,453	\$6,013,290	\$11,947,630

2012	2013	2014	2015	2016	2017
\$1,883,961	\$1,566,388	\$2,036,550	\$2,016,351	\$2,456,864	\$2,395,633
4,046,415	3,950,197	4,107,759	5,135,865	6,567,523	5,166,538
6,795,150	5,376,671	5,880,030	7,971,712	6,228,893	5,492,395
184,051	141,204	159,649	186,111	216,905	200,016
430,121	404,726	407,448	432,268	454,144	459,455
837,755	951,842	618,680	632,876	831,529	518,897
14,177,453	12,391,028	13,210,116	16,375,183	16,755,858	14,232,934
949,121	927,800	965,641	1,394,897	1,367,693	1,245,249
1,527,637	1,584,395	1,628,258	2,089,842	1,850,962	1,901,821
2,476,758	2,512,195	2,593,899	3,484,739	3,218,655	3,147,070
\$16,654,211	\$14,903,223	\$15,804,015	\$19,859,922	\$19,974,513	\$17,380,004
\$129,151	\$93,118	\$103,072	\$818,468	\$520,231	\$550,117
642,745	697,584	763,470	199,498	1,359,426	2,249,152
668,128	632,002	621,221	603,866	865,327	801,633
19,297	1,347	1,882	-	-	-
16,940	28,118	39,395	-	-	-
450,179	527,368	840,676	526,107	722,858	1,106,014
5,125,693	941,960	335,733	1,176,732	5,046,307	4,141,383
7,052,133	2,921,497	2,705,449	3,324,671	8,514,149	8,848,299
1,371,809	1,208,742	965,425	1,014,836	1,094,897	1,150,834
1,505,781	1,516,397	1,564,099	1,621,633	1,659,322	1,698,963
-	-	263,024	263,024	-	-
20,018	883	1,035	3,035,031	1,543,947	836,029
2,897,608	2,726,022	2,793,583	5,934,524	4,298,166	3,685,826
\$9,949,741	\$5,647,519	\$5,499,032	\$9,259,195	\$12,812,315	\$12,534,125

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2008	2009	2010	2011
Net (expense) revenue:				
Governmental activities	(\$13,467,933)	(\$10,518,197)	(\$9,999,293)	(\$7,661,639)
Business-type activities	231,990	417,784	81,192	(18,952)
Total primary government, net	(13,235,943)	(10,100,413)	(9,918,101)	(7,680,591)
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	9,424,697	9,808,324	8,764,183	8,768,805
Unrestricted grants and contributions	129,607	11,321	4,389	4,072
Unrestricted investment earnings	576,071	429,325	225,677	251,250
Gain on disposal of capital assets	12,512	12,644	-	37,579
Special item - withdrawal from fire district	-	-	-	-
Transfers	(994,202)	(136,068)	(7,078)	66,122
Total governmental activities	9,148,685	10,125,546	8,987,171	9,127,828
Business-type activities:				
Unrestricted investment earnings	274,498	228,747	104,770	126,215
Transfers	994,202	136,068	7,078	(66,122)
Total business-type activities	1,268,700	364,815	111,848	60,093
Total primary government	\$10,417,385	\$10,490,361	\$9,099,019	\$9,187,921
Change in net position:				
Governmental activities	(\$4,319,248)	(\$392,651)	(\$1,012,122)	\$1,466,189
Business-type activities	1,500,690	782,599	193,040	41,141
Total primary government change in net position	(\$2,818,558)	\$389,948	(\$819,082)	\$1,507,330
=				

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.

2012	2013	2014	2015	2016	2017
(\$7,125,320)	(\$9,469,531)	(\$10,504,667)	(\$13,050,512)	(\$8,241,709)	(\$5,384,635)
420,850	213,827	199,684	2,449,785	1,079,511	538,756
(6,704,470)	(9,255,704)	(10,304,983)	(10,600,727)	(7,162,198)	(4,845,879)
8,610,709	8,563,595	8,806,886	9,243,236	9,343,500	9,753,971
4,941	4,442	4,443	5,363	91,385	181,712
202,828	(54,204)	265,695	112,961	210,142	207,792
4,175	-	1,727	17,836	66,255	38,022
-	-	-	-	1,333,166	-
41,043	(353,304)	69,294	66,834	(914,414)	(308,694)
8,863,696	8,160,529	9,148,045	9,446,230	10,130,034	9,872,803
102,073	(44,773)	154,468	51,167	107,119	106,488
(41,043)	353,304	(69,294)	(66,834)	914,414	308,694
61,030	308,531	85,174	(15,667)	1,021,533	415,182
\$8,924,726	\$8,469,060	\$9,233,219	\$9,430,563	\$11,151,567	\$10,287,985
\$6,724,720	\$6,409,000	\$9,233,219	\$9,430,303	\$11,131,307	\$10,287,983
\$1,738,376	(\$1,309,002)	(\$1,356,622)	(\$3,604,282)	\$1,888,325	\$4,488,168
481,880	522,358	284,858	2,434,118	2,101,044	953,938
\$2,220,256	(\$786,644)	(\$1,071,764)	(\$1,170,164)	\$3,989,369	\$5,442,106

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011
General Fund:				
Reserved	\$190,825	\$196,568	\$181,471	\$ -
Unreserved	5,393,316	5,191,396	5,445,334	-
Nonspendable	-	-	-	165,079
Unassigned	-	-	-	5,440,101
Total general fund	\$5,584,141	\$5,387,964	\$5,626,805	\$5,605,180
All other governmental funds:				
Reserved reported in:				
Special revenue funds	\$226,973	\$227,176	\$227,342	\$ -
Capital projects funds	812,400	736,772	658,875	· -
Debt service funds	3,405,272	3,457,349	2,986,102	-
Permanent funds	100,000	100,000	100,000	-
Unreserved reported in:				
Special revenue funds	106,573	93,956	110,471	-
Capital projects funds	5,927,411	11,611,835	12,537,841	-
Debt service funds	-	(558,443)	(1,093,765)	-
Permanent funds	22,224	15,824	12,676	-
Nonspendable	-	-	-	906,010
Restricted	=	-	-	2,658,010
Committed	=	-	-	110,568
Assigned	-	-	-	10,808,268
Unassigned		<u> </u>		(3,154,496)
Total all other governmental funds	\$10,600,853	\$15,684,469	\$15,539,542	\$11,328,360
Total all funds	\$16,184,994	\$21,072,433	\$21,166,347	\$16,933,540

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

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<del>-</del>	-	-	-	-	-
180,786	176,797	253,471	220,677	225,114	243,317
5,053,031	5,209,286	5,053,064	5,725,736	6,031,077	6,573,608
\$5,233,817	\$5,386,083	\$5,306,535	\$5,946,413	\$6,256,191	\$6,816,925
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
=	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
823,113	101,710	101,302	101,177	101,220	101,659
3,041,524	3,651,550	2,830,526	2,637,638	6,502,424	5,289,641
115,196	121,075	152,078	163,239	170,950	175,401
15,573,179	15,710,702	18,027,773	15,022,852	15,778,480	14,581,669
(3,262,728)	(3,393,547)	(375,851)	(3,815,304)	(978,496)	(2,909,173)
\$16,290,284	\$16,191,490	\$20,735,828	\$14,109,602	\$21,574,578	\$17,239,197
\$21,524,101	\$21,577,573	\$26,042,363	\$20,056,015	\$27,830,769	\$24,056,122

	2008	2009	2010	2011
Revenues:				
Property taxes	\$9,095,085	\$9,561,570	\$8,647,488	\$8,655,971
Licenses and permits	802,135	307,714	330,138	322,030
Intergovernmental	1,004,476	1,259,016	1,176,863	1,331,914
Special assessments	950,188	968,995	851,270	904,522
Charges for services	872,534	778,163	780,044	812,604
Fines and forfeits	133,531	111,807	127,203	154,020
Investment earnings	576,071	429,325	225,677	251,244
Miscellaneous	516,415	513,306	502,992	460,710
Total revenues	13,950,435	13,929,896	12,641,675	12,893,015
Expenditures:				
Current:				
General government	2,058,267	1,918,246	1,730,390	1,773,515
Public safety	3,806,389	4,122,352	3,798,106	3,791,329
Public services	6,575,568	3,071,646	2,848,232	3,251,923
Conservation of natural resources	183,024	209,466	185,232	134,122
Community development	1,113,232	1,005,095	1,098,682	624,286
Capital outlay	585,875	501,806	282,938	4,209,593
Debt service:				
Principal	1,749,000	1,908,000	1,866,000	2,030,000
Interest and fiscal charges	1,074,052	994,809	1,042,883	983,129
Bond issuance costs			<u> </u>	-
Total expenditures	17,145,407	13,731,420	12,852,463	16,797,897
Excess (deficiency) of revenues over expenditures	(3,194,972)	198,476	(210,788)	(3,904,882)
Other financing sources (uses):				
Proceeds from sale of capital assets	13,750	35,700	20,600	50,953
Issuance of debt	209,000	4,596,000	1,170,000	120,000
Premium on bonds issued	-	11,141	10,980	-
Payment to refunded bond escrow agent	-	-	(965,000)	-
Loan payable reapportionment	-	-	-	(565,000)
Transfers in	4,763,391	1,413,985	1,195,747	2,971,715
Transfers out	(4,796,159)	(1,367,863)	(1,127,625)	(2,905,593)
Total other financing sources (uses)	189,982	4,688,963	304,702	(327,925)
Special item - withdrawal from fire district			<u> </u>	
Net change in fund balance	(\$3,004,990)	\$4,887,439	\$93,914	(\$4,232,807)
Debt service as a percentage of noncapital expenditures	17.0%	21.9%	23.1%	23.9%
Debt service as a percentage of total expenditures	16.5%	21.1%	22.6%	17.9%

Table 4

2012	2013	2014	2015	2016	2017
\$8,560,340	\$8,475,214	\$8,612,011	\$8,950,507	\$9,369,090	\$9,772,741
319,172	431,654	407,681	551,202	895,581	1,447,571
5,267,570	500,963	823,025	679,627	706,944	1,080,953
816,998	2,130,519	1,278,202	703,141	4,400,635	2,283,974
744,633	717,300	731,640	696,501	1,293,556	1,327,781
155,956	119,079	149,653	127,803	251,653	613,593
202,825	(53,466)	265,794	112,915	210,142	207,792
414,088	384,749	767,477	766,072	417,448	410,640
16,481,582	12,706,012	13,035,483	12,587,768	17,545,049	17,145,045
1,619,215	1,569,722	1,692,175	1,643,966	1,845,667	1,952,669
3,861,265	3,744,957	3,845,732	11,895,482	4,333,080	4,360,517
4,396,406	3,956,766	4,156,497	4,779,696	3,203,837	3,414,412
176,318	134,127	149,292	191,038	201,635	183,392
435,154	418,533	402,750	422,935	425,402	433,144
616,931	291,135	674,488	1,566,057	3,044,615	2,152,848
2,145,000	2,214,000	3,664,000	2,802,511	2,769,525	8,058,525
831,875	774,172	696,780	542,166	816,362	640,029
47,054	17,137	<u> </u>	62,831	98,906	-
14,129,218	13,120,549	15,281,714	23,906,682	16,739,029	21,195,536
2,352,364	(414,537)	(2,246,231)	(11,318,914)	806,020	(4,050,491)
4,175	16,727	1,727	54,522	72,182	103,328
2,165,000	808,000	3,140,000	8,606,250	5,464,000	311,000
2,103,000	6,558	5,140,000	114,960	41,497	511,000
_	(435,000)	_	-	-	_
_	(+33,000)	_	_	_	_
1,979,457	1,722,541	2,608,534	3,392,971	3,521,180	6,984,443
(1,910,435)	(1,650,817)	(2,539,240)	(3,336,137)	(3,241,959)	(7,122,927)
2,238,197	468,009	3,211,021	8,832,566	5,856,900	275,844
<u> </u>	<u> </u> <u> </u>	<u>-</u> _	<u> </u>	1,111,834	-
\$4,590,561	\$53,472	\$964,790	(\$2,486,348)	\$7,774,754	(\$3,774,647)
22.0%	23.3%	29.9%	15.0%	26.2%	45.4%

Payable Year	Residential Property	Commercial/ Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Market Value
2008	\$18,382,645	\$3,431,107	\$279,102	\$22,092,854	38.97	\$2,021,961,000
2009	18,919,087	4,002,349	275,496	23,196,932	38.73	2,102,473,000
2010	17,978,917	3,800,004	291,904	22,070,825	37.91	2,001,889,600
2011	16,214,698	3,223,901	303,964	19,742,563	42.04	1,804,121,500
2012	14,743,557	2,945,026	310,870	17,999,453	42.89	1,640,455,854
2013	13,693,905	2,571,769	336,047	16,601,721	46.77	1,519,857,242
2014	13,646,798	2,450,473	341,974	16,439,245	46.68	1,509,921,169
2015	15,455,516	2,536,783	347,316	18,339,615	43.77	1,694,366,064
2016	15,472,329	2,609,482	359,006	18,440,817	46.02	1,699,288,883
2017	16,480,328	2,767,099	396,378	19,643,805	45.14	1,808,417,118

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				
		General		Centennial		Other		Total Direct and
Fiscal	Basic	Obligation	Total	School District	Anoka	Taxing	Total	Overlapping
Year	Rate	Debt Service	Direct	ISD # 12	County	Districts	Overlapping	Tax Rate
2008	34.560	4.407	38.967	35.258	31.078	6.956	73.292	112.259
2009	34.716	4.017	38.733	34.593	32.078	5.611	72.282	111.015
2010	34.086	3.819	37.905	37.285	35.189	5.879	78.353	116.258
2011	37.425	4.616	42.041	43.695	39.952	6.278	89.925	131.966
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

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

Source: Anoka County Property Records and Tax Division

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# PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

		2017			2008	
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
Target Corporation	\$214,636	1	1.09%	\$278,554	1	1.26%
Northern States Power Co	200,922	2	1.02%	143,459	3	0.65%
WI MN AB BIYNAH LLC	196,198	3	1.00%	-	-	-
Moline Concrete Products	113,360	4	0.58%	131,936	5	0.60%
Gargaro Properties LLC	111,084	5	0.57%	100,390	8	0.45%
Taylor Corporation	94,804	6	0.48%	129,568	6	0.59%
Kohl's Department Store	87,250	7	0.44%	140,306	4	0.64%
Minnegasco Inc	81,806	8	0.42%	-	-	-
Marmon/Keystone Corp	78,202	9	0.40%	-	-	-
Lino Lakes Assisted Living LLC	73,803	10	0.38%	-	-	-
Lino Lakes Realty LLC	-		-	265,694	2	1.20%
Legacy Holdings LLC	-		-	122,134	7	0.55%
Lino Lakes Business Center LLC	-		-	96,204	9	0.44%
F&G Incorporated				94,476	10	0.43%
Total	\$1,252,065		6.38%	\$1,502,721		6.81%

Source: Anoka County

# **CITY OF LINO LAKES, MINNESOTA**PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	Taxes I	Taxes Levied for the Fiscal Year			
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
2008	\$7,973,236	\$893,720	\$8,866,956	\$8,581,974	96.8%
2009	8,295,172	949,166	9,244,338	8,982,756	97.2%
2010	7,816,232	879,182	8,695,414	8,400,439	96.6%
2011	7,719,240	940,760	8,660,000	8,486,845	98.0%
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%

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		Percentage	Outstanding	Percentage
Subsequent		of	Delinquent	of Levy
Years	Amount	Levy	Taxes	Outstanding
\$129,219	\$8,711,193	98.2%	\$155,763	1.8%
194,540	9,177,296	99.3%	67,042	0.7%
182,890	8,583,329	98.7%	112,085	1.3%
126,993	8,613,838	99.5%	46,162	0.5%
77,752	8,173,254	99.3%	54,005	0.7%
68,948	8,163,859	99.4%	51,769	0.6%
40,447	8,270,433	99.7%	25,611	0.3%
25,712	8,656,542	99.7%	29,530	0.3%
9,770	9,032,734	99.7%	25,694	0.3%
=	9,439,688	99.5%	52,167	0.5%

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	G	Governmental Activities					
Fiscal Year	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	General Obligation Revenue Bonds			
2008	\$11,184,000	\$11,365,000	\$ <del>-</del>	\$1,530,000			
2009	10,712,000	10,265,000	4,260,000	1,170,000			
2010	10,141,000	9,175,000	4,260,000	795,000			
2011	9,421,000	7,985,000	3,695,000	405,000			
2012	10,331,000	7,095,000	3,695,000	-			
2013	9,610,000	5,975,000	3,695,000	-			
2014	9,036,000	7,640,000	2,080,000	-			
2015	16,377,291	6,620,000	1,720,000	-			
2016	18,337,081	7,795,000	1,609,000	-			
2017	14,837,768	4,905,000	233,475	-			

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.

<sup>(1)</sup> Personal income information is not yet available for 2017 from the Bureau of Economic Analysis Report

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita	
\$24,079,000	1.19%	3.08%	\$1,205	
26,407,000	1.24%	3.44%	1,301	
24,371,000	1.22%	3.13%	1,206	
21,506,000	1.19%	2.59%	1,049	
21,121,000	1.29%	2.46%	1,024	
19,280,000	1.27%	2.19%	925	
18,756,000	1.24%	2.04%	888	
24,717,291	1.46%	2.64%	1,205	
27,741,081	1.63%	2.84%	1,334	
19,976,243	1.10%	(1)	946	

# RATIOS OF NET GENERAL BONDED DEBT

Last Ten Fiscal Years

	Governmental .	Activities	
	General	Special	Total
Fiscal	Obligation	Assessments	Primary
Year	Bonds	Payable	Government
2008	\$11,184,000	\$11,365,000	\$22,549,000
2009	10,712,000	10,265,000	20,977,000
2010	10,141,000	9,175,000	19,316,000
2011	9,421,000	7,985,000	17,406,000
2012	10,331,000	7,095,000	17,426,000
2013	9,610,000	5,975,000	15,585,000
2014	9,036,000	7,640,000	16,676,000
2015	16,377,291	6,620,000	22,997,291
2016	18,337,081	7,795,000	26,132,081
2017	14,837,768	4,905,000	19,742,768

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)
\$1,128	\$3,405,272	\$19,143,728	0.95%	\$958
1,033	3,457,349	17,519,651	0.82%	863
955	2,986,102	16,329,898	0.82%	808
849	2,638,129	14,767,871	0.82%	720
845	3,035,557	14,390,443	0.88%	698
748	3,357,196	12,227,804	0.80%	587
789	2,501,738	14,174,262	0.94%	671
1,121	2,813,226	20,184,065	1.19%	984
1,256	8,420,263	17,711,818	1.04%	851
935	5,171,905	14,570,863	0.86%	690

	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping debt:			
Anoka County	\$110,265,000	6.2%	\$6,816,325
ISD 12	95,953,685	44.2%	42,382,122
ISD 624	88,915,000	3.2%	2,808,741
ISD 831	159,565,000	7.2%	11,467,589
Metropolitan Council	1,484,038,432	0.6%	8,469,233
Rice Creek Watershed District	343,818	33.2%	114,215
Anoka County Railroad Authority	24,310,000	6.2%	1,502,787
Total overlapping			73,561,012
City of Lino Lakes direct debt	\$19,976,243	100%	19,976,243
Total direct and overlapping debt			\$93,537,255

<sup>\*</sup>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 2017** 

Market value	\$1,808,417,118
Applicable percentage	3%
Debt limit	54,252,514
Debt applicable to limit:	
Total bonded debt	19,976,243
Less:	
Special assessment bonds	(4,905,000)
Tax abatement bonds	(1,600,000)
Tax increment bonds	(1,625,000)
Utility revenue bonds	(1,420,000)
	10,426,243
Legal debt margin	\$43,826,271

**Legal Debt Margin Calculation for Fiscal Years 2008 Through 2017** 

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
2008	19,987	\$60,658,830	\$3,804,000	\$56,854,830	6.27%	\$190
2009	20,305	64,036,746	3,642,000	60,394,746	5.69%	179
2010	20,216	60,622,086	3,386,000	57,236,086	5.59%	167
2011	20,505	54,123,645	2,961,000	51,162,645	5.47%	144
2012	20,625	49,213,676	4,591,000	44,622,676	9.33%	223
2013	20,833	45,595,717	4,280,000	41,315,717	9.39%	205
2014	21,129	45,297,635	4,191,000	41,106,635	9.25%	198
2015	20,519	50,830,982	11,941,250	38,889,732	23.49%	582
2016	20,803	50,978,666	10,122,081	40,856,585	19.86%	487
2017	21,117	54,252,514	10,426,243	43,826,271	19.22%	494

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2008	19,987	\$781,132	\$39,082	6,768	6.9%
2009	20,305	768,341	37,840	6,725	7.8%
2010	20,216	777,912	38,480	6,523	7.1%
2011	20,505	831,170	40,535	6,426	5.9%
2012	20,625	857,753	41,588	6,421	5.6%
2013	20,833	879,903	42,236	6,392	4.5%
2014	21,129	917,252	43,412	6,410	3.4%
2015	20,519	934,764	45,556	6,371	3.3%
2016	20,803	975,682	46,901	6,473	3.9%
2017	21,117	Not available	Not available	6,500	3.1%

#### 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

		2017		2008			
Employer	Employees	Rank	Percentage of Total City Employment <sup>(1)</sup>	Employees	Rank	Percentage of Total City Employment <sup>(1)</sup>	
State of Minnesota Corrections	460	1	23.2%	600	1	33.1%	
ISD 12 - Centennial Schools	391	2	19.7%	-	-	-	
Target Corporation	260	3	13.1%	240	3	13.2%	
Curtis 1000 (AdGraphics/Taylor Corp	200	4	10.1%	260	2	-	
Kohls	123	5	6.2%	160	5	8.8%	
Molin Concrete Products	120	6	6.1%	135	6	7.4%	
YMCA	120	7	6.1%	130	7	7.2%	
Distribution Alternatives	120	8	6.1%	-	-	-	
Rehbein Transit, Inc.	100	9	5.1%	-	-	-	
Anoka County Juvenile Center	86	10	4.3%	-	-	-	
Customer Manufacturing	-	-	-	160	4	8.8%	
Synovis Interventional Systems	-	-	-	70	8	3.9%	
Summit Fire Protection		-	-	60	9	3.3%	
Total	1,980			1,815			

<sup>&</sup>lt;sup>(1)</sup>The statistic for total City employment is not available, therefore the percentage represents the percentage of the top ten listed.

Information about the 10th largest employer of 2008 is not available.

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,					
	2008	2009	2010	2011		
General Government:				_		
Administration	5.00	5.00	4.00	3.50		
Seniors	0.63	0.63	0.63	-		
Finance	3.50	3.50	3.00	3.00		
Economic Development	1.00	1.00	1.00	1.00		
Planning	2.00	2.00	2.00	1.00		
Community Development	2.75	2.75	2.25	2.00		
Building	1.00	1.00	1.00	-		
Other	1.40	1.40	1.40	0.70		
Total General Government	17.28	17.28	15.28	11.20		
Public Safety:						
Sworn Officers	27.00	27.00	27.00	25.00		
Civilians	4.75	4.75	4.25	4.00		
Fire	-	-	-	-		
Building Inspection	4.25	4.25	2.75	2.50		
Total Public Safety	36.00	36.00	34.00	31.50		
Public Works:						
Streets	7.35	7.35	6.85	7.00		
Other	1.15	1.15	1.15	1.00		
Total Public Works	8.50	8.50	8.00	8.00		
Parks, Recreation and Forestry	9.80	9.80	9.30	9.00		
Water	2.15	2.15	2.15	2.15		
Sewer	2.15	2.15	2.15	2.15		
Total	75.88	75.88	70.88	64.00		

Source: City Finance Office

2012	2013	2014	2015	2016	2017
3.50	3.50	3.50	3.50	4.00	4.00
-	-	-	-	-	-
3.00	3.00	3.00	3.00	3.50	3.50
1.00	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
-	=	-	-	-	=
0.70	0.70	0.70	0.70	0.65	0.65
11.20	10.20	10.20	10.20	11.15	11.15
		_	_		
25.00	25.00	25.00	26.00	27.00	27.00
3.00	3.00	4.00	4.00	4.50	4.50
-	-	1.00	1.00	1.50	1.50
2.50	2.50	2.00	2.00	2.50	2.50
30.50	30.50	32.00	33.00	35.50	35.50
7.00	7.00	7.00	7.00	6.50	6.65
1.00	1.00	1.00	1.00	1.50	1.50
8.00	8.00	8.00	8.00	8.00	8.15
9.00	8.70	8.70	8.70	7.75	7.90
2.15	2.30	2.30	2.30	2.30	2.70
2.15	2.30	2.30	2.30	2.30	2.70
63.00	62.00	63.50	64.50	67.00	68.10

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2008	2009	2010	2011
General Government:				
Elections	2	1	2	1
Registered voters	12,723	11,805	12,284	11,705
Number of votes cast	11,051	4,354	8,545	4,314
Voter participation (registered)	86.9%	36.9%	69.6%	36.9%
Public Safety:				
Police:				
Calls for Service	6,871	6,353	6,398	6,384
Traffic Citations & Warnings	3,252	3,187	2,743	2,604
Part I Crime Rate	1,461	1,075	982	1,117
Part II Crime Rate	3,767	3,151	2,911	2,911
Police:				
Case Numbers Generated				
Avg Response Time (Emergency & Non-Emerge	ency)			
Part I Crime Offenses				
Part II Crime Offenses				
Clearance Rate				
Fire:				
Fire Call Load				
Fire Property Loss				
Fire Property Saved				
Fire Inspections				
Inspections:				
Building Permits (1) (2)	5,041	1,535	509	452
Value of Building Permits	\$15,852,780	\$9,586,160	\$11,295,493	\$11,192,264
Public Works:				
General Maintenance (hours)	6,129	5,870	4,945	7,416
Street Mantenance (hours)	3,851	3,267	3,099	4,352
Fleet Maintenance (hours)	5,043	4,782	4,850	4,214
Snow Plowing/Sanding (hours)	1,353	950	1,638	1,534
Culture and Recreation:				
Parks				
Park Maintenance (hours)	11,136	12,406	9,257	9,813
Utilities:				
Water Maintenance (hours)	5,716	5,041	3,560	3,568
Sanitary Sewer Maintenance (hours)	3,760	3,486	3,531	3,557

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

Source: Various City Departments

<sup>(2)</sup> Increase in permits issued - June 2017 storm damage.

<sup>(3)</sup> The Public Safety Department modified the metrics maintained for business purposes in 2016. Those changes are reflected in the 2016 and 2017 Operating Indicators.

2012	2013	2014	2015	2016	2017
2	1	2	1	2	1
13,478	12,020	12,610	12,143	13,636	12,624
11,546	1,575	7,854	4,085	11,562	2,165
85.7%	13.1%	62.3%	33.6%	84.8%	17.1%
6 244	C 210	C 201	C 210	C 210	(2)
6,344 2,694	6,210 2,597	6,281 2,296	6,210 2,199	6,210 2,199	(3)
2,094 983	918	631	1,226	1,091	(3) (3)
2,396	2,144	1,836	2,395	3,635	(3)
				16,321	18,199
				5:26 minutes	4:42 minutes
				224	176
				746	808
				73%	82%
				269	316
				\$694,000	\$325,100
				\$10,511,300	\$6,342,100
				53	117
459	490	431	654	761	5,422
\$10,751,626	\$17,683,665	\$13,535,514	\$26,570,593	\$53,390,619	\$50,984,047
6,939	3,994	5,200	7,839	5,534	6,313
5,926	5,740	3,840	3,347	4,053	3,765
3,945	4,548	4,746	4,322	4,437	3,986
594	1,639	2,141	754	960	928
9,739	8,480	8,537	8,332	9,698	8,576
3,585	3,119	3,189	3,240	3,539	3,278
3,517	3,109	3,178	3,240	3,539	3,278
5,517	3,107	3,170	3,270	3,337	3,270

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire:										
Stations	1	1	1	1	1	1	1	2	2	2
Fire Trucks	5	5	5	5	5	5	5	7	7	8
Public Works:										
Lights	673	673	673	673	673	673	673	673	815	838
Vehicles	29	29	29	29	29	29	29	29	39	39
City Streets (miles)	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7
Culture & Recreation:										
Parks:										
Parks	18	18	18	18	18	18	18	18	17	18
Park Acres	141	141	141	141	141	141	141	141	139.6	147
Trails (miles)	26	26	26	26	26	26	26	26	29.75	30
Park Shelters	7	7	7	6	6	6	6	6	6	6
Basketball Courts	6	6	6	6	6	6	6	6	6	6
Fishing Pier	1	1	1	1	1	1	1	1	1	-
Skating Rinks	4	4	4	4	4	4	4	4	4	3
Soccer Fields	8	8	8	8	8	8	8	8	6	4
Baseball/Softball Fields	20	20	20	20	20	20	20	20	8	8
Tennis Courts	2	2	2	2	2	2	2	2	2	-
Playgrounds	16	16	16	16	16	16	16	16	15	16
Water:										
Distribution System (miles)	74.7	74.7	74.7	74.7	74.7	74.7	74.7	74.7	85.6	99.4
Water Connections	4,247	4,340	4,382	4,424	4,452	4,484	4,520	4,542	4,649	4,738
Gallons Pumped (millions)	590	589	498	492	609	536	536	449	452	494
Number of Fire Hydrants	538	538	538	538	538	538	538	1024	1024	1028
Water Tower Capacity (millions gallons)	2	2	2	2	2	2	2	2	2	2
Sanitary Sewer:										
Collection System (miles)	69.8	69.8	69.8	69.8	69.8	69.8	69.8	77.9	77.9	87.0
Sewer Connections	4,447	4,486	4,530	4,567	4,567	4,624	4,685	4,685	4,817	4,976
Storm Sewer:										
Pipe (miles)	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	53.7	54.1

Source: Various City Departments

OTHER INFORMATION (UNAUDITED)

SCHEDULE OF LONG-TERM DEBT

December 31, 2017

	Interest Rates	Issue Date	Final Maturity Date
Long-term debt:			
General Obligation Bonds:			
2014A Certificates of Indebtedness	1.00%	2/1/14	12/31/17
2015A Certificates of Indebtedness	1.00%	2/1/15	12/31/18
2015B Certificates of Indebtedness	1.50%	8/25/15	12/31/20
2016A Certificates of Indebtedness	1.00%	2/1/16	12/31/19
2017A Certificates of Indebtedness	1.00%	3/1/17	12/31/20
G.O. Tax Abatement Bonds, Series 2006C	4.00% - 4.30%	8/15/06	2/1/17
G.O. Utility Revenue Bonds, Series 2006D	4.00% - 4.15%	8/15/06	2/1/17
G.O. CIP Refunding Bonds, Series 2006E	4.00%	11/1/06	2/1/18
G.O. 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 2015A	2.00% - 3.00%	8/1/15	2/1/31
EDA Lease Revenue Bonds 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 2016C Total General Obligation Bonds	1.00% - 1.50%	11/23/16	2/1/23
Special Assessment Bonds:			
G.O. Improvement Bonds, Series 2005A	4.35% - 5.15%	11/1/05	2/1/17
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. Improvement Note, Series 2009A	3.70% - 4.00%	8/1/09	8/1/20
G.O. Capital Note, Series 2016A	2.00%	4/14/16	2/1/26

Total long-term debt

		Payable	20	17	Payable	Principal
Original	Prior	January 1,	T 1	D	December 31,	Due in
Issue	Payments	2017	Issued	Payments	2017	2018
\$495,000	\$327,000	\$168,000	\$ -	\$168,000	\$ -	\$ -
198,250	65,000	133,250	-	67,000	66,250	66,250
963,000	177,000	786,000	-	193,000	593,000	195,000
469,000	-	469,000	-	155,000	314,000	156,000
311,000	-	-	311,000	-	311,000	102,000
2,460,000	705,000	1,755,000	-	1,755,000	-	-
570,000	500,000	70,000	-	70,000	-	-
2,990,000	2,160,000	830,000	-	405,000	425,000	425,000
4,215,000	2,190,000	2,025,000	-	400,000	1,625,000	190,000
2,015,000	520,000	1,495,000	-	225,000	1,270,000	230,000
3,095,000	-	3,095,000	-	190,000	2,905,000	195,000
4,350,000	-	4,350,000	-	165,000	4,185,000	170,000
1,420,000	-	1,420,000	-	=	1,420,000	130,000
1,600,000	-	1,600,000	-	-	1,600,000	225,000
25,151,250	6,644,000	18,196,250	311,000	3,793,000	14,714,250	2,084,250
5,550,000	3,190,000	2,360,000	-	2,360,000	-	-
1,000,000	575,000	425,000	-	100,000	325,000	105,000
615,000	120,000	495,000	-	60,000	435,000	60,000
2,645,000	105,000	2,540,000	-	370,000	2,170,000	370,000
1,975,000	-	1,975,000	-	-	1,975,000	480,000
11,785,000	3,990,000	7,795,000	0	2,890,000	4,905,000	1,015,000
4,260,000	2,915,000	1,345,000	_	1,345,000	_	_
294,525	30,525	264,000		30,525	233,475	31,350
\$41,490,775	\$13,579,525	\$27,600,250	\$311,000	\$8,058,525	\$19,852,725	\$3,130,600

# SCHEDULE OF DEFERRED TAX LEVIES

December 31, 2017

Year of Levy/ Collection	Certificates of Indebtedness 2015A	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A
<u> </u>			•
2017/2018	\$70,258	\$214,090	\$167,097
2018/2019	-	213,119	167,559
2019/2020	-	214,216	-
2020/2021	-	-	-
2021/2022	-	-	-
2022/2023	-	-	-
2023/2024	-	-	-
2024/2025	-	-	-
2025/2026	-	-	-
2026/2027	-	-	-
2027/2028	-	-	-
2028/2029	-	-	_
2029/2030	-	-	-
2030/2031	-	-	_
2031/2032	-	-	_
2032/2033	-	-	-
2033/2034	-	-	-
2034/2035		<del>-</del>	
	\$70,258	\$641,425	\$334,65

Certificates of Indebtedness 2017A	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A	EDA Lease Revenue Bonds 2015B	G.O. Tax Abatement Refunding Bonds 2016C	Total
\$113,087	\$176,390	\$274,378	\$319,397	\$276,176	\$1,610,873
111,395	180,012	270,178	315,722	289,097	1,547,082
111,353	178,080	271,228	317,297	301,570	1,393,744
-	175,896	266,923	316,877	313,567	1,073,263
-	178,794	267,868	316,299	325,054	1,088,015
-	176,109	273,958	320,814	-	770,881
-	-	274,588	319,764	-	594,352
-	-	269,863	318,557	-	588,420
-	-	269,798	317,192	-	586,990
-	-	222,364	315,669	-	538,033
-	-	222,626	319,239	-	541,865
-	-	222,758	317,244	-	540,002
-	-	221,708	320,342	-	542,050
-	-	-	317,231	-	317,231
-	-	-	319,200	-	319,200
-	-	-	318,780	-	318,780
-	-	-	317,940	-	317,940
	<u> </u>	<u>-</u>	316,680		316,680
\$335,835	\$1,065,281	\$3,328,238	\$5,724,244	\$1,505,464	\$13,005,401

	Certificates of Indebtedness 2015A	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A
Bonds payable	\$66,250	\$593,000	\$314,000
Future interest payable	663	17,880	4,720
	\$66,913	\$610,880	\$318,720
Payments to maturity:			
2018	\$66,913	\$203,895	\$159,140
2019	-	202,970	159,580
2020	-	204,015	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	<del>-</del>	-	-
2025	-	-	-
2026	<del>-</del>	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	=	=
2031	-	-	=
2032	<del>-</del>	-	-
2033 2034	-	-	-
2034 2035	-	-	-
2035	<u> </u>	<u>-</u> 	- -
	\$66,913	\$610,880	\$318,720

Certificates of Indebtedness 2017A	G.O. CIP Refunding Bonds 2006E	G.O. TIF Bonds 2007A	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A
\$311,000	\$425,000	\$1,625,000	\$1,270,000	\$2,905,000
8,842	8,500	249,899	58,092	492,355
\$319,842	\$433,500	\$1,874,899	\$1,328,092	\$3,397,355
\$107,702	\$433,500	\$252,126	\$244,660	\$258,262
106,090	Ψ-33,300	254,326	242,590	259,312
106,050	_	261,026	170,520	255,312
-	_	267,126	168,560	256,263
_	_	272,504	166,400	252,163
-	-	282,016	169,001	253,013
-	-	285,775	166,361	258,71
-	-	- -	- -	259,26
-	-	-	-	254,48
-	-	-	-	254,36
-	-	-	-	209,40
-	-	-	-	209,58
-	-	-	-	209,15
-	-	-	-	208,07
-	-	=	-	-
-	-	-	-	-
-	-	-	-	-
<del>-</del> -	<del>-</del> -	<del>-</del> -	<del>-</del> -	-
\$319,842	\$433,500	\$1,874,899	\$1,328,092	\$3,397,355

	EDA Lease Revenue Bonds 2015B	G.O. Utility Revenue Bonds 2016A	G.O. Tax Abatement Refunding Bonds 2016C
Bonds payable	\$4,185,000	\$1,420,000	\$1,600,000
Future interest payable	1,502,956	145,300	68,913
	\$5,687,956	\$1,565,300	\$1,668,913
Payments to maturity:			
2018	\$300,888	\$157,100	\$244,150
2019	302,437	159,450	261,678
2020	298,937	161,700	273,770
2021	299,488	158,900	285,422
2022	299,012	156,100	296,605
2023	298,388	158,250	307,288
2024	302,538	155,350	-
2025	301,462	152,450	-
2026	300,237	154,500	-
2027	298,863	151,500	-
2028	297,338	-	-
2029	300,587	-	-
2030	298,613	-	-
2031	301,106	-	-
2032	298,062	-	-
2033	298,800	-	-
2034	298,200	-	-
2035	297,200	-	-
2036	295,800		-
	\$5,687,956	\$1,565,300	\$1,668,913

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
\$325,000	\$435,000	\$2,170,000	\$1,975,000	\$233,475	\$19,852,725
14,925	59,160	124,502	53,048	19,041	2,828,796
\$339,925	\$494,160	\$2,294,502	\$2,028,048	\$252,516	\$22,681,521
\$113,175	\$74,460	\$399,633	\$501,575	\$36,020	\$3,553,199
110,025	72,900	406,158	506,780	36,217	3,080,513
116,725	71,100	401,788	505,868	36,399	2,863,210
-	69,000	406,390	513,825	35,739	2,460,713
-	71,500	162,055	-	35,904	1,712,243
=	68,900	159,280	-	36,053	1,732,189
=	66,300	161,151	-	36,184	1,432,371
=	-	162,645	-	-	875,820
-	-	35,402	-	-	744,620
-	-	-	-	-	704,725
-	-	-	-	-	506,738
-	-	-	-	-	510,174
-	-	-	-	-	507,763
-	-	-	-	-	509,181
-	-	-	-	-	298,062
-	-	-	-	-	298,800
-	-	-	-	-	298,200
=	-	=	=	-	297,200
					295,800
\$339,925	\$494,160	\$2,294,502	\$2,028,048	\$252,516	\$22,681,521

December 31, 2017

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)	37,927,418
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 2016/2017		Tax Capacity Values 2015/2016	
Taxable valuations:	¢10 <i>C12</i> 905		¢10 440 017	
Total	\$19,643,805		\$18,440,817	
Fiscal disparities: Distribution Contribution Less: Captured Tax Increment Value	2,792,112 (1,168,180) (293,970)		2,755,743 (1,115,822) (261,525)	
	\$20,973,767		\$19,819,213	
	Certified Levy	Tax Capacity Rate	Certified Levy	Tax Capacity Rate
Taxes Levied:	Levy	Rute	Levy	Rute
Revenue	\$7,360,431	35.105	\$7,018,572	35.025
Bond and Interest	2,131,424	10.035	2,039,856	10.994
Totals	\$9,491,855	45.140	\$9,058,428	46.019

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

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