OF THE CITY OF LINO LAKES, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared By: Finance Department

Sarah Cotton, Director of Finance Paula Schloer, Accountant



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INTRODUCTORY SECTION

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May 30, 2017

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, 2016**.

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, 2016**, 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, 2016, 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 20,750. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 23.5% 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.

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 planning for 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 2016. Residential permits were the highest since 2007 and commercial development showed signs of recovery as new construction activities and development planning emerged. The City recently approved preliminary plans for a 876-unit residential development by Mattamy Homes, Inc. Mattamy is currently working with another national developer on the sale of the property. In addition, DR Horton, Inc. entered into a purchase agreement with the City for 11 acres of

Factors Affecting Financial Condition (Continued)

land in the Legacy at Woods Edge development, and the 112-unit residential development received final approval in September 2016. DR Horton is currently working on their second phase of the development. Developers also broke ground on the 56-acre Clearwater Creek Business Park in 2016. This development includes the construction of a 402,000 square-foot building providing warehousing and fulfillment services.

Long-term financial planning. The City's currently adopted five-year financial plan identifies street and utility improvements totaling \$26,590,408 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 2021.

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 \$6,031,077 which is 61% 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 2016 was 0.75%. 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 \$17,588, or 0.04%, for a total investment yield of 0.79%. 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, 2015. This marks the twenty-first 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 2016 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the Certificate program.

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

Respectfully submitted,

Sarah R. Cotton Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

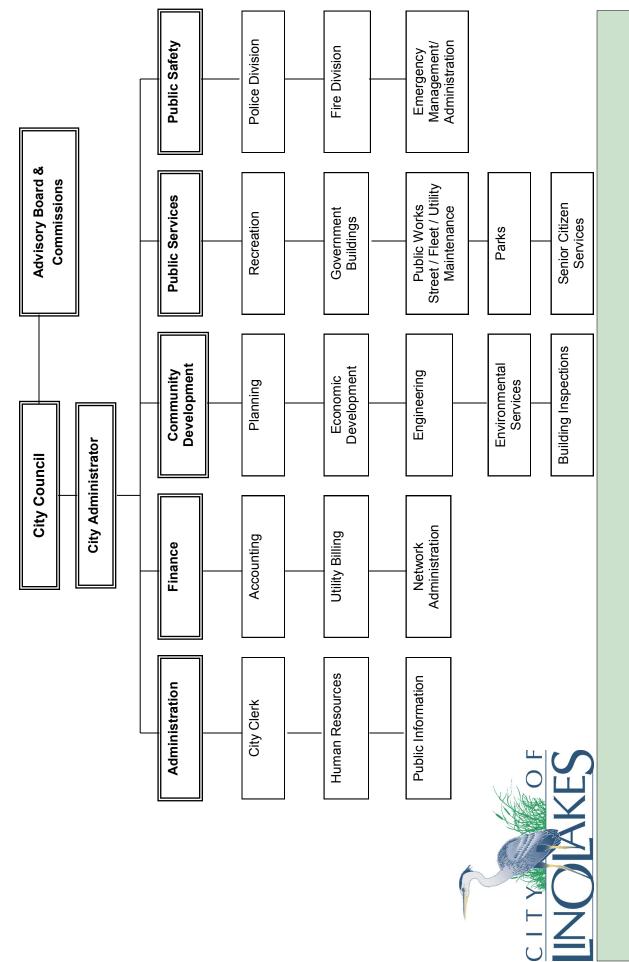
City of Lino Lakes Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Lino Lakes Organizational Chart



CITY OF LINO LAKES, MINNESOTA

PRINCIPAL CITY OFFICIALS

December 31, 2016

		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

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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress, and the schedules of 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 30, 2017, 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 30, 2017

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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, 2016. 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 \$88,543,987 (net position). Of this amount, \$24,743,181 (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 \$3,989,369.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,830,769, an increase of \$7,774,754. Of this amount, \$6,502,424 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 \$6,256,191. Unassigned fund balance for the general fund was \$6,031,077, or 63% of total general fund expenditures and other financing uses.

Total outstanding debt increased by \$3,023,790 during 2016. However, 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.

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 four 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
- 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 \$88,543,987 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$50,457,954, or 57%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lino Lakes' Net Position

	Governmental Activities		Business-Typ	e Activities	Totals	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$37,480,144	\$32,222,786	\$14,501,253	\$14,881,531	\$51,981,397	\$47,104,317
Capital assets	41,154,425	41,228,037	31,860,610	29,127,829	73,015,035	70,355,866
Total assets	\$78,634,569	\$73,450,823	\$46,361,863	\$44,009,360	\$124,996,432	\$117,460,183
Deferred outflows of resources	\$8,780,333	\$985,081	\$168,302	\$11,660	\$8,948,635	\$996,741
Liabilities:						
Long-term liabilities outstanding	\$34,049,287	\$27,144,998	\$433,812	\$111,802	\$34,483,099	\$27,256,800
Other liabilities	8,999,568	5,900,707	322,072	101,355	9,321,640	6,002,062
Total liabilities	\$43,048,855	\$33,045,705	\$755,884	\$213,157	\$43,804,739	\$33,258,862
Deferred inflows of resources	\$1,546,117	\$636,040	\$50,224	\$7,404	\$1,596,341	\$643,444
Net position:						
Net investment in capital assets	\$18,597,344	\$18,230,746	\$31,860,610	\$29,127,829	\$50,457,954	\$47,358,575
Restricted	13,342,852	8,635,293	-	-	13,342,852	8,635,293
Unrestricted	10,879,734	13,888,120	13,863,447	14,672,630	24,743,181	28,560,750
Total net position	\$42,819,930	\$40,754,159	\$45,724,057	\$43,800,459	\$88,543,987	\$84,554,618

\$13,342,852 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 (\$24,743,181) 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 \$3,989,369 during 2016. Key elements of this increase are as follows:

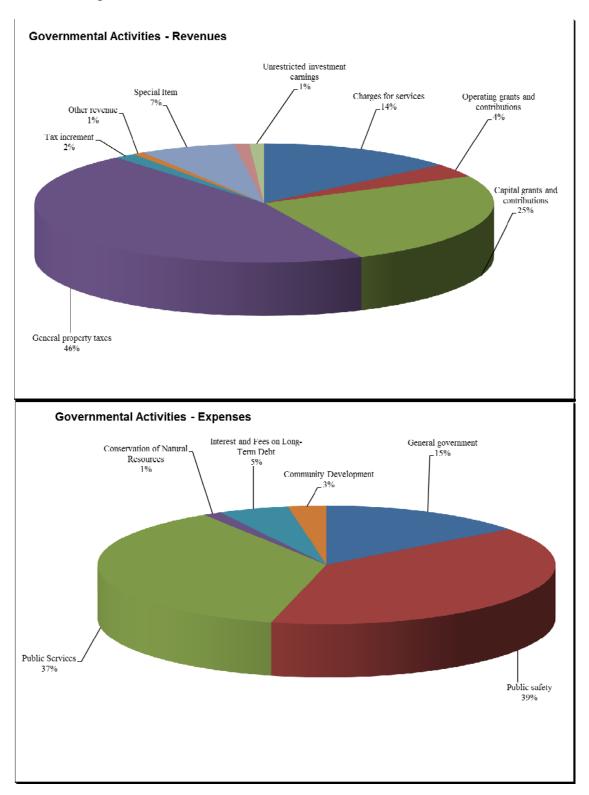
City of Lino Lakes' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$2,744,984	\$1,722,872	\$2,754,219	\$2,636,469	\$5,499,203	\$4,359,341
Operating grants and contributions	722,858	526,107	-	263,024	722,858	789,131
Capital grants and contributions	5,046,307	1,176,732	1,543,947	3,035,031	6,590,254	4,211,763
General revenues:						
General property taxes	9,049,671	8,874,910	-	-	9,049,671	8,874,910
Tax increment	293,829	267,286	-	-	293,829	267,286
Grants and contributions not						
restricted to specific programs	91,385	5,363	-	-	91,385	5,363
Unrestricted investment earnings	210,142	112,961	107,119	51,167	317,261	164,128
Gain on disposal of capital assets	66,255	17,836		-	66,255	17,836
Total revenues	18,225,431	12,704,067	4,405,285	5,985,691	22,630,716	18,689,758
Expenses:						
General government	2,456,864	2,016,351	_	_	2,456,864	2,016,351
Public safety	6,567,523	5,135,865	_	_	6,567,523	5,135,865
Public services	6,228,893	7,971,712	_	_	6,228,893	7,971,712
Conservation of naturual resources	216,905	186,111	_	_	216,905	186,111
Community development	454,144	432,268	_	_	454,144	432,268
Interest and fees on long-term debt	831,529	632,876	_	_	831,529	632,876
Water	-	-	1,367,693	1,394,897	1,367,693	1,394,897
Sewer	_	_	1,850,962	2,089,842	1,850,962	2,089,842
Total expenses	16,755,858	16,375,183	3,218,655	3,484,739	19,974,513	19,859,922
Increase in net position before						
special item and transfers	1,469,573	(3,671,116)	1,186,630	2,500,952	2,656,203	(1,170,164)
Special item	1,333,166	(5,071,110)	1,100,000	2,000,702	1,333,166	(1,170,101)
Transfers	(914,414)	66,834	914,414	(66,834)	1,333,100	-
Transiers	(914,414)	00,834	914,414	(00,834)		
Change in net position	1,888,325	(3,604,282)	2,101,044	2,434,118	3,989,369	(1,170,164)
Net position - January 1, as previously reported	40,754,159	48,734,868	43,800,459	41,444,300	84,554,618	90,179,168
Prior period adjustment	177,446	(4,376,427)	(177,446)	(77,959)	-	(4,454,386)
Net position - January 1, as restated	40,931,605	44,358,441	43,623,013	41,366,341	84,554,618	85,724,782
Net position - December 31	\$42,819,930	\$40,754,159	\$45,724,057	\$43,800,459	\$88,543,987	\$84,554,618

Governmental Activities

Governmental activities increased the City's net position by \$1,888,325 during 2016. The cumulative effect of increased Capital Grants and Contributions, partially offset by increases in general government and public safety expenses, and decreased public services spending account for this increase in 2016. In addition, as a result of the City withdrawing from the Centennial Fire district the City received \$1,333,166 of cash and equipment, further increasing the net position. This increase was partially offset by transfers out to business-type activities of \$914,414.

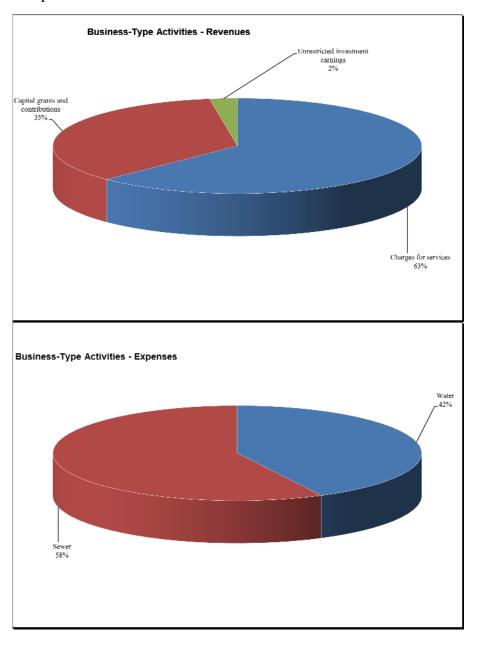
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Business-Type Activities

Business-type activities increased the City's net position by \$2,101,044 during 2016. Contributions of capital assets from private sources, as well as the City's governmental activities, totaled \$2,737,582 during the year. This revenue was partially offset by net operating losses (\$294,937) and transfers out to governmental activities (\$279,221).

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 \$27,830,769. Approximately 23% of this total amount (\$6,502,424) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$326,334 of fund balance is not in a spendable form, \$170,950 has been committed, \$15,778,480 has been assigned, and \$5,052,581 is unassigned.

The fund balance of the General Fund increased by \$309,778 in 2016, while the City anticipated the use of \$423,000 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. In addition, reduced expenditures, primarily for personal services through vacant positions, fuel costs, and professional services helped to increase the year end fund balance.

The G.O. Improvement Bonds of 2005A fund balance increased by \$2,566,307 due to the receipt of \$1,975,000 of refunding bond proceeds and \$996,679 of tax forfeit land received and sold in lieu of special assessments. On February 1, 2017, the fund made a debt service payment of approximately \$2,420,000.

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 \$22, a decrease of \$7,362. Special assessment revenue and transfers in are meant to approximate the fund's debt service commitment each year. The outstanding balance on the note as of December 31, 2016 was \$1,345,000.

The Area and Unit Charge fund has a total fund balance of \$6,266,200, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$1,843,595 due to the collection of prepaid special assessments and trunk utility development fees.

The combined fund balance of other governmental funds increased \$3,062,436 during 2016. Primary reasons for the increase 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 G.O. Bond Fund of 2014A increased \$858,219 as special assessment collections significantly exceeded debt service payments during 2016.

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 \$22,019,271, of which \$4,883,004 is unrestricted. The increase in net position of \$1,706,346 was primarily due to capital contributions, partially offset by a net operating loss.

The sewer fund has total net position at year-end of \$23,704,786, of which \$8,980,443 is unrestricted. The increase in net position of \$394,698 was primarily due to capital contributions, partially offset by a net operating loss and transfers out of the fund.

Budgetary Highlights

General Fund

The General Fund budget was amended several times during the year to reflect increased revenues in building activities, police state aid, and other fines and fees, as well as changes in expenditure areas due to personnel vacancies, changes to professional and contracted services, variances in supplies, tools, and fuel, and finally the transfer for the park land loan. The final amended expenditure budget was \$317,388 less than the original adopted budget.

Revenues were \$185,564 over budget for the year. General property tax and intergovernmental state grant revenues were \$50,529 under budget; however, this variance was more than offset by greater than anticipated license and permit revenues, public safety charges for services, and miscellaneous refunds and reimbursements.

Expenditures came in under budget by \$115,428 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 contracted services was lower overall from budgeted levels primarily due to favorability in the streets, parks, and planning and zoning departments.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounted to \$73,015,035 (net of accumulated depreciation), an increase of \$2,659,169 from the prior year. This investment in capital assets includes land, construction in progress, buildings, equipment, vehicles, and infrastructure. The City has continued to work to complete the Shenandoah Area Street Improvements, NorthPointe 2nd Addition infrastructure improvements, Fire Station #2, Pump House #6, and the Birch Street turn lanes and infrastructure improvements in 2016. In addition, the City began the reconditioning of Water Tower #1, Aqua Lane to Blackduck Drive water main improvements, and the upgrade of the air conditioning system at the Civic Complex. Developer lead infrastructure improvements at various stages of completion

include NorthPointe 3^{rd} and 4^{th} Additions, Saddle Club 2^{nd} Addition, Century Farms 6^{th} Addition, and Woods Edge.

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$3,275,859	\$3,275,859	\$ -	\$ -	\$3,275,859	\$3,275,859
Construction in progress	8,961,062	7,268,375	5,617,436	1,830,071	14,578,498	9,098,446
Buildings	2,706,355	2,802,413	-	-	2,706,355	2,802,413
Office equipment and furniture	157,704	133,963	-	-	157,704	133,963
Vehicles	1,370,732	1,141,371	-	-	1,370,732	1,141,371
Machinery and shop equipment	1,017,332	1,109,527	167,440	152,886	1,184,772	1,262,413
Other equipment	206,385	193,122	-	-	206,385	193,122
Infrastructure	23,458,996	25,303,407	26,075,734	27,144,872	49,534,730	52,448,279
Total	\$41,154,425	\$41,228,037	\$31,860,610	\$29,127,829	\$73,015,035	\$70,355,866

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 \$27,741,081. Of this amount, \$18,460,250 comprises tax supported debt and \$7,795,000 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 carries a note to Anoka County for its share of the cost of the I-35E / County Road 14 Interchange project in the amount of \$1,345,000 and 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 \$264,000.

City of Lino Lakes' Outstanding Debt

	Governmental Activities		Business-Typ	pe Activities	Totals	
	2016	2015	2016	2016 2015		2015
General obligation bonds	\$18,460,250	\$16,406,250	\$ -	\$ -	\$18,460,250	\$16,406,250
G.O. special assessment bonds	7,795,000	6,485,000	-	-	7,795,000	6,485,000
Note payable - Anoka County	1,345,000	1,720,000	-	-	1,345,000	1,720,000
Bond premium	140,831	106,041	-		140,831	106,041
Total	\$27,741,081	\$24,717,291	\$0	\$0	\$27,741,081	\$24,717,291

The City of Lino Lakes' total bonded debt increased by \$3,023,790 during the current fiscal year. The key factors for the change include the issuance of \$469,000 of Certificates of Indebtedness to finance capital equipment purchases, \$1,420,000 of General Obligation Utility Revenue Bonds to fund Aqua Lane to Black Duck Drive trunk water main improvements, \$1,975,000 of Taxable General Obligation Refunding Bonds to refinance the

2005A Taxable G.O. Improvement Bonds, \$1,600,000 of General Obligation Tax Abatement Refunding Bonds to refinance the 2006C G.O. Tax Abatement Bonds, and a \$294,525 General Obligation Capital Note to finance the City's share of capital equipment to be acquired by North Metro TV. Principal in the amount of \$2,769,525 was retired 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	\$28,617,570	\$13,470,487	\$42,088,057
Accrued interest receivable	69,933	-	69,933
Due from other governmental units	91,736	2,023	93,759
Accounts receivable - net	95,628	358,559	454,187
Prepaid items	226,334	29,247	255,581
Internal balances	(559,110)	559,110	-
Inventory	-	81,827	81,827
Taxes receivable	212,331	-	212,331
Special assessments receivable	8,500,722	-	8,500,722
Long-term notes receivable	225,000	-	225,000
Capital assets - nondepreciable	12,236,921	5,617,436	17,854,357
Capital assets - net of accumulated depreciation	28,917,504	26,243,174	55,160,678
Total assets	78,634,569	46,361,863	124,996,432
Deferred outflows of resources related to pensions	8,780,333	168,302	8,948,635
Liabilities:			
Accounts payable	319,222	200,378	519,600
Salaries payable	107,758	6,020	113,778
Due to other governmental units	2,528	- -	2,528
Contracts payable	640,483	74,403	714,886
Other accrued liabilities	- -	6,485	6,485
Accrued interest payable	261,347	=	261,347
Compensated absences payable:			
Due within one year	467,558	34,786	502,344
Due in more than one year	266,857	31,604	298,461
Other post employment benefits	97,147	-	97,147
Bonds and notes payable:			
Due within one year	7,103,525	-	7,103,525
Due in more than one year	20,637,556	-	20,637,556
Net pension liability:			
Due in more than one year	13,144,874	402,208	13,547,082
Total liabilities	43,048,855	755,884	43,804,739
Deferred inflows of resources related to pensions	1,546,117	50,224	1,596,341
Net position:			
Net investment in capital assets	18,597,344	31,860,610	50,457,954
Restricted for:			
Debt service	12,481,303	-	12,481,303
Economic development	225,000	-	225,000
Tax increment purposes	438,026	-	438,026
Environmental improvements - nonexpendable	100,000	-	100,000
Environmental improvements - expendable	13,855	-	13,855
Other purposes	84,668	-	84,668
Unrestricted	10,879,734	13,863,447	24,743,181
Total net position	\$42,819,930	\$45,724,057	\$88,543,987

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2016

		Program Revenues
<u>Functions/Programs</u>	Expenses	Charges For Services
Primary government:		
Governmental activities:		
General government	\$2,456,864	\$520,231
Public safety	6,567,523	1,359,426
Public services	6,228,893	865,327
Conservation of natural resources	216,905	-
Community development	454,144	-
Interest and fees on long-term debt	831,529	-
Total governmental activities	16,755,858	2,744,984
Business-type activities:		
Water	1,367,693	1,094,897
Sewer	1,850,962	1,659,322
Total business-type activities	3,218,655	2,754,219
Total primary government	\$19,974,513	\$5,499,203

Program Ro	evenues	C	t (Expense) Revenue and Changes in Net Position	
Operating	Capital		Primary Government	
Grants and	Grants and	Governmental	Business-Type	
Contributions	Contributions	Activities	Activities	Total
\$12,535	\$ -	(\$1,924,098)	\$ -	(\$1,924,098)
336,701	-	(4,871,396)	-	(4,871,396)
274,430	5,046,307	(42,829)	-	(42,829)
99,192	-	(117,713)	-	(117,713)
-	-	(454,144)	-	(454,144)
	<u> </u>	(831,529)		(831,529)
722,858	5,046,307	(8,241,709)	0	(8,241,709)
-	871,552	-	598,756	598,756
	672,395		480,755	480,755
0	1,543,947	0	1,079,511	1,079,511
\$722,858	\$6,590,254	(8,241,709)	1,079,511	(7,162,198)
General revenues:				
General property taxes		9,049,671	-	9,049,671
Tax increment		293,829	-	293,829
Grants and contributions	s not			
restricted to specific p	rograms	91,385	-	91,385
Unrestricted investment	earnings	210,142	107,119	317,261
Gain on disposal of capi	tal assets	66,255	=	66,255
Special item - withdrawal	from fire district	1,333,166	-	1,333,166
Transfers		(914,414)	914,414	-
Total general revenu	es, special item and transfers	10,130,034	1,021,533	11,151,567
Change in net position		1,888,325	2,101,044	3,989,369
Net position - January 1, a	as previously reported	40,754,159	43,800,459	84,554,618
Prior period adjustment		177,446	(177,446)	-
Net position - January 1, a	as restated	40,931,605	43,623,013	84,554,618
Net position - December 3	31	\$42,819,930	\$45,724,057	\$88,543,987

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2016

Assets	General Fund	327 G.O. Improvement Bonds of 2005A
Assets Cash and investments	\$6,044,322	\$3,102,978
Accrued interest receivable	69,933	\$3,102,976
Due from other governmental units	91,736	_
Accounts receivable - net	59,875	_
Prepaid items	225,114	_
Advances to other funds		_
Taxes receivable:		
Due from county	96,175	_
Delinquent	73,316	_
Special assessments receivable:	, , , , , ,	
Due from county	_	-
Delinquent	_	-
Deferred	_	2,994,379
Interfund loan receivable	_	-
Long-term notes receivable		
Total assets	\$6,660,471	\$6,097,357
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$221,010	\$200
Salaries payable	107,426	-
Due to other governmental units	2,528	-
Contracts payable	-	-
Advances from other funds	-	-
Interfund loan payable	-	2,876,643
Total liabilities	330,964	2,876,843
Deferred inflows of resources:		
Unavailable revenue	73,316	2,994,379
Fund balance:		
Nonspendable	225,114	-
Restricted	-	226,135
Committed	-	-
Assigned	-	-
Unassigned	6,031,077	
Total fund balance	6,256,191	226,135

Improvement Note of 2009A	406 Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$22	\$6,040,839	\$13,429,409	\$28,617,570
-	-	-	69,933
-	-	-	91,736
-	24,476	11,277	95,628
-	-	1,220	226,334
-	-	1,350	1,350
-	-	27,739	123,914
-	-	15,101	88,417
-	8,120	1,635	9,755
-	2,379	10,331	12,710
2,809,742	1,091,408	1,582,728	8,478,257
-	194,525	3,290,003	3,484,528
- -	-	225,000	225,000
\$2,809,764	\$7,361,747	\$18,595,793	\$41,525,132
\$ -	\$1,760	\$96,252	\$210,222
Ψ	Ψ1,700	\$ 0, 2 02	\$319,222
Ψ -	ψ1,700 -	332	
- -	ψ1,700 - -	332	107,758
- - -	- - -	332 - 640,483	107,758 2,528 640,483
- - - -	- - - -	332 - 640,483 1,350	107,758 2,528 640,483 1,350
- - - -	- - - -	332 - 640,483 1,350 1,166,995	107,758 2,528 640,483 1,350 4,043,638
- - - - - 0	1,760	332 - 640,483 1,350	107,758 2,528 640,483 1,350 4,043,638
- - - -	- - - -	332 - 640,483 1,350 1,166,995	107,758 2,528 640,483 1,350 4,043,638 5,114,979
- - - - - 0	- - - - - 1,760	332 	107,758 2,528 640,483 1,350 4,043,638 5,114,979
- - - - - 0	- - - - - 1,760	332 640,483 1,350 1,166,995 1,905,412 1,608,160	107,758 2,528 640,483 1,350 4,043,638 5,114,979
- - - - - 0	- - - - - 1,760	332 	107,758 2,528 640,483 1,350 4,043,638 5,114,979 8,579,384
2,809,742	- - - - - 1,760	332 640,483 1,350 1,166,995 1,905,412 1,608,160	107,758 2,528 640,483 1,350 4,043,638 5,114,979 8,579,384
2,809,742	- - - - - 1,760	332 640,483 1,350 1,166,995 1,905,412 1,608,160 101,220 6,276,267	107,758 2,528 640,483 1,350 4,043,638 5,114,979 8,579,384 326,334 6,502,424 170,950 15,778,480
2,809,742	1,760 1,760 1,093,787	332 640,483 1,350 1,166,995 1,905,412 1,608,160 101,220 6,276,267 170,950 9,512,280 (978,496)	107,758 2,528 640,483 1,350 4,043,638 5,114,979 8,579,384 326,334 6,502,424 170,950 15,778,480 5,052,581
2,809,742	1,760 1,760 1,093,787	332 640,483 1,350 1,166,995 1,905,412 1,608,160 101,220 6,276,267 170,950 9,512,280	\$319,222 107,758 2,528 640,483 1,350 4,043,638 5,114,979 8,579,384 326,334 6,502,424 170,950 15,778,480 5,052,581 27,830,769

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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2016

Statement 4

Fund balance - total governmental funds (Statement 3)	\$27,830,769
Net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,154,425
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	88,417
Delinquent special assessments receivable	12,710
Deferred special assessments receivable	8,478,257
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	(27,600,250)
Unamortized bond premiums	(166,322)
Unamortized bond discounts	25,491
Accrued interest payable	(261,347)
Compensated absences payable	(734,415)
Other post employment benefits	(97,147)
Net pension liability	(13,144,874)
Deferred outflows and inflows of resources related to pensions 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	8,780,333
Deferred inflows of resources	(1,546,117)
Net position of governmental activities (Statement 1)	\$42,819,930

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2016

	General Fund	327 G.O. Improvement Bonds of 2005A
Revenues:	General Fund	Bolids of 2003A
General property taxes	\$7,037,596	\$ -
Tax increment	-	-
Licenses and permits	895,581	-
Intergovernmental	654,447	-
Special assessments	4,618	996,679
Charges for services	342,690	- -
Fines and forfeits	220,905	-
Investment earnings	37,887	6,964
Net increase in fair value of investments	2,553	368
Miscellaneous	221,034	-
Total revenues	9,417,311	1,004,011
Expenditures:		
Current:		
General government	1,837,343	-
Public safety	4,318,330	-
Public services	2,094,753	-
Conservation of natural resources	177,185	-
Community development	420,298	-
Capital outlay:	4.700	
General government	4,583	=
Public safety	46,399	=
Public services	259	-
Conservation of natural resources	5,028	=
Debt service:		400.000
Principal	-	400,000
Interest and fiscal charges	-	130,860
Bond issuance costs	- 0.004.170	34,628
Total expenditures	8,904,178	565,488
Revenues over (under) expenditures	513,133	438,523
Other financing sources (uses):		
Transfers in	488,084	152,784
Transfers out	(691,439)	-
Proceeds from issuance of debt	-	1,975,000
Premium on bonds issued	-	-
Proceeds from sale of capital assets		
Total other financing sources (uses)	(203,355)	2,127,784
Special item - withdrawal from fire district		
Net change in fund balance	309,778	2,566,307
Fund balance - January 1	5,946,413	(2,340,172)
Fund balance - December 31	\$6,256,191	\$226,135

333 G.O. Improvement Note of 2009A	406 Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
		Φ2 025 cc5	Φ0.075.061
\$ -	\$ -	\$2,037,665	\$9,075,261
-	-	293,829	293,829
-	-	- 52.407	895,581
128,803	1,858,728	52,497 1,411,807	706,944 4,400,635
128,803	252,580	698,286	1,293,556
-	232,380	30,748	251,653
_	67,505	87,353	199,709
_	1,550	5,962	10,433
_	-	196,414	417,448
128,803	2,180,363	4,814,561	17,545,049
-	-	8,324	1,845,667
-	-	14,750	4,333,080
-	22,725	1,086,359	3,203,837
-	-	24,450	201,635
-	-	5,104	425,402
-	-	140,081	144,664
-	-	521,918	568,317
-	-	2,326,347	2,326,606
-	-	-	5,028
375,000	-	1,994,525	2,769,525
70,165	-	615,337	816,362
<u>-</u> _	<u> </u>	64,278	98,906
445,165	22,725	6,801,473	16,739,029
(316,362)	2,157,638	(1,986,912)	806,020
309,000	1,001	2,570,311	3,521,180
-	(315,044)	(2,235,476)	(3,241,959)
-	-	3,489,000	5,464,000
-	-	41,497	41,497
	- (011.010)	72,182	72,182
309,000	(314,043)	3,937,514	5,856,900
(7.262)	1,843,595	1,111,834 3,062,436	1,111,834 7,774,754
(7,362) 7,384	4,422,605	12,019,785	20,056,015
			\$27,830,769
\$22	\$6,266,200	\$15,082,221	\$27,030,709

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, 2016

Statement 6

Net change in fund balance - total governmental funds (Statement 5)	\$7,774,754
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	(2,926,157)
Capital outlay Capital outlay not capitalized	3,044,615 (1,038,375)
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 Contributions of fire vehicles and equipment from fire district Contributions of infrastructure to business-type activities Gain (loss) on disposal of capital assets	1,824,535 221,332 (1,193,635) (5,927)
Revenues in the Statement of Activities that do not provide current financial resources	
are not reported as revenues in the funds: Change in delinquent taxes receivable Change in delinquent special assessments receivable Change in deferred special assessments receivable	(25,590) (14,255) (1,206,108)
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 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	(5,758,525)
Repayment of principal	2,769,525
Bond premium received during current year Amortization of bond premiums and discounts	(41,497) 6,707
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:	
Change in accrued interest payable	77,032
Change in compensated absences payable	(45,510)
Change in other post employment benefits	(6,295)
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.	(4.500.000)
This is the amount by which pension expense exceeded pension contributions.	(1,568,301)
Change in net position of governmental activities (Statement 2)	\$1,888,325

December 31, 2016

	601 Water	pe Activities - Enterpris 602 Sewer	Total
Assets:		_	
Current assets:			
Cash and cash equivalents	\$4,947,883	\$8,522,604	\$13,470,487
Due from other governmental units	-	2,023	2,023
Accounts receivable - net	142,284	216,275	358,559
Prepaid items	10,161	19,086	29,247
Inventory	81,827	-	81,827
Interfund loan receivable	-	559,110	559,110
Total current assets	5,182,155	9,319,098	14,501,253
Noncurrent assets:			
Capital assets:			
Construction in progress	4,282,412	1,335,024	5,617,436
Equipment	124,259	328,432	452,691
Water and sewer systems	20,847,774	22,032,433	42,880,207
Total capital assets	25,254,445	23,695,889	48,950,334
Less: Allowance for depreciation	(8,118,178)	(8,971,546)	(17,089,724
Net capital assets	17,136,267	14,724,343	31,860,610
Total assets	22,318,422	24,043,441	46,361,863
Deferred outflows of resources related to pensions	84,151	84,151	168,302
Total assets and deferred outflows	22,402,573	24,127,592	46,530,165
Liabilities:			
Current liabilities:			
Accounts payable	43,143	157,235	200,378
Salaries payable	3,010	3,010	6,020
Contracts payable	74,403	- -	74,403
Other accrued liabilities	3,335	3,150	6,485
Compensated absences payable - current portion	17,393	17,393	34,786
Total current liabilities	141,284	180,788	322,072
Noncurrent liabilities:			·
Compensated absences payable - noncurrent portion	15,802	15,802	31,604
Net pension liability	201,104	201,104	402,208
Total noncurrent liabilities	216,906	216,906	433,812
Total liabilities	358,190	397,694	755,884
Deferred inflows of resources related to pensions	25,112	25,112	50,224
Total liabilities and deferred inflows	383,302	422,806	806,108
Net position:			
Investment in capital assets	17,136,267	14,724,343	31,860,610
Unrestricted	4,883,004	8,980,443	13,863,447
Total net position	\$22,019,271	\$23,704,786	\$45,724,057

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

For The Year Ended December 31, 2016

	Business-Typ	pe Activities - Enterprise	se Funds	
	601 Water	602 Sewer	Totals	
Operating revenues:				
Charges for services	\$1,025,269	\$1,638,272	\$2,663,541	
Hook-up charges	26,010	21,050	47,060	
Water meter sales	30,687	-	30,687	
Other operating revenue	12,931		12,931	
Total operating revenues	1,094,897	1,659,322	2,754,219	
Operating expenses:				
Personal services	236,409	239,698	476,107	
Materials and supplies	452,100	26,129	478,229	
Contractual services	100,243	51,564	151,807	
MCES sewer charges	-	877,565	877,565	
Depreciation	436,384	456,422	892,806	
Utilities	86,889	40,229	127,118	
Other	18,566	26,958	45,524	
Total operating expenses	1,330,591	1,718,565	3,049,156	
Operating income (loss)	(235,694)	(59,243)	(294,937)	
Nonoperating revenues (expenses):				
Investment earnings	37,560	62,404	99,964	
Net increase in fair value of investments	2,754	4,401	7,155	
Gain (loss) on disposal of capital assets	(37,102)	(132,397)	(169,499)	
Total nonoperating revenues (expenses)	3,212	(65,592)	(62,380)	
Income (loss) before contributions and transfers	(232,482)	(124,835)	(357,317)	
Contributions and transfers:				
Capital contributions from private sources	871,552	672,395	1,543,947	
Capital contributions from governmental activities	1,101,903	91,732	1,193,635	
Transfer out	(34,627)	(244,594)	(279,221)	
Total contributions and transfers	1,938,828	519,533	2,458,361	
Change in net position	1,706,346	394,698	2,101,044	
Net position - January 1, as previously reported	20,401,628	23,398,831	43,800,459	
Prior period adjustment	(88,703)	(88,743)	(177,446)	
Net position - January 1, as restated	20,312,925	23,310,088	43,623,013	
Net position - December 31	\$22,019,271	\$23,704,786	\$45,724,057	

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2016

	Business-Typ	e Activities - Enterp	rise Funds
	601 Water	602 Sewer	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$1,105,801	\$1,663,724	\$2,769,525
Payment to suppliers	(618,143)	(882,352)	(1,500,495)
Payment to employees	(226,242)	(222,576)	(448,818)
Net cash flows provided by operating activities	261,416	558,796	820,212
Cash flows from noncapital financing activities:			
Transfers	(34,627)	(244,594)	(279,221)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,057,604)	_	(1,057,604)
Proceeds from sale of capital assets	100	_	100
Net cash flows provided by (used in)	100		100
capital and related financing activities	(1,057,504)	<u> </u>	(1,057,504)
Cash flows from investing activities:			
Investment income	40,314	66,805	107,119
National (Lorentz Control of the Con	(700,401)	201.007	(400, 204)
Net increase (decrease) in cash and cash equivalents	(790,401)	381,007	(409,394)
Cash and cash equivalents - January 1	5,738,284	8,141,597	13,879,881
Cash and cash equivalents - December 31	\$4,947,883	\$8,522,604	\$13,470,487
Reconciliation of operating income to net			
cash provided by operating activities:			
Operating income (loss)	(\$235,694)	(\$59,243)	(\$294,937)
Adjustments to reconcile operating income			
(loss) to net cash flows from operating activities:			
Depreciation	436,384	456,422	892,806
Changes in assets and liabilities:			
Decrease (increase) in due from other governmental units	-	(429)	(429)
Decrease (increase) in accounts receivable - net	10,904	4,831	15,735
Decrease (increase) in prepaid items	(2,906)	(1,711)	(4,617)
Decrease (increase) in inventory	(39,805)	-	(39,805)
Decrease (increase) in deferred outflows of resources	(78,318)	(78,324)	(156,642)
Increase (decrease) in payables	82,366	141,804	224,170
Increase (decrease) in other accrued liabilities	(3,805)	3,150	(655)
Increase (decrease) in compensated absences	1,103	1,103	2,206
Increase (decrease) in net pension liability	69,779	69,781	139,560
Increase (decrease) in deferred inflows of resources	21,408	21,412	42,820
Total adjustments	497,110	618,039	1,115,149
Net cash provided by operating activities	\$261,416	\$558,796	\$820,212
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$1,973,455	\$764,127	\$2,737,582

STATEMENT OF NET POSITION FIDUCIARY FUNDS

December 31, 2016

Statement 10

Assets:

Cash and investments \$825,373

Liabilities:

Deposits payable \$825,373

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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*.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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.

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, 2016

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE - BUDGETS

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

- 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

G. PROPERTY TAX REVENUE RECOGNITION

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

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

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

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

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

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

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

I. INVENTORY

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

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

J. PREPAID ITEMS

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

K. INTERFUND TRANSACTIONS

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

L. CAPITAL ASSETS

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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, 2016, 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the related debt.

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

O. DEFINED BENEFIT PENSION PLANS

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

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has pension 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

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

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

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

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

R. USE OF ESTIMATES

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

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

<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. As of December 31, 2016, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

At December 31, 2016, the carrying amount of the City's deposits with financial institutions was \$2,872,639.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

- 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.

As of December 31, 2016, the City had the following investments and maturities:

			Investr	Years)	
Investment Type	Rating	Fair Value	Less Than 1	1 - 5	6 - 8
Wells Fargo money market	NR	\$3,759,721	\$3,759,721	\$ -	\$ -
4M Fund	NR	9,653,494	9,653,494	-	-
Mutual funds	NR	1,782,066	1,782,066	-	-
Brokered CD's	NR	12,395,765	3,898,818	7,123,353	1,373,594
Municipal bonds	*	11,963,565	2,849,918	8,049,217	1,064,430
Federal Home Loan Mortgage Corp.	AAA	485,360	-	-	485,360
Total		\$40,039,971	\$21,944,017	\$15,172,570	\$2,923,384
NR - Not Rated			Total investmen	ts	\$40,039,971
* AAA \$2,191,736; AA+ \$1,261,057			Deposits		2,872,639
AA \$2,888,737; AA- \$5,494,900			Petty cash		820
A+ \$127,135			Total cash and	investments	\$42,913,430

These amounts are presented in the financial statements as follows:

Cash and investments:

Governmental and business-type (Statement 1)	\$42,088,057
Fiduciary (Statement 10)	825,373
Total	\$42,913,430

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 as of December 31, 2016:

		Fair Value Measurement Using				
Investment Type	12/31/2016	Level 1	Level 2	Level 3		
Investments at fair value:		·				
Mutual funds	\$1,782,066	\$1,782,066	\$ -	\$ -		
Brokered CD's	12,395,765	-	12,395,765	-		
Municipal bonds	11,963,565	-	11,963,565	-		
Federal Home Loan Mortgage Corp.	485,360		485,360	-		
		\$1,782,066	\$24,844,690	\$ -		
Investments not categorized:						
Wells Fargo money market	3,759,721		`			
4M Fund	9,653,494					
Total investments	\$40,039,971					

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

December 31, 2016

investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

<u>Concentration of Credit Risk</u> – 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. As of December 31, 2016, 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, 2016 are as follows:

	Property Taxes Receivable	Special Assessments Receivable	Notes Receivable	Total
Major Funds:				
General Fund	\$38,521	\$ -	\$ -	\$38,521
G.O. Improvement Bonds of 2005A	-	2,994,379	-	2,994,379
G.O. Improvement Note of 2009A	-	2,790,523	-	2,790,523
Area and Unit Charge	-	984,326	-	984,326
Nonmajor Funds	8,329	1,411,306	225,000	1,644,635
Total	\$46,850	\$8,180,534	\$225,000	\$8,452,384

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
\$73,316	\$ -	\$73,316
-	2,994,379	2,994,379
-	2,809,742	2,809,742
-	1,093,787	1,093,787
15,101	1,593,059	1,608,160
\$88,417	\$8,490,967	\$8,579,384
	Taxes Receivable \$73,316	Taxes Assessments Receivable Receivable \$73,316 \$ - - 2,994,379 - 2,809,742 - 1,093,787 15,101 1,593,059

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$3,275,859	\$ -	\$ -	\$3,275,859
Construction in progress	7,268,375	1,692,687		8,961,062
Total capital assets, not being depreciated	10,544,234	1,692,687	0	12,236,921
Capital assets, being depreciated:				
Buildings	6,765,619	126,228	_	6,891,847
Office equipment and furniture	629,172	68,000	(37,732)	659,440
Vehicles	3,130,157	628,412	(340,901)	3,417,668
Machinery and shop equipment	2,255,796	57,123	(3,506)	2,309,413
Other equipment	1,005,797	28,329	-	1,034,126
Infrastructure	80,480,767	257,693	-	80,738,460
Total capital assets, being depreciated	94,267,308	1,165,785	(382,139)	95,050,954
Less accumulated depreciation for:				
Buildings	3,963,206	222,286	_	4,185,492
Office equipment and furniture	495,212	43,733	(37,209)	501,736
Vehicles	1,988,785	393,648	(335,497)	2,046,936
Machinery and shop equipment	1,146,269	149,318	(3,506)	1,292,081
Other equipment	812,675	15,066	-	827,741
Infrastructure	55,177,358	2,102,106	_	57,279,464
Total accumulated depreciation	63,583,505	2,926,157	(376,212)	66,133,450
Total capital assets being depreciated - net	30,683,803	(1,760,372)	(5,927)	28,917,504
Governmental activities capital assets - net	\$41,228,037	(\$67,685)	(\$5,927)	\$41,154,425
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities:	Bulling		<u> </u>	Bullinee
Capital assets, not being depreciated:				
Construction in progress	\$1,830,071	\$3,787,365	\$ -	\$5,617,436
Capital assets, being depreciated:				
Machinery and shop equipment	449,155	7,821	(4,285)	452,691
Water and sewer systems	43,056,382	_	(176,175)	42,880,207
Total capital assets, being depreciated	43,505,537	7,821	(180,460)	43,332,898
Accumulated depreciation for:				
Machinery and shop equipment	267,730	21,806	(4,285)	285,251
Water and sewer systems	15,940,049	871,000	(6,576)	16,804,473
Total accumulated depreciation	16,207,779	892,806	(10,861)	17,089,724
Total capital assets being depreciated - net	27,297,758	(884,985)	(169,599)	26,243,174
Business-type activities capital assets - net	\$29,127,829	\$2,902,380	(\$169,599)	\$31,860,610
A.E	, , , , , , , , , , , , , , , ,	. ,- ,- ,-	(1 77	, ,

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

Governmental	antivition.
Ciovernmental	activities:

General government	\$222,823
Public safety	332,173
Public services	2,364,514
Conservation of natural resources	850
Community development	5,797
Total depreciation expense - governmental activities	\$2,926,157

Business-type activities:

Water	\$436,384
Sewer	456,422
Total depreciation expense - business-type activities	\$892,806

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2016

Note 6 LONG-TERM DEBT

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness as of December 31, 2016 consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/16
Governmental activities:					
General Obligation Bonds:					
2014A Certificates of Indebtedness	2/1/14	12/31/17	1.00%	\$495,000	\$168,000
2015A Certificates of Indebtedness	2/1/15	12/31/18	1.00%	198,250	133,250
2015B Certificates of Indebtedness	8/25/15	12/31/20	1.50%	963,000	786,000
2016A Certificates of Indebtedness	2/1/16	12/31/19	1.00%	469,000	469,000
G.O. Tax Abatement Bonds, Series 2006C	8/15/06	2/1/17	4.00% - 4.30%	2,460,000	1,755,000
G.O. Utility Revenue Bonds, Series 2006D	8/15/06	2/1/17	4.00% - 4.15%	570,000	70,000
G.O. CIP Refunding Bonds, Series 2006E	11/1/06	2/1/18	4.00%	2,990,000	830,000
G.O. TIF Bonds, Series 2007A	7/15/17	2/1/24	4.00% - 4.125%	4,215,000	2,025,000
G.O. Refunding Bonds, Series 2012A	11/15/12	2/1/24	1.00% - 2.00%	2,015,000	1,495,000
G.O. Bonds 2015A	8/1/15	2/1/31	2.00% - 3.00%	3,095,000	3,095,000
EDA Lease Revenue Bonds 2015B	10/1/15	4/1/36	2.00% - 3.00%	4,350,000	4,350,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	2/1/27	2.00%	1,420,000	1,420,000
G.O. Tax Abatement Refunding Bonds 2016C	11/23/16	2/1/23	1.00% - 1.50%	1,600,000	1,600,000
Total General Obligation Bonds				24,840,250	18,196,250
Special Assessment Bonds:					
G.O. Improvement Bonds, Series 2005A	11/1/05	2/1/17	4.35% - 5.15%	5,550,000	2,360,000
G.O. Imp & Utility Revenue Bonds, Series 2010A	7/9/10	2/1/20	2.00% - 3.00%	1,000,000	425,000
G.O. Improvement Bonds, Series, 2013A	7/15/13	2/1/24	1.25% - 4.00%	615,000	495,000
G.O. Improvement Bonds, Series 2014A	11/20/14	2/1/26	0.40% - 2.30%	2,645,000	2,540,000
G.O. Improvement Refunding Bonds, Series 2016B	11/23/16	2/1/21	0.875% - 1.50%	1,975,000	1,975,000
Total Special Assessment Bonds				11,785,000	7,795,000
G.O. Improvement Note, Series 2009A	8/1/09	8/1/20	3.70% - 4.00%	4,260,000	1,345,000
G.O. Capital Note, Series 2016A	4/14/16	2/1/26	2.00%	294,525	264,000
Unamortized bond premiums				199,750	166,322
Unamortized bond discounts				(51,997)	(25,491)
Compensated absences payable				N/A	734,415
Total Government Activities			;	\$41,327,528	\$28,475,496
Business-Type Activities:					
Compensated absences payable				N/A	\$66,390

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2016:

	Beginning			Ending	Due Within
	Balance	Additions	Deletions	Balance	One Year
Governmental Activities:	· ·				
General obligation bonds	\$16,406,250	\$3,489,000	\$1,699,000	\$18,196,250	\$3,793,000
Special assessment bonds	6,485,000	1,975,000	665,000	7,795,000	2,890,000
Total bonded debt	22,891,250	5,464,000	2,364,000	25,991,250	6,683,000
Improvement note	1,720,000	-	375,000	1,345,000	390,000
Capital note	-	294,525	30,525	264,000	30,525
Unamortized bond premiums	135,130	41,497	10,305	166,322	-
Unamortized bond discounts	(29,089)	-	(3,598)	(25,491)	-
Compensated absences payable	688,905	587,725	542,215	734,415	467,558
Total governmental activities	\$25,406,196	\$6,387,747	\$3,318,447	\$28,475,496	\$7,571,083
Business-Type Activities:					
Compensated absences payable	\$64,184	\$45,352	\$43,146	\$152,682	\$34,786

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 will be 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 Improvement Note		Improvement Note		Capital Note	
December 31	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$6,683,000	\$548,591	\$390,000	\$60,165	\$30,525	\$5,280	
2018	2,997,250	412,227	405,000	49,565	31,350	4,670	
2019	2,575,000	363,206	420,000	42,415	32,175	4,042	
2020	2,401,000	319,761	130,000	13,360	33,000	3,399	
2021	2,150,000	274,974	-	-	33,000	2,739	
2022-2026	5,520,000	869,102	-	-	103,950	4,191	
2027-2031	2,315,000	423,581	-	-	-	-	
2032-2036	1,350,000	138,062					
Total	\$25,991,250	\$3,349,504	\$1,345,000	\$165,505	\$264,000	\$24,321	

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

DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

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

The future scheduled tax levies are not shown as assets in the accompanying financial statements. Future scheduled tax levies for all bonds outstanding at December 31, 2016 totaled \$14,800,989.

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 will be 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 will be 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, 2016

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 Pledged			Current Year	
				Remaining	Principal	Pledged
			Term of	Principal	and Interest	Revenue
Bond Issue	Use of Proceeds	Type	Pledge	and Interest	Paid	Received
2006D Utility Revenue Bonds	Water infrastructure improvements	Water usage charges via transfers	2007 - 2016	\$71,453	\$69,254	\$69,254
2009A Improvement Note	Infrastructure improvements	Special assessments	2010 - 2020	\$1,510,505	\$435,165	\$128,803
2010A Improvement and Utility Revenue Bonds	General and water infrastructure improvements	Special assessments and trunk charges	2011 - 2020	\$451,175	\$114,250	\$60,435
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2023	\$569,940	\$76,815	\$37,946
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2025	\$2,696,724	\$138,543	\$863,193
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2025	\$288,321	\$41,112	\$42,932
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2026	\$1,584,864	\$ -	\$ -
2016B Improvement Bonds	Infrastructure improvements - refunded the 2005A Imp Bonds	Special assessments	2017 - 2020	\$2,044,357	\$ -	\$ -

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 accompanying financial statements. As of December 31, 2016, one series of Industrial Revenue Bonds was outstanding with an aggregate remaining principal balance of \$180,000, and one series of Commercial Revenue Notes was outstanding with an aggregate remaining principal balance of \$1,379,480.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 steprate 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 2016. The City was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2016. The City contributions to the GERF for the year ended December 31, 2016 were \$193,684. 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 2016. The City was required to contribute 16.2% of pay for PEPFF members in calendar year 2016. The City contributions to the PEPFF for the year ended December 31, 2016 were \$424,970. The City contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2016, the City reported a liability of \$3,142,248 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 2016. 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 \$41,033. The net pension liability was measured as of June 30, 2016, 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, 2015 through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 0.0387%, which was a decrease of 0.0023% from its proportionate share measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$394,752 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$12,235 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, 2016, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
\$ -	\$255,261
615,255	=
596,412	=
=	137,116
103,199	=
\$1,314,866	\$392,377
	s - 615,255 596,412 - 103,199

\$103,199 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 2017. 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		
2017	\$215,416		
2018	215,415		
2019	274,957		
2020	113,502		
2021	-		
Thereafter	_		

2. PEPFF Pension Costs

At December 31, 2016, the City reported a liability of \$10,394,121 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016 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, 2015 through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was 0.259%, which was an increase of 0.010% from its proportion measured as of June 30, 2015. The City also recognized \$23,310 for the year ended December 31, 2016 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, 2016, the City recognized pension expense of \$1,818,967 for its proportionate share of the PEPFF's pension expense.

At December 31, 2016, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and			
actual economic experience	\$ -	\$1,192,403	
Changes in actuarial assumptions	5,720,339	-	
Difference between projected and			
actual investment earnings	1,586,216	=	
Changes in proportion	93,543	=	
Contributions paid to PERA			
subsequent to the measurement date	233,671		
Total	\$7,633,769	\$1,192,403	
Changes in actuarial assumptions Difference between projected and actual investment earnings Changes in proportion Contributions paid to PERA subsequent to the measurement date	5,720,339 1,586,216 93,543 233,671	- - -	

A total of \$233,671 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 2017. 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
2017	\$1,333,808
2018	1,333,808
2019	1,333,810
2020	1,205,619
2021	1,000,650
Thereafter	_

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016 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 RP-2000 tables for the PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% for all future years for the GERF and PEPFF.

Actuarial assumptions used in the June 30, 2016 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 experience study for PEPFF was for the period July 1, 2004 through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Fund

- 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.

Public Employees Police and Fire Fund

- 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 was 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5%, a reduction from the 7.9% used in 2015. 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 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.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal years ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of assent depletion and 2.85% after.

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	\$4.462.022	¢2 142 249	¢2.054.271
GERF net pension liability	\$4,462,923	\$3,142,248	\$2,054,371
	1% Decrease in		1% Increase in
	Discount Rate (4.6%)	Discount Rate (5.6%)	Discount Rate (6.6%)
City's proportionate share of the			
PEPFF net pension liability	\$14,550,389	\$10,394,121	\$6,998,133

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, 2016 is as follows:

GERF	\$406,987
PEPFF	1,818,967
Fire Relief (Note 9)	66,668
Total	\$2,292,622

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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. As of December 31, 2016 (measurement date), the plan covered 19 active firefighters and zero vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City of Lino Lakes. The benefit is selected from 71 possible levels of \$100 increments ranging from \$500 to \$7,500 per year of service. 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 \$0 in fire state aid to the plan for the year ended December 31, 2016. The City recognized \$66,668 as pension expense for its proportionate share of the State of Minnesota's on-behalf contributions to the SVF. 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, 2016 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 \$44,394 to the plan.

D. PENSION COSTS

At December 31, 2016, the City reported a net pension liability of \$10,713 for the SVF plan. The net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2016. 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, 2015	\$21,057	\$ -	\$21,057
Changes for the year:			
Service cost	38,419	-	38,419
Interest on pension liability	3,568	-	3,568
Actuarial experience (gains) / losses	(7,804)	-	(7,804)
Projected investment earnings	-	-	-
Contributions - employer	-	44,394	(44,394)
Contributions - State of MN	-	-	-
Asset (gain) / loss	-	133	(133)
Benefit payouts	-	-	-
PERA administrative fee		<u> </u>	-
Net changes	34,183	44,527	(10,344)
Balance end of year December 31, 2016	\$55,240	\$44,527	\$10,713

There were no provision changes during the measurement period.

For the year ended December 31, 2016, the City recognized pension expense of \$66,668.

At December 31, 2016, the City reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$106
Differences between expected and actual economic experience Total	- \$ -	11,455 \$11,561

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
2017	(\$3,325)
2018	(3,325)
2019	(3,326)
2020	(1,585)
2021	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2016, 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 2016.

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 liability for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability 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 liability	\$16,471	\$10,713	\$5,405

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 356A.

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%	5.50%
International Stocks	15%	6.00%
Bonds	45%	1.45%
Cash	5%	0.50%
	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. 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 2016 for the Statewide Volunteer Firefighter Retirement Plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position as of December 31, 2016 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

Note 10 OTHER POST-EMPLOYMENT BENEFITS (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) for retired employees through a single-employer defined benefit plan. The City's OPEB plan is 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. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

B. BENEFITS PROVIDED

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

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.

C. PARTICIPANTS

As of the January 1, 2014 actuarial valuation, participants of the plan consisted of 48 active employees and 6 retirees and beneficiaries purchasing health insurance coverage through the City. The number of employers participating in the plan was one.

D. FUNDING POLICY

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

E. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The net OPEB obligation as of December 31, 2016, was calculated as follows:

Annual required contribution (ARC)	\$31,590
Interest on net OPEB obligation	974
Adjustment to Annual Required Contribution	(3,756)
Annual OPEB cost (expense)	28,808
Contributions made	22,513
Increase in net OPEB obligation	6,295
Net OPEB obligation - beginning of year	90,852
Net OPEB obligation - end of year	\$97,147

The net OPEB obligation is generally liquidated by the General Fund.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the previous three years was as follows:

Fiscal Year	Annual OPEB	Employer	Percentage of Annual OPEB Cost Contributed	Net OPEB
Ended	Cost	Contributions		Obligation
December 31, 2014	\$26,468	\$36,109	136.4%	\$91,023
December 31, 2015	28,814	28,984	100.6%	90,852
December 31, 2016	28,808	22,513	78.1%	97,147

F. FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2014, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$547,626. The annual payroll for active employees covered by the plan in the actuarial valuation was \$5,265,020 for a ratio of UAAL to covered payroll ratio of 10.4%.

G. ACTUARIAL METHODS AND ASSUMPTIONS

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

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

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 1% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8%, decreasing to an ultimate rate of 3% after six years. These rates include a 3% inflation rate. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2016 was 30 years.

Note 11 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFECIT FUND BALANCES

The City has deficit fund balances at December 31, 2016 as follows:

	Fund Balance
	Deficit
Nonmajor Governmental Funds:	
G.O. Utility Revenue Bonds of 2016A	(\$450)
G.O. Improvement Bonds of 2016B	(450)
G.O. Tax Abatement Bonds of 2016C	(450)
Tax Increment Financing 1-11	(774,983)
21st Ave Extension	(119,634)
Fire House #2 Construction	(2,324)

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 expenditure categories within the General Fund that exceed budget appropriations:

	Final		
	Budget	Actual	Overage
General governmant:			
Elections	\$28,504	\$28,512	\$8
Engineering/planning	105,276	117,744	12,468
Government buildings	506,820	528,723	21,903
Public safety:			
Police	3,521,366	3,584,901	63,535
Conservation of natural resources:			
Forestry	52,380	54,176	1,796
Solid waste abatement	79,909	81,402	1,493
Community development:			
Economic development	102,350	102,816	466

Additionally, actual expenditures of the Program Recreation Special Revenue Fund exceeded final budgeted expenditures by \$33,062.

Note 12 INTERFUND RECEIVABLES AND PAYABLES

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund. A summary of such advances as of December 31, 2016 is as follows:

	Receivable	Payable	
Nonmajor Funds:		_	
G.O. Utility Revenue Bonds of 2016A	\$ -	\$450	
G.O. Improvement Bonds of 2016B	=	450	
G.O. Tax Abatement Bonds of 2016C	-	450	
Closed Bond Fund	1,350		
	\$1,350	\$1,350	

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Long-term interfund loans are classified as interfund loan receivable/payable. A summary of such loans as of December 31, 2016 is as follows:

Receivable	
	_
\$ -	\$2,876,643
194,525	-
559,110	-
199,452	-
773,018	-
2,317,533	-
-	194,525
-	773,018
- -	199,452
\$4,043,638	\$4,043,638
	194,525 559,110 199,452 773,018 2,317,533

Note 13 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2016 are as follows:

	Transfer In	Transfer Out
Major Funds:		
General Fund	\$488,084	\$691,439
G.O. Improvement Bonds of 2005A	152,784	-
G.O. Improvement Note of 2009A	309,000	-
Area and Unit Charge	1,001	315,044
Water Fund	-	34,627
Sewer Fund	-	244,594
Nonmajor governmental funds	2,570,311	2,235,476
Total	\$3,521,180	\$3,521,180

During 2016, 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 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, 2016, a summary of the governmental fund balance classifications is as follows:

	General Fund	G.O. Improvement Bonds of 2005A	G.O. Improvement Note of 2009A	Area and Unit Charge	Other Governmental Funds	Total
Nonspendable:	0005 114		do.	A	#1.22 0	****
Prepaid items Corpus of permanent fund	\$225,114	\$ -	\$ -	\$ -	\$1,220 100.000	\$226,334 100,000
Total nonspendable	225,114		 -		101,220	326,334
Total houspendable	223,114		 .		101,220	320,334
Restricted for:						
Debt service	-	226,135	22	-	5,514,718	5,740,875
Economic development	-	-	-	-	225,000	225,000
Blue Heron Days	-	-	-	-	11,619	11,619
Narcotics and forfeiture funds	-	-	-	-	73,049	73,049
Tax increment purposes	-	-	-	-	438,026	438,026
Environmental purposes				-	13,855	13,855
Total restricted		226,135	22		6,276,267	6,502,424
Committed for:						
Cable TV purposes	-	-	-	-	134,072	134,072
Recreation purposes	-	-	-	-	36,878	36,878
Total committed				-	170,950	170,950
Assigned for:						
Capital improvements				6,266,200	9,512,280	15,778,480
Unassigned	6,031,077				(978,496)	5,052,581
Total fund balance	\$6,256,191	\$226,135	\$22	\$6,266,200	\$15,082,221	\$27,830,769

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 \$1,963,326, 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
2017	\$75,617
2018	77,901
2019	39,522
	\$193,040

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 as of December 31, 2016:

	TIF 1-5		TIF 1-11
	Cottage	TIF 1-10	Woods
	Homesteads	Panattoni	Edge
Authorizing law	M.S. 469	M.S. 469	M.S. 469
Year established	1994	2004	2005
Final year of district	2022	2023	2031
Net tax capacity:			
Original	\$128	\$15,869	\$7,241
Current (payable 2016)	30,079	218,452	116,280
Captured - retained	\$29,951	\$202,583	\$109,039

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, 2016.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

C. COMMITTED CONTRACTS

At December 31, 2016, the City had commitments of \$379,727 for uncompleted construction contracts.

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. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Statement No. 80 *Blending Requirements for Certain Component Units.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81 *Irrevocable Split-Interest Agreements*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.

Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

Note 20 SPECIAL ITEM

Effective January 27, 2016, the City formally withdrew from the Centennial Fire District, which was a joint venture among the City of Lino Lakes and two other cities. The City created its own fire department which began operations in January 2016. Pursuant to the terms of the joint powers agreement, the City received its proportionate share of the Centennial Fire District's cash and firefighting equipment. The transaction is recorded as a special item in the amount of \$1,111,834 (cash received) in the statement of revenues, expenditures and changes in fund balance, and as a special item in the amount of \$1,333,166 (cash plus value of equipment received) in the Statement of Activities. No other assets or liabilities were transferred.

CITY OF LINO LAKES, MINNESOTA NOTES TO FINANCIAL STATEMENTS December 31, 2016

Note 21 PRIOR PERIOD ADJUSTMENT

During 2016, it was determined that the allocation of the net pension liability and related deferred inflows and outflows of resources between governmental activities and business-type activities was incorrect as of December 31, 2015. As a result, net position as of January 1, 2016 has been restated as follows:

		Business-typ		
	Governmental Activities	Water Fund	Sewer Fund	Total
Net position - January 1, as previously reported	\$40,754,159	\$20,401,628	\$23,398,831	\$84,554,618
Prior period adjustment	177,446	(88,703)	(88,743)	-
Net position - January 1, as restated	\$40,931,605	\$20,312,925	\$23,310,088	\$84,554,618

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted	Amounts	2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
General propery taxes:				
Current and delinquent	\$7,108,572	\$6,026,378	\$6,100,460	\$74,082
Fiscal disparities	-	1,042,194	928,588	(113,606)
Excess tax increments	 .	8,000	8,548	548
Total general property taxes	7,108,572	7,076,572	7,037,596	(38,976)
Licenses and permits:				
Business	103,300	120,300	136,363	16,063
Non-business	388,683	629,020	759,218	130,198
Total licenses and permits	491,983	749,320	895,581	146,261
Intergovernmental:				
State:				
Police state aid	190,000	208,500	208,848	348
OTS grant	110,000	110,000	85,385	(24,615)
MSA maintenance	261,000	253,500	253,523	23
Other	19,000	19,000	20,950	1,950
County solid waste grant	75,000	75,000	85,741	10,741
Total intergovernmental	655,000	666,000	654,447	(11,553)
Special assessments	15,000	10,000	4,618	(5,382)
Charges for services:				
General government	9,850	9,850	18,508	8,658
Engineering and planning fees	15,000	30,000	35,933	5,933
Public safety	211,200	191,200	212,192	20,992
Public services	25,500	25,500	26,057	557
Investment management charge to other funds	50,000	50,000	50,000	-
Total charges for services	311,550	306,550	342,690	36,140
Fines and forfeits	150,500	200,500	220,905	20,405
Investment earnings	30,000	30,000	37,887	7,887
Net increase in fair value of investments	-	-	2,553	2,553
Miscellaneous:				
Gas franchise fees	50,000	50,000	43,563	(6,437)
Building lease revenue	124,805	104,805	97,873	(6,932)
Refunds and reimbursements	30,000	30,000	71,985	41,985
Donations	5,000	5,000	300	(4,700)
Other	3,000	3,000	7,313	4,313
Total miscellaneous	212,805	192,805	221,034	28,229
Total revenues	8,975,410	9,231,747	9,417,311	185,564

CITY OF LINO LAKES, MINNESOTA REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted A		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
Even and distances	Original	Final		
Expenditures:				
General government: Mayor and city council:				
Current:				
Personal services	40,638	40,638	39,131	1,507
Other services and charges	16,500	13,800	13,017	783
Contractual services	16,500	17,250	17,139	111
Total mayor and city council	73,638	71,688	69,287	2,401
Elections:	73,038	/1,000	09,287	2,401
Current:				
Personal services	20,604	20,604	21,738	(1,134)
Supplies	800	800	962	(162)
Other services and charges	2,200	2,200	502	1,698
Contractual services	300	300	727	(427)
Capital Outlay	4,600	4,600	4,583	17
Total elections	28,504	28,504	28,512	(8)
Administration:		20,00	20,612	(0)
Current:				
Personal services	484,235	460,912	432,492	28,420
Other services and charges	26,360	17,860	11,961	5,899
Contractual services	8,000	23,000	21,057	1,943
Total administration	518,595	501,772	465,510	36,262
Finance:				
Current:				
Personal services	273,590	273,590	289,955	(16,365)
Supplies	900	900	856	44
Other services and charges	146,720	146,720	115,721	30,999
Contractual services	100,900	100,900	100,570	330
Total finance	522,110	522,110	507,102	15,008
Cable TV:				
Current:				
Personal services	2,340	2,340	2,364	(24)
Capital outlay	500	500		500
Total cable TV	2,840	2,840	2,364	476
Legal consultants:				
Current:				
Contractual services	140,000	140,000	121,608	18,392

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted	Amounts	2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	- I IIIIouints	(Treguitre)
Expenditures: (continued)	<u> </u>	Tinui		
General government: (continued)				
Engineering/planning:				
Current:				
Contractual services	105,276	105,276	117,744	(12,468)
Charter commission:		100,270	117,7	(12, 100)
Current:				
Other services and charges	2,500	1,500	1,076	424
Government buildings:		1,500	1,070	121
Current:				
Personal services	2,167	2,167	2,374	(207)
Supplies	46,400	66,400	72,739	(6,339)
Other services and charges	359,253	369,253	382,051	(12,798)
Contractual services	79,000	69,000	71,559	(2,559)
Total government buildings	486,820	506,820	528,723	(21,903)
Total government buildings	480,820	300,820	320,723	(21,903)
Total general government	1,880,283	1,880,510	1,841,926	38,584
Public safety:				
Police:				
Current:				
Personal services	3,356,407	3,321,066	3,387,001	(65,935)
Supplies	32,100	32,100	28,810	3,290
Other services and charges	95,400	95,400	95,417	(17)
Contractual services	43,600	43,600	47,459	(3,859)
Capital outlay	29,200	29,200	26,214	2,986
Total police	3,556,707	3,521,366	3,584,901	(63,535)
Fire protection:				
Current:				
Personal services	513,086	494,160	456,706	37,454
Supplies	12,750	12,750	9,277	3,473
Other services and charges	38,500	33,500	26,188	7,312
Contractual services	20,980	59,380	57,795	1,585
Capital outlay	27,000	27,000	20,185	6,815
Total fire protection	612,316	626,790	570,151	56,639
Building inspection:		,		
Current:				
Personal services	227,454	202,018	199,092	2,926
Supplies	1,650	1,650	1,360	290
Other services and charges	8,060	8,060	6,337	1,723
Contractual services	1,000	3,500	2,888	612
Total building inspection	238,164	215,228	209,677	5,551
Total public safety	4,407,187	4,363,384	4,364,729	(1,345)

CITY OF LINO LAKES, MINNESOTA REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted	Amounts	2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(118
Expenditures: (continued)				
Public services:				
Streets:				
Current:				
Personal services	540,201	538,201	534,749	3,452
Supplies	159,000	152,000	173,457	(21,457)
Other services and charges	109,600	107,600	110,550	(2,950)
Contractual services	198,000	77,275	55,860	21,415
Total streets	1,006,801	875,076	874,616	460
Fleet:		<u> </u>		
Current:				
Personal services	113,983	113,983	114,930	(947)
Supplies	234,000	203,000	156,889	46,111
Other services and charges	66,880	53,380	44,903	8,477
Contractual services	32,000	77,000	97,413	(20,413)
Capital outlay	- -	-	259	(259)
Total fleet	446,863	447,363	414,394	32,969
Parks:	<u></u> -			
Current:				
Personal services	464,769	464,769	468,933	(4,164)
Supplies	26,500	26,500	31,126	(4,626)
Other services and charges	40,650	35,650	54,418	(18,768)
Contractual services	55,700	55,700	27,917	27,783
Total parks	587,619	582,619	582,394	225
Recreation:				
Current:				
Personal services	212,327	212,327	204,022	8,305
Supplies	2,500	2,500	656	1,844
Other services and charges	14,750	13,950	18,070	(4,120)
Contractual services	400	400	860	(460)
Total recreation	229,977	229,177	223,608	5,569
Total public services	2,271,260	2,134,235	2,095,012	39,223

CITY OF LINO LAKES, MINNESOTA REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Personal services and charges Personal services and charges Personal services			Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
Personal services Pers		Original	Final			
Personal services 36,250 36,032 218 Supplies 750	•					
Current: Personal services 36,250 36,032 218 Supplies 750 750 750 Other services and charges 380 380 380 Contractual services 10,000 10,000 11,986 (1,986) Capital outlay 5,000 5,000 5,002 28 Total forestry 52,380 52,380 54,176 (1,796) Environmental: Total forestry 52,380 52,380 54,176 (1,796) Environmental: Total forestry 53,662 43,662 40,406 32,56 Supplies 1,000 1,000 130 870 Other services and charges 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement - - 153 (153) Total convironmental 6,900 5,909 49,408 4,501 Supplies - - - 153 (153)						
Personal services 36,250 36,250 36,032 218 Supplies 750 870 870 750 870 870 750 870 87	· ·					
Supplies 750 750 750 Other services and charges 380 380 380 Contractual services 10,000 10,000 11,986 (1,986) Capital outlay 5,000 5,000 5,028 28) Total forestry 52,380 52,380 54,176 (1,796) Environmental: Usernation of the provision		26.250	26.250	26.022	210	
Other services and charges 380 380 - 380 Contractual services 10,000 10,000 11,986 (1,986) Contractual services (1,986) (1,986) (1,986) (1,986) (1,986) (1,986) (1,986) (1,986) (1,986) (1,980) (1,000) (1,000) (1,000) (1,000) (1,000) 3,000 5,000 5,000 5,000 5,000 5,000 5,000 5,000 5,000 1,000 <td></td> <td></td> <td></td> <td></td> <td>218</td>					218	
Contractual services 10,000 10,000 11,986 (1,986) Capital outlay 5,000 5,000 5,028 (28) Total forestry 52,380 52,380 54,176 (1,796) Environmental: Useronia services Signor services 35,662 43,662 40,406 3,256 Supplies 1,000 1,000 130 870 Other services and charges 7,050 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 15,000 11,500 13,025 (1,525) Contractual services 1,500 8,500 8,500 1,525 (1,525) Community development: <td <="" rowspan="2" td=""><td></td><td></td><td></td><td></td><td>-</td></td>	<td></td> <td></td> <td></td> <td></td> <td>-</td>					-
Capital outlay 5,000 5,000 5,028 28 Total forestry 52,380 52,380 54,176 (1,796) Environmental: 52,380 52,380 54,176 (1,796) Current: 8 1,000 1,000 130 870 Supplies 1,000 1,000 130 870 Other services and charges 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 8,500 6,000 6,000 18,816 (12,816) Capital outly 8,500 7,9909 79,909						(1.096)
Total forestry						
Environmental: Current: Current: Personal services 53,662 43,662 40,406 3,256 Supplies 1,000 1,000 130 870 Other services and charges 7,050 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies -						
Current: Personal services 53,662 43,662 40,406 3,256 Supplies 1,000 1,000 130 870 Other services and charges 7,050 7,056 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: 8,500 25,912 46,635 6,277 Solid waste abatement: 8,500 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: 20,548 200,548 194,773 5,775 Supplies 100	*	32,360	32,360	34,170	(1,790)	
Personal services 53,662 43,662 40,406 3,256 Supplies 1,000 1,000 130 870 Other services and charges 7,050 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,2816) Capital outlay 8,500 5,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Current: Current: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71<						
Supplies 1,000 1,000 130 870 Other services and charges 7,050 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: 2 200,548 200,548 194,773 5,775 Supplies 100 100 29 <td></td> <td>53 662</td> <td>43 662</td> <td>40 406</td> <td>3 256</td>		53 662	43 662	40 406	3 256	
Other services and charges 7,050 7,050 6,066 984 Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557)		,		,		
Contractual services 1,200 1,200 33 1,167 Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 6,000 13,025 (1,2816) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 8,707 557 Total community development 21,63						
Total environmental 62,912 52,912 46,635 6,277 Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 1153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development:						
Solid waste abatement: Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384						
Current: Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,528) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850		02,512	52,712	.0,022	5,2	
Personal services 53,909 53,909 49,408 4,501 Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850						
Supplies - - 153 (153) Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400		53.909	53,909	49,408	4.501	
Other services and charges 11,500 11,500 13,025 (1,525) Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -		-	-			
Contractual services 6,000 6,000 18,816 (12,816) Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -		11.500	11,500			
Capital outlay 8,500 8,500 - 8,500 Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -						
Total solid waste abatement 79,909 79,909 81,402 (1,493) Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Capital outlay			-		
Total conservation of natural resources 195,201 185,201 182,213 2,988 Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	- · · · · · · · · · · · · · · · · · · ·			81,402		
Community development: Community development: Current: Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Total conservation of natural resources	195.201	185.201	182.213	2.988	
Community development: Current: 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -						
Community development: Current: 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Community development:					
Personal services 200,548 200,548 194,773 5,775 Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -						
Supplies 100 100 29 71 Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Current:					
Other services and charges 8,150 8,150 8,707 (557) Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Personal services	200,548	200,548	194,773	5,775	
Contractual services 1,400 1,400 875 525 Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Supplies	100	100	29	71	
Total community development 210,198 210,198 204,384 5,814 Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Other services and charges	8,150	8,150	8,707	(557)	
Economic development: Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Contractual services	1,400	1,400	875	525	
Current: Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Total community development	210,198	210,198	204,384	5,814	
Personal services 21,637 15,850 16,194 (344) Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -	Economic development:					
Other services and charges 79,100 86,100 86,222 (122) Contractual services 400 400 400 -						
Contractual services 400 400 -						
					(122)	
Total economic development 101,137 102,350 102,816 (466)						
	Total economic development	101,137	102,350	102,816	(466)	

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted A		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Planning and zoning commission:				
Current: Personal services	91,628	91,628	95,438	(3,810)
Supplies	200	200	93,436	(5,810)
Other services and charges	14,150	14,150	12,353	200 1,797
Contractual services	40,250	37,750	5,307	32,443
Total planning and zoning commission	146,228	143,728	113,098	30,630
Total planning and zoning commission	110,220	113,720	113,070	30,030
Total community development	457,563	456,276	420,298	35,978
Other:				
Contingency	125,500	-	-	-
Total expenditures	9,336,994	9,019,606	8,904,178	115,428
Revenues over (under) expenditures	(361,584)	212,141	513,133	300,992
Other financing sources (uses):				
Transfers in	478,084	478,084	488,084	10,000
Transfers out	(539,500)	(690,225)	(691,439)	(1,214)
Total other financing sources (uses)	(61,416)	(212,141)	(203,355)	8,786
Net change in fund balance	(\$423,000)	\$0	309,778	\$309,778
Fund balance - January 1			5,946,413	
Fund balance - December 31			\$6,256,191	

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH PLAN For The Year Ended December 31, 2016

Statement 12

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
January 1, 2008	\$0	\$329,191	\$329,191	0.0%	\$4,859,980	6.8%
January 1, 2011	\$0	\$474,770	\$474,770	0.0%	\$4,888,702	9.7%
January 1, 2014	\$0	\$547,626	\$547,626	0.0%	\$5,265,020	10.4%

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

For The Year Ended December 31, 2016

December 31, 2016

June 30, 2016

					City's		City's	
					Proportionate		Proportionate	Plan
				State's	Share of the		Share of the	Fiduciary
				Proportionate	Net Pension		Net	Net
				Share	Liability		Pension	Position
		City's	City's	(Amount)	and the State's		Liability	as a
		Proportionate	Proportionate	of the Net	Proportionate		as a	Percentage
		Share	Share (Amount)	Pension	Share of the Net		Percentage	of the
		(Percentage) of	of the Net	Liability	Pension Liability		of its	Total
Measurement	Fiscal Year	the Net Pension	Pension	Associated	Associated with	Covered	Covered	Pension
Date	Ending	Liability	Liability (a)	with City (b)	City (a+b)	Payroll (c)	Payroll ((a+b)/c)	Liability
		·	, <u> </u>					
June 30, 2015	December 31, 2015	0.0410%	\$2,124,883	\$ -	\$2,124,883	\$2,407,426	88.3%	78.2%

41,033

3,183,281

2,401,546

132.6%

Statement 13

68.9%

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

3,142,248

0.0387%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

Statement 14

For The Year Ended December 31, 2016

Fiscal Year Ending	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)
December 31, 2015	\$182,102	\$182,102	\$ -	\$2,428,027	7.5%
December 31, 2016	193,684	193,684	-	2,582,452	7.5%

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2016

Statement 15

Measurement Date	Fiscal Year	Proportion (Percentage) of the Net Pension	Proportionate Share (Amount) of the Net Pension	Covered	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
Date	Ending	Liability	Liability (a)	Payroll (b)	Payroll (a/b)	Pension Liability
June 30, 2015	December 31, 2015	0.2490%	\$2,829,223	\$2,284,973	123.8%	86.6%
June 30, 2016	December 31, 2016	0.2590%	10,394,121	2,495,778	416.5%	63.9%

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

REQUIRED SUPPLEMENTARY INFORMATION

Statement 16

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND For The Year Ended December 31, 2016

Fiscal Year Ending	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)
December 31, 2015	\$393,551	\$393,551	\$ -	\$2,429,327	16.2%
December 31, 2016	424,970	424,970	-	2,623,271	16.2%

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

REQUIRED SUPPLEMENTARY INFORMATION

Statement 17

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

LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Year Ended December 31, 2016

Fiscal year ending and measurement date	December 31, 2016
Total pension liability:	
Service cost	\$38,419
Interest on pension liability	3,568
Changes of benefit terms	- -
Differences between expected and actual experience	(7,804)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	34,183
Total pension liability - beginning	21,057
Total pension liability - ending (a)	\$55,240
Dien fiduciem net necition	
Plan fiduciary net position: Contributions - employer	\$44.204
Contributions - Employer Contributions - State of Minnesota	\$44,394
Net investment income	133
Benefit payments, including refunds of employee contributions	133
Administrative expense	-
Other	-
	44,527
Net change in plan fiduciary net position	44,327
Plan fiduciary net position - beginning	
Plan fiduciary net position - ending (b)	\$44,527
Net pension liability/(asset) - ending (a) - (b)	\$10,713
Plan fiduciary net position as a percentage of the total pension liability	80.61%
Covered payroll	N/A
Net pension liability as a percentage of covered employee payroll	N/A

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Statement 18

SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION For The Year Ended December 31,2016

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

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 PENSION INFORMATION

PERA – General Employees Retirement Fund

2016 Changes in Actuarial Assumptions:

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

PERA - Public Employees Police and Fire Fund

2016 Changes in Actuarial Assumptions:

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

Single Employer – Fire Division

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

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COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for 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 Foxborough Environment Fund. This fund accounts for the use of funds received for environmental maintenance and improvements in the Foxborough area.

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

	Special Revenue	Debt Service	Capital Project	Permanent Fund Foxborough Environment Fund	Total Nonmajor Governmental Funds
Assets	revenue	Bervice	Troject	Tuna	Tunus
Cash and investments	\$266,615	\$5,289,529	\$7,734,960	\$138,305	\$13,429,409
Accounts receivable - net	- -	=	11,277	- -	11,277
Prepaid items	1,220	-	- -	-	1,220
Advances to other funds	- -	-	1,350	_	1,350
Taxes receivable:					
Due from county	-	27,736	3	_	27,739
Delinquent	-	15,008	93	_	15,101
Special assessments receivable:					
Due from county	-	-	1,635	-	1,635
Delinquent	_	9,582	749	_	10,331
Deferred	-	1,173,065	409,663	-	1,582,728
Interfund loan receivable	_	199,452	3,090,551	_	3,290,003
Long-term notes receivable	225,000				225,000
Total assets	\$492,835	\$6,714,372	\$11,250,281	\$138,305	\$18,595,793
Liabilities, Deferred Inflows of Reso	ources, and Fund Bal	lance			
Liabilities:					
Accounts payable	\$10,870	\$2,000	\$58,932	\$24,450	\$96,252
Salaries payable	332	-	-	-	332
Contracts payable	-	-	640,483	-	640,483
Advances from other funds	-	1,350	-	-	1,350
Interfund loan payable	-	-	1,166,995		1,166,995
Total liabilities	11,202	3,350	1,866,410	24,450	1,905,412
Deferred inflows of resources:					
TT '1 1 1					
Unavailable revenue	<u> </u>	1,197,654	410,506		1,608,160
Unavailable revenue Fund balance:		1,197,654	410,506	-	1,608,160
	1,220	1,197,654	410,506	100,000	1,608,160
Fund balance:	1,220 309,668	1,197,654 - 5,514,718	410,506 - 438,026	100,000 13,855	
Fund balance: Nonspendable			-		101,220
Fund balance: Nonspendable Restricted	309,668		438,026		101,220 6,276,267 170,950
Fund balance: Nonspendable Restricted Committed	309,668 170,950 - (205)	5,514,718 - - (1,350)	438,026		101,220 6,276,267 170,950 9,512,280
Fund balance: Nonspendable Restricted Committed Assigned	309,668 170,950	5,514,718 - -	438,026 - 9,512,280		101,220 6,276,267 170,950
Fund balance: Nonspendable Restricted Committed Assigned Unassigned	309,668 170,950 - (205)	5,514,718 - - (1,350)	438,026 - 9,512,280 (976,941)	13,855	101,220 6,276,267 170,950 9,512,280 (978,496)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2016

				Permanent Fund Foxborough	Total Nonmajor
	Special	Debt	Capital	Environment	Governmental
	Revenue	Service	Project	Fund	Funds
Revenues:					
General property taxes	\$ -	\$2,037,598	\$67	\$ -	\$2,037,665
Tax increment	-	-	293,829	-	293,829
Intergovernmental	-	-	52,497	-	52,497
Special assessments	-	1,004,689	407,118	-	1,411,807
Charges for services	166,752	-	531,534	-	698,286
Fines and forfeits	30,748	-	-	-	30,748
Investment earnings	2,211	16,772	67,307	1,063	87,353
Net increase in fair value of investments	161	983	4,818	-	5,962
Miscellaneous	20,205	42,932	119,826	13,451	196,414
Total revenues	220,077	3,102,974	1,476,996	14,514	4,814,561
Expenditures:					
Current:					
General government	_	-	8,324	-	8,324
Public safety	14,750	-	-	-	14,750
Public services	172,631	-	913,728	-	1,086,359
Conservation of natural resources	<u>-</u>	-	<u>-</u>	24,450	24,450
Community development	998	-	4,106	-	5,104
Capital outlay:					
General government	-	-	140,081	-	140,081
Public safety	20,315	-	501,603	-	521,918
Public services	-	-	2,326,347	-	2,326,347
Debt service:					
Principal	-	1,994,525	-	-	1,994,525
Interest and fiscal charges	-	606,759	8,578	-	615,337
Bond issuance costs		35,504	28,774		64,278
Total expenditures	208,694	2,636,788	3,931,541	24,450	6,801,473
Revenues over (under) expenditures	11,383	466,186	(2,454,545)	(9,936)	(1,986,912)
Other financing sources (uses):					
Transfers in	1,213	1,155,960	1,413,138	_	2,570,311
Transfers out	(10,000)	1,133,900	(2,225,476)	_	(2,235,476)
Proceeds from issuance of debt	(10,000)	1,600,000	1,889,000	_	3,489,000
Premium on bonds issued	_	-	41,497	_	41,497
Proceeds from sale of capital asset	_	_	72,182	_	72,182
Total other financing sources (uses)	(8,787)	2,755,960	1,190,341	0	3,937,514
Total other imaneing sources (uses)	(0,707)	2,755,750	1,150,511		3,737,311
Special item - withdrawal from fire district	<u> </u>		1,111,834		1,111,834
Net change in fund balance	2,596	3,222,146	(152,370)	(9,936)	3,062,436
Fund balance - January 1	479,037	2,291,222	9,125,735	123,791	12,019,785
Fund balance - December 31	\$481,633	\$5,513,368	\$8,973,365	\$113,855	\$15,082,221

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, 2016

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	\$47,569	\$ -	\$134,072	\$11,619	\$29,911	\$13,317	\$30,127	\$266,615
Prepaid items	1,220	-	-	-	-	-	-	1,220
Long-term notes receivable		225,000						225,000
Total assets	\$48,789	\$225,000	\$134,072	\$11,619	\$29,911	\$13,317	\$30,127	\$492,835
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$10,564	\$ -	\$ -	\$ -	\$ -	\$85	\$221	\$10,870
Salaries payable	127	205	-	-	-	-	-	332
Total liabilities	10,691	205	0	0	0	85	221	11,202
Fund balance:								
Nonspendable	1,220	-	-	-	-	-	-	1,220
Restricted	-	225,000	-	11,619	29,911	13,232	29,906	309,668
Committed	36,878	-	134,072	-	-	-	-	170,950
Unassigned	-	(205)	-	-	-	-	-	(205)
Total fund balance	38,098	224,795	134,072	11,619	29,911	13,232	29,906	481,633
Total liabilities and fund balance	\$48,789	\$225,000	\$134,072	\$11,619	\$29,911	\$13,317	\$30,127	\$492,835

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

For The Year Ended December 31, 2016

	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	\$113,945	\$ -	\$52,807	\$ -	\$ -	\$ -	\$ -	\$166,752
Fines and forfeits	-	-	-	-	-	13,603	17,145	30,748
Investment earnings	638	-	960	80	242	102	189	2,211
Net increase in fair value						_		
of investments	48	-	68	6	19	7	13	161
Miscellaneous				20,205				20,205
Total revenues	114,631	0	53,835	20,291	261	13,712	17,347	220,077
Expenditures: Current:								
Public safety	-	-	_	-	-	10,290	4,460	14,750
Public services	150,712	-	_	21,919	-	-	-	172,631
Community development	-	998	-	-	-	-	-	998
Capital outlay:								
Public safety	-	-	-	-	20,315	-	-	20,315
Total expenditures	150,712	998	0	21,919	20,315	10,290	4,460	208,694
Revenues over (under) expenditures	(36,081)	(998)	53,835	(1,628)	(20,054)	3,422	12,887	11,383
Other financing sources (uses):								
Transfers in	-	1,213	-	-	-	-	-	1,213
Transfers out	(10,000)	-	-	-	-	-	-	(10,000)
Total other financing sources (uses)	(10,000)	1,213	-			-	-	(8,787)
Net change in fund balance	(46,081)	215	53,835	(1,628)	(20,054)	3,422	12,887	2,596
Fund balance - January 1	84,179	224,580	80,237	13,247	49,965	9,810	17,019	479,037
Fund balance - December 31	\$38,098	\$224,795	\$134,072	\$11,619	\$29,911	\$13,232	\$29,906	\$481,633

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.

CITY OF LINO LAKES, MINNESOTA SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2016

A	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
Assets				
Cash and investments	\$149,501	\$31,083	\$1,853,505	\$188,082
Taxes receivable:				
Due from county	7,261	19	3,802	-
Delinquent	3,513	621	2,718	-
Special assessments receivable:				
Delinquent	-	-	-	9,582
Deferred	-	11,945	-	32,066
Interfund loan receivable				-
Total assets	\$160,275	\$43,668	\$1,860,025	\$229,730
Liabilities, Deferred Inflows of Resources, a	and Fund Balance			
Liabilities:				
Accounts payable	\$ -	\$ -	\$200	\$200
Advances from other funds	-	-	-	-
Total liabilities	<u> </u>		200	200
Deferred inflows of resources:				
Unavailable revenue	3,513	12,566	2,718	41,648
Fund balance:				
Restricted	156,762	31,102	1,857,107	187,882
Unassigned	-	-	-	-
Total fund balance	156,762	31,102	1,857,107	187,882
Total liabilities, deferred inflows of				
resources, and fund balance	\$160,275	\$43,668	\$1,860,025	\$229,730

SUBCOMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

December 31, 2016

Assets	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	336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A
~	***	****	4	****	****	
Cash and investments	\$929,085	\$149,896	\$66,502	\$356,691	\$298,558	\$786,514
Taxes receivable:	C 20 C			2 121		
Due from county	6,296	-	-	2,434	-	_
Delinquent	4,713	-	-	1,427	-	-
Special assessments receivable: Delinquent						
Deferred	-	-	- 649	36,744	- 491,147	600,514
Interfund loan receivable	-	_	-	50,744	491,147	199,452
interfund toan receivable						177,432
Total assets	\$940,094	\$149,896	\$67,151	\$397,296	\$789,705	\$1,586,480
Liabilities, Deferred Inflows	of Resources, an	d Fund Balance				
Liabilities:						
Accounts payable	\$200	\$200	\$200	\$200	\$200	*
Advances from other funds				Ψ 200	\$200	\$200
	-	-	- -	φ200 -	\$200 -	\$200 -
Total liabilities	200	200				•
	200	200		-		
Deferred inflows of resources:		200	200	200	200	200
	4,713	200		-		
Deferred inflows of resources:		200	200	200	200	200
Deferred inflows of resources: Unavailable revenue		- 200 - 149,696	200	200	200	200
Deferred inflows of resources: Unavailable revenue Fund balance:	4,713	-	200	200 38,170	200	200
Deferred inflows of resources: Unavailable revenue Fund balance: Restricted	4,713	-	200	200 38,170	200	200
Deferred inflows of resources: Unavailable revenue Fund balance: Restricted Unassigned Total fund balance	4,713 935,181	- 149,696 -	649	38,170 358,926	200 491,147 298,358	200 600,514 985,766
Deferred inflows of resources: Unavailable revenue Fund balance: Restricted Unassigned	4,713 935,181	- 149,696 -	649	38,170 358,926	200 491,147 298,358	200 600,514 985,766

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	342 G.O. Improvement Bonds of 2016B	343 G.O. Tax Abatement Bonds of 2016C	Total Nonmajor Debt Service Funds
\$236,794	\$243,205	\$113	\$ -	\$ -	\$ -	\$5,289,529
3,666 933	4,258 1,083	- -	- -	- -	- -	27,736 15,008
- - -	- - -	- - -	- - -	- - -	- - -	9,582 1,173,065 199,452
\$241,393	\$248,546	\$113	\$0	\$0	\$0	\$6,714,372
\$200	\$200	\$ -	\$ -	\$ -	\$ -	\$2,000
200	200	<u>-</u> -	450 450	450 450	450 450	1,350 3,350
933	1,083	- -				1,197,654
240,260	247,263	113	- (450)	- (450)	- (450)	5,514,718 (1,350)
240,260	247,263	113	(450)	(450)	(450)	5,513,368
\$241,393	\$248,546	\$113	\$0	\$0	\$0	\$6,714,372

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2016

	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
Revenues:				
General property taxes	\$534,062	\$451	\$278,320	\$ -
Special assessments	121	11,829	150	7,821
Investment earnings	2,130	176	3,692	913
Net increase in fair value				
of investments	129	11	197	62
Miscellaneous	-	-	-	-
Total revenues	536,442	12,467	282,359	8,796
Expenditures:				
Debt service:				
Principal	474,000	-	170,000	65,000
Interest and fiscal charges	35,486	-	79,030	4,904
Bond issuance costs	- -	-	35,504	- -
Total expenditures	509,486	0	284,534	69,904
Revenues over (under) expenditures	26,956	12,467	(2,175)	(61,108)
Other financing sources:				
Transfers in	-	-	-	69,254
Proceeds from issuance of debt	-	_	1,600,000	, -
Total other financing sources			1,600,000	69,254
Net change in fund balance	26,956	12,467	1,597,825	8,146
Fund balance - January 1	129,806	18,635	259,282	179,736
Fund balance - December 31	\$156,762	\$31,102	\$1,857,107	\$187,882

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2016

	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	336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A
Revenues:						
General property taxes	\$460,564	\$ -	\$ -	\$178,632	\$ -	\$ -
Special assessments	267	-	60,435	22,927	37,946	863,193
Investment earnings	4,974	-	312	750	-	2,260
Net increase in fair value						
of investments	323	-	17	39	-	118
Miscellaneous				=		
Total revenues	466,128		60,764	202,348	37,946	865,571
Expenditures: Debt service: Principal Interest and fiscal charges Bond issuance costs Total expenditures	380,000 41,450 - 421,450	380,000 90,176 - 470,176	100,000 14,900 - 114,900	230,000 18,266 - 248,266	60,000 17,440 77,440	105,000 34,193 - 139,193
Revenues over (under) expenditures	44,678	(470,176)	(54,136)	(45,918)	(39,494)	726,378
Other financing sources: Transfers in Proceeds from issuance of debt Total other financing sources	- - - -	470,176 - 470,176	- - - -	146,637 - 146,637	338,052	131,841
Net change in fund balance	44,678	0	(54,136)	100,719	298,558	858,219
Fund balance - January 1	890,503	149,696	120,438	258,207	(200)	127,547
Fund balance - December 31	\$935,181	\$149,696	\$66,302	\$358,926	\$298,358	\$985,766

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	342 G.O. Improvement Bonds of 2016B	343 G.O. Tax Abatement Bonds of 2016C	Total Nonmajor Debt Service Funds
\$270,887	\$314,682	\$ -	\$ -	\$ -	\$ -	\$2,037,598
-	-	-	-	-	-	1,004,689
673	784	108	-	-	-	16,772
35	47	5	-	-	-	983
<u> </u>	<u> </u>	42,932	<u>-</u>	<u> </u>	<u> </u>	42,932
271,595	315,513	43,045				3,102,97
- 81,740 -	- 175,417 -	30,525 12,407	- 450 -	- 450 -	- 450 -	1,994,52 606,75 35,50
81,740	175,417	42,932	450	450	450	2,636,78
189,855	140,096	113	(450)	(450)	(450)	466,18
- -	- -	- -	- -	- -	- -	1,155,96 1,600,00
		-	-		-	2,755,96
189,855	140,096	113	(450)	(450)	(450)	3,222,14
50,405	107,167		-		<u>-</u>	2,291,22
\$240,260	\$247,263	\$113	(\$450)	(\$450)	(\$450)	\$5,513,36

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>Sealcoating</u> – to account for money received from levies, assessments, and developer charges for future street sealcoating and overlay 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>I-35E Interchange</u> – to account for activity related to the I-35E / CSAH 14 Interchange Reconstruction Project.

<u>Traffic Signal Fund</u> – the Legacy traffic signal charge fund accounts for costs associated with construction of traffic signals in the City.

Otter Lake Road Extension – this fund accounts for activities relating to the construction performed in the extension of the Otter Lake Road.

<u>21st Ave Extension</u> – this fund accounts for activities relating to the construction performed in the expansion of 21st 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.

CITY OF LINO LAKES, MINNESOTA SUBCOMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS December 31, 2016

Assets	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Cash and investments	\$110,622	\$223,387	\$1,091,703	\$34,248	\$446,561
Accounts receivable - net	-	-	5,577	-	-
Advances to other funds	1,350	-	-	_	_
Taxes receivable:	,				
Due from county	3	-	-	_	_
Delinquent	93	-	-	_	_
Special assessments receivable:					
Due from county	-	-	-	-	-
Delinquent	-	-	-	-	_
Deferred	26,704	-	-	-	-
Interfund loan receivable	773,018	2,317,533	-	<u> </u>	-
Total assets	\$911,790	\$2,540,920	\$1,097,280	\$34,248	\$446,561
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$5,380	\$2,500	\$ -	\$ -	\$ -
Contracts payable	- -	- -	-	-	-
Interfund loan payable	-	-	-	-	194,525
Total liabilities	5,380	2,500	0	0	194,525
Deferred inflows of resources:					
Unavailable revenue	26,797		-		-
Fund balance:					
Restricted	-	-	-	-	-
Assigned	879,613	2,538,420	1,097,280	34,248	252,036
Unassigned	_				
Total fund balance	879,613	2,538,420	1,097,280	34,248	252,036
Total liabilities, deferred inflows of resources, and fund balance	\$911,790	\$2,540,920	\$1,097,280	\$34,248	\$446,561

SUBCOMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2016

	411 Tax	417 Tax	418 Tax			422 Surface	
	Increment	Increment	Increment	420 MSA	421	Water	423 Street
		Financing 1-10		Construction	Sealcoating		Reconstruction
Assets	Timuneing T 5	i maneing i To	i manenig i Ti	Construction	Scarcoaring	Management	reconstruction
Cash and investments	\$249,412	\$189,697	\$ -	\$2,012,170	\$211,648	\$747,048	\$686,670
Accounts receivable - net	-	-	-	-	5,700	-	-
Advances to other funds	-	-	-	-	-	-	-
Taxes receivable:							
Due from county	-	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-	-
Special assessments receivable:							
Due from county	-	-	-	-	-	1,635	-
Delinquent	-	-	-	-	-	749	-
Deferred	-	-	-	-	-	290,498	92,461
Interfund loan receivable							
Total assets	\$249,412	\$189,697	\$0	\$2,012,170	\$217,348	\$1,039,930	\$779,131
Liabilities, Deferred Inflows of Resour	rces, and Fund Ba	alance					
Liabilities:							
Accounts payable	\$514	\$569	\$1,965	\$ -	\$8,087	\$13,261	\$ -
Contracts payable	-	-	-	-	26,083	-	-
Interfund loan payable	_	_	773,018	_	-	_	_
Total liabilities	514	569	774,983	0	34,170	13,261	0
Deferred inflows of resources:							
Unavailable revenue						291,248	92,461
Fund balance:							
Restricted	248,898	189,128	-	-	-	_	_
Assigned	-	-	_	2,012,170	183,178	735,421	686,670
Unassigned	-	_	(774,983)	- -	-	-	-
Total fund balance	248,898	189,128	(774,983)	2,012,170	183,178	735,421	686,670
Total liabilities, deferred							
inflows, and fund balance	\$249,412	\$189,697	\$0	\$2,012,170	\$217,348	\$1,039,930	\$779,131
,		,		. ,. ,		. ,,.	

424 Surface Water Maintenance	477 21st Ave Extension	478 Fire House # 2 Construction	479 Well #6 Construction	480 Northpointe Improvements	481 Birch St/ Centerville Rd Improvements	480 2015 Street Reconstruction	483 Blackduck/ Aqua Lane Watermain Extension	Total Nonmajor Capital Project Funds
\$85,034	\$ -	\$96,188	\$63,796	\$386,274	\$134,721	\$195,703	\$770,078	\$7,734,960
-	-	-	-	-	-	-	-	11,277 1,350
								1,550
-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	93
-	-	-	-	-	-	-	-	1,635
-	-	-	-	-	-	-	-	749 409,663
	<u>-</u>							3,090,551
\$85,034	\$0	\$96,188	\$63,796	\$386,274	\$134,721	\$195,703	\$770,078	\$11,250,281
\$2,247	\$182	\$1,065	\$3,236	\$ -	\$1,293	\$478	\$18,155	\$58,932
1,515	-	97,447	37,678	63,985	-	-	413,775	640,483
3,762	199,452 199,634	98,512	40,914	63,985	1,293	478	431,930	1,166,995
3,762	199,034	98,512	40,914	03,985	1,293	4/8	431,930	1,866,410
_	_	_	_	_	_	_	_	410,506
								.10,500
_	-	-	-	_	-	-	-	438,026
81,272	-	-	22,882	322,289	133,428	195,225	338,148	9,512,280
	(199,634)	(2,324)	- 22.002	- 222 200	- 122,120	- 105.225		(976,941)
81,272	(199,634)	(2,324)	22,882	322,289	133,428	195,225	338,148	8,973,365
\$85,034	\$0	\$96 188	\$63.796	\$386 27 <i>4</i>	\$134 <i>7</i> 21	\$195 <i>7</i> 03	\$770.078	\$11 250 281
\$85,034	\$0	\$96,188	\$63,796	\$386,274	\$134,721	\$195,703	\$770,078	\$11,250,281

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECT FUNDS

For The Year Ended December 31, 2016

Province and	301 Closed Bond Fund	401 Building and Facilities	402 Capital Equipment Revolving	403 Office Equipment Revolving	405 Dedicated Parks
Revenues:	Φ.67	Φ.	Ф	Ф	¢.
General property taxes	\$67	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-
Intergovernmental	-	-	10,295	-	-
Special assessments	16,584	-	-	-	-
Charges for services	-	177,680	-	-	277,574
Investment earnings	6,542	1,868	8,358	569	2,573
Net increase in fair value of investments	463	138	582	51	164
Miscellaneous			-	935	832
Total revenues	23,656	179,686	19,235	1,555	281,143
Expenditures: Current:					
General government	7,221	1,103	-	-	-
Public services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay:					
General government	-	67,650	-	72,431	-
Public safety	-	126,228	338,745	_	_
Public services	-	-	279,414	2,524	97
Debt service:					
Interest and fiscal charges	-	-	-	-	8,578
Bond issuance costs	_	_	_	_	_
Total expenditures	7,221	194,981	618,159	74,955	8,675
Revenues over (under) expenditures	16,435	(15,295)	(598,924)	(73,400)	272,468
Other financing sources (uses):					
Transfers in	-	-	-	25,000	50,000
Transfers out	(378,084)	-	-	(100,000)	_
Proceeds from issuance of debt	-	-	469,000	-	-
Premium on bonds issued	-	-	-	-	-
Proceeds from sale of capital assets	-	-	72,107	75	-
Total other financing sources (uses)	(378,084)	0	541,107	(74,925)	50,000
Special item - withdrawal from fire district			1,111,834	<u> </u>	
Net change in fund balance	(361,649)	(15,295)	1,054,017	(148,325)	322,468
Fund balance - January 1	1,241,262	2,553,715	43,263	182,573	(70,432)
Fund balance - December 31	\$879,613	\$2,538,420	\$1,097,280	\$34,248	\$252,036

411 Tax Increment Financing 1-5	417 Tax Increment Financing 1-10	418 Tax Increment Financing 1-11	420 MSA Construction	421 Sealcoating	422 Surface Water Management	423 Street Reconstruction	424 Surface Water Maintenance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38,261	152,784	102,784	-	-	-	-	-
-	-	-	702	-	-	-	-
-	-	-	-	76.200	376,342	14,192	-
- 1,661	- 1,711	-	22,224	76,280 3,088	3,982	- 4,974	71
1,001	116	-	1,595	242	270	351	4
-	-	-	32,000	-	-	-	-
40,038	154,611	102,784	56,521	79,610	380,594	19,517	75
-	-	-	- 79,600	- 721,116	- 93,484	-	- 19,528
652	1,119	2,335	79,000	721,110	93,404	-	19,326
032	1,119	2,333	-	-	-	-	_
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
652	1,119	2,335	79,600	721,116	93,484	0	19,528
032	1,117	2,333	72,000	721,110	75,404		17,320
39,386	153,492	100,449	(23,079)	(641,506)	287,110	19,517	(19,453)
				514.500			100.725
-	(152,784)	(102,784)	(1,084,576)	514,500	-	-	100,725
-	(132,764)	(102,764)	(1,064,370)	-	_	-	-
-	-	-	-	-	_	_	_
-	-	-	-	-	-	-	-
0	(152,784)	(102,784)	(1,084,576)	514,500	0	0	100,725
39,386	708	(2,335)	(1,107,655)	(127,006)	287,110	19,517	81,272
209,512	188,420	(772,648)	3,119,825	310,184	448,311	667,153	
\$248,898	\$189,128	(\$774,983)	\$2,012,170	\$183,178	\$735,421	\$686,670	\$81,272

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECT FUNDS For The Year Ended December 31, 2016

Sevenues: Seve	D. C.	474 I-35E Interchange	475 Traffic Signal	476 Otter Lake Road Extension	477 21st Ave Extension
Tax increment - - 31,500 Special assessments - - - Special assessments - - - Charges for services - - - - Investment earnings - - 60 80 - Miscellaneous 47,625 - - - - Miscellaneous 47,625 - <	Revenues:	Φ.	Ф	Φ.	Φ.
Intergovernmental		\$ -	\$ -	\$ -	\$ -
Special assessments -		-	-	-	-
Charges for services - 841 1,111 - Investment earnings - 841 1,111 - Net increase in fair value of investments - 60 80 - Miscellaneous 47,625 - - - Total revenues 47,625 901 1,191 31,500 Expenditures: - - - - - Current: - <td>•</td> <td>-</td> <td>-</td> <td>-</td> <td>31,500</td>	•	-	-	-	31,500
Investment earnings -		-	-	-	-
Net increase in fair value of investments - 60 80 - Miscellaneous 47,625 - - - Total revenues 47,625 901 1,191 31,500 Expenditures: Current: Current: Current: General government - <th< td=""><td></td><td>-</td><td>-</td><td>-</td><td>-</td></th<>		-	-	-	-
Miscellaneous 47,625 - - - Total revenues 47,625 901 1,191 31,500 Expenditures: Urrent: Secretal government Secretal government - <td></td> <td>-</td> <td></td> <td></td> <td>-</td>		-			-
Total revenues		-	60	80	-
Expenditures: Current: General government G					-
Current: General government - <td>Total revenues</td> <td>47,625</td> <td>901</td> <td>1,191</td> <td>31,500</td>	Total revenues	47,625	901	1,191	31,500
General government Public services -	Expenditures:				
Public services -	Current:				
Community development -	General government	-	-	-	-
Capital outlay: General government - <		-	-	-	-
General government -	Community development	-	-	=	-
Public safety - <	Capital outlay:				
Public services 12,645 - 63,539 50,243 Debt service: Interest and fiscal charges -	General government	-	-	-	-
Debt service: Interest and fiscal charges -	Public safety	-	-	-	-
Interest and fiscal charges - - - - - - - - -	Public services	12,645	-	63,539	50,243
Bond issuance costs -	Debt service:				
Total expenditures 12,645 0 63,539 50,243 Revenues over (under) expenditures 34,980 901 (62,348) (18,743) Other financing sources (uses): Transfers in 224,186 32,000 115,350 122,063 Transfers out - (146,637) (260,611) - Proceeds from issuance of debt - - - - Premium on bonds issued - - - - Proceeds from sale of capital assets - - - - Proceeds from sale of capital assets - - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Interest and fiscal charges	-	-	-	-
Revenues over (under) expenditures 34,980 901 (62,348) (18,743) Other financing sources (uses): 224,186 32,000 115,350 122,063 Transfers out - (146,637) (260,611) - Proceeds from issuance of debt - - - - Premium on bonds issued - - - - Proceeds from sale of capital assets - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Bond issuance costs	-	-	-	-
Other financing sources (uses): Transfers in 224,186 32,000 115,350 122,063 Transfers out - (146,637) (260,611) - Proceeds from issuance of debt - - - - Premium on bonds issued - - - - - Proceeds from sale of capital assets - - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Total expenditures	12,645	0	63,539	50,243
Transfers in 224,186 32,000 115,350 122,063 Transfers out - (146,637) (260,611) - Proceeds from issuance of debt - - - - Premium on bonds issued - - - - Proceeds from sale of capital assets - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Revenues over (under) expenditures	34,980	901	(62,348)	(18,743)
Transfers out - (146,637) (260,611) - Proceeds from issuance of debt - - - - Premium on bonds issued - - - - - Proceeds from sale of capital assets -	Other financing sources (uses):				
Proceeds from issuance of debt - - - - Premium on bonds issued - - - - Proceeds from sale of capital assets - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Transfers in	224,186	32,000	115,350	122,063
Premium on bonds issued - - - - Proceeds from sale of capital assets - - - - Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Transfers out	-	(146,637)	(260,611)	-
Proceeds from sale of capital assets -	Proceeds from issuance of debt	-	-	-	-
Total other financing sources (uses) 224,186 (114,637) (145,261) 122,063 Special item - withdrawal from fire district - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Premium on bonds issued	-	-	-	-
Special item - withdrawal from fire district - - - - Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Proceeds from sale of capital assets	-	-	-	-
Net change in fund balance 259,166 (113,736) (207,609) 103,320 Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Total other financing sources (uses)	224,186	(114,637)	(145,261)	122,063
Fund balance - January 1 (259,166) 113,736 207,609 (302,954)	Special item - withdrawal from fire district	<u> </u>			
	Net change in fund balance	259,166	(113,736)	(207,609)	103,320
Fund balance - December 31 \$0 \$0 \$0 (\$199,634)	Fund balance - January 1	(259,166)	113,736	207,609	(302,954)
	Fund balance - December 31	<u>\$0</u>	\$0	\$0	(\$199,634)

478 Fire House # 2 Construction	479 Well #6 Construction	480 Northpointe Improvements	481 Birch St/ Centerville Rd Improvements	480 2015 Street Reconstruction	483 Blackduck/ Aqua Lane Watermain Extension	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$67
-	-	-	-	-	-	293,829
-	-	10,000	-	-	-	52,497
-	-	-	-	-	-	407,118 531,534
959	1,505	2,864	1,251	96	1,059	67,307
77	168	206	91	-	44	4,818
<u>-</u>	-			38,434		119,826
1,036	1,673	13,070	1,342	38,530	1,103	1,476,996
-	-	-	-	-	-	8,324
-	-	-	-	-	-	913,728 4,106
-	-	-	-	-	-	4,100
-	-	-	-	_	-	140,081
36,630	-	-	-	-	-	501,603
-	726,730	68,710	23,460	54,393	1,044,592	2,326,347
-	-	-	-	-	-	8,578
					28,774	28,774
36,630	726,730	68,710	23,460	54,393	1,073,366	3,931,541
(35,594)	(725,057)	(55,640)	(22,118)	(15,863)	(1,072,263)	(2,454,545)
-	-	-	-	229,314	-	1,413,138
-	-	-	-	-	-	(2,225,476)
-	-	-	-	-	1,420,000	1,889,000
-	-	-	-	-	41,497	41,497
<u> </u>	-	-	- 0	220.214	1 461 407	72,182
0	0	0	0	229,314	1,461,497	1,190,341
- .	<u>-</u>					1,111,834
(35,594)	(725,057)	(55,640)	(22,118)	213,451	389,234	(152,370)
33,270	747,939	377,929	155,546	(18,226)	(51,086)	9,125,735

SPECIAL REVENUE FUND - PROGRAM RECREATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 2016

	Budgeted A		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$135,270	\$135,270	\$113,945	(\$21,325)
Investment earnings	-	-	638	638
Net increase in fair value of investments		-	48	48
Total revenues	135,270	135,270	114,631	(20,639)
Expenditures:				
Public services:				
Current:				
Personal services	60,150	58,150	63,498	(5,348)
Supplies	28,950	28,950	50,128	(21,178)
Other services and charges	-	-	369	(369)
Contractual services	27,550	27,550	36,717	(9,167)
Total current	,	,	,	· · · /
Capital outlay	3,000	3,000	-	3,000
Total expenditures	119,650	117,650	150,712	(33,062)
Revenues over (under) expenditures	15,620	17,620	(36,081)	(53,701)
Odera Carraina a constanta de la Carraina				
Other financing sources (uses): Transfers out	(10,000)	(10,000)	(10,000)	
Transfers out	(10,000)	(10,000)	(10,000)	
Net change in fund balance	\$5,620	\$7,620	(46,081)	(\$53,701)
Fund balance - January 1			84,179	
Fund balance - December 31			\$38,098	

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For The Year Ended December 31, 2016

Statement 28

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Assets: Cash and investments	\$727,635	\$437,702	\$339,964	\$825,373
Liabilities: Deposits payable	\$727,635	\$437,702	\$339,964	\$825,373

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

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

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

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)

	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$36,789,153	\$28,472,865	\$23,400,453	\$22,562,217
Restricted	10,324,467	9,870,676	9,414,474	8,428,025
Unrestricted	6,339,528	10,790,359	15,926,322	16,738,885
Total governmental activities net position	\$53,453,148	\$49,133,900	\$48,741,249	\$47,729,127
Business-type activities:				
Net investment in capital assets	\$29,836,775	\$30,372,670	\$30,071,840	\$29,648,461
Unrestricted	8,063,983	9,028,778	10,112,207	10,728,626
Total business-type activities net position	\$37,900,758	\$39,401,448	\$40,184,047	\$40,377,087
Primary government:				
Net investment in capital assets	\$66,625,928	\$58,845,535	\$53,472,293	\$52,210,678
Restricted	10,324,467	9,870,676	9,414,474	8,428,025
Unrestricted	14,403,511	19,819,137	26,038,529	27,467,511
Total primary government net position	\$91,353,906	\$88,535,348	\$88,925,296	\$88,106,214

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.

2011	2012	2013	2014	2015	2016
\$24,600,103	\$22,166,342	\$22,241,821	\$19,540,807	\$18,230,746	\$18,597,344
11,598,803	11,595,112	11,000,033	8,666,357	8,635,293	13,342,852
13,463,210	17,639,038	16,849,636	20,527,704	13,888,120	10,879,734
13,103,210	17,037,030	10,017,030	20,327,701	13,000,120	10,079,731
\$49,662,116	\$51,400,492	\$50,091,490	\$48,734,868	\$40,754,159	\$42,819,930
\$29,216,866	\$28,798,095	\$28,423,284	\$27,556,022	\$29,127,829	\$31,860,610
11,201,362	12,102,013	12,999,182	13,888,278	14,672,630	13,863,447
\$40,418,228	\$40,900,108	\$41,422,466	\$41,444,300	\$43,800,459	\$45,724,057
\$53,816,969	\$50,964,437	\$50,665,105	\$47,096,829	\$47,358,575	\$50,457,954
11,598,803	11,595,112	11,000,033	8,666,357	8,635,293	13,342,852
24,664,572	29,741,051	29,848,818	34,415,982	28,560,750	24,743,181
\$90,080,344	\$92,300,600	\$91,513,956	\$90,179,168	\$84,554,618	\$88,543,987

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

2007	2008	2009	2010
\$2,197,672	\$2,323,358	\$2,201,439	\$1,987,415
3,730,504	4,051,162	4,299,366	3,971,261
11,937,693	8,528,574	5,341,113	5,092,970
183,420	184,624	215,607	197,571
1,122,802	1,114,158	1,005,997	1,105,254
980,849	1,045,781	928,668	1,064,172
20,152,940	17,247,657	13,992,190	13,418,643
1.170.902	1.020.770	1.089.569	1,045,901
			1,466,847
2,469,865	2,308,713	2,521,676	2,512,748
\$22,622,805	\$19,556,370	\$16,513,866	\$15,931,391
\$91,646	\$79,844	\$101,741	\$98,403
		725,747	691,005
575,292	600,325	594,168	605,207
4,559	3,660	3,858	4,153
15,839	11,623	8,667	14,148
851,791	693,065	682,797	617,450
7,189,346	1,094,789	1,357,015	1,388,984
9,807,468	3,779,724	3,473,993	3,419,350
1.215.763	1.058.493	1.365.817	1,087,013
, , , , , , , , , , , , , , , , , , ,	, ,		1,498,218
-	-		-
80,750	10,117	,	8,709
2,742,625	2,540,703	2,939,460	2,593,940
\$12,550,093	\$6,320,427	\$6,413,453	\$6,013,290
	\$2,197,672 3,730,504 11,937,693 183,420 1,122,802 980,849 20,152,940 1,170,902 1,298,963 2,469,865 \$22,622,805 \$1,078,995 575,292 4,559 15,839 851,791 7,189,346 9,807,468	\$2,197,672 \$2,323,358 3,730,504 4,051,162 11,937,693 8,528,574 183,420 184,624 1,122,802 1,114,158 980,849 1,045,781 20,152,940 17,247,657 1,298,963 1,287,943 2,469,865 2,308,713 \$22,622,805 \$19,556,370 \$\$1,623 851,791 693,065 7,189,346 1,094,789 9,807,468 3,779,724 \$\$1,215,763 1,446,112 1,472,093 \$\$0,750 10,117 2,742,625 2,540,703	\$2,197,672 \$2,323,358 \$2,201,439 3,730,504 4,051,162 4,299,366 11,937,693 8,528,574 5,341,113 183,420 184,624 215,607 1,122,802 1,114,158 1,005,997 980,849 1,045,781 928,668 20,152,940 17,247,657 13,992,190 1,170,902 1,020,770 1,089,569 1,298,963 1,287,943 1,432,107 2,469,865 2,308,713 2,521,676 \$22,622,805 \$19,556,370 \$16,513,866 \$91,646 \$79,844 \$101,741 1,078,995 1,296,418 725,747 575,292 600,325 594,168 4,559 3,660 3,858 15,839 11,623 8,667 851,791 693,065 682,797 7,189,346 1,094,789 1,357,015 9,807,468 3,779,724 3,473,993 1,215,763 1,058,493 1,365,817 1,446,112 1,472,093 1,502,164 - 62,710 80,750 10,117 8,769 2,742,625 2,540,703 2,939,460

Table 2 Page 1 of 2

2011	2012	2013	2014	2015	2016
\$1,990,137	\$1,883,961	\$1,566,388	\$2,036,550	\$2,016,351	\$2,456,864
4,019,101	4,046,415	3,950,197	4,107,759	5,135,865	6,567,523
9,329,451	6,795,150	5,376,671	5,880,030	7,971,712	6,228,893
139,544	184,051	141,204	159,649	186,111	216,905
617,747	430,121	404,726	407,448	432,268	454,144
927,535	837,755	951,842	618,680	632,876	831,529
17,023,515	14,177,453	12,391,028	13,210,116	16,375,183	16,755,858
966,643	949,121	927,800	965,641	1,394,897	1,367,693
1,638,063	1,527,637	1,584,395	1,628,258	2,089,842	1,850,962
2,604,706	2,476,758	2,512,195	2,593,899	3,484,739	3,218,655
\$19,628,221	\$16,654,211	\$14,903,223	\$15,804,015	\$19,859,922	\$19,974,513
\$103,687	\$129,151	\$93,118	\$103,072	\$818,468	\$520,231
713,985	642,745	697,584	763,470	199,498	1,359,426
593,263	668,128	632,002	621,221	603,866	865,327
4,392	19,297	1,347	1,882	-	-
5,138	16,940	28,118	39,395	-	-
593,798	450,179	527,368	840,676	526,107	722,858
7,347,613	5,125,693	941,960	335,733	1,176,732	5,046,307
9,361,876	7,052,133	2,921,497	2,705,449	3,324,671	8,514,149
1,090,104	1,371,809	1,208,742	965,425	1,014,836	1,094,897
1,494,188	1,505,781	1,516,397	1,564,099	1,621,633	1,659,322
-	-	, ,- -	263,024	263,024	-
1,462	20,018	883	1,035	3,035,031	1,543,947
2,585,754	2,897,608	2,726,022	2,793,583	5,934,524	4,298,166
\$11,947,630	\$9,949,741	\$5,647,519	\$5,499,032	\$9,259,195	\$12,812,315

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2007	2008	2009	2010
Net (expense) revenue:				
Governmental activities	(\$10,345,472)	(\$13,467,933)	(\$10,518,197)	(\$9,999,293)
Business-type activities	272,760	231,990	417,784	81,192
Total primary government, net	(10,072,712)	(13,235,943)	(10,100,413)	(9,918,101)
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	8,785,280	9,424,697	9,808,324	8,764,183
Unrestricted grants and contributions	256,877	129,607	11,321	4,389
Unrestricted investment earnings	864,578	576,071	429,325	225,677
Gain on disposal of capital assets	17,424	12,512	12,644	-
Special item - withdrawal from fire district	-	-	-	-
Transfers	(895,687)	(994,202)	(136,068)	(7,078)
Total governmental activities	9,028,472	9,148,685	10,125,546	8,987,171
Business-type activities:				
Unrestricted investment earnings	365,822	274,498	228,747	104,770
Change in market value	-	-	-	-
Transfers	895,687	994,202	136,068	7,078
Total business-type activities	1,261,509	1,268,700	364,815	111,848
Total primary government	\$10,289,981	\$10,417,385	\$10,490,361	\$9,099,019
Change in net position:				
Governmental activities	(\$1,317,000)	(\$4,319,248)	(\$392,651)	(\$1,012,122)
Business-type activities	1,534,269	1,500,690	782,599	193,040
Total primary government change in net position	\$217,269	(\$2,818,558)	\$389,948	(\$819,082)

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

2011		2012	2013	2014	2015	2016
(\$7,66	1,639)	(\$7,125,320)	(\$9,469,531)	(\$10,504,667)	(\$13,050,512)	(\$8,241,709)
(1)	8,952)	420,850	213,827	199,684	2,449,785	1,079,511
(7,68)	0,591)	(6,704,470)	(9,255,704)	(10,304,983)	(10,600,727)	(7,162,198)
,	8,805	8,610,709	8,563,595	8,806,886	9,243,236	9,343,500
	4,072	4,941	4,442	4,443	5,363	91,385
	1,250	202,828	(54,204)	265,695	112,961	210,142
3'	7,579	4,175	-	1,727	17,836	66,255
	-	-	-	-	-	1,333,166
	6,122	41,043	(353,304)	69,294	66,834	(914,414)
9,12	7,828	8,863,696	8,160,529	9,148,045	9,446,230	10,130,034
120	6,215	102,073	113,402	96,213	81,084	107,119
	-	-	(158,175)	58,255	(29,917)	-
(6	5,122)	(41,043)	353,304	(69,294)	(66,834)	914,414
6	0,093	61,030	308,531	85,174	(15,667)	1,021,533
\$9,18	7,921	\$8,924,726	\$8,469,060	\$9,233,219	\$9,430,563	\$11,151,567
\$1,46	s 189	\$1,738,376	(\$1,309,002)	(\$1,356,622)	(\$3,604,282)	\$1,888,325
	1,141	481,880	522,358	284,858	2,434,118	2,101,044
\$1,50		\$2,220,256	(\$786,644)	(\$1,071,764)	(\$1,170,164)	\$3,989,369

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010
General Fund:				
Reserved	\$181,759	\$190,825	\$196,568	\$181,471
Unreserved	5,356,272	5,393,316	5,191,396	5,445,334
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$5,538,031	\$5,584,141	\$5,387,964	\$5,626,805
All other governmental funds:				
Reserved reported in:				
Special revenue funds	\$226,921	\$226,973	\$227,176	\$227,342
Capital projects funds	885,825	812,400	736,772	658,875
Debt service funds	3,925,402	3,405,272	3,457,349	2,986,102
Permanent funds	100,000	100,000	100,000	100,000
Unreserved reported in:				
Special revenue funds	100,955	106,573	93,956	110,471
Capital projects funds	8,395,827	5,927,411	11,611,835	12,537,841
Debt service funds	-	-	(558,443)	(1,093,765)
Permanent funds	17,023	22,224	15,824	12,676
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u> </u>	-		
Total all other governmental funds	\$13,651,953	\$10,600,853	\$15,684,469	\$15,539,542
Total all funds	\$19,189,984	\$16,184,994	\$21,072,433	\$21,166,347

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

					_
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
165,079 5,440,101 \$5,605,180	180,786 5,053,031 \$5,233,817	176,797 5,209,286 \$5,386,083	253,471 5,053,064 \$5,306,535	220,677 5,725,736 \$5,946,413	225,114 6,031,077 \$6,256,191
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
- -	-	- -	-	-	-
=	-	=	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	- 922 112	101.710	101 202	101 177	101 220
906,010 2,658,010	823,113 3,041,524	101,710 3,651,550	101,302 2,830,526	101,177 2,637,638	101,220 6,502,424
110,568	3,041,324	121,075	2,830,326 152,078	2,037,038 163,239	170,950
10,808,268	15,573,179	15,710,702	18,027,773	15,022,852	15,778,480
(3,154,496)	(3,262,728)	(3,393,547)	(375,851)	(3,815,304)	(978,496)
\$11,328,360	\$16,290,284	\$16,191,490	\$20,735,828	\$14,109,602	\$21,574,578
					. , , ,
\$16,933,540	\$21,524,101	\$21,577,573	\$26,042,363	\$20,056,015	\$27,830,769

	2007	2008	2009	2010
Revenues:				
Property taxes	\$8,529,846	\$9,095,085	\$9,561,570	\$8,647,488
Liscenses and permits	694,435	802,135	307,714	330,138
Intergovernmental	6,143,689	1,004,476	1,259,016	1,176,863
Special assessments	1,961,253	950,188	968,995	851,270
Charges for services	753,698	872,534	778,163	780,044
Fines and forfeits	139,932	133,531	111,807	127,203
Investment earnings	864,578	576,071	429,325	225,677
Net increase (decrease) in fair value of investments	-	-	-	-
Miscellaneous	889,901	516,415	513,306	502,992
Total revenues	19,977,332	13,950,435	13,929,896	12,641,675
Expenditures:				
Current:				
General government	1,953,960	2,058,267	1,918,246	1,730,390
Public safety	3,513,460	3,806,389	4,122,352	3,798,106
Public services	9,549,932	6,575,568	3,071,646	2,848,232
Conservation of natural resources	183,346	183,024	209,466	185,232
Community development	1,107,328	1,113,232	1,005,095	1,098,682
Capital outlay	2,008,073	585,875	501,806	282,938
Debt service:				
Principal	1,973,000	1,749,000	1,908,000	1,866,000
Interest and fiscal charges	937,895	1,074,052	994,809	1,042,883
Bond issuance costs		<u>-</u>		-
Total expenditures	21,226,994	17,145,407	13,731,420	12,852,463
Excess (deficiency) of revenues over expenditures	(1,249,662)	(3,194,972)	198,476	(210,788)
Other financing sources (uses):				
Proceeds from sale of capital assets	54,037	13,750	35,700	20,600
Proceeds from issuance of debt	4,375,000	209,000	4,596,000	1,170,000
Premium on bonds issued	-	-	11,141	10,980
Discount on bonds issued	(25,798)	-	-	-
Payment to refunded bond escrow agent	-	-	-	(965,000)
Loan payable reapportionment	-	-	-	-
Transfers in	2,900,249	4,763,391	1,413,985	1,195,747
Transfers out	(3,019,224)	(4,796,159)	(1,367,863)	(1,127,625)
Total other financing sources (uses)	4,284,264	189,982	4,688,963	304,702
Special item - withdrawal from fire district		<u> </u>	<u> </u>	
Net change in fund balance	\$3,034,602	(\$3,004,990)	\$4,887,439	\$93,914
Debt service as a percentage of noncapital expenditures	15.1%	17.0%	21.9%	23.1%
Debt service as a percentage of total expenditures	13.7%	16.5%	21.1%	22.6%

2011	2012	2013	2014	2015	2016
\$8,655,971	\$8,560,340	\$8,475,214	\$8,612,011	\$8,950,507	\$9,369,090
322,030	319,172	431,654	407,681	551,202	895,581
1,331,914	5,267,570	500,963	823,025	679,627	706,944
904,522	816,998	2,130,519	1,278,202	703,141	4,400,635
812,604	744,633	717,300	731,640	696,501	1,293,556
154,020	155,956	119,079	149,653	127,803	251,653
251,244	202,825	222,810	173,422	163,497	199,709
- -	- -	(276,276)	92,372	(50,582)	10,433
460,710	414,088	384,749	767,477	766,072	417,448
12,893,015	16,481,582	12,706,012	13,035,483	12,587,768	17,545,049
1,773,515	1,619,215	1,569,722	1,692,175	1,643,966	1,845,667
3,791,329	3,861,265	3,744,957	3,845,732	11,895,482	4,333,080
3,251,923	4,396,406	3,956,766	4,156,497	4,779,696	3,203,837
134,122	176,318	134,127	149,292	191,038	201,635
624,286	435,154	418,533	402,750	422,935	425,402
4,209,593	616,931	291,135	674,488	1,566,057	3,044,615
2,030,000	2,145,000	2,214,000	3,664,000	2,802,511	2,769,525
983,129	831,875	774,172	696,780	542,166	816,362
	47,054	17,137		62,831	98,906
16,797,897	14,129,218	13,120,549	15,281,714	23,906,682	16,739,029
(3,904,882)	2,352,364	(414,537)	(2,246,231)	(11,318,914)	806,020
50,953	4,175	16,727	1,727	54,522	72,182
120,000	2,165,000	808,000	3,140,000	8,606,250	5,464,000
120,000	2,103,000	6,558	5,140,000	114,960	41,497
_	_	-	_	-	-1,-7/
_	_	(435,000)	_	_	_
(565,000)	_	-	_	_	_
2,971,715	1,979,457	1,722,541	2,608,534	3,392,971	3,521,180
(2,905,593)	(1,910,435)	(1,650,817)	(2,539,240)	(3,336,137)	(3,241,959)
(327,925)	2,238,197	468,009	3,211,021	8,832,566	5,856,900
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	1,111,834
(\$4,232,807)	\$4,590,561	\$53,472	\$964,790	(\$2,486,348)	\$7,774,754
23.9%	22.0%	23.3%	29.9%	15.0%	26.2%
17.9%	21.1%	22.8%	28.5%	14.0%	21.4%

Last Ten Fiscal Years

Payable Year	Residential Property	Commercial/ Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Market Value
2007	\$17,605,080	\$3,047,965	\$288.290	\$20,941,335	38.99	\$1,927,807,500
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

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			Overlappii	ng 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
2007	34.356	4.638	38.994	38.090	30.696	5.578	74.364	113.358
2008	34.560	4.407	38.967	35.258	31.078	6.956	73.292	112.259
2009	34.716	4.017	38.733	34.593	32.078	5.611	72.282	111.015
2010	34.086	3.819	37.905	37.285	35.189	5.879	78.353	116.258
2011	37.425	4.616	42.041	43.695	39.952	6.278	89.925	131.966
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

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

		2016			2007	
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	\$202,952	1	1.10%	\$265,254	1	1.23%
Xcel Energy	190,733	2	1.03%	148,787	3	0.69%
WI MN AB BIYNAH LLC	183,332	3	0.99%	-	-	-
Moline Concrete Products	107,982	4	0.59%	124,375	5	0.58%
Gargaro Properties LLC	104,374	5	0.57%	91,274	7	0.42%
Taylor Corporation	99,648	6	0.54%	117,902	6	0.55%
Kohl's Department Store	99,092	7	0.54%	131,706	4	0.61%
Marmon/Keystone Corp	74,216	8	0.40%	-	-	-
CenterPoint Energy	72,162	9	0.39%	-	-	-
Lino Lakes Business Center LLC	63,729	10	0.35%	89,862	8	0.42%
Lino Lakes Realty LLC	-		-	256,862	2	1.19%
F&G Incorporated	-		-	88,256	9	0.41%
Legacy Holdings LLC				87,018	10	0.40%
Total	\$1,198,220		6.50%	\$1,401,296		6.50%

Source: Anoka County Property Records and Tax Division

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

	Taxes l	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentag of Levy	
2007	\$7,558,995	\$897,333	\$8,456,328	\$8,324,180	98.4%	
2008	7,973,236	893,720	8,866,956	8,581,974	96.8%	
2009	8,295,172	949,166	9,244,338	8,982,756	97.2%	
2010	7,816,232	879,182	8,695,414	8,400,439	96.6%	
2011	7,719,240	940,760	8,660,000	8,486,845	98.0%	
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%	

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	
\$105,490	\$8,429,670	99.7%	\$26,658	0.3%	
129,219	8,711,193	98.2%	155,763	1.8%	
194,335	9,177,091	99.3%	67,247	0.7%	
182,204	8,582,643	98.7%	112,771	1.3%	
124,970	8,611,815	99.4%	48,185	0.6%	
73,804	8,169,306	99.3%	57,953	0.7%	
64,688	8,159,599	99.3%	56,029	0.7%	
39,265	8,269,252	99.7%	26,792	0.3%	
30,074	8,660,904	99.7%	25,168	0.3%	
· -	9,022,964	99.6%	35,464	0.4%	

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	G	overnmental Activities		Business-Type Activities
Fiscal Year	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	General Obligation Revenue Bonds
2007	\$11,569,000	\$12,520,000	\$ -	\$1,855,000
2008	11,184,000	11,365,000	-	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	-

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

⁽¹⁾ Personal income information is not yet available for 2016 from the Bureau of Economic Analysis Report

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$25,944,000	1.35%	3.41%	\$1,307
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	1.45%	2.63%	1,205
27,741,081	1.62%	(1)	1,337

RATIOS OF NET GENERAL BONDED DEBT

Last Ten Fiscal Years

	Governmental .	Activities	
	General	Special	Total
Fiscal	Obligation	Assessments	Primary
Year	Bonds	Payable	Government
2007	\$11,569,000	\$12,520,000	\$24,089,000
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

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)
\$1,213	\$3,925,402	\$20,163,598	1.05%	\$1,016
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
1,259	8,420,263	17,711,818	1.04%	854

As of December 31, 2016

	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping debt:			
Anoka County	\$116,115,411	6.2%	\$7,197,130
ISD 12	102,018,685	44.0%	44,840,882
ISD 624	86,195,000	3.3%	2,803,620
ISD 831	162,965,000	7.2%	11,733,873
Metropolitan Council	1,442,296,908	0.6%	8,183,009
Rice Creek Watershed District	381,459	32.3%	123,351
Anoka County Railroad Authority	49,985,000	6.2%	3,098,198
Total Overlapping			77,980,063
City of Lino Lakes Direct Debt	\$27,741,081	100%	27,741,081
Total Direct and Overlapping Debt:			\$105,721,144

^{*}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 2016

Market value	\$1,699,288,883
Applicable percentage	3%
Debt limit	50,978,666
Debt applicable to limit:	
Total bonded debt	24,787,081
Less:	
Special assessment bonds	(7,795,000)
Tax abatement bonds	(3,355,000)
Tax increment bonds	(2,025,000)
Utility revenue bonds	(1,490,000)
	10,122,081
Legal debt margin	\$40,856,585

Legal Debt Margin Calculation for Fiscal Years 2007 Through 2016

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
2007	19,851	\$38,556,150	\$4,039,000	\$34,517,150	10.48%	\$203
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	20,750	50,978,666	10,122,081	40,856,585	19.86%	488

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2007	19,851	\$759,718	\$38,271	6,846	4.8%
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	20,750	Not available	Not available	6,473	3.9%

Sources:

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

		2016			2007	
			Percentage of Total City			Percentage of Total City
Employer	Employees	Rank	Employment ⁽¹⁾	Employees	Rank	Employment ⁽¹⁾
State of Minnesota Corrections	447	1	22.7%	600	1	33.6%
ISD 12 - Centennial Schools	391	2	19.8%	-	-	-
Target Corporation	200	3	10.1%	240	3	13.4%
Taylor Corporation	200	4	10.1%	260	2	-
Anoka County Juvenile Center	130	5	6.6%	160	5	9.0%
Molin Concrete Products	130	6	6.6%	135	6	7.6%
Rehbein Transit, Inc.	130	7	6.6%	-	-	-
Kohls	123	8	6.2%	-	-	-
YMCA	120	9	6.1%	-	-	-
Distribution Alternatives	100	10	5.1%	-	-	-
Synovis Interventional Systems	-	-	-	160	4	9.0%
Summit Fire Protection	-	-	-	100	7	5.6%
Nol-Tech Systems, Inc	-	-	-	70	8	3.9%
Customer Manufacturing		-	-	60	9	3.4%
Total	1,971			1,785		

⁽¹⁾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 2007 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-tir	vees as of December 3	1,	
	2007	2008	2009	2010
General Government:				
Administration	5.00	5.00	5.00	4.00
Seniors	0.63	0.63	0.63	0.63
Finance	3.50	3.50	3.50	3.00
Economic Development	1.00	1.00	1.00	1.00
Planning	2.00	2.00	2.00	2.00
Community Development	2.75	2.75	2.75	2.25
Engineering	-	-	-	_
Building	1.00	1.00	1.00	1.00
Other	1.40	1.40	1.40	1.40
Total General Government	17.28	17.28	17.28	15.28
Public Safety:				
Sworn Officers	26.00	27.00	27.00	27.00
Civilians	4.75	4.75	4.75	4.25
Fire	-	-	-	-
Building Inspection	4.25	4.25	4.25	2.75
Total Public Safety	35.00	36.00	36.00	34.00
Public Works:				
Streets	7.35	7.35	7.35	6.85
Other	1.15	1.15	1.15	1.15
Total Public Works	8.50	8.50	8.50	8.00
Parks, Recreation and Forestry	9.80	9.80	9.80	9.30
Water	2.15	2.15	2.15	2.15
Sewer	2.15	2.15	2.15	2.15
Total	74.88	75.88	75.88	70.88

Source: City Finance Office

2011	2012	2013	2014	2015	2016
3.50	3.50	3.50	3.50	3.50	4.00
-	-	-	-	-	-
3.00	3.00	3.00	3.00	3.00	3.50
1.00	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	0.70	0.65
11.20	11.20	10.20	10.20	10.20	11.15
25.00	25.00	25.00	25.00	26.00	27.00
4.00	3.00	3.00	4.00	4.00	4.50
-	-	-	1.00	1.00	1.50
2.50	2.50	2.50	2.00	2.00	2.50
31.50	30.50	30.50	32.00	33.00	35.50
7.00	7.00	7.00	7.00	7.00	6.50
1.00	1.00	1.00	1.00	1.00	1.50
8.00	8.00	8.00	8.00	8.00	8.00
0.00	0.00	8.00	0.00	0.00	0.00
9.00	9.00	8.70	8.70	8.70	7.75
2.15	2.15	2.30	2.30	2.30	2.30
2.15	2.15	2.30	2.30	2.30	2.30
64.00	63.00	62.00	63.50	64.50	67.00

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2007	2008	2009	2010
General Government:				
Elections	1	2	1	2
Registered voters	10,908	12,723	11,805	12,284
Number of votes cast	2,337	11,051	4,354	8,545
Voter participation (registered)	21.4%	86.9%	36.9%	69.6%
Public Safety:				
Police:				
Calls for Service	7,053	6,871	6,353	6,398
Traffic Citations & Warnings	3,805	3,252	3,187	2,743
Part I Crime Rate	1,279	1,461	1,075	982
Part II Crime Rate	3,432	3,767	3,151	2,911
Inspections:				
Building Permits (1)	2,297	5,041	1,535	509
Value of Building Permits	\$30,539,559	\$15,852,780	\$9,586,160	\$11,295,493
Public Works:				
General Maintenance (hours)	6,758	6,129	5,870	4,945
Street Mantenance (hours)	2,916	3,851	3,267	3,099
Fleet Maintenance (hours)	4,144	5,043	4,782	4,850
Snow Plowing/Sanding (hours)	1,425	1,353	950	1,638
Culture and Recreation:				
Parks				
Park Maintenance (hours)	10,939	11,136	12,406	9,257
Utilities:				
Water Maintenance (hours)	4,256	5,716	5,041	3,560
Sanitary Sewer Maintenance (hours)	4,148	3,760	3,486	3,531

^{(1) 1,565, 4,337} and 581 repair permits issued in 2007 - 2009, respectively, due to storm damage

Source: Various City Departments

Table 16

2011	2012	2013	2014	2015	2016
1	2	1	2	1	1
11,705	13,478	12,020	12,610	12,143	13,636
4,314	11,546	1,575	7,854	4,085	11,562
36.9%	85.7%	13.1%	62.3%	33.6%	84.8%
6,384	6,344	6,210	6,281	6,210	6,210
2,604	6,344 2,694	2,597		2,199	
2,004 1,117	2,694 983	2,397 918	2,296 631	2,199 1,226	2,199 1,091
2,911	2,396	2,144	1,836	2,395	3,635
2,911	2,390	2,144	1,830	2,393	3,033
452	459	490	431	654	761
\$11,192,264	\$10,751,626	\$17,683,665	\$13,535,514	\$26,570,593	\$53,390,619
7,416	6,939	3,994	5,200	7,839	5,534
4,352	5,926	5,740	3,840	3,347	4,053
4,214	3,945	4,548	4,746	4,322	4,437
1,534	594	1,639	2,141	754	960
9,813	9,739	8,480	8,537	8,332	9,698
3,568	3,585	3,119	3,189	3,240	3,539
3,557	3,517	3,109	3,178	3,240	3,539

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

_	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	1	2	2
Fire Trucks	5	5	5	5	5	5	5	5	7	7
Public Works:										
Lights	673	673	673	673	673	673	673	673	673	815
Vehicles	29	29	29	29	29	29	29	29	29	39
City Streets (miles)	96.1	100.7	100.7	100.7	100.7	100.7	100.7	100.7	100.7	114.9
Culture & Recreation:										
Parks:										
Parks	18	18	18	18	18	18	18	18	18	17
Park Acres	141	141	141	141	141	141	141	141	141	139.6
Trails (miles)	26	26	26	26	26	26	26	26	26	29.75
Park Shelters	7	7	7	7	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	1
Skating Rinks	4	4	4	4	4	4	4	4	4	4
Soccer Fields	8	8	8	8	8	8	8	8	8	6
Baseball/Softball Fields	20	20	20	20	20	20	20	20	20	8
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Playgrounds	16	16	16	16	16	16	16	16	16	15
Water:										
Distribution System (miles)	64.7	74.7	74.7	74.7	74.7	74.7	74.7	74.7	74.7	85.6
Water Connections	4,112	4,247	4,340	4,382	4,424	4,424	4,484	4,520	4,520	4,649
Gallons Pumped (millions)	595	590	589	498	492	609	536	536	449	452
Number of Fire Hydrants	538	538	538	538	538	538	538	538	1024	1024
Water Tower Capacity (millions gallons)	2	2	2	2	2	2	2	2	2	2
Sanitary Sewer:										
Collection System (miles)	64.5	69.8	69.8	69.8	69.8	69.8	69.8	69.8	77.9	77.9
Sewer Connections	4,428	4,447	4,486	4,530	4,567	4,567	4,624	4,685	4,685	4,817
Storm Sewer:										
Pipe (miles)	34.3	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	53.7

Source: Various City Departments

OTHER INFORMATION (UNAUDITED)

SCHEDULE OF LONG-TERM DEBT

December 31, 2016

	Interest Rates	Issue Date	Final Maturity Date
Long-term debt:			
General Obligation Bonds:			
2013A Certificates of Indebtedness	1.00%	2/1/13	12/31/16
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
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	16	Payable	Principal
Original	Prior	January 1,			December 31,	Due in
Issue	Payments	2016	Issued	Payments	2016	2017
\$193,000	\$128,000	\$65,000	\$ -	\$65,000	\$ -	\$ -
495,000	160,000	335,000	-	167,000	168,000	168,000
198,250	-	198,250	-	65,000	133,250	67,000
963,000	-	963,000	-	177,000	786,000	193,000
469,000	-	-	469,000	-	469,000	155,000
2,460,000	535,000	1,925,000	-	170,000	1,755,000	1,755,000
570,000	435,000	135,000	-	65,000	70,000	70,000
2,990,000	1,780,000	1,210,000	-	380,000	830,000	405,000
4,215,000	1,810,000	2,405,000	-	380,000	2,025,000	400,000
2,015,000	290,000	1,725,000	-	230,000	1,495,000	225,000
3,095,000	-	3,095,000	-	-	3,095,000	190,000
4,350,000	-	4,350,000	-	-	4,350,000	165,000
1,420,000	-	-	1,420,000	-	1,420,000	-
1,600,000			1,600,000		1,600,000	
25,033,250	5,138,000	16,406,250	3,489,000	1,699,000	18,196,250	3,793,000
5,550,000	2,790,000	2,760,000	-	400,000	2,360,000	2,360,000
1,000,000	475,000	525,000	-	100,000	425,000	100,000
615,000	60,000	555,000	-	60,000	495,000	60,000
2,645,000	-	2,645,000	-	105,000	2,540,000	370,000
1,975,000			1,975,000		1,975,000	
11,785,000	3,325,000	6,485,000	1,975,000	665,000	7,795,000	2,890,000
4,260,000	2,540,000	1,720,000	-	375,000	1,345,000	390,000
294,525			294,525	30,525	264,000	30,525
\$41,372,775	\$11,003,000	\$24,611,250	\$5,758,525	\$2,769,525	\$27,600,250	\$7,103,525

SCHEDULE OF DEFERRED TAX LEVIES

December 31, 2016

Year of Levy/ Collection	Certificates of Indebtedness 2014A	Certificates of Indebtedness 2015A	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A
2016/2017	\$178,164	\$71,749	\$215,030	\$172,189
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				
	\$178,164	\$142,007	\$856,455	\$506,84

G.O. CIP Refunding Bonds 2006E	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A	EDA Lease Revenue Bonds 2015B	G.O. Tax Abatement Refunding Bonds 2016C	Total
\$464,100	\$177,692	\$273,223	\$317,717	\$261,560	\$2,131,423
=	176,390	274,378	319,397	276,176	1,497,786
-	180,012	270,178	315,722	289,097	1,435,687
-	178,080	271,228	317,297	301,571	1,282,392
-	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	-	594,353
-	-	269,863	318,557	-	588,420
-	-	269,798	317,192	-	586,989
-	-	222,364	315,669	-	538,033
-	-	222,626	319,239	-	541,866
-	-	222,758	317,244	-	540,002
-	-	221,708	320,342	-	542,049
-	-	-	317,231	-	317,231
-	-	-	319,200	-	319,200
-	-	-	318,780	-	318,780
-	-	-	317,940	-	317,940
		<u> </u>	316,680		316,680
\$464,100	\$1,242,972	\$3,601,461	\$6,041,963	\$1,767,024	\$14,800,989

DEBT SERVICE PAYMENTS TO MATURITY

December 31, 2016

	Certificates of Indebtedness 2014A	Certificates of Indebtedness 2015A	Certificates of Indebtedness 2015B	Certificates of Indebtedness 2016A
Bonds payable	\$168,000	\$133,250	\$786,000	\$469,000
Future interest payable	1,680	1,996	29,670	13,709
	\$169,680	\$135,246	\$815,670	\$482,709
Payments to maturity:				
2017	\$169,680	\$68,333	\$204,790	\$163,989
2018	· · · · · · · · · · · · · · · · · · ·	66,913	203,895	159,140
2019	-	- -	202,970	159,580
2020	-	-	204,015	- -
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	=
2036				
	\$169,680	\$135,246	\$815,670	\$482,709

Exhibit 3 Page 1 of 2

G.O. Tax Abatement Bonds 2006C	G.O. Utility Revenue Bonds 2006D	G.O. CIP Refunding Bonds 2006E	G.O. TIF Bonds 2007A	G.O. Refunding Bonds 2012A	G.O. Bonds 2015A
\$1,755,000	\$70,000	\$830,000	\$2,025,000	\$1,495,000	\$3,095,000
37,448	1,453	33,600	323,825	74,403	559,468
\$1,792,448	\$71,453	\$863,600	\$2,348,825	\$1,569,403	\$3,654,468
¢1.702.440	Φ71 452	¢420,100	ф.472.02 <i>c</i>	ФО 41 - Q1 1	Φ257.112
\$1,792,448	\$71,453	\$430,100	\$473,926	\$241,311	\$257,113
-	-	433,500	252,126	244,660	258,262
-	-	-	254,326 261,026	242,590 170,520	259,312 255,312
-	=	-	267,126	168,560	255,312 256,263
-	-	-	272,504	166,400	252,163
	_	-	282,016	169,001	253,013
_	_	_	285,775	166,361	258,712
_	_	_	203,773	-	259,263
_	_	_	_	_	254,481
_	_	_	_	_	254,362
_	_	_	-	_	209,400
-	=	-	-	-	209,587
=	-	-	-	-	209,150
-	-	-	-	_	208,075
-	-	-	-	-	-
-	-	-	-	-	-
-	=	-	-	-	-
-	-	-	-	-	-
		- -	-	-	-
\$1,792,448	\$71,453	\$863,600	\$2,348,825	\$1,569,403	\$3,654,468

DEBT SERVICE PAYMENTS TO MATURITY

December 31, 2016

	EDA Lease Revenue Bonds 2015B	G.O. Utility Revenue Bonds 2016A	G.O. Tax Abatement Refunding Bonds 2016C	G.O. Improvement Bonds 2005A
Bonds payable	\$4,350,000	\$1,420,000	\$1,600,000	\$2,360,000
Future interest payable	1,637,193	164,864	82,880	60,118
	\$5,987,193	\$1,584,864	\$1,682,880	\$2,420,118
Payments to maturity:				
2017	\$299,237	\$19,564	\$13,967	\$2,420,118
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	<u> </u>	-	-
	\$5,987,193	\$1,584,864	\$1,682,880	\$2,420,118

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. Improvement Note 2009A	G.O. Capital Note 2016A	Total
\$425,000	\$495,000	\$2,540,000	\$1,975,000	\$1,345,000	\$264,000	\$27,600,250
26,175	74,940	156,725	69,357	165,505	24,321	3,539,330
\$451,175	\$569,940	\$2,696,725	\$2,044,357	\$1,510,505	\$288,321	\$31,139,580
\$111,250	\$75,780	\$402,223	\$16,309	\$450,165	\$35,805	\$7,717,561
113,175	74,460	399,633	501,575	454,565	36,020	3,900,062
110,025	72,900	406,158	506,780	462,415	36,217	3,436,838
116,725	71,100	401,788	505,868	143,360	36,399	2,900,520
-	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
\$451,175	\$569,940	\$2,696,725	\$2,044,357	\$1,510,505	\$288,321	\$31,139,580

INSURANCE IN FORCE December 31, 2016

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)	36,318,702
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 2015/2016		Tax Capacity Values 2014/2015	
Taxable valuations:	2013/2010		2014/2013	
Total	\$18,440,817		\$18,339,615	
Fiscal disparities:				
Distribution	2,755,743	2,639,444		
Contribution	(1,115,822)	(1,072,910)		
Less: Captured Tax Increment Value	(261,525)		(236,559)	
	\$19,819,213		\$19,669,590	
		Tax		Tax
	Certified	Capacity	Certified	Capacity
	Levy	Rate	Levy	Rate
Taxes Levied:				
Revenue	\$7,018,572	35.025	\$7,490,578	37.819
Bond and Interest	2,039,856	10.994	1,195,494	5.951
Totals	\$9,058,428	46.019	\$8,686,072	43.770

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

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