

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

FOR THE YEAR ENDED

DECEMBER 31, 2015

Prepared By: Finance Department

**Sarah Cotton, Director of Finance
Paula Schloer, Accountant**

CITY OF LINO LAKES, MINNESOTA
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I.
INTRODUCTORY
SECTION

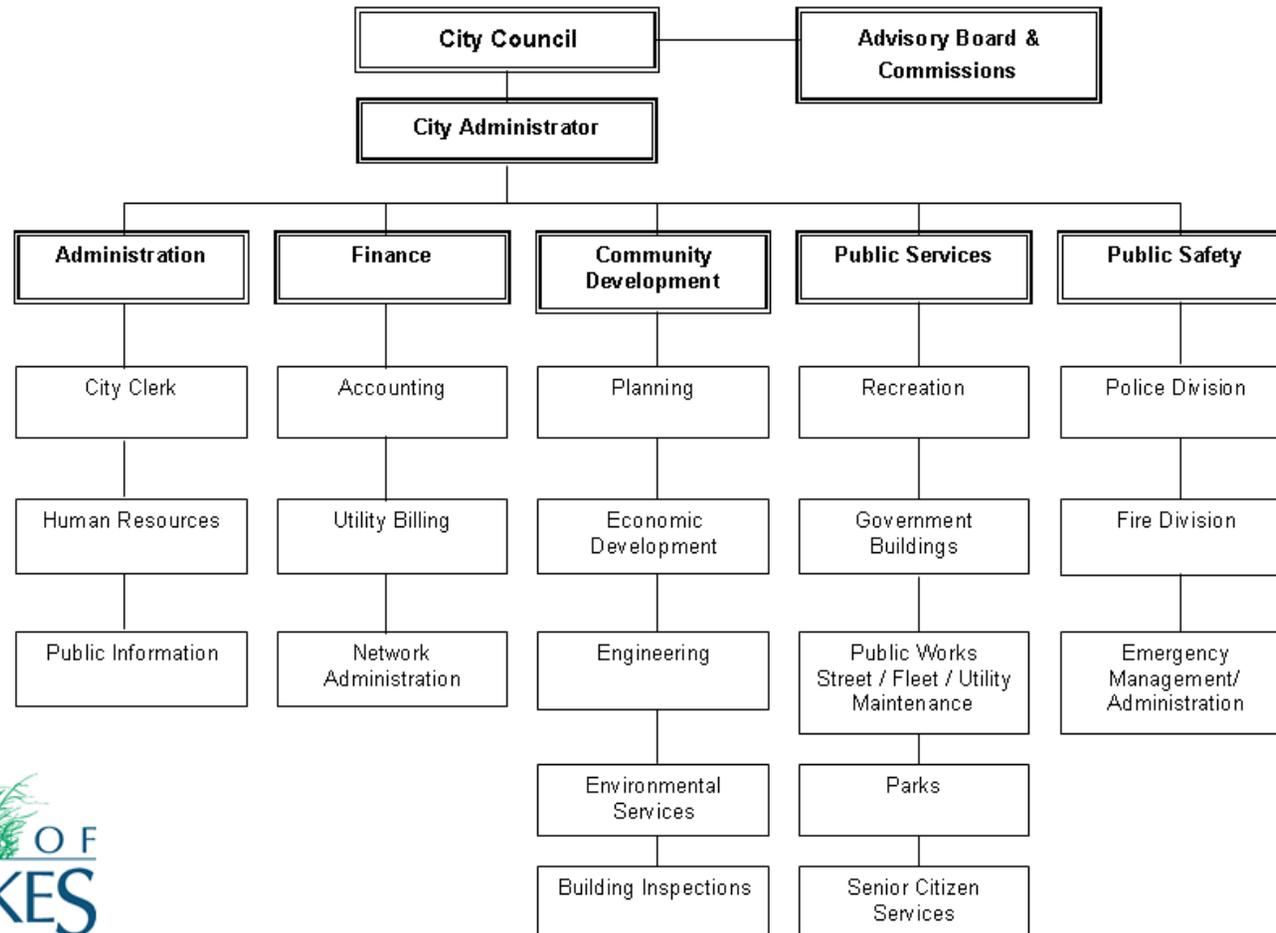
Elected Officials

| | <u>Term Expires</u> |
|---------------------------------|---------------------|
| Mayor: Jeff Reinert | December 31, 2015 |
| Council Members: Dale Stoesz | December 31, 2015 |
| Rob Rafferty | December 31, 2017 |
| William Kusterman | December 31, 2017 |
| Dave Roeser | December 31, 2015 |

Appointed Personnel

| | |
|-----------------------------------|------------------|
| City Administrator | Jeff Karlson |
| Director of Finance | Sarah Cotton |
| Director of Public Safety | John Swenson |
| Director of Community Development | Michael Grochala |
| Director of Public Service | Rick DeGardner |

City of Lino Lakes Organizational Chart





May 16, 2016

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, 2015.

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

The City of Lino Lakes' financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of the County of Anoka. It covers an area of 33 square miles and has a population of approximately 21,200. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 26% since 2000. Within the City's borders lies the 2,550 acre Rice Creek Chain of Lakes Regional Park. Access to St. Paul and Minneapolis is provided by I-35W and I-35E.

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

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

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All divisions are required to submit appropriations requests to the City administrator for review and consolidation into a proposed budget. The City administrator is responsible for submitting the proposed annual budget to the City Council in August of each year. The city council is required to hold a public hearing on the proposed budget and to adopt by resolution a final budget and certify it no later than December 28. The budget amounts cannot increase beyond the estimated receipts except to the extent that actual receipts exceed the estimate. Division directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. Budget-to-actual comparisons for the general fund and the recreation program fund, the only funds for which an annual budget has been adopted, are provided in this report beginning on pages 66 and 92, respectively.

Factors Affecting Financial Condition

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

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

Building activity and development increased slightly in 2015, however, improvement in developer activity is evident. Building permits for new homes in 2015 numbered 47, compared to 33 in 2014. In addition, the City granted final plat approval for three new residential developments totaling 81 units in 2015.

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.

Factors Affecting Financial Condition (Continued)

Long-term financial planning. The City's currently adopted five-year financial plan identifies street and utility improvements totaling \$23,387,990 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. Also included in the final year of the plan is a feasibility study for a new public works facility. Scheduled capital equipment and office equipment needs and the financing for those needs are also included in the plan. The five-year plan also includes funding projections for operations and operating impacts for the five-year period. This plan is in the process of being revised to reflect the anticipated activity through the year 2020.

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, 2015 was \$5,725,736 which is 58% 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, commercial paper and U.S. government agencies. Cash is pooled in one account to provide maximum return. The City Council reviews the investment policy annually.

The City's investment policy's primary objective is safety of principal. Therefore, all deposits were either insured by Federal depository insurance or were collateralized as required by State Statute. Due to the weakened economy, a historically low interest rate environment has persisted over the last several years and has had a dramatic impact on the city's investment earnings. The average interest income yield on investments for 2015 was 0.71%. 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 losses of \$80,781, or -0.23%, for a total investment yield of 0.48%. 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, 2014. This marks the nineteenth 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 2015 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the Certificate program.

The timely preparation of this report could not have been accomplished without the dedicated services of the Finance Department, auditors and other city staff. A special thank you goes to City Accountant, Paula Schloer, for her efforts in assembling and reviewing information presented in this report. I also want to express my appreciation to the Mayor and City Council for their support for maintaining the highest standard of professionalism in the management of the financial operation of the City.

Respectfully submitted,



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, 2014

Executive Director/CEO

II.
FINANCIAL
SECTION

INDEPENDENT AUDITORS' REPORT

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, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 auditors' 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

During fiscal year ended December 31, 2015, the City of Lino Lakes, Minnesota adopted the provisions of Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City of Lino Lakes, Minnesota reported a restatement for the change in the accounting principle (see Note 19). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress to postemployment benefit plan, 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' basic financial statements. The combining fund financial statements and other supplementary financial and other information, the introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information (Continued)

The combining fund statements, special revenue fund – program recreation schedule of revenues, expenditures, and changes in fund balance – budget and actual, the combining schedule of indebtedness, schedule of deferred tax levies, and the debt service payments to maturity – all bonds schedule 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 fund statements, special revenue fund – program recreation schedule of revenues, expenditures, and changes in fund balance – budget and actual, the combining schedule of indebtedness, schedule of deferred tax levies, and the debt service payments to maturity – all bonds schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, schedule of insurance in force, schedule of taxable valuations, tax levies, and tax rates, and statistical section 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2016, on our consideration of the City of Lino Lakes' 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 result 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 City of Lino Lakes' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 16, 2016

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

As management of the City of Lino Lakes, Minnesota, we offer readers of the City of Lino Lakes' financial statements this narrative overview and analysis of the financial activities of the City of Lino Lakes for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lino Lakes exceeded its liabilities at the close of the most recent fiscal year by \$84,554,618 (*net position*). Of this amount \$28,560,750 (*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 decreased by \$5,624,550 primarily due to annual depreciation of capital assets and the restatement of net position related to the adoption of the pension standards.
- As of the close of the current fiscal year, the City of Lino Lakes' governmental funds reported combined ending fund balance of \$20,056,015, a decrease of \$2,486,348 in comparison with the prior year primarily due to a decrease in the fund balance of Capital Projects, offset by an increase in the General Fund fund balance. Approximately 10% of this amount, or \$1,910,432, is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,725,736, or 58% of total general fund expenditures and other financing uses.
- The City issued Equipment Certificates, EDA Lease Revenue Bonds to finance the construction of Fire House #2, and General Obligation Bonds to finance street reconstruction in the Shehahdoah Area, as well as, improvements to Birch Street and the related sanitary and water main improvements relative to the construction of the City's new fire hall.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of Lino Lakes' 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 of Lino Lakes 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 compensated absences and OPEB liabilities).

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The government-wide financial statements can be found on pages 22-24 of this report.

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

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

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

The City of Lino Lakes maintains forty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, G.O. Improvement Bonds 2005A fund, Improvement Note 2009F fund, Area and Unit Charge fund, and 2015 Street Reconstruction fund all of which are considered to be major funds. Data from the other forty-two governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lino Lakes adopts an annual appropriated budget for its general and program recreation special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25 through 30 of this report.

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer fund and the water fund, which are considered to be major funds of the City of Lino Lakes. The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-65 of this report.

Other information – The combining statements and schedules referred to earlier in conjunction with nonmajor governmental funds can be found on pages 76-91 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Lino Lakes' assets exceeded liabilities by \$84,554,618 at the close of the most recent fiscal year, a decrease of \$5,624,550 from the previous year. This decrease is primarily due annual depreciation of capital assets.

The largest portion of the City of Lino Lakes' net position (56%) reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). The City of Lino Lakes uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Lino Lakes' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed versions of the statements of net position at December 31, 2015 and 2014 are as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and Other Assets | \$ 32,222,786 | \$ 32,904,991 | \$ 14,881,531 | \$ 14,029,608 | \$ 47,104,317 | \$ 46,934,599 |
| Capital Assets | 41,228,037 | 36,212,984 | 29,127,829 | 27,556,022 | 70,355,866 | 63,769,006 |
| Total Assets | 73,450,823 | 69,117,975 | 44,009,360 | 41,585,630 | 117,460,183 | 110,703,605 |
| Deferred outflows of resources | 985,081 | - | 11,660 | - | 996,741 | - |
| Noncurrent Liabilities Outstanding | 27,144,998 | 19,479,195 | 149,386 | 52,790 | 27,294,384 | 19,531,985 |
| Other Liabilities | 5,900,707 | 903,912 | 63,771 | 88,540 | 5,964,478 | 992,452 |
| Total Liabilities | 33,045,705 | 20,383,107 | 213,157 | 141,330 | 33,258,862 | 20,524,437 |
| Deferred inflows of resources | 636,040 | - | 7,404 | - | 643,444 | - |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 18,230,746 | 19,540,807 | 29,127,829 | 27,556,022 | 47,358,575 | 47,096,829 |
| Restricted | 8,635,293 | 8,666,357 | - | - | 8,635,293 | 8,666,357 |
| Unrestricted | 13,888,120 | 20,527,704 | 14,672,630 | 13,888,278 | 28,560,750 | 34,415,982 |
| Total Net Position | \$ 40,754,159 | \$ 48,734,868 | \$ 43,800,459 | \$ 41,444,300 | \$ 84,554,618 | \$ 90,179,168 |

Of the remaining balance of the City of Lino Lakes' net position, restricted net position (10%) are to be used for activities restricted by law (special revenue funds), debt service requirements and a nonexpendable environmental fund. Unrestricted net position (34%) may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Governmental activities Governmental activities decreased the City of Lino Lakes' net position by \$7,980,709. The cumulative effect of the application of GASB 68 as well as increases in expenses for public safety and public services activities account for this reduction for 2015.

Business-type activities Business-type activities increased the City of Lino Lakes' net position by \$2,356,159. Infrastructure additions by the city and developers, offset partially by increased depreciation expense due to a change in accounting estimate provided for this increased in 2015.

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the years ended December 31, 2015 and 2014:

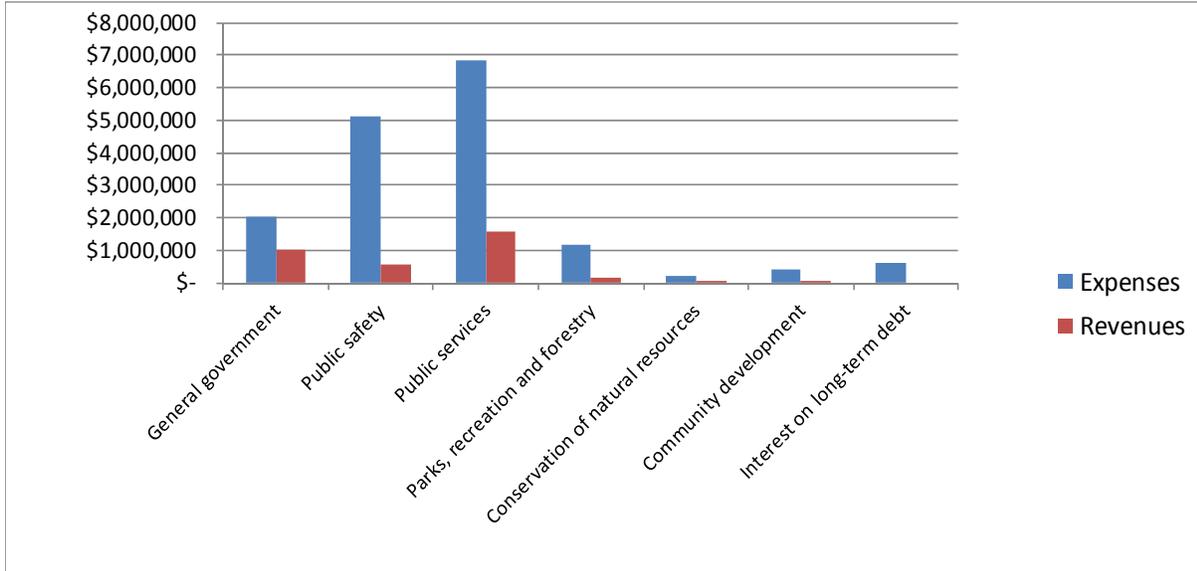
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,621,832 | \$ 1,529,040 | \$ 2,636,469 | \$ 2,529,524 | \$ 4,258,301 | \$ 4,058,564 |
| Operating Grants and Contributions | 526,107 | 840,676 | 263,024 | - | 789,131 | 840,676 |
| Capital Grants and Contributions | 1,176,732 | 335,733 | 3,035,031 | 1,035 | 4,211,763 | 336,768 |
| General Revenues: | | | | | | |
| Property Taxes | 9,067,390 | 8,612,016 | - | - | 9,067,390 | 8,612,016 |
| Franchise Taxes | 101,040 | 124,292 | - | - | 101,040 | 124,292 |
| Other Taxes | 74,806 | 70,578 | - | - | 74,806 | 70,578 |
| Contributions Not Restricted to Specific Programs | 5,363 | 4,443 | - | - | 5,363 | 4,443 |
| Unrestricted Investment Earnings | 163,825 | 114,483 | 81,084 | 96,213 | 244,909 | 210,696 |
| Change in Market Value | (50,864) | 151,212 | (29,917) | 58,255 | (80,781) | 209,467 |
| Gain on Disposal of Capital Assets | 17,836 | 1,727 | - | - | 17,836 | 1,727 |
| Total Revenues | 12,704,067 | 11,784,200 | 5,985,691 | 2,685,027 | 18,689,758 | 14,469,227 |
| EXPENSES | | | | | | |
| General Government | 2,016,351 | 2,036,550 | - | - | 2,016,351 | 2,036,550 |
| Public Safety | 5,135,865 | 4,107,759 | - | - | 5,135,865 | 4,107,759 |
| Public Service | 6,822,972 | 4,786,121 | - | - | 6,822,972 | 4,786,121 |
| Parks, Recreation and Forestry | 1,148,740 | 1,093,909 | - | - | 1,148,740 | 1,093,909 |
| Conservation of Natural Resources | 186,111 | 159,649 | - | - | 186,111 | 159,649 |
| Community Development | 432,268 | 407,448 | - | - | 432,268 | 407,448 |
| Interest on Long-Term Debt | 632,876 | 618,680 | - | - | 632,876 | 618,680 |
| Water | - | - | 1,394,897 | 965,641 | 1,394,897 | 965,641 |
| Sewer | - | - | 2,089,842 | 1,628,258 | 2,089,842 | 1,628,258 |
| Total Expenses | 16,375,183 | 13,210,116 | 3,484,739 | 2,593,899 | 19,859,922 | 15,804,015 |
| CHANGE IN NET POSITION | | | | | | |
| BEFORE TRANSFERS | (3,671,116) | (1,425,916) | 2,500,952 | 91,128 | (1,170,164) | (1,334,788) |
| Transfers | 66,834 | 69,294 | (66,834) | (69,294) | - | - |
| CHANGE IN NET POSITION | (3,604,282) | (1,356,622) | 2,434,118 | 21,834 | (1,170,164) | (1,334,788) |
| Net Position - Beginning of Year | 48,734,868 | 50,091,490 | 41,444,300 | 41,422,466 | 90,179,168 | 91,513,956 |
| Prior Period Adjustment | (4,376,427) | - | (77,959) | - | (4,454,386) | - |
| Net Assets - Beginning of Year, As Restated | 44,358,441 | 50,091,490 | 41,366,341 | 41,422,466 | 85,724,782 | 91,513,956 |
| NET POSITION - END OF YEAR | \$ 40,754,159 | \$ 48,734,868 | \$ 43,800,459 | \$ 41,444,300 | \$ 84,554,618 | \$ 90,179,168 |

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

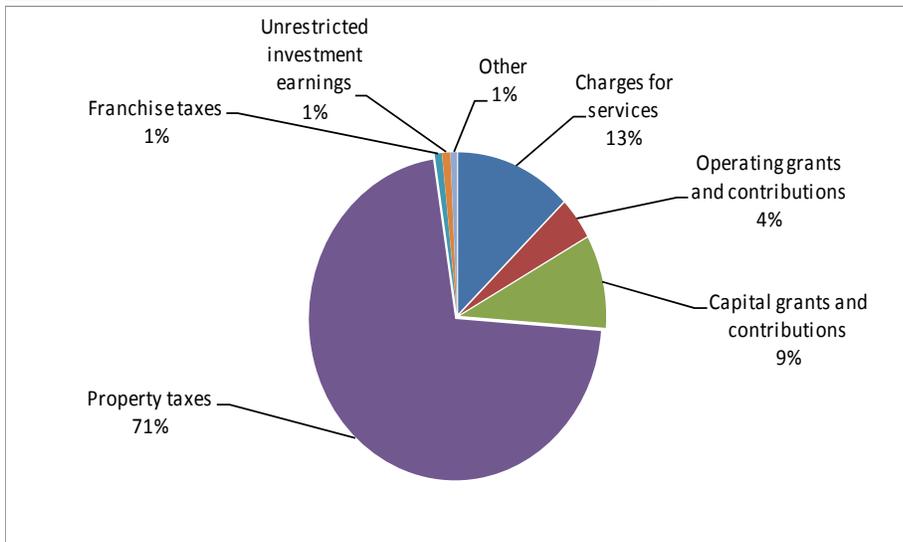
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

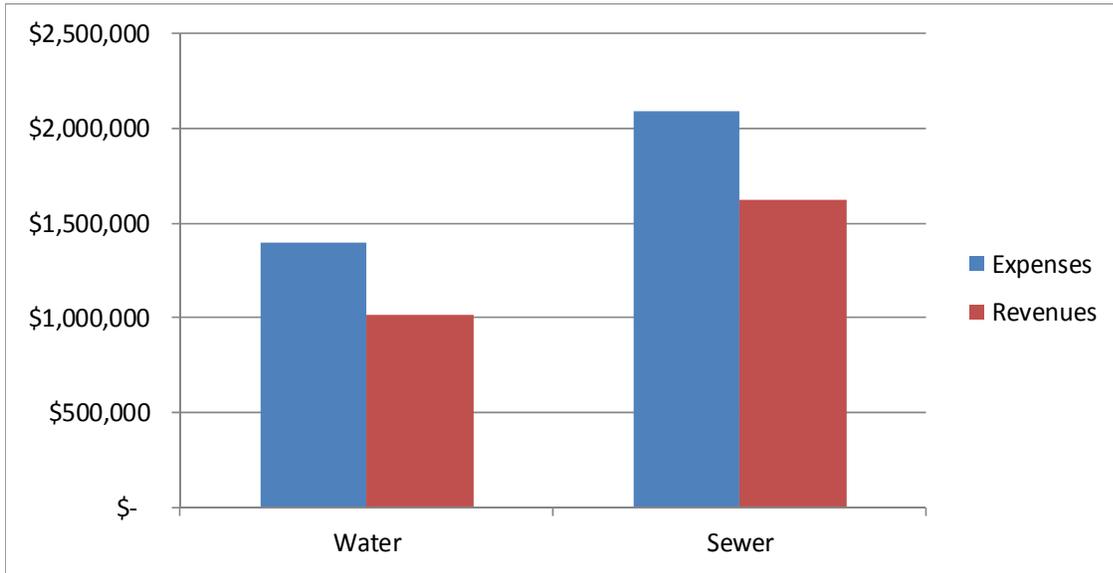


**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

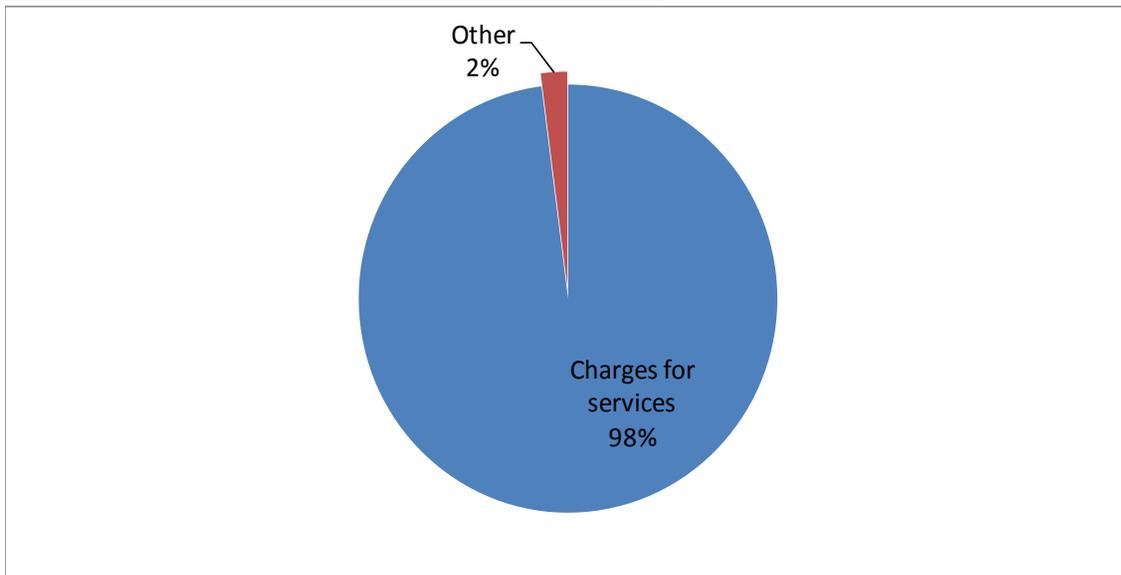
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds – The focus of the City of Lino Lakes' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Lino Lakes' financing requirements. GASB Statement 54, divides fund balances into five categories: nonspendable, restricted, committed, assigned and unassigned. Definitions of these categories can be found in Note 1.Q in the Notes to the Financial Statements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for unrestricted spending at the end of the fiscal year. Approximately 10% of the total fund balance amount, or \$1,910,432, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it is restricted or has already been committed or assigned for other purposes. As of the end of the current fiscal year, the City of Lino Lakes' governmental funds reported combined ending fund balances of \$20,056,015, a decrease of \$2,486,348, or 11%, from the previous year. This decrease is primarily due to a decrease in the fund balance of Capital Projects, offset by an increase in the General Fund fund balance.

The general fund is the primary operating fund of the City of Lino Lakes. At the end of the current fiscal year, unassigned fund balance of the general fund stood at \$5,725,736, while the total fund balance was \$5,946,413. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures and financing uses. Unassigned fund balance represents 58% of total general fund expenditures and other financing uses, while total fund balance represents 61% of that same amount.

The fund balance of the City of Lino Lakes' general fund increased by \$639,878 during the current fiscal year, while the City budget anticipated the use of \$170,000 of the general fund's fund balance. Overall, signs of an economic recovery are being seen with increased building and development activities taking place which resulted in increased permit revenues for the year. In addition, reduced expenditures, primarily for personal services through vacant positions, fuel costs, and contractual services helped to increase the year end fund balance. Overall, the general fund's revenues were within 1% of the amended budget, while expenditures and transfers were 4% below amended budget levels.

The G.O. improvement bonds 2005A fund has a total fund deficit of (\$2,340,172). This fund is related to the bonds issued for the Legacy Woods Edge improvement project. The payment of debt service and delinquency in the collection of special assessments dedicated to this issue caused a significant decrease in this fund. The use of tax increments from TIF District 1-10 and an interfund loan from the Capital Improvements fund has aided in the payment of debt service for this issue.

The Improvement Note 2009F fund, to service the debt issued to Anoka County as the City's financial commitment for the I-35E interchange project, ended the year with a fund balance of \$7,384, a decrease of \$27,515. This note, which was originally in the amount of \$4,260,000, was reduced in 2011 to \$3,695,000 to reflect cost savings during the construction of this project. The outstanding balance as of the end of 2015 is \$1,720,000.

The Area and Unit Charge fund has a total fund balance of \$4,422,605, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$38,928, due in large part to the collection of special assessments and charges for services, which were greater than the expenditures and transfers out.

The 2015 Street Reconstruction fund has a total fund deficit of (\$18,226). The fund balance during the current year increased by \$14,045 due to the proceeds from bond issuance exceeding the expenditures incurred related to the Shenandoah Area Street Improvement project.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

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

The water fund has total net position at year-end of \$20,401,628, of which \$5,822,834 is unrestricted. The increase in net position of \$1,579,872 was primarily due to capital contributions, partially offset by a net operating loss.

Total net position in the sewer fund at the end of 2015 was \$23,398,831, of which \$8,849,796 was unrestricted. The increase in net position of \$854,246 was primarily due to capital contributions, partially offset by a net operating loss for the year.

The water rates, which reflect water conservation efforts through a tiered rate structure, and sewer rates were adjusted by 2% and 3%, respectively, in 2015. A review of utility rates is planned for 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended several times during the year reflecting increases in business license revenue, building permit revenue, MSA maintenance aid, lease revenues and SCORE grants; reductions in police revenues and fines and forfeits; and reallocating resources within the original budget. The final amended budget is \$148,650 greater than the original adopted budget.

Revenues were \$51,277 over budget for the year. Fiscal disparities revenues came in under budget by \$178,439. This variance was more than offset by greater than anticipated license and permit revenues as well as intergovernmental state aid revenues.

Expenditures came in under budget by \$374,464 due to many factors including lower than expected personal services costs from vacant positions. Fuel costs were much lower than anticipated and spending on contractual services was lower overall from budgeted levels primarily due to contracted storm system maintenance that was delayed in 2015. There were also transfers from the general fund of \$590,245. This resulted in a net fund balance increase of \$639,878 for the fiscal year, compared to the planned reduction of \$170,000.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The City of Lino Lakes' investment in capital assets for its governmental and business-type activities as of December 31, 2015, is \$70,355,866. This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. This represents an increase in the City of Lino Lakes' investment in capital assets of approximately 10%. Developer lead infrastructure additions for 2015 include NorthPointe 1st Addition as well as Saddle Club 1st Addition. The City completed construction of Well No. 6, while the pump house is still pending completion. Also sitting in construction in progress and pending final completion are, the Shenandoah Area Street Improvements, the construction of Fire Station #2, and the Birch Street turn lanes and infrastructure improvements.

| | Capital Assets at Year-End (Net of Accumulated Depreciation) | | | | | |
|--------------------------------|---|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 3,275,859 | \$ 3,275,859 | \$ - | \$ - | \$ 3,275,859 | \$ 3,275,859 |
| Construction in Progress | 7,268,375 | 808,093 | 1,830,071 | - | 9,098,446 | 808,093 |
| Buildings | 2,802,413 | 3,116,839 | - | - | 2,802,413 | 3,116,839 |
| Office Equipment and Furniture | 133,963 | 364,999 | - | - | 133,963 | 364,999 |
| Vehicles | 1,141,371 | 1,170,030 | - | - | 1,141,371 | 1,170,030 |
| Machinery and Shop Equipment | 1,109,527 | 336,387 | 152,886 | 211,027 | 1,262,413 | 547,414 |
| Other Equipment | 193,122 | 167,804 | - | - | 193,122 | 167,804 |
| Infrastructure | 25,303,407 | 26,972,973 | 27,144,872 | 27,344,994 | 52,448,279 | 54,317,967 |
| Capital Assets, Net | <u>\$ 41,228,037</u> | <u>\$ 36,212,984</u> | <u>\$ 29,127,829</u> | <u>\$ 27,556,021</u> | <u>\$ 70,355,866</u> | <u>\$ 63,769,005</u> |

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 48-49.

Long-term debt – At the end of the current fiscal year, the City of Lino Lakes had total bonded debt outstanding of \$24,611,250. Of this amount \$16,406,250 comprises tax supported debt and \$6,485,000 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 \$1,720,000.

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|----------------------|--------------------------|-------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| G.O. Bonds | \$ 16,406,250 | \$ 9,231,000 | \$ - | \$ - | \$ 16,406,250 | \$ 9,231,000 |
| G.O. Special Assessment Bonds | 6,485,000 | 7,445,000 | - | - | 6,485,000 | 7,445,000 |
| Note Payable - Anoka County | 1,720,000 | 2,080,000 | - | - | 1,720,000 | 2,080,000 |
| Total Outstanding Debt | <u>\$ 24,611,250</u> | <u>\$ 18,756,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,611,250</u> | <u>\$ 18,756,000</u> |

The City of Lino Lakes' total bonded debt increased by \$6,215,250 (37.3%) during the current fiscal year. The key factors for the change include the issuance of \$198,250 in 2015A Equipment Certificates, \$963,000 in 2015B Certificates, \$3,095,000 of General Obligation Bonds to finance street reconstruction in the Shenandoah Area and public infrastructure improvements related to the construction of Fire Station #2, and \$4,350,000 in EDA Lease Revenue Bonds to finance the construction of Fire Station #2 in the City of Lino Lakes. Principal in the amount of \$2,391,000 was retired during the year. Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 50-52.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Lino Lakes at year-end is 3.3%, which is a great improvement from a rate of 4.5% in 2013. This is slightly lower than the state's average unemployment rate of 3.7% and significantly lower than the national average of 5.0% at the end of 2015.
- Residential growth in the City has continued to be significantly below the rates of the mid 2000's due to the general residential real estate market weakness, with about half of the number of new home permits issued in 2015 as in 2007, and less than 76% of new home permits issued in 2005. This is an improvement over recent years. Recently increased building and development activities are signalling a recovery of the housing market. Property values of the existing tax base are expected to increase slightly and will continue to have an impact on the City's tax base for 2016.
- Energy costs are expected to continue to remain steady or slightly increase over the coming months. This will have an impact on the City's budget for the coming year and thereafter.
- Property tax reforms have significantly impacted state aid payments the City of Lino Lakes receives. The City is exempted from local government aid and the state legislature has discontinued the market value homestead credit in favor of a new market value exclusion, which excludes a portion of residential homestead property value from property taxes.
- The Federal Reserve Board has continued the federal funds rates at historical lows, currently between 0.25% – 0.50%, which is expected to result in reduced investment earnings.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2015

Statement 1

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 21,973,812 | \$ 13,879,881 | \$ 35,853,693 |
| Accrued interest receivable | 61,680 | - | 61,680 |
| Accounts receivable | 132,531 | 370,984 | 503,515 |
| Due from other governments | 101,048 | 1,594 | 102,642 |
| Internal balances | (559,110) | 559,110 | - |
| Taxes receivable | 237,384 | - | 237,384 |
| Special assessments receivable | 9,728,587 | 3,310 | 9,731,897 |
| Long-term notes receivable | 225,000 | - | 225,000 |
| Prepaid items | 221,854 | 24,630 | 246,484 |
| Inventory | - | 42,022 | 42,022 |
| Permanently restricted cash and investments | 100,000 | - | 100,000 |
| Capital assets: | | | |
| Land | 3,275,859 | - | 3,275,859 |
| Construction in progress | 7,268,375 | 1,830,071 | 9,098,446 |
| Other capital assets, net of depreciation | 30,683,803 | 27,297,758 | 57,981,561 |
| Total assets | <u>73,450,823</u> | <u>44,009,360</u> | <u>117,460,183</u> |
| Deferred Outflows of Resources: | | | |
| Deferred Outflows - Pensions | <u>985,081</u> | <u>11,660</u> | <u>996,741</u> |
| LIABILITIES | | | |
| Accounts payable | 673,470 | 41,175 | 714,645 |
| Salaries payable | 312,028 | 15,456 | 327,484 |
| Contracts and retainage payable | 1,354,249 | - | 1,354,249 |
| Accrued interest payable | 338,379 | - | 338,379 |
| Due to other governments | 1,687 | - | 1,687 |
| Other accrued liabilities | - | 7,140 | 7,140 |
| Net Pension Liability: | | | |
| Due in more than one year | 4,868,844 | 85,202 | 4,954,046 |
| Non-current liabilities: | | | |
| Due within one year | 3,220,894 | 37,584 | 3,258,478 |
| Due in more than one year | 22,276,154 | 26,600 | 22,302,754 |
| Total liabilities | <u>33,045,705</u> | <u>213,157</u> | <u>33,258,862</u> |
| Deferred Inflows of Resources: | | | |
| Deferred Inflows - Pensions | <u>636,040</u> | <u>7,404</u> | <u>643,444</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 18,230,746 | 29,127,829 | 47,358,575 |
| Restricted for: | | | |
| Debt service - expendable | 8,196,461 | - | 8,196,461 |
| Economic development | 225,000 | - | 225,000 |
| Public safety | 76,794 | - | 76,794 |
| Culture and recreation | 13,247 | - | 13,247 |
| Environmental improvements - expendable | 23,791 | - | 23,791 |
| Environmental improvements - nonexpendable | 100,000 | - | 100,000 |
| Unrestricted | 13,888,120 | 14,672,630 | 28,560,750 |
| Total net position | <u>\$ 40,754,159</u> | <u>\$ 43,800,459</u> | <u>\$ 84,554,618</u> |

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|-----------------------------------|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities: | | | | |
| General government | \$ 2,016,351 | \$ 818,468 | \$ 169,448 | \$ 33,750 |
| Public safety | 5,135,865 | 199,498 | 339,488 | - |
| Public services | 6,822,972 | 454,845 | 2,500 | 1,142,982 |
| Parks, recreation and forestry | 1,148,740 | 149,021 | - | - |
| Conservation of natural resources | 186,111 | - | 3,617 | - |
| Community development | 432,268 | - | 11,054 | - |
| Interest on long-term debt | 632,876 | - | - | - |
| Total governmental activities | <u>16,375,183</u> | <u>1,621,832</u> | <u>526,107</u> | <u>1,176,732</u> |
| Business-type activities: | | | | |
| Water | 1,394,897 | 1,014,836 | 263,024 | 1,709,405 |
| Sewer | 2,089,842 | 1,621,633 | - | 1,325,626 |
| Total business-type activities | <u>3,484,739</u> | <u>2,636,469</u> | <u>263,024</u> | <u>3,035,031</u> |
| Total | <u>\$ 19,859,922</u> | <u>\$ 4,258,301</u> | <u>\$ 789,131</u> | <u>\$ 4,211,763</u> |

General revenues:

Taxes:

Property taxes, levied for general purpose

Franchise taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Change in market value

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period restatement for change in accounting principle, see Note 20

Net position - beginning, as restated

Net position - ending

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

Statement 2

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (994,685) | \$ - | \$ (994,685) |
| (4,596,879) | - | (4,596,879) |
| (5,222,645) | - | (5,222,645) |
| (999,719) | - | (999,719) |
| (182,494) | - | (182,494) |
| (421,214) | - | (421,214) |
| (632,876) | - | (632,876) |
| <u>(13,050,512)</u> | <u>-</u> | <u>(13,050,512)</u> |
| - | 1,592,368 | 1,592,368 |
| - | 857,417 | 857,417 |
| - | 2,449,785 | 2,449,785 |
| <u>(13,050,512)</u> | <u>2,449,785</u> | <u>(10,600,727)</u> |
| 9,067,390 | - | 9,067,390 |
| 101,040 | - | 101,040 |
| 74,806 | - | 74,806 |
| 5,363 | - | 5,363 |
| 163,825 | 81,084 | 244,909 |
| (50,864) | (29,917) | (80,781) |
| 17,836 | - | 17,836 |
| 66,834 | (66,834) | - |
| <u>9,446,230</u> | <u>(15,667)</u> | <u>9,430,563</u> |
| (3,604,282) | 2,434,118 | (1,170,164) |
| 48,734,868 | 41,444,300 | 90,179,168 |
| <u>(4,376,427)</u> | <u>(77,959)</u> | <u>(4,454,386)</u> |
| <u>44,358,441</u> | <u>41,366,341</u> | <u>85,724,782</u> |
| <u>\$ 40,754,159</u> | <u>\$ 43,800,459</u> | <u>\$ 84,554,618</u> |

CITY OF LINO LAKES, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

| Assets | General | G.O. Improvement Bonds 2005A | Improvement Note 2009F | Area and Unit Charge |
|---|---------------------|------------------------------------|------------------------------|----------------------------|
| Cash and investments | \$ 5,827,130 | \$ 536,676 | \$ 205 | \$ 4,106,596 |
| Accrued interest receivable | 61,680 | - | - | - |
| Accounts receivable | 106,208 | - | - | 25,907 |
| Due from other governmental units | 99,933 | - | - | - |
| Interfund receivable | - | - | - | - |
| Taxes receivable: | | | | |
| Delinquent | 98,771 | - | - | - |
| Due from county | 106,481 | - | - | - |
| Delinquent tax increment | - | - | - | - |
| Special assessments receivable: | | | | |
| Delinquent | 6,836 | - | 422 | 7,689 |
| Noncurrent | 145 | 5,561,118 | 2,817,877 | 881,484 |
| Due from county | - | - | 7,179 | 8,659 |
| Long-term notes receivable | - | - | - | - |
| Prepaid items | 220,677 | - | - | - |
| Permanently restricted cash and investments | - | - | - | - |
| Advances to other funds | - | - | - | 285,947 |
| Total assets | <u>\$ 6,527,861</u> | <u>\$ 6,097,794</u> | <u>\$ 2,825,683</u> | <u>\$ 5,316,282</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Interfund payable | \$ - | \$ 2,876,648 | \$ - | \$ - |
| Accounts payable | 160,411 | 200 | - | 4,504 |
| Salaries payable | 311,276 | - | - | - |
| Contracts and retainage payable | 2,322 | - | - | - |
| Due to other governmental units | 1,687 | - | - | - |
| Advances from other funds | - | - | - | - |
| Total liabilities | <u>475,696</u> | <u>2,876,848</u> | <u>-</u> | <u>4,504</u> |
| Deferred inflows of resources: | | | | |
| Unavailable resources | 105,752 | 5,561,118 | 2,818,299 | 889,173 |
| Fund balances: | | | | |
| Nonspendable | 220,677 | - | - | - |
| Restricted | - | - | 7,384 | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | 4,422,605 |
| Unassigned | 5,725,736 | (2,340,172) | - | - |
| Total fund balances | <u>5,946,413</u> | <u>(2,340,172)</u> | <u>7,384</u> | <u>4,422,605</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,527,861</u> | <u>\$ 6,097,794</u> | <u>\$ 2,825,683</u> | <u>\$ 5,316,282</u> |

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

Statement 3

| 2015 Street Reconstruction | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$ 242,579 | \$ 11,260,626 | \$ 21,973,812 |
| - | - | 61,680 |
| - | 416 | 132,531 |
| - | 1,115 | 101,048 |
| - | 3,660,455 | 3,660,455 |
| - | 15,062 | 113,833 |
| - | 16,896 | 123,377 |
| - | 174 | 174 |
| - | 12,018 | 26,965 |
| - | 423,741 | 9,684,365 |
| - | 1,419 | 17,257 |
| - | 225,000 | 225,000 |
| - | 1,177 | 221,854 |
| - | 100,000 | 100,000 |
| - | - | 285,947 |
| <u>\$ 242,579</u> | <u>\$ 15,718,099</u> | <u>\$ 36,728,298</u> |
| \$ - | \$ 1,342,917 | \$ 4,219,565 |
| 1,885 | 506,470 | 673,470 |
| - | 752 | 312,028 |
| 258,920 | 1,093,007 | 1,354,249 |
| - | - | 1,687 |
| - | 285,947 | 285,947 |
| <u>260,805</u> | <u>3,229,093</u> | <u>6,846,946</u> |
| - | 450,995 | 9,825,337 |
| - | 101,177 | 321,854 |
| - | 2,630,254 | 2,637,638 |
| - | 163,239 | 163,239 |
| - | 10,600,247 | 15,022,852 |
| (18,226) | (1,456,906) | 1,910,432 |
| <u>(18,226)</u> | <u>12,038,011</u> | <u>20,056,015</u> |
| <u>\$ 242,579</u> | <u>\$ 15,718,099</u> | <u>\$ 36,728,298</u> |

CITY OF LINO LAKES, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
December 31, 2015

Statement 4

Total Fund Balances for Governmental Funds \$ 20,056,015

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

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

| | | |
|---|-------------------|------------|
| Land | \$ 3,275,859 | |
| Construction in Progress | 7,268,375 | |
| Buildings, net of accumulated depreciation | 2,802,413 | |
| Office equipment and furniture, net of accumulated depreciation | 133,963 | |
| Vehicles, net of accumulated depreciation | 1,141,371 | |
| Machinery and shop equipment, net of accumulated depreciation | 1,109,527 | |
| Other equipment, net of accumulated depreciation | 193,122 | |
| Infrastructure, net of accumulated depreciation | <u>25,303,407</u> | 41,228,037 |

Some of the City's property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as a deferred inflow of resources in the governmental funds. 9,825,337

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position. (338,379)

The City's net pension liability and net pension asset and the related deferred inflows and deferred outflows of resources are recorded only on the Statement of Net Position. Balances at year end are:

| | | |
|---|------------------|-------------|
| Net Pension Liability | (4,868,844) | |
| Deferred Outflows of Resources - Pensions | 985,081 | |
| Deferred Inflows of Resources - Pensions | <u>(636,040)</u> | (4,519,803) |

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

| | | |
|-------------------------------|------------------|--------------|
| Bonds payable | (22,891,250) | |
| Unamortized premiums | (135,130) | |
| Unamortized discounts | 29,089 | |
| Notes payable | (1,720,000) | |
| Other postemployment benefits | (90,852) | |
| Compensated absence payable | <u>(688,905)</u> | (25,497,048) |

Total Net Position of Governmental Activities \$ 40,754,159

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | General | G.O. Improvement Bonds 2005A | Improvement Note 2009F | Area and Unit Charge |
|--|---------------------|------------------------------------|------------------------------|----------------------------|
| Revenue: | | | | |
| General property taxes | \$ 7,489,040 | \$ - | \$ - | \$ - |
| Tax increments | - | - | - | - |
| Licenses and permits | 551,202 | - | - | - |
| Intergovernmental | 649,611 | - | - | - |
| Special assessments | 14,008 | - | 34,050 | 464,869 |
| Charges for services | 277,423 | - | - | 246,360 |
| Fines and forfeits | 127,803 | - | - | - |
| Investment earnings | 27,004 | 1,438 | - | 40,612 |
| Net increase (decrease) in fair value of investments | (9,578) | (1,095) | - | (6,564) |
| Refunds | 54,689 | - | - | - |
| Miscellaneous | 168,952 | - | - | - |
| Total revenue | <u>9,350,154</u> | <u>343</u> | <u>34,050</u> | <u>745,277</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,609,249 | - | - | - |
| Public safety | 4,372,735 | - | - | - |
| Public works | 1,135,020 | - | - | 35,615 |
| Parks, recreation and forestry | 828,084 | - | - | - |
| Conservation of natural resources | 186,886 | - | - | - |
| Community development | 422,935 | - | - | - |
| Capital outlay: | | | | |
| General government | 4,461 | - | - | - |
| Public safety | 36,844 | - | - | - |
| Public works | - | - | - | - |
| Conservation of natural resources | 4,711 | - | - | - |
| Debt service: | | | | |
| Principal | - | 380,000 | 360,000 | - |
| Interest and fiscal charges | - | 150,560 | 79,565 | - |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>8,600,925</u> | <u>530,560</u> | <u>439,565</u> | <u>35,615</u> |
| Revenue over (under) expenditures | <u>749,229</u> | <u>(530,217)</u> | <u>(405,515)</u> | <u>709,662</u> |
| Other financing sources (uses): | | | | |
| Transfer in | 480,894 | 683,729 | 378,000 | - |
| Transfer out | (590,245) | - | - | (670,734) |
| Sale of property | - | - | - | - |
| Issuance of debt | - | - | - | - |
| Premium on bonds issued | - | - | - | - |
| Total other financing sources (uses) | <u>(109,351)</u> | <u>683,729</u> | <u>378,000</u> | <u>(670,734)</u> |
| Net increase (decrease) in fund balance | <u>639,878</u> | <u>153,512</u> | <u>(27,515)</u> | <u>38,928</u> |
| Fund balance - beginning of year | <u>5,306,535</u> | <u>(2,493,684)</u> | <u>34,899</u> | <u>4,383,677</u> |
| Fund balance - December 31 | <u>\$ 5,946,413</u> | <u>\$ (2,340,172)</u> | <u>\$ 7,384</u> | <u>\$ 4,422,605</u> |

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

Statement 5

| 2015 Street Reconstruction | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ 1,194,181 | \$ 8,683,221 |
| - | 267,286 | 267,286 |
| - | - | 551,202 |
| - | 30,016 | 679,627 |
| - | 190,214 | 703,141 |
| - | 172,718 | 696,501 |
| - | - | 127,803 |
| 5,979 | 88,464 | 163,497 |
| (2,080) | (31,265) | (50,582) |
| - | 71,993 | 126,682 |
| - | 470,438 | 639,390 |
| <u>3,899</u> | <u>2,454,045</u> | <u>12,587,768</u> |
| - | 34,717 | 1,643,966 |
| - | 7,522,747 | 11,895,482 |
| 2,603,672 | 169,205 | 3,943,512 |
| - | 8,100 | 836,184 |
| - | 4,152 | 191,038 |
| - | - | 422,935 |
| - | 67,932 | 72,393 |
| - | 1,161,951 | 1,198,795 |
| - | 290,158 | 290,158 |
| - | - | 4,711 |
| - | 2,062,511 | 2,802,511 |
| - | 312,041 | 542,166 |
| - | 62,831 | 62,831 |
| <u>2,603,672</u> | <u>11,696,345</u> | <u>23,906,682</u> |
| <u>(2,599,773)</u> | <u>(9,242,300)</u> | <u>(11,318,914)</u> |
| - | 1,850,348 | 3,392,971 |
| - | (2,075,158) | (3,336,137) |
| - | 54,522 | 54,522 |
| 2,560,703 | 6,045,547 | 8,606,250 |
| 53,115 | 61,845 | 114,960 |
| <u>2,613,818</u> | <u>5,937,104</u> | <u>8,832,566</u> |
| 14,045 | (3,305,196) | (2,486,348) |
| <u>(32,271)</u> | <u>15,343,207</u> | <u>22,542,363</u> |
| <u>\$ (18,226)</u> | <u>\$ 12,038,011</u> | <u>\$ 20,056,015</u> |

CITY OF LINO LAKES, MINNESOTA

Statement 6

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

Year Ended December 31, 2015

Net Change in Fund Balances-Total Governmental Funds \$ (2,486,348)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|------------------------------------|--------------------|-----------|
| Capital outlays | \$ 9,680,582 | |
| Loss on disposal of capital assets | (74,607) | |
| Depreciation expense | <u>(4,590,922)</u> | 5,015,053 |

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

| | | |
|---|----------------|-------------|
| Issuance of bonds | (7,445,000) | |
| Issuance of equipment certificates | (1,161,250) | |
| Bond premium | (114,960) | |
| Repayment of bond principal | 2,751,000 | |
| Change in accrued interest expense for general obligation bonds | (88,511) | |
| Amortization of bond premium | 8,691 | |
| Amortization of bond discount | <u>(3,595)</u> | (6,053,625) |

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

| | | |
|---|------------------|---------|
| Unavailable resources - December 31, 2014 | (9,708,584) | |
| Unavailable resources - December 31, 2015 | <u>9,825,337</u> | 116,753 |

In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2015, compensated absence payable and other post employment benefits payable increased. (52,739)

Pension expenses in the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in the net pension liability and the related deferred inflows and outflows or resources (143,376)

Change in Net Position of Governmental Activities \$ (3,604,282)

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

CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2015

Statement 7

| Assets | Water | Sewer | Total 2015 |
|---|----------------------|----------------------|----------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 5,738,284 | \$ 8,141,597 | \$ 13,879,881 |
| Accounts receivable | 151,533 | 219,451 | 370,984 |
| Due from other governmental units | - | 1,594 | 1,594 |
| Interfund receivable | - | 559,110 | 559,110 |
| Due from county - special assessments | 1,655 | 1,655 | 3,310 |
| Prepaid items | 7,255 | 17,375 | 24,630 |
| Total current assets | <u>5,898,727</u> | <u>8,940,782</u> | <u>14,839,509</u> |
| Non-current assets: | | | |
| Inventory | 42,022 | - | 42,022 |
| Capital assets not being depreciated: | | | |
| Construction in progress | 1,259,174 | 570,897 | 1,830,071 |
| Capital assets being depreciated: | | | |
| Buildings | - | - | - |
| Equipment | 120,723 | 328,432 | 449,155 |
| Water and sewer systems | 20,891,552 | 22,164,830 | 43,056,382 |
| Total capital assets | <u>22,271,449</u> | <u>23,064,159</u> | <u>45,335,608</u> |
| Less: allowance for depreciation | <u>(7,692,655)</u> | <u>(8,515,124)</u> | <u>(16,207,779)</u> |
| Net capital assets | <u>14,578,794</u> | <u>14,549,035</u> | <u>29,127,829</u> |
| Total noncurrent assets | <u>14,620,816</u> | <u>14,549,035</u> | <u>29,169,851</u> |
| Total assets | <u>20,519,543</u> | <u>23,489,817</u> | <u>44,009,360</u> |
| Deferred Outflows of Resources | <u>5,833</u> | <u>5,827</u> | <u>11,660</u> |
| Total Assets and Deferred Outflows of Resources | <u>20,525,376</u> | <u>23,495,644</u> | <u>44,021,020</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 30,462 | 10,713 | 41,175 |
| Salaries payable | 7,728 | 7,728 | 15,456 |
| Other accrued liabilities | 7,140 | - | 7,140 |
| Compensated absences payable - current portion | 18,792 | 18,792 | 37,584 |
| Total current liabilities | <u>64,122</u> | <u>37,233</u> | <u>101,355</u> |
| Non-current liabilities: | | | |
| Compensated absences payable - long term | 13,300 | 13,300 | 26,600 |
| Net Pension Liability | 42,622 | 42,580 | 85,202 |
| Total noncurrent liabilities | <u>55,922</u> | <u>55,880</u> | <u>111,802</u> |
| Total liabilities | <u>120,044</u> | <u>93,113</u> | <u>213,157</u> |
| Deferred Inflows of Resources | <u>3,704</u> | <u>3,700</u> | <u>7,404</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>123,748</u> | <u>96,813</u> | <u>220,561</u> |
| Net position | | | |
| Investment in capital assets | 14,578,794 | 14,549,035 | 29,127,829 |
| Unrestricted | 5,822,834 | 8,849,796 | 14,672,630 |
| Total net position | <u>20,401,628</u> | <u>23,398,831</u> | <u>43,800,459</u> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 20,525,376</u> | <u>\$ 23,495,644</u> | <u>\$ 44,021,020</u> |

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

CITY OF LINO LAKES, MINNESOTA

Statement 8

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

Year Ended December 31, 2015

| | Water | Sewer | Total 2015 |
|---|----------------------|----------------------|----------------------|
| Operating revenue: | | | |
| Charges for services | \$ 972,096 | \$ 1,611,053 | \$ 2,583,149 |
| Hook-up charges | 13,260 | 10,580 | 23,840 |
| Water meter sales | 15,128 | - | 15,128 |
| Other operating revenue | 14,352 | - | 14,352 |
| Total operating revenue | <u>1,014,836</u> | <u>1,621,633</u> | <u>2,636,469</u> |
| Operating expenses: | | | |
| Personal services | 204,983 | 209,624 | 414,607 |
| Materials and supplies | 136,270 | 29,145 | 165,415 |
| Contractual services | 117,204 | 128,324 | 245,528 |
| MCES sewer charges | - | 751,648 | 751,648 |
| Depreciation | 836,772 | 892,427 | 1,729,199 |
| Utilities | 84,645 | 41,263 | 125,908 |
| Other | 15,023 | 37,411 | 52,434 |
| Total operating expenses | <u>1,394,897</u> | <u>2,089,842</u> | <u>3,484,739</u> |
| Net income (loss) from operations | <u>(380,061)</u> | <u>(468,209)</u> | <u>(848,270)</u> |
| Other income (expense): | | | |
| Investment earnings | 33,166 | 47,918 | 81,084 |
| Net increase (decrease) in fair value of investments | (12,245) | (17,672) | (29,917) |
| Special assessments | 472 | 473 | 945 |
| Total other expense | <u>21,393</u> | <u>30,719</u> | <u>52,112</u> |
| Net income before contributions and transfers | (358,668) | (437,490) | (796,158) |
| Capital contributions and transfers: | | | |
| Contributions from private sources | 263,024 | 142,017 | 405,041 |
| Capital contributions from primary government | 1,708,933 | 1,183,136 | 2,892,069 |
| Transfer out | (33,417) | (33,417) | (66,834) |
| Total contributions and transfers | <u>1,938,540</u> | <u>1,291,736</u> | <u>3,230,276</u> |
| Change in net position | 1,579,872 | 854,246 | 2,434,118 |
| Net position - January 1 | 18,860,755 | 22,583,545 | 41,444,300 |
| Prior Period restatement for Implementation of GASB Standard (See Note 20) | <u>(38,999)</u> | <u>(38,960)</u> | <u>(77,959)</u> |
| Net position - January 1, as Restated | <u>18,821,756</u> | <u>22,544,585</u> | <u>41,366,341</u> |
| Net position - December 31 | <u>\$ 20,401,628</u> | <u>\$ 23,398,831</u> | <u>\$ 43,800,459</u> |

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

CITY OF LINO LAKES, MINNESOTA

Statement 9

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2015

| | Water | Sewer | Total 2015 |
|---|---------------------|---------------------|----------------------|
| Cash flows from operating activities: | | | |
| Cash receipts from customers | \$ 1,006,511 | \$ 1,609,702 | \$ 2,616,213 |
| Cash paid to suppliers | (382,585) | (999,218) | (1,381,803) |
| Cash paid to employees | (187,977) | (199,472) | (387,449) |
| Net cash flows from operating activities | <u>435,949</u> | <u>411,012</u> | <u>846,961</u> |
| Cash flows from noncapital financing activities: | | | |
| Net transfers | <u>(33,417)</u> | <u>(33,417)</u> | <u>(66,834)</u> |
| Cash flows from capital and related financing activities: | | | |
| Collection of special assessments | (160) | - | (160) |
| Acquisition of capital assets | (7,134) | - | (7,134) |
| Net cash flows used by capital and related financing activities | <u>(7,294)</u> | <u>-</u> | <u>(7,294)</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | <u>20,921</u> | <u>30,243</u> | <u>51,164</u> |
| Net increase in cash and cash equivalents | 416,159 | 407,838 | 823,997 |
| Cash and cash equivalents - January 1 | <u>5,322,125</u> | <u>7,733,759</u> | <u>13,055,884</u> |
| Cash and cash equivalents - December 31 | <u>\$ 5,738,284</u> | <u>\$ 8,141,597</u> | <u>\$ 13,879,881</u> |
| Reconciliation of operating income to net cash from operating activities: | | | |
| Operating loss | \$ (380,061) | \$ (468,209) | \$ (848,270) |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | |
| Loss on disposal of capital assets | 1,295 | 1,985 | 3,280 |
| Depreciation | 836,772 | 892,427 | 1,729,199 |
| Change in assets and liabilities: | | | |
| Increase in receivables | (8,325) | (11,931) | (20,256) |
| Decrease (Increase) in prepaid items | 4,899 | 4,296 | 9,195 |
| (Increase) in inventory | (15,760) | - | (15,760) |
| (Increase) in deferred outflows | (5,833) | (5,827) | (11,660) |
| Increase (Decrease) in voucher payables | (19,877) | (17,708) | (37,585) |
| Increase (Decrease) in salaries payables | 9,815 | 3,001 | 12,816 |
| Increase (Decrease) in net pension liability | 3,623 | 3,581 | 7,204 |
| Increase (Decrease) in compensated absences | 5,697 | 5,697 | 11,394 |
| Increase (Decrease) in deferred inflows | 3,704 | 3,700 | 7,404 |
| Net cash flows from operating activities | <u>\$ 435,949</u> | <u>\$ 411,012</u> | <u>\$ 846,961</u> |
| Noncash investing, capital, and financing activities: | | | |
| Capital asset contributions from governmental activities | \$ 1,971,957 | \$ 1,325,153 | \$ 2,892,069 |

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

CITY OF LINO LAKES, MINNESOTA

Statement 10

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - AGENCY FUNDS

December 31, 2015

| | <u>2015</u> |
|----------------------|-------------------|
| Assets | |
| Cash and investments | <u>\$ 727,635</u> |
| Liabilities | |
| Deposits payable | <u>\$ 727,635</u> |

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

Component Units

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

Blended Component Units

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

B. BASIC FINANCIAL STATEMENTS

1. Government-Wide Statements

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

1. Government-Wide Statements (Continued)

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

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

2. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental funds:

General Fund

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

General Obligation Improvement Bonds 2005A Fund

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

Improvement Note 2009F Fund

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

Area and Unit Charge Fund

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

2015 Street Reconstruction Fund

The 2015 Street Reconstruction fund accounts for the construction and improvements to Shenandoah Street.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Water Fund

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

Sewer Fund

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

Additionally, the City reports the following fiduciary funds:

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds, which are included in the Fiduciary Funds, do not have a measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

D. BUDGETS

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the Program Recreation Special Revenue Fund. Budgeted expenditure appropriations lapse at year-end.

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

E. LEGAL COMPLIANCE – BUDGETS

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

1. The City Administrator submits to the City Council a proposed operating budget (including the General Fund and Program Recreation Special Revenue Fund) for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The City Administrator is authorized to transfer appropriations within any department budget. Additional interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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

F. CASH AND INVESTMENTS

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

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

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

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

Permanently restricted cash and investments represents the principal 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 CREDITS

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. PROPERTY TAX REVENUE RECOGNITION

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

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and the following January are recognized as revenue for the current year. Taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because it is not available to finance current expenditures. Deferred inflows of resources in governmental fund are susceptible to full accrual on the government-wide statements.

The City's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per State Statute 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the City through this formula for 2015 totaled \$1,221,907. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

I. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. SPECIAL ASSESSMENT REVENUE RECOGNITION (CONTINUED)

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

J. INVENTORIES AND PREPAIDS

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

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items under the purchases method in both government-wide and fund financial statements.

K. INTERFUND RECEIVABLES/PAYABLES

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

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets exceeding the City’s capitalization threshold of \$2,500 are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All existing City infrastructure has been capitalized regardless of date placed in service.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net 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 25 to 50 years for Infrastructure. Capital assets not being depreciated include land.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation, PTO (Personal Time Off), extended leave and sick pay benefits. All vacation pay and PTO and the portion of sick pay allowable as severance pay 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 entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period they are incurred.

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

O. NET PENSION LIABILITY

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/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 net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The City will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 6 to the financial statements.

The City's statement of net position, governmental fund, and proprietary fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position of fund balance that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occurs relating to revenue recognition: The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 6 to the financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. FUND EQUITY

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

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

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

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

Assigned – consists of internally imposed constraints. These constraints are established by the City Council and/or management. The City Council 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 an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

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

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

The fund equity balances in the proprietary funds have been classified into two broad categories:

- Net position – net investment in capital assets
- Unrestricted net position

Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net position – net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted in government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

R. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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

S. CHANGE IN ACCOUNTING ESTIMATE

For fiscal year 2015, the City had a change in accounting estimate for a change in depreciation methodology. Prior to 2015, the City did not take any depreciation for capital assets in the year of acquisition. Beginning January 1, 2015, the City started depreciating assets in the month they are placed in service.

T. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB No. 68. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. See Note 19 for more detail of the effect of this change in accounting principle on the financial statements.

Note 2 DEPOSITS AND INVESTMENTS

Components of Cash and Investments

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

| | |
|---|----------------------|
| Cash and Investments - Statement of Net Position | \$ 35,853,693 |
| Permanent restricted Cash and Investments - Statement of Net Position | 100,000 |
| Cash and Investments - Statement of Net Position - Fiduciary Funds | 727,635 |
| Total | <u>\$ 36,681,328</u> |

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

| | |
|--------------|----------------------|
| Deposits | \$ 2,182,827 |
| Investments | 34,497,681 |
| Cash on Hand | 820 |
| Total | <u>\$ 36,681,328</u> |

A. DEPOSITS

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

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

The City's deposits in banks at December 31, 2015 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rated “A” or better
- Banker’s acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- Any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

Investments Held with Broker –

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s policy to minimize interest rate risk includes investing primarily in short-term securities and structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. Information about the sensitivity of the fair values of the City’s investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

| Type | Total | 12 Months or Less | 13 to 24 Months | 25 to 60 Months |
|----------------------------------|----------------------|----------------------|---------------------|----------------------|
| Minnesota Municipal Money | | | | |
| Market Trust Fund | \$ 7,404,834 | \$ 7,404,834 | \$ - | \$ - |
| Federal Home Loan Bank | 297,861 | - | - | 297,861 |
| Federal Home Loan Mortgage Corp. | 803,533 | - | - | 803,533 |
| Federal National Mortgage Assn. | 1,295,274 | - | - | 1,295,274 |
| Negotiable CDs | 14,614,686 | 7,791,744 | 2,170,544 | 4,652,398 |
| Municipal Bonds | 9,822,152 | 4,583,200 | 2,026,502 | 3,212,450 |
| Mutual Fund | 259,341 | 259,341 | - | - |
| Total | <u>\$ 34,497,681</u> | <u>\$ 20,039,119</u> | <u>\$ 4,197,046</u> | <u>\$ 10,261,516</u> |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's policy to minimize credit risk includes limiting investing funds to those allowable under Minnesota Statute 118A, annually appointing all financial institutions where investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the City's investments as rated by Moody's Investors Service:

| Type | Credit Quality Rating | Amount |
|---|--------------------------|----------------------|
| Minnesota Municipal Money Market Trust Fund | Aa2 | \$ 7,404,834 |
| Federal Home Loan Bank | Aaa/AA+ | 297,861 |
| Federal Home Loan Mortgage Corp. | Aaa/AA+ | 803,533 |
| Federal National Mortgage Assn. | Aaa/AA+ | 1,295,274 |
| Negotiable CDs | Not Rated | 14,614,686 |
| Municipal Bonds | A-Aaa | 9,822,152 |
| Mutual Fund | Not Rated | 259,341 |
| Total | | <u>\$ 34,497,681</u> |

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

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

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

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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

| Type | Amount | Percentage |
|--------------|--------------|------------|
| Citibank SDA | \$ 2,939,195 | 8.52% |

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|--------------|--------------|-----------|-------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 3,275,859 | \$ - | \$ - | \$ - | \$ 3,275,859 |
| Construction in Progress | 808,093 | 7,268,375 | (808,093) | - | 7,268,375 |
| Total Capital Assets, Not Being Depreciated | 4,083,952 | 7,268,375 | (808,093) | - | 10,544,234 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | 6,765,619 | - | - | - | 6,765,619 |
| Office Equipment and Furniture | 1,398,722 | 108,321 | (167,991) | (702,619) | 636,433 |
| Vehicles | 2,891,461 | 526,556 | (270,155) | (24,966) | 3,122,896 |
| Machinery and Shop Equipment | 960,720 | 684,076 | (91,619) | 702,619 | 2,255,796 |
| Other Equipment | 952,447 | 28,384 | - | 24,966 | 1,005,797 |
| Infrastructure | 78,607,804 | 1,872,963 | - | - | 80,480,767 |
| Total Capital Assets, Being Depreciated | 91,576,773 | 3,220,300 | (529,765) | - | 94,267,308 |
| Accumulated Depreciation for: | | | | | |
| Buildings | (3,648,780) | (314,426) | - | - | (3,963,206) |
| Office Equipment and Furniture | (1,033,723) | (35,760) | 139,878 | 427,135 | (502,470) |
| Vehicles | (1,721,431) | (534,894) | 266,735 | 8,065 | (1,981,525) |
| Machinery and Shop Equipment | (624,333) | (143,346) | 48,545 | (427,135) | (1,146,269) |
| Other Equipment | (784,643) | (19,967) | - | (8,065) | (812,675) |
| Infrastructure | (51,634,831) | (3,542,529) | - | - | (55,177,360) |
| Total Accumulated Depreciation | (59,447,741) | (4,590,922) | 455,158 | - | (63,583,505) |
| Total Capital Assets, Being Depreciated, Net | 32,129,032 | (1,370,622) | (74,607) | - | 30,683,803 |
| Governmental Activities Capital Assets, Net | \$ 36,212,984 | \$ 5,897,753 | \$ (882,700) | \$ - | \$ 41,228,037 |

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 3 CAPITAL ASSETS (CONTINUED)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|--------------|-------------|-----------|-------------------|
| Business-Type Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Construction in Progress | \$ - | \$ 1,830,071 | \$ - | \$ - | \$ 1,830,071 |
| Total Capital Assets, Not Being Depreciated | - | 1,830,071 | - | - | 1,830,071 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | 48,690 | - | - | (48,690) | - |
| Machinery and Shop Equipment | 545,511 | 15,103 | (66,174) | (45,285) | 449,155 |
| Water and Sewer Lines | 41,495,364 | 1,467,043 | - | 93,975 | 43,056,382 |
| Total Capital Assets, Being Depreciated | 42,089,565 | 1,482,146 | (66,174) | - | 43,505,537 |
| Accumulated Depreciation for: | | | | | |
| Buildings | (48,690) | - | - | 48,690 | - |
| Machinery and Shop Equipment | (334,484) | (27,300) | 54,964 | 10,551 | (296,269) |
| Water and Sewer Lines | (14,150,370) | (1,701,899) | - | (59,241) | (15,911,510) |
| Total Accumulated Depreciation | (14,533,544) | (1,729,199) | 54,964 | - | (16,207,779) |
| Total Capital Assets, Being Depreciated, Net | 27,556,021 | (247,053) | (11,210) | - | 27,297,758 |
| Business-Type Capital Assets, Net | \$ 27,556,021 | \$ 1,583,018 | \$ (11,210) | \$ - | \$ 29,127,829 |

Depreciation expense charged to functions/programs of the primary government as follows:

| | |
|---|---------------------|
| Governmental Activities: | |
| General Government | \$ 334,252 |
| Public Safety | 309,057 |
| Public Services | 3,721,888 |
| Parks, Recreation and Forestry | 224,712 |
| Conservation of Natural Resources | 512 |
| Community Development | 501 |
| Total Depreciation Expense, Governmental Activities | <u>\$ 4,590,922</u> |
| Business-type Activities: | |
| Water | \$ 836,772 |
| Sewer | 892,427 |
| Total Depreciation Expense, Governmental Activities | <u>\$ 1,729,199</u> |

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2015 is composed of the following:

| | Issue Date | Final Maturity Date | Interest Rate | Original Issue | Payable 12/31/2015 |
|---|---------------|---------------------------|------------------|-------------------|-----------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| 2013A Equipment Certificates | 2/1/2013 | 12/31/2015 | 1.00% | \$ 193,000 | \$ 65,000 |
| 2014A Equipment Certificates | 2/15/2014 | 12/31/2017 | 1.00% | 495,000 | 335,000 |
| 2015A Equipment Certificates | 2/1/2015 | 12/31/2018 | 1.00% | 198,250 | 198,250 |
| 2015B Equipment Certificates | 8/25/2015 | 12/31/2020 | 1.50% | 963,000 | 963,000 |
| G.O. Tax Abatement Bonds, Series 2006C | 8/15/2006 | 2/1/2023 | 4.00%-4.30% | 2,460,000 | 1,925,000 |
| G.O. Utility Revenue Bonds, Series 2006D | 8/15/2006 | 2/1/2017 | 4.00%-4.15% | 570,000 | 135,000 |
| G.O. CIP Refunding Bonds, Series 2006E | 11/1/2006 | 2/1/2018 | 4.00% | 2,990,000 | 1,210,000 |
| G.O. Tax Increment Financing Bonds, Series 2007A | 7/15/2007 | 2/1/2024 | 4.00%-4.125% | 4,215,000 | 2,405,000 |
| G.O. Refunding Bonds, Series 2012A | 11/15/2012 | 2/1/2024 | 1.00%-2.00% | 2,015,000 | 1,725,000 |
| G.O Bonds 2015A | 8/1/2015 | 2/1/2031 | 2.00%-3.00% | 3,095,000 | 3,095,000 |
| EDA Leased Revenue Bonds 2015B | 10/1/2015 | 4/1/2036 | 2.00%-3.00% | 4,350,000 | 4,350,000 |
| Total General Obligation Bonds | | | | 21,664,250 | 16,406,250 |
| Special Assessment Bonds: | | | | | |
| G.O. Improvement Bonds, Series 2005A | 11/1/2005 | 2/1/2021 | 4.35%-5.15% | 5,550,000 | 2,760,000 |
| G.O. Improvement Refunding Bonds, Series 2005B | 11/1/2005 | 2/1/2015 | 3.75%-5.00% | 3,755,000 | - |
| G.O. Improvement & Utility Revenue Refunding Bonds, Series 2010A | 7/9/2010 | 2/1/2020 | 2.00%-3.00% | 1,000,000 | 525,000 |
| G.O. Improvement Bonds, Series 2013A | 7/15/2013 | 2/1/2024 | 1.25%-4.00% | 615,000 | 555,000 |
| G.O. Improvement Bonds, Series 2014A | 11/20/2014 | 2/1/2026 | 0.40%-2.30% | 2,645,000 | 2,645,000 |
| Total Special Assessment Bonds | | | | 13,815,000 | 6,485,000 |
| Total Bonds | | | | 35,479,250 | 22,891,250 |
| Note Payable - Anoka County - 2009F | 8/1/2009 | 8/1/2024 | 4.00%-3.70% | 4,260,000 | 1,720,000 |
| Unamortized Bond Discounts | | | | (45,490) | (29,089) |
| Unamortized Bond Premiums | | | | 202,370 | 135,130 |
| Compensated Absences Payable | | | | N/A | 688,905 |
| Other Post Employment Benefit Plan | | | | N/A | 90,852 |
| Total Governmental Activities | | | | \$ 39,896,130 | \$ 25,497,048 |
| Business-Type Activities: | | | | | |
| Compensated Absences Payable | | | | N/A | \$ 64,184 |

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 4 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2015:

| | Payable 12/31/2014 | Issues | Payments | Payable 12/31/2015 | Due Within One Year |
|------------------------------------|-----------------------|--------------|--------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonded debt: | | | | | |
| General Obligation | \$ 9,231,000 | \$ 8,606,250 | \$ 1,431,000 | \$ 16,406,250 | \$ 1,699,000 |
| Special Assessment | 7,445,000 | - | 960,000 | 6,485,000 | 665,000 |
| Unamortized Bond Discounts | (32,684) | - | (3,595) | (29,089) | - |
| Unamortized Bond Premiums | 28,861 | 114,960 | 8,691 | 135,130 | - |
| Note Payable - Anoka County | 2,080,000 | - | 360,000 | 1,720,000 | 375,000 |
| Compensated Absences Payable | 635,995 | 595,793 | 542,883 | 688,905 | 481,894 |
| Other Post Employment Benefit Plan | 91,023 | 28,813 | 28,984 | 90,852 | - |
| Total Governmental Activities | 19,479,195 | 9,345,816 | 3,327,963 | 25,497,048 | 3,220,894 |
| Business-Type Activities: | | | | | |
| Compensated Absences Payable | 52,790 | 45,913 | 34,519 | 64,184 | 37,584 |
| Total | \$ 19,531,985 | \$ 9,391,729 | \$ 3,362,482 | \$ 25,561,232 | \$ 3,258,478 |

All long-term bonded indebtedness outstanding at December 31, 2015 is backed by the full faith and credit of the City, including special assessment bond issues.

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

| Years Ending December 31, | Bonded Debt | | Notes Payable | | Total | |
|---------------------------|---------------|--------------|---------------|------------|---------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 2,364,000 | \$ 716,762 | \$ 375,000 | \$ 70,165 | \$ 2,739,000 | \$ 786,927 |
| 2017 | 3,028,000 | 572,663 | 390,000 | 60,165 | 3,418,000 | 632,828 |
| 2018 | 2,656,250 | 491,586 | 405,000 | 49,565 | 3,061,250 | 541,151 |
| 2019 | 2,242,000 | 421,678 | 420,000 | 42,415 | 2,662,000 | 464,093 |
| 2020 | 2,251,000 | 356,440 | 130,000 | 13,360 | 2,381,000 | 369,800 |
| 2021-2025 | 6,365,000 | 1,002,948 | - | - | 6,365,000 | 1,002,948 |
| 2026-2030 | 2,185,000 | 483,021 | - | - | 2,185,000 | 483,021 |
| 2031-2035 | 1,510,000 | 191,444 | - | - | 1,510,000 | 191,444 |
| 2036 | 290,000 | 5,800 | - | - | 290,000 | 5,800 |
| Total | \$ 22,891,250 | \$ 4,242,342 | \$ 1,720,000 | \$ 235,670 | \$ 24,611,250 | \$ 4,478,012 |

Description and Restrictions of Long-Term Debt

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

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

Note Payable – Anoka County 2009F – This note was used to finance improvement projects at the I-15E and County State Highway 14 interchange and will be repaid primarily with special assessments levied on the properties benefiting from the improvements.

Note 4 CITY INDEBTEDNESS (CONTINUED)

Description and Restrictions of Long-Term Debt (Continued)

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.

In August 2015, the City issued General Obligation Bonds of \$3,095,000 to fund various street improvements within the City. The bond was issued at a rate of 2-3%. The bonds will mature in 2031. In October 2015, the City issued EDA Leased Revenue bonds of \$4,350,000 to fund the construction of a fire station. The bond was issued at a rate of 2-3% . The bonds will mature in 2036.

The liabilities for compensated absences, other post-employment benefits, and net pension in the governmental activities will be liquidated by the general fund. The liabilities for Proprietary Fund employees are included in the accrued liabilities of those funds.

Note 5 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City of Lino Lakes' legal debt margin for 2015 is computed as follows:

| | |
|--|-----------------------------|
| | <u>12/31/2015</u> |
| Market Value | \$ 1,694,366,064 |
| Applicable Percentage | <u>3.0%</u> |
| Debt Limit | 50,830,982 |
| Amount of Debt Applicable to Debt Limit: | |
| Total Bonded Debt | 22,891,250 |
| Less: Special Assessment Bonds | (6,485,000) |
| Tax Abatement Bonds | (1,925,000) |
| Utility Revenue Bonds | (135,000) |
| Tax Increment Financing Bonds | <u>(2,405,000)</u> |
| Total Debt Applicable to Debt Limit | <u>11,941,250</u> |
| Legal Debt Margin | <u><u>\$ 38,889,732</u></u> |

Note 6 PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS

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 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.

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 average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65.

Note 6 PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS (CONTINUED)

1. GERF Benefits (Continued)

For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

2. PEPFF Benefits

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

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 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City contributions to the GERF for the year ended December 31, 2015, were \$182,102. 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 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City contributions to the PEPFF for the year ended December 31, 2015, were \$393,560. The City contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$2,124,833 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was .00410 % which was a decrease of .0022% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$257,399 for its proportionate share of the GERF's pension expense.

Note 6 PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS (CONTINUED)

PENSION COSTS (CONTINUED)

1. GERF Pension Costs (Continued)

At December 31, 2015, 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:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ - | \$ 107,128 |
| Changes in Actuarial Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 201,148 | - |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | - | 77,509 |
| City Contributions Subsequent to the Measurement Date | 89,631 | - |
| Total | <u>\$ 290,779</u> | <u>\$ 184,637</u> |

A total of \$89,631 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Pension Expenses Amount |
|--------------------|----------------------------|
| 2016 | \$ (11,258) |
| 2017 | (11,258) |
| 2018 | (11,258) |
| 2019 | 50,285 |
| 2020 | - |
| Thereafter | - |

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$2,829,223 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .249% which was the same as the City's proportion measured as of June 30, 2014.

Note 6 PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS (CONTINUED)

PENSION COSTS (CONTINUED)

2. PEPFF Pension Costs (Continued)

For the year ended December 31, 2015, the City recognized pension expense of \$487,542 for its proportionate share of the PEPFF's pension expense. The City also recognized \$22,410 for the year ended December 31, 2015, as pension expense (and grant revenue) 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.

At December 31, 2015, 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:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ - | \$ 458,807 |
| Changes in Actuarial Assumptions | - | - |
| Net Difference Between Projected and Actual Investment Earnings | 492,945 | - |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | - | - |
| City Contributions Subsequent to the Measurement Date | 213,017 | |
| Total | <u>\$ 705,962</u> | <u>\$ 458,807</u> |

A total of \$213,017 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Pension Expenses Amount |
|--------------------|----------------------------|
| 2016 | \$ 31,475 |
| 2017 | 31,475 |
| 2018 | 31,475 |
| 2019 | 31,475 |
| 2020 | (91,762) |
| Thereafter | - |

Note 6 PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

| | |
|------------------------------|--|
| Inflation | 2.75% per year |
| Active Member Payroll Growth | 3.50%, Average, Including Inflation |
| Investment Rate of Return | 7.90%, Net of Pension Plan Investment Expense, Including Inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Equity | 45% | 5.50% |
| International Equity | 15% | 6.00% |
| Bonds | 18% | 1.45% |
| Alternative Assets | 20% | 6.40% |
| Cash | 2% | 0.50% |
| Totals | 100% | |

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Note 6 PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS (CONTINUED)

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:

| Description | 1% Decrease in Discount Rate (6.90%) | Current Discount Rate (7.90%) | 1% Increase in Discount Rate (8.90%) |
|---|--|----------------------------------|--|
| City's Proportionate Share of the GERF Net Pension Liability | \$ 3,340,992 | \$ 2,124,883 | \$ 1,120,472 |
| City's Proportionate Share of the PEPFF Net Pension Liability | \$ 5,514,185 | \$ 2,829,223 | \$ 610,976 |

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 on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Note 7 METROPOLITAN COUNCIL ENVIRONMENTAL SERVICES

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

Note 8 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

The City has deficit fund balances at December 31, 2015 as follows:

| | Fund Balance Deficit |
|---------------------------------|-------------------------|
| G.O. Improvement Bonds 2005A | \$ (2,340,172) |
| Nonmajor Governmental Funds: | |
| 35E Interchange | (259,166) |
| Dedicated Parks | (70,432) |
| 21st Ave. Extension | (302,954) |
| Tax Increment Financing 1-11 | (772,648) |
| Blackduck/Aqua Ln Watermain Ext | (51,086) |
| 2015 Street Reconstruction | (18,226) |
| Improvement Bonds 2013A | (200) |

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 | Excess |
|--------------------------------|-----------------|------------|------------|
| General government: | | | |
| Administration | \$ 368,868 | \$ 371,778 | \$ (2,910) |
| Community development: | | | |
| Community Development | 206,424 | 209,457 | (3,033) |
| Planning and Zoning Commission | 114,610 | 123,049 | (8,439) |

Note 9 CONTINGENCIES

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

Federal and State Funds – The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2015.

Litigation – The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. As of December 31, 2015 any potential affect this may have on the City is not estimable, however it is not expected to have a material effect on the financial statements of the City.

Labor Contracts – The City has various employees that are covered under labor agreements that are subject to collective bargaining. The status of labor contracts in the City is as follows:

| Bargaining Unit | Number of Employees | Expiration Date of Current Contract |
|-------------------------|------------------------|--|
| LELS - Patrol | 18 | December 31, 2015 |
| LELS - Sergeant | 5 | December 31, 2015 |
| 49ers - Public Works | 15 | December 31, 2015 |
| AFSCME | 17 | December 31, 2015 |
| Non-unionized Employees | 9 | |
| Total Employees | 64 | |

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 10 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

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

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2015.

Future scheduled tax levies for all bonds outstanding at December 31, 2015 totaled \$18,304,907.

Note 11 FUND BALANCE

At December 31, 2015, the City had various fund balances restricted, committed, or assigned through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2015 are shown on the various balance sheets as segregations of the fund balance. The fund balances are as follows:

| | Total | Nonspendable | Restricted | Committed | Assigned | Unassigned |
|-------------------------------|---------------|--------------|--------------|------------|---------------|--------------|
| General Fund: | \$ 5,725,736 | \$ - | \$ - | \$ - | \$ - | \$ 5,725,736 |
| Prepaid Items | 220,677 | 220,677 | - | - | - | - |
| Total General Fund | 5,946,413 | 220,677 | - | - | - | 5,725,736 |
| G.O. Improvement Bonds 2005A: | | | | | | |
| Deficit Fund Balance | (2,340,172) | - | - | - | - | (2,340,172) |
| Improvement Bonds 2009F: | | | | | | |
| Debt Service | 7,384 | - | 7,384 | - | - | - |
| Area and Unit Charge: | | | | | | |
| Advances to Other Funds | 285,947 | - | - | - | 285,947 | - |
| Construction Projects | 4,136,658 | - | - | - | 4,136,658 | - |
| Total Area and Unit Charge | 4,422,605 | - | - | - | 4,422,605 | - |
| 2015 Street Reconstruction: | | | | | | |
| Deficit Fund Balance | (18,226) | - | - | - | - | (18,226) |
| Nonmajor Governmental Funds: | | | | | | |
| Prepaid Items | - | - | - | - | - | - |
| Economic Development - | | | | | | |
| Loan Receivable | 224,580 | - | 225,000 | - | - | (420) |
| Corpus of Permanent Fund | 123,791 | 100,000 | 23,791 | - | - | - |
| Program Recreation | 84,179 | 1,177 | - | 83,002 | - | - |
| Cable TV Fund | 80,237 | - | - | 80,237 | - | - |
| Blue Heron Days | 13,247 | - | 13,247 | - | - | - |
| Federal Narcotics | 49,965 | - | 49,965 | - | - | - |
| State Narcotics | 9,810 | - | 9,810 | - | - | - |
| DUI Forfeitures | 17,019 | - | 17,019 | - | - | - |
| Debt Service | 2,291,222 | - | 2,291,422 | - | - | (200) |
| Construction Projects | 9,143,961 | - | - | - | 10,600,247 | (1,456,286) |
| Total Nonmajor Funds | 12,038,011 | 101,177 | 2,630,254 | 163,239 | 10,600,247 | (1,456,906) |
| Total Fund Balances | \$ 20,056,015 | \$ 321,854 | \$ 2,637,638 | \$ 163,239 | \$ 15,022,852 | \$ 1,910,432 |

Note 12 SHARE IN GAS FRANCHISE PROFITS

The City receives a share of the gross billing for natural gas sales by a neighboring City, which provides service within the City of Lino Lakes. The amount reported as revenue in the General Fund during fiscal year 2015 was \$47,914.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 13 INTERFUND RECEIVABLE AND PAYABLES

The purpose of the interfund receivable and payable balances is for the elimination of negative cash between funds and at December 31, 2015 are as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|-----------------------------------|---------------------|---------------------|
| Governmental Activity: | | |
| G.O. Improvement Bonds 2005A | \$ - | \$ 2,876,648 |
| Other Nonmajor Governmental Funds | 3,660,455 | 1,342,917 |
| Business-type Activity: | | |
| Sewer Fund | 559,110 | - |
| | <u>\$ 4,219,565</u> | <u>\$ 4,219,565</u> |

Interfund receivable and payable balances not expected to be repaid within one year are reported as advances to and from other fund and at December 31, 2015 are as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|-----------------------------------|-------------------|-------------------|
| Governmental Activity: | | |
| Area and Unit Charge | \$ 285,947 | \$ - |
| Other Nonmajor Governmental Funds | - | 285,947 |
| | <u>\$ 285,947</u> | <u>\$ 285,947</u> |

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

Note 14 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2015 are as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------------------|---------------------|-----------------------|
| Governmental Activity: | | |
| General Fund | \$ 490,894 | \$ (590,245) |
| G.O. Improvement Bonds 2005A | 683,729 | - |
| Improvement Note 2009F | 378,000 | - |
| Area and Unit Charge | - | (670,734) |
| Other Nonmajor Governmental Funds | 1,850,348 | (2,075,158) |
| Total Governmental Activity | <u>3,402,971</u> | <u>(3,336,137)</u> |
| Business-type Activity: | | |
| Water Fund | - | (33,417) |
| Sewer Fund | - | (33,417) |
| Total Business-Type Activity | <u>-</u> | <u>(66,834)</u> |
| Total | <u>\$ 3,402,971</u> | <u>\$ (3,402,971)</u> |

Interfund transfers are other financing sources and uses within the fund financial statements. The purposes of the transfers are to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. There are also transfers to and from other funds within the nonmajor governmental funds that are for closing out bond funds and moving the residual to another debt service fund. These transfers are routine and consistent with past practices.

Note 15 RISK MANAGEMENT

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

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

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

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

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

Note 16 PROPERTY UNDER LEASE AGREEMENT

The City entered into an agreement to lease space within the City Hall Complex 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.

Property under operating lease and held for lease consist of the following:

| | |
|--------------------------------|-------------------|
| Building | \$ 929,970 |
| Less: Accumulated Depreciation | (495,984) |
| Net | <u>\$ 433,986</u> |

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

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2016 | \$ 72,889 |
| 2017 | 75,617 |
| 2018 | 77,901 |
| 2019 | 39,522 |
| | <u>\$ 265,929</u> |

Note 17 CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds and Commercial Revenue Notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities which are deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issue. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, one series of Industrial Revenue Bonds was outstanding with an aggregate remaining principal balance of \$300,000, and one series of Commercial Revenue Notes was outstanding with an aggregate remaining principal balance of \$1,648,987.

Note 18 JOINT VENTURES

Fire

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

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

During 2015, the City of Lino Lakes' contributions to the District were as follows:

| | | |
|-----------|----|---------|
| Operating | \$ | 508,394 |
|-----------|----|---------|

The audited financial statements of the District as of December 31, 2015 can be reviewed upon request of the Centennial Fire District.

In January 2014 the City Council voted to start the process to withdraw from the District which will be effective January 27, 2016. The City created their own department which operations started in January 2016.

Anoka County

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

Note 19 OTHER POSTEMPLOYMENT BENEFIT PLAN

At December 31, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2014.

A. PLAN DESCRIPTION

The City provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. Active employees, who retire from the City when over age 50 and with 20 years of service, may continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program until age 65. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost. As of December 31, 2015 there were approximately 48 active participants and 6 retired participants receiving benefits from the City's health plans.

B. FUNDING POLICY

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2015, the City contributed \$29,984 to the plan.

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

| | |
|--|-------------------------|
| Annual Required Contribution | \$ 31,590 |
| Interest on Net OPEB Obligation | 972 |
| Adjustment to Annual Required Contribution | (3,749) |
| Annual OPEB Cost (Expense) | <u>28,813</u> |
| Contributions Made | <u>(28,984)</u> |
| Increase in Net OPEB Obligation | (171) |
| Net OPEB Obligation - Beginning of Year | <u>91,023</u> |
| Net OPEB Obligation - End of Year | <u><u>\$ 90,852</u></u> |

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 12/31/2013 | \$ 27,437 | 77.6% | \$ 83,969 |
| 12/31/2014 | 26,468 | 73.3% | 91,023 |
| 12/31/2015 | 28,814 | 99.4% | 90,852 |

Note 19 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. 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 of 10.4%.

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

E. ACTUARIAL METHODS AND ASSUMPTIONS

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

In the January 1, 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. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2015 was not to exceed 30 years.

Note 20 PRIOR PERIOD ADJUSTMENT DUE TO CHANGE IN ACCOUNT PRINCIPLE

During fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related Statement No. 71. As a result, the City's net position as of December 31, 2014 has been restated to reflect the recognition of the City's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's (GERF) and Public Employees' Police and Fire Fund's (PEPFF) net pension liability and related deferred inflows and outflows of resources.

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Net Position, December 31, 2014, as Previously Reported | \$ 48,734,868 | \$ 41,444,300 |
| Cumulative Effect of Application of GASB 68, Net Pension Liability | (4,376,427) | (77,959) |
| Net Position, December 31, 2014, as Restated | <u>\$ 44,358,441</u> | <u>\$ 41,366,341</u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenue: | | | | |
| General property taxes: | | | | |
| Current and delinquent | \$ 7,580,578 | \$ 6,348,407 | \$ 6,432,326 | \$ 83,919 |
| Fiscal disparities | - | 1,232,171 | 1,053,732 | (178,439) |
| Excess tax increments | - | - | 2,982 | 2,982 |
| Total general property taxes | <u>7,580,578</u> | <u>7,580,578</u> | <u>7,489,040</u> | <u>(91,538)</u> |
| Licenses and permits: | | | | |
| Business | 98,900 | 111,550 | 122,349 | 10,799 |
| Non-business | 341,700 | 402,700 | 428,853 | 26,153 |
| Total licenses and permits | <u>440,600</u> | <u>514,250</u> | <u>551,202</u> | <u>36,952</u> |
| Intergovernmental: | | | | |
| State: | | | | |
| Market value credit | - | - | 5,363 | 5,363 |
| Police state aid | 190,000 | 190,000 | 226,275 | 36,275 |
| MSA maintenance | 240,000 | 255,000 | 255,979 | 979 |
| Other | 20,000 | 20,000 | 61,610 | 41,610 |
| County/Regional: | | | | |
| Solid waste | 40,000 | 99,000 | 99,319 | 319 |
| Other | 4,000 | 4,000 | 1,065 | (2,935) |
| Total intergovernmental | <u>494,000</u> | <u>568,000</u> | <u>649,611</u> | <u>81,611</u> |
| Special assessments: | | | | |
| Penalties and Interest | 15,000 | 15,000 | 14,008 | (992) |
| Charges for services: | | | | |
| General government | 4,350 | 4,350 | 4,927 | 577 |
| Planning/engineering | 15,000 | 15,000 | 12,722 | (2,278) |
| Fees retained from collection for other governments - SAC/surcharge | 2,000 | 2,000 | 2,444 | 444 |
| Administrative charge - other funds | 50,000 | 50,000 | 51,619 | 1,619 |
| Aerial map charge - other funds | 5,000 | 5,000 | 7,832 | 2,832 |
| Public safety | 201,200 | 191,200 | 197,879 | 6,679 |
| Total charges for services | <u>277,550</u> | <u>267,550</u> | <u>277,423</u> | <u>9,873</u> |
| Fines and forfeits | 130,500 | 120,500 | 127,803 | 7,303 |
| Investment earnings | 30,000 | 30,000 | 27,004 | (2,996) |
| Change in market value | - | - | (9,578) | (9,578) |
| Refunds | 30,000 | 30,000 | 54,689 | 24,689 |
| Miscellaneous: | | | | |
| Gas franchise fees | 60,000 | 60,000 | 47,914 | (12,086) |
| Cable TV | 12,500 | 12,500 | 12,500 | - |
| Donations | 2,000 | 2,000 | 1,925 | (75) |
| Other | 77,500 | 98,499 | 106,613 | 8,114 |
| Total miscellaneous | <u>152,000</u> | <u>172,999</u> | <u>168,952</u> | <u>(4,047)</u> |
| Total revenue | <u>9,150,228</u> | <u>9,298,877</u> | <u>9,350,154</u> | <u>51,277</u> |

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------|--------------------|-----------------|----------------|---|
| Expenditures: | | | | |
| General government: | | | | |
| Mayor and council: | | | | |
| Current: | | | | |
| Personal services | \$ 40,638 | \$ 40,638 | \$ 39,728 | \$ 910 |
| Supplies | - | - | 19 | (19) |
| Other services and charges | 21,500 | 21,000 | 20,766 | 234 |
| Contractual services | 16,000 | 16,000 | 16,901 | (901) |
| Total mayor and council | <u>78,138</u> | <u>77,638</u> | <u>77,414</u> | <u>224</u> |
| Elections: | | | | |
| Current: | | | | |
| Personal services | 8,604 | 8,604 | 10,123 | (1,519) |
| Supplies | 800 | 800 | 457 | 343 |
| Other services and charges | 2,000 | 2,000 | 927 | 1,073 |
| Contractual services | 100 | 100 | - | 100 |
| Capital outlay | 4,600 | 4,600 | 4,461 | 139 |
| Total elections | <u>16,104</u> | <u>16,104</u> | <u>15,968</u> | <u>136</u> |
| Administration: | | | | |
| Current: | | | | |
| Personal services | 422,305 | 342,008 | 351,927 | (9,919) |
| Other services and charges | 26,360 | 18,860 | 10,035 | 8,825 |
| Contractual services | 8,000 | 8,000 | 9,816 | (1,816) |
| Total administration | <u>456,665</u> | <u>368,868</u> | <u>371,778</u> | <u>(2,910)</u> |
| Finance: | | | | |
| Current: | | | | |
| Personal services | 301,432 | 301,432 | 320,323 | (18,891) |
| Supplies | 900 | 900 | 1,025 | (125) |
| Other services and charges | 129,500 | 129,500 | 102,809 | 26,691 |
| Contractual services | 100,900 | 100,900 | 99,489 | 1,411 |
| Total finance | <u>532,732</u> | <u>532,732</u> | <u>523,646</u> | <u>9,086</u> |
| Cable TV: | | | | |
| Current: | | | | |
| Personal services | 1,735 | 1,735 | 1,905 | (170) |
| Supplies | 50 | 50 | - | 50 |
| Capital outlay | 500 | 500 | - | 500 |
| Total cable TV | <u>2,285</u> | <u>2,285</u> | <u>1,905</u> | <u>380</u> |
| Consultants: | | | | |
| Current: | | | | |
| Legal | 140,000 | 132,500 | 130,277 | 2,223 |

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|--------------------|-----------------|------------|---|
| Expenditures (continued): | | | | |
| General government (continued): | | | | |
| Engineering/planning: | | | | |
| Current: | | | | |
| Contractual services | \$ 103,576 | \$ 103,576 | \$ 100,952 | \$ 2,624 |
| Charter commission: | | | | |
| Current: | | | | |
| Other services and charges | 2,500 | 2,500 | 649 | 1,851 |
| General government buildings: | | | | |
| Current: | | | | |
| Personal services | 2,175 | 2,175 | 2,141 | 34 |
| Supplies | 29,400 | 29,400 | 38,909 | (9,509) |
| Other services and charges | 308,000 | 308,000 | 295,850 | 12,150 |
| Contractual services | 68,000 | 58,000 | 54,221 | 3,779 |
| Total general government buildings | 407,575 | 397,575 | 391,121 | 6,454 |
| Total general government | 1,739,575 | 1,633,778 | 1,613,710 | 20,068 |
| Public safety: | | | | |
| Police: | | | | |
| Current: | | | | |
| Personal services | 3,051,475 | 3,051,475 | 3,016,413 | 35,062 |
| Supplies | 29,050 | 29,050 | 25,641 | 3,409 |
| Other services and charges | 96,230 | 104,230 | 89,686 | 14,544 |
| Contractual services | 44,415 | 44,415 | 38,792 | 5,623 |
| Capital outlay | 22,600 | 22,600 | 36,844 | (14,244) |
| Total police | 3,243,770 | 3,251,770 | 3,207,376 | 44,394 |
| Fire protection: | | | | |
| Current: | | | | |
| Personal services | 435,164 | 384,426 | 391,843 | (7,417) |
| Supplies | 12,700 | 12,700 | 12,216 | 484 |
| Other services and charges | 157,000 | 147,000 | 96,204 | 50,796 |
| Contractual services | 513,894 | 513,894 | 518,817 | (4,923) |
| Capital outlay | - | - | 807 | (807) |
| Total fire protection | 1,118,758 | 1,058,020 | 1,019,887 | 38,133 |
| Building inspection: | | | | |
| Current: | | | | |
| Personal services | 181,036 | 178,035 | 172,098 | 5,937 |
| Supplies | 750 | 750 | 1,322 | (572) |
| Other services and charges | 7,130 | 7,130 | 5,158 | 1,972 |
| Contractual services | 5,500 | 5,500 | 3,738 | 1,762 |
| Total building inspection | 194,416 | 191,415 | 182,316 | 9,099 |
| Total public safety | 4,556,944 | 4,501,205 | 4,409,579 | 91,626 |

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------|--------------------|------------------|------------------|---|
| Expenditures (continued): | | | | |
| Public works: | | | | |
| Streets: | | | | |
| Current: | | | | |
| Personal services | \$ 574,205 | \$ 560,205 | \$ 552,111 | \$ 8,094 |
| Supplies | 142,000 | 142,000 | 130,887 | 11,113 |
| Other services and charges | 109,660 | 109,660 | 116,140 | (6,480) |
| Contractual services | 177,275 | 177,275 | 70,360 | 106,915 |
| Total streets | <u>1,003,140</u> | <u>989,140</u> | <u>869,498</u> | <u>119,642</u> |
| Fleet: | | | | |
| Current: | | | | |
| Personal services | 114,099 | 89,099 | 74,379 | 14,720 |
| Supplies | 224,000 | 224,000 | 136,865 | 87,135 |
| Other services and charges | 56,880 | 56,880 | 52,053 | 4,827 |
| Contractual services | 7,500 | 7,500 | 2,225 | 5,275 |
| Total fleet | <u>402,479</u> | <u>377,479</u> | <u>265,522</u> | <u>111,957</u> |
| Total public works | <u>1,405,619</u> | <u>1,366,619</u> | <u>1,135,020</u> | <u>231,599</u> |
| Parks and recreation: | | | | |
| Parks: | | | | |
| Current: | | | | |
| Personal services | 465,109 | 465,109 | 439,617 | 25,492 |
| Supplies | 26,500 | 26,500 | 31,781 | (5,281) |
| Other services and charges | 47,150 | 25,650 | 37,061 | (11,411) |
| Contractual services | 35,700 | 35,700 | 28,537 | 7,163 |
| Total parks | <u>574,459</u> | <u>552,959</u> | <u>536,996</u> | <u>15,963</u> |
| Recreation: | | | | |
| Current: | | | | |
| Personal services | 287,963 | 287,963 | 272,791 | 15,172 |
| Supplies | 2,500 | 2,500 | 2,309 | 191 |
| Other services and charges | 14,750 | 14,750 | 14,839 | (89) |
| Contractual services | 400 | 400 | 1,149 | (749) |
| Total recreation | <u>305,613</u> | <u>305,613</u> | <u>291,088</u> | <u>14,525</u> |
| Total parks and recreation | <u>880,072</u> | <u>858,572</u> | <u>828,084</u> | <u>30,488</u> |

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|----------------|---|
| Expenditures (continued): | | | | |
| Conservation of natural resources: | | | | |
| Forestry: | | | | |
| Current: | | | | |
| Personal services | \$ 35,468 | \$ 35,468 | \$ 35,519 | \$ (51) |
| Supplies | 1,250 | 1,250 | 82 | 1,168 |
| Other services and charges | 380 | 380 | 338 | 42 |
| Contractual services | 5,000 | 5,000 | 5,561 | (561) |
| Capital outlay | 5,000 | 5,000 | 4,936 | 64 |
| Total forestry | <u>47,098</u> | <u>47,098</u> | <u>46,436</u> | <u>662</u> |
| Environmental: | | | | |
| Current: | | | | |
| Personal services | 52,826 | 44,660 | 41,460 | 3,200 |
| Supplies | 1,200 | 1,200 | 250 | 950 |
| Other services and charges | 7,050 | 7,050 | 4,051 | 2,999 |
| Contractual services | 1,200 | 1,200 | 1,015 | 185 |
| Total environmental | <u>62,276</u> | <u>54,110</u> | <u>46,776</u> | <u>7,334</u> |
| Solid waste abatement: | | | | |
| Current: | | | | |
| Personal services | 30,877 | 48,377 | 49,702 | (1,325) |
| Supplies | - | - | - | - |
| Other services and charges | 550 | 12,200 | 8,113 | 4,087 |
| Contractual services | 6,000 | 40,000 | 40,795 | (795) |
| Capital outlay | - | - | (225) | 225 |
| Total solid waste abatement | <u>37,427</u> | <u>100,577</u> | <u>98,385</u> | <u>2,192</u> |
| Total conservation of natural resources | <u>146,801</u> | <u>201,785</u> | <u>191,597</u> | <u>10,188</u> |

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| Expenditures (continued): | | | | |
| Community development: | | | | |
| Community development: | | | | |
| Current: | | | | |
| Personal services | \$ 202,755 | \$ 196,524 | \$ 190,187 | \$ 6,337 |
| Supplies | 100 | 100 | 144 | (44) |
| Other services and charges | 8,400 | 8,400 | 18,191 | (9,791) |
| Contractual services | 1,400 | 1,400 | 935 | 465 |
| Total community development | <u>212,655</u> | <u>206,424</u> | <u>209,457</u> | <u>(3,033)</u> |
| Economic development: | | | | |
| Current: | | | | |
| Personal services | 21,646 | 16,646 | 13,702 | 2,944 |
| Supplies | 150 | 150 | - | 150 |
| Other services and charges | 79,300 | 75,300 | 76,327 | (1,027) |
| Contractual services | 300 | 300 | 400 | (100) |
| Total economic development | <u>101,396</u> | <u>92,396</u> | <u>90,429</u> | <u>1,967</u> |
| Planning and zoning commission: | | | | |
| Current: | | | | |
| Personal services | 84,960 | 84,960 | 89,400 | (4,440) |
| Supplies | 200 | 200 | 65 | 135 |
| Other services and charges | 14,400 | 10,450 | 14,162 | (3,712) |
| Contractual services | 19,000 | 19,000 | 19,422 | (422) |
| Total planning and zoning commission | <u>118,560</u> | <u>114,610</u> | <u>123,049</u> | <u>(8,439)</u> |
| Total community development | <u>432,611</u> | <u>413,430</u> | <u>422,935</u> | <u>(9,505)</u> |
| Other : | | | | |
| Contingency | 100,000 | - | - | - |
| Total expenditures | <u>9,261,622</u> | <u>8,975,389</u> | <u>8,600,925</u> | <u>374,464</u> |
| Revenue over expenditures | (111,394) | 323,488 | 749,229 | 425,741 |
| Other financing sources (uses): | | | | |
| Transfer in | 480,894 | 480,894 | 480,894 | - |
| Transfer out | (539,500) | (589,500) | (590,245) | (745) |
| Total other financing sources (uses) | <u>(58,606)</u> | <u>(108,606)</u> | <u>(109,351)</u> | <u>(745)</u> |
| Net increase (decrease) in fund balance | <u>\$ (170,000)</u> | <u>\$ 214,882</u> | 639,878 | <u>\$ 424,996</u> |
| Fund Balance - January 1 | | | <u>5,306,535</u> | |
| Fund balance - December 31 | | | <u>\$ 5,946,413</u> | |

CITY OF LINO LAKES, MINNESOTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2015

Note 1 BUDGETS

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

| | Final Budget | Actual | Actual in Excess of Budget |
|--------------------------------|-----------------------------|-----------------------------|----------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| General Fund: | | | |
| General government: | | | |
| Administration | \$ 368,868 | \$ 371,778 | \$ (2,910) |
| Community development: | | | |
| Community Development | 206,424 | 209,457 | (3,033) |
| Planning and Zoning Commission | 114,610 | 123,049 | (8,439) |

The excess expenditures were paid for with available fund balance during 2015.

CITY OF LINO LAKES, MINNESOTA

Statement 12

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN

Current and Two Preceding Valuations

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

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
PERA SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years

PEPPF Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

| | <u>Measurement Date 6/30/2015</u> | <u>Measurement Date 6/30/2014</u> |
|---|---------------------------------------|---------------------------------------|
| City's Proportion of the Net Pension Liability | 0.2490% | 0.2490% |
| City's Proportionate Share of the Net Pension Liability | \$ 2,829,223 | \$ 2,029,320 |
| City's Covered-Employee Payroll | \$ 2,284,973 | \$ 2,236,463 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll | 123.82% | 90.74% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.61% | 87.10% |

*The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

PEPPF Schedule of City Contributions
Last Ten Fiscal Years

| | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|
| Statutorily Required Contribution | \$ 393,551 | \$ 314,426 |
| Contributions in Relation to the Statutorily Required Contribution | (393,551) | (314,426) |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 2,429,327 | \$ 2,055,072 |
| Contributions as a Percentage of Covered Employee Payroll | 16.20% | 15.30% |

NOTE: Information prior to 2014 is not available

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
PERA SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years

GERF Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

| | <u>Measurement Date 6/30/2015</u> | <u>Measurement Date 6/30/2014</u> |
|---|---------------------------------------|---------------------------------------|
| City's Proportion of the Net Pension Liability | 0.0410% | 0.0432% |
| City's Proportionate Share of the Net Pension Liability | \$ 2,124,883 | \$ 2,039,320 |
| City's Covered-Employee Payroll | \$ 2,407,426 | \$ 2,240,493 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll | 88.26% | 91.02% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.20% | 78.70% |

*The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

GERF Schedule of City Contributions
Last Ten Fiscal Years

| | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|
| Statutorily Required Contribution | \$ 182,102 | \$ 162,934 |
| Contributions in Relation to the Statutorily Required Contribution | (182,102) | (162,934) |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 2,428,027 | \$ 2,247,366 |
| Contributions as a Percentage of Covered Employee Payroll | 7.5% | 7.25% |

NOTE: Information prior to 2014 is not available

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Cable TV Fund - established to account for activities relating to their Cable TV.

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

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

Federal Narcotics - established to account for activities associated with the the receipt and use of federal narcotics forfeitures.

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

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

Debt Service Funds

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

The City's Debt Service Funds account for four types of bonded indebtedness:

General Debt Bonds - are repaid primarily from property taxes.

Improvement Bonds - are repaid primarily from special assessments.

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

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

Capital Project Funds

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

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

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

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

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

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

Nonmajor Governmental Funds (Continued)

Capital Project Funds (Continued)

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

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

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

Municipal State Aid Fund - to account for the financing of future reconstruction of state aid eligible streets.

I35E Interchange Fund - to account for activity related to the I35E/CSAH 14 Interchange Reconstruction Project.

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

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

Traffic Signal Fund - the Legacy traffic signal charge fund accounts for costs associated with construction of traffic signals in the City.

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

21st Ave Extension Fund - this fund accounts for activities relating to the construction performed in the extension of 21st Avenue within the City.

Fire House #2 Construction Fund - this fund accounts for activities relating to the construction of Fire House #2.

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

Northpointe Improvements Fund - this fund accounts for activities relating to the construction of streets and utilities within the Northpointe development.

Birch St/Centerville Rd Improvements Fund - this fund accounts for activities relating to the construction of street improvements and sanitary sewer extension in conjunction with Fire Station #2.

Blackduck/Aqua Lane Watermain Extension Fund - this fund accounts for activities relating to the trunk watermain improvements along Aqua Lane to north of Blackduck Drive.

Permanent Funds

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

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

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

| Assets | Special Revenue | | | | |
|--|--------------------------------------|------------------|-----------------------|--------------------|----------------------|
| | Economic Development Authority | Cable TV Fund | Program Recreation | Blue Heron Days | Federal Narcotics |
| Cash and investments | \$ - | \$ 80,237 | \$ 86,306 | \$ 14,662 | \$ 51,389 |
| Cash and investments with escrow agent | - | - | - | - | - |
| Accrued interest receivable | - | - | - | - | - |
| Accounts receivable | - | - | 217 | - | - |
| Due from other governmental units | - | - | - | - | - |
| Interfund receivable | - | - | - | - | - |
| Taxes receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Special assessments receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Noncurrent | - | - | - | - | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Long-term notes receivable | 225,000 | - | - | - | - |
| Prepaid items | - | - | 1,177 | - | - |
| Total assets | \$ 225,000 | \$ 80,237 | \$ 87,700 | \$ 14,662 | \$ 51,389 |
| Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | | | | | |
| Liabilities: | | | | | |
| Interfund payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | 3,189 | 1,415 | 1,424 |
| Salaries payable | 420 | - | 332 | - | - |
| Contracts and retainage payable | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | 420 | - | 3,521 | 1,415 | 1,424 |
| Deferred inflows of resources: | | | | | |
| Unavailable resources | - | - | - | - | - |
| Fund balance (deficit): | | | | | |
| Nonspendable | - | - | 1,177 | - | - |
| Restricted | 225,000 | - | - | 13,247 | 49,965 |
| Committed | - | 80,237 | 83,002 | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | (420) | - | - | - | - |
| Total fund balance (deficit) | 224,580 | 80,237 | 84,179 | 13,247 | 49,965 |
| Total liabilities, deferred inflows of resources and fund balance (deficit) | \$ 225,000 | \$ 80,237 | \$ 87,700 | \$ 14,662 | \$ 51,389 |

Statement 14
Page 1 of 4

| Special Revenue (Continued) | | | Debt Service |
|-----------------------------|--------------------|--------------------------------|------------------------------------|
| State Narcotics | DUI Forfeitures | Special Revenue Subtotal | Certificates of Indebtedness |
| \$ 10,645 | \$ 17,430 | \$ 260,669 | \$ 125,654 |
| | | - | - |
| | | 217 | - |
| | | - | - |
| | | - | - |
| | | - | 3,155 |
| | | - | 4,152 |
| | | - | - |
| | | - | - |
| | | - | - |
| | | 225,000 | - |
| | | 1,177 | - |
| <u>\$ 10,645</u> | <u>\$ 17,430</u> | <u>\$ 487,063</u> | <u>\$ 132,961</u> |
| | | | |
| \$ - | \$ - | \$ - | \$ - |
| 835 | 411 | 7,274 | - |
| - | - | 752 | - |
| - | - | - | - |
| - | - | - | - |
| <u>835</u> | <u>411</u> | <u>8,026</u> | <u>-</u> |
| | | | |
| | | - | 3,155 |
| | | - | - |
| | | 1,177 | - |
| 9,810 | 17,019 | 315,041 | 129,806 |
| - | - | 163,239 | - |
| - | - | - | - |
| - | - | (420) | - |
| <u>9,810</u> | <u>17,019</u> | <u>479,037</u> | <u>129,806</u> |
| | | | |
| <u>\$ 10,645</u> | <u>\$ 17,430</u> | <u>\$ 487,063</u> | <u>\$ 132,961</u> |

CITY OF LINO LAKES, MINNESOTA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

| | Debt Service (Continued) | | | | |
|--|----------------------------------|------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| | Improvement Bonds of 2005B | Tax Abatement Bonds 2006C | Utility Revenue Bonds 2006D | CIP Refunding Bonds 2006E | TIF Bonds 2007A |
| Assets | | | | | |
| Cash and investments | \$ 18,447 | \$ 255,753 | \$ 179,936 | \$ 884,320 | \$ 149,896 |
| Cash and investments with escrow agent | - | - | - | - | - |
| Accrued interest receivable | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - |
| Due from other governmental units | - | - | - | - | - |
| Interfund receivable | - | - | - | - | - |
| Taxes receivable: | | | | | |
| Delinquent | 1,169 | 3,316 | - | 5,893 | - |
| Due from county | 188 | 3,729 | - | 6,383 | - |
| Delinquent tax increment | - | - | - | - | - |
| Special assessments receivable: | | | | | |
| Delinquent | - | - | 9,582 | - | - |
| Noncurrent | 22,281 | - | 37,277 | - | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Long-term notes receivable | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | <u>\$ 42,085</u> | <u>\$ 262,798</u> | <u>\$ 226,795</u> | <u>\$ 896,596</u> | <u>\$ 149,896</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | | | | | |
| Liabilities: | | | | | |
| Interfund payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | 200 | 200 | 200 | 200 |
| Salaries payable | - | - | - | - | - |
| Contracts and retainage payable | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable resources | 23,450 | 3,316 | 46,859 | 5,893 | - |
| Fund balance (deficit): | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 18,635 | 259,282 | 179,736 | 890,503 | 149,696 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned: | - | - | - | - | - |
| Total fund balance (deficit) | <u>18,635</u> | <u>259,282</u> | <u>179,736</u> | <u>890,503</u> | <u>149,696</u> |
| Total liabilities, deferred inflows of resources and fund balance (deficit) | <u>\$ 42,085</u> | <u>\$ 262,798</u> | <u>\$ 226,795</u> | <u>\$ 896,596</u> | <u>\$ 149,896</u> |

Debt Service (Continued)

| Improvement and Utility Revenue Refunding Bonds 2010 | Improvement Bonds of 2012A | Improvement Bonds of 2013A | GO Bonds 2014A | GO Bonds 2015A | EDA Leased Revenue Bonds 2015B | Debt Service Subtotal |
|---|----------------------------------|----------------------------------|----------------------|----------------------|--------------------------------------|-----------------------------|
| \$ 120,638 | \$ 255,991 | \$ - | \$ 127,747 | \$ 50,605 | \$ 107,367 | \$ 2,276,354 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,529 | - | - | - | - | 15,062 |
| - | 2,416 | - | - | - | - | 16,868 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 9,582 |
| 57,088 | 55,699 | - | - | - | - | 172,345 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 177,726</u> | <u>\$ 315,635</u> | <u>\$ -</u> | <u>\$ 127,747</u> | <u>\$ 50,605</u> | <u>\$ 107,367</u> | <u>\$ 2,490,211</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,000 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>2,000</u> |
| <u>57,088</u> | <u>57,228</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>196,989</u> |
| - | - | - | - | - | - | - |
| 120,438 | 258,207 | - | 127,547 | 50,405 | 107,167 | 2,291,422 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | (200) | - | - | - | (200) |
| <u>120,438</u> | <u>258,207</u> | <u>(200)</u> | <u>127,547</u> | <u>50,405</u> | <u>107,167</u> | <u>2,291,222</u> |
| <u>\$ 177,726</u> | <u>\$ 315,635</u> | <u>\$ -</u> | <u>\$ 127,747</u> | <u>\$ 50,605</u> | <u>\$ 107,367</u> | <u>\$ 2,490,211</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

| Assets | Capital Projects | | | | |
|--|----------------------------|--|------------------------|--------------------------|-------------------|
| | Building and Facilities | Capital Equipment Revolving Fund | Closed Bond Fund | Street Reconstruction | Sealcoating |
| Cash and investments | \$ 239,655 | \$ 463,297 | \$ - | \$ 667,153 | \$ 614,124 |
| Cash and investments with escrow agent | - | - | - | - | - |
| Accrued interest receivable | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - |
| Due from other governmental units | - | 1,115 | - | - | - |
| Interfund receivable | 2,317,533 | - | 1,246,697 | - | - |
| Taxes receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Due from county | - | - | 28 | - | - |
| Delinquent tax increment | - | - | 174 | - | - |
| Special assessments receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Noncurrent | - | - | 40,449 | 99,675 | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Long-term notes receivable | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | \$ 2,557,188 | \$ 464,412 | \$ 1,287,348 | \$ 766,828 | \$ 614,124 |
| Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | | | | | |
| Liabilities: | | | | | |
| Interfund payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 3,473 | 421,149 | 5,463 | - | 1,626 |
| Salaries payable | - | - | - | - | - |
| Contracts and retainage payable | - | - | - | - | 302,314 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | 3,473 | 421,149 | 5,463 | - | 303,940 |
| Deferred inflows of resources: | | | | | |
| Unavailable resources | - | - | 40,623 | 99,675 | - |
| Fund balance (deficit): | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | 2,553,715 | 43,263 | 1,241,262 | 667,153 | 310,184 |
| Unassigned: | - | - | - | - | - |
| Total fund balance (deficit) | 2,553,715 | 43,263 | 1,241,262 | 667,153 | 310,184 |
| Total liabilities, deferred inflows of resources and fund balance (deficit) | \$ 2,557,188 | \$ 464,412 | \$ 1,287,348 | \$ 766,828 | \$ 614,124 |

Capital Projects (Continued)

| Surface Water Management | Tax Increment Financing 1-5 | Tax Increment Financing 1-10 | Tax Increment Financing 1-11 | Dedicated Parks | MSA Construction | I35E Interchange |
|--------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--------------------|---------------------|---------------------|
| \$ 476,341 | \$ 209,982 | \$ 188,941 | \$ - | \$ 215,515 | \$ 3,023,600 | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 199 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 96,225 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 2,436 | - | - | - | - | - | - |
| 111,272 | - | - | - | - | - | - |
| 1,419 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 591,667</u> | <u>\$ 209,982</u> | <u>\$ 188,941</u> | <u>\$ -</u> | <u>\$ 215,515</u> | <u>\$ 3,119,825</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ 772,023 | \$ - | \$ - | \$ 259,135 |
| 29,648 | 470 | 521 | 625 | - | - | 31 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 285,947 | - | - |
| <u>29,648</u> | <u>470</u> | <u>521</u> | <u>772,648</u> | <u>285,947</u> | <u>-</u> | <u>259,166</u> |
| <u>113,708</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 448,311 | 209,512 | 188,420 | - | - | 3,119,825 | - |
| - | - | - | (772,648) | (70,432) | - | (259,166) |
| <u>448,311</u> | <u>209,512</u> | <u>188,420</u> | <u>(772,648)</u> | <u>(70,432)</u> | <u>3,119,825</u> | <u>(259,166)</u> |
| <u>\$ 591,667</u> | <u>\$ 209,982</u> | <u>\$ 188,941</u> | <u>\$ -</u> | <u>\$ 215,515</u> | <u>\$ 3,119,825</u> | <u>\$ -</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

| | Capital Projects (Continued) | | | | |
|--|--|-------------------------------------|-------------------|------------------------|------------------|
| | Office Equipment Revolving Fund | Legacy Woods Edge Improvement | Traffic Signal | Otter Lake Road Ext | 21st Ave Ext |
| Assets | | | | | |
| Cash and investments | \$ 194,791 | \$ - | \$ 113,736 | \$ 207,609 | \$ - |
| Cash and investments with escrow agent | - | - | - | - | - |
| Accrued interest receivable | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - |
| Due from other governmental units | - | - | - | - | - |
| Interfund receivable | - | - | - | - | - |
| Taxes receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Special assessments receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Noncurrent | - | - | - | - | - |
| Due from county | - | - | - | - | - |
| Delinquent tax increment | - | - | - | - | - |
| Long-term notes receivable | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | \$ 194,791 | \$ - | \$ 113,736 | \$ 207,609 | \$ - |
| Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | | | | | |
| Liabilities: | | | | | |
| Interfund payable | \$ - | \$ - | \$ - | \$ - | \$ 262,864 |
| Accounts payable | 12,218 | - | - | - | 1,326 |
| Salaries payable | - | - | - | - | - |
| Contracts and retainage payable | - | - | - | - | 38,764 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | 12,218 | - | - | - | 302,954 |
| Deferred inflows of resources: | | | | | |
| Unavailable resources | - | - | - | - | - |
| Fund balance (deficit): | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | 182,573 | - | 113,736 | 207,609 | - |
| Unassigned: | - | - | - | - | (302,954) |
| Total fund balance (deficit) | 182,573 | - | 113,736 | 207,609 | (302,954) |
| Total liabilities, deferred inflows of resources and fund balance (deficit) | \$ 194,791 | \$ - | \$ 113,736 | \$ 207,609 | \$ - |

| Capital Projects (Continued) | | | | | | Permanent Fund | |
|----------------------------------|----------------------|--------------------------|---------------------------------------|----------------------------------|---------------------------|-----------------------------|----------------------|
| Fire House House #2 Construction | Well #6 Construction | Northpointe Improvements | Birch St/ Centerville Rd Improvements | Blackduck/ Aqua Ln Watermain Ext | Capital Projects Subtotal | Foxborough Environment Fund | Total 2015 |
| \$ 624,252 | \$ 854,422 | \$ 413,271 | \$ 193,123 | \$ - | \$ 8,699,812 | \$ 123,791 | \$ 11,360,626 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 199 | - | 416 |
| - | - | - | - | - | 1,115 | - | 1,115 |
| - | - | - | - | - | 3,660,455 | - | 3,660,455 |
| - | - | - | - | - | - | - | 15,062 |
| - | - | - | - | - | 28 | - | 16,896 |
| - | - | - | - | - | 174 | - | 174 |
| - | - | - | - | - | 2,436 | - | 12,018 |
| - | - | - | - | - | 251,396 | - | 423,741 |
| - | - | - | - | - | 1,419 | - | 1,419 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 225,000 |
| - | - | - | - | - | - | - | 1,177 |
| <u>\$ 624,252</u> | <u>\$ 854,422</u> | <u>\$ 413,271</u> | <u>\$ 193,123</u> | <u>\$ -</u> | <u>\$ 12,617,034</u> | <u>\$ 123,791</u> | <u>\$ 15,718,099</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 48,895 | \$ 1,342,917 | \$ - | \$ 1,342,917 |
| 8,949 | 3,432 | - | 6,074 | 2,191 | 497,196 | - | 506,470 |
| - | - | - | - | - | - | - | 752 |
| 582,033 | 103,051 | 35,342 | 31,503 | - | 1,093,007 | - | 1,093,007 |
| - | - | - | - | - | 285,947 | - | 285,947 |
| <u>590,982</u> | <u>106,483</u> | <u>35,342</u> | <u>37,577</u> | <u>51,086</u> | <u>3,219,067</u> | <u>-</u> | <u>3,229,093</u> |
| - | - | - | - | - | 254,006 | - | 450,995 |
| - | - | - | - | - | - | 100,000 | 101,177 |
| - | - | - | - | - | - | 23,791 | 2,630,254 |
| - | - | - | - | - | - | - | 163,239 |
| 33,270 | 747,939 | 377,929 | 155,546 | - | 10,600,247 | - | 10,600,247 |
| - | - | - | - | (51,086) | (1,456,286) | - | (1,456,906) |
| <u>33,270</u> | <u>747,939</u> | <u>377,929</u> | <u>155,546</u> | <u>(51,086)</u> | <u>9,143,961</u> | <u>123,791</u> | <u>12,038,011</u> |
| <u>\$ 624,252</u> | <u>\$ 854,422</u> | <u>\$ 413,271</u> | <u>\$ 193,123</u> | <u>\$ -</u> | <u>\$ 12,617,034</u> | <u>\$ 123,791</u> | <u>\$ 15,718,099</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | Special Revenue | | | | |
|--|--------------------------------------|------------------|-----------------------|--------------------|----------------------|
| | Economic Development Authority | Cable TV Fund | Program Recreation | Blue Heron Days | Federal Narcotics |
| Revenue: | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax increments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Charges for services | - | 40,626 | 129,592 | - | - |
| Investment earnings | - | 452 | 827 | 90 | 463 |
| Net increase (decrease) in fair value of investments | - | (172) | (299) | (33) | (176) |
| Refunds | - | - | - | - | - |
| Miscellaneous | - | - | 30 | 21,054 | 86,588 |
| Total revenue | <u>-</u> | <u>40,906</u> | <u>130,150</u> | <u>21,111</u> | <u>86,875</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,165 | - | - | - | - |
| Public safety | - | - | - | - | 76,557 |
| Parks, recreation and forestry | - | - | 150,020 | 19,185 | - |
| Conservation of natural resources | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>1,165</u> | <u>-</u> | <u>150,020</u> | <u>19,185</u> | <u>76,557</u> |
| Revenue over (under) expenditures | <u>(1,165)</u> | <u>40,906</u> | <u>(19,870)</u> | <u>1,926</u> | <u>10,318</u> |
| Other financing sources (uses): | | | | | |
| Transfer in | 745 | - | - | - | - |
| Transfer out | - | - | (10,000) | - | - |
| Issuance of debt | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>745</u> | <u>-</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in fund balance | (420) | 40,906 | (29,870) | 1,926 | 10,318 |
| Fund balance (deficit) - | | | | | |
| Beginning of year | <u>225,000</u> | <u>39,331</u> | <u>114,049</u> | <u>11,321</u> | <u>39,647</u> |
| Fund balance (deficit) - End of Year | <u>\$ 224,580</u> | <u>\$ 80,237</u> | <u>\$ 84,179</u> | <u>\$ 13,247</u> | <u>\$ 49,965</u> |

Statement 15
Page 1 of 4

| Special Revenue (Continued) | | | Debt Service |
|-----------------------------|--------------------|--------------------------------|------------------------------------|
| State Narcotics | DUI Forfeitures | Special Revenue Subtotal | Certificates of Indebtedness |
| \$ - | \$ - | \$ - | \$ 300,838 |
| - | - | - | - |
| - | - | - | 318 |
| - | - | 170,218 | - |
| 51 | 53 | 1,936 | 1,069 |
| (19) | (20) | (719) | (423) |
| - | - | - | - |
| 9,004 | 17,845 | 134,521 | - |
| <u>9,036</u> | <u>17,878</u> | <u>305,956</u> | <u>301,802</u> |
| - | - | 1,165 | - |
| 5,037 | 2,387 | 83,981 | - |
| - | - | 169,205 | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 276,000 |
| - | - | - | 11,298 |
| - | - | - | - |
| <u>5,037</u> | <u>2,387</u> | <u>254,351</u> | <u>287,298</u> |
| <u>3,999</u> | <u>15,491</u> | <u>51,605</u> | <u>14,504</u> |
| - | - | 745 | - |
| - | - | (10,000) | - |
| - | - | - | - |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>(9,255)</u> | <u>-</u> |
| 3,999 | 15,491 | 42,350 | 14,504 |
| <u>5,811</u> | <u>1,528</u> | <u>436,687</u> | <u>115,302</u> |
| <u>\$ 9,810</u> | <u>\$ 17,019</u> | <u>\$ 479,037</u> | <u>\$ 129,806</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | Debt Service (Continued) | | | | |
|---|----------------------------------|------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| | Improvement Bonds of 2005B | Tax Abatement Bonds 2006C | Utility Revenue Bonds 2006D | CIP Refunding Bonds 2006E | TIF Bonds 2007A |
| Revenue: | | | | | |
| General property taxes | \$ 876 | \$ 264,155 | \$ - | \$ 449,496 | \$ - |
| Tax increments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Special assessments | 18,052 | 441 | 26,608 | 808 | - |
| Charges for services | - | - | - | - | - |
| Investment earnings | 210 | 610 | 651 | 3,627 | - |
| Net increase (decrease) in fair value of investments | (13) | (209) | (234) | (1,308) | - |
| Refunds | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenue | <u>19,125</u> | <u>264,997</u> | <u>27,025</u> | <u>452,623</u> | <u>-</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Parks, recreation and forestry | - | - | - | - | - |
| Conservation of natural resources | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | 420,000 | 155,000 | 60,000 | 360,000 | 360,000 |
| Interest and fiscal charges | 13,450 | 85,893 | 7,683 | 56,450 | 105,176 |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>433,450</u> | <u>240,893</u> | <u>67,683</u> | <u>416,450</u> | <u>465,176</u> |
| Revenue over (under) expenditures | <u>(414,325)</u> | <u>24,104</u> | <u>(40,658)</u> | <u>36,173</u> | <u>(465,176)</u> |
| Other financing sources (uses): | | | | | |
| Transfer in | - | - | 66,834 | - | 464,976 |
| Transfer out | - | - | - | - | - |
| Issuance of debt | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>66,834</u> | <u>-</u> | <u>464,976</u> |
| Net increase (decrease) in fund balance | (414,325) | 24,104 | 26,176 | 36,173 | (200) |
| Fund balance (deficit) - | | | | | |
| Beginning of year | <u>432,960</u> | <u>235,178</u> | <u>153,560</u> | <u>854,330</u> | <u>149,896</u> |
| Fund balance (deficit) - End of Year | <u>\$ 18,635</u> | <u>\$ 259,282</u> | <u>\$ 179,736</u> | <u>\$ 890,503</u> | <u>\$ 149,696</u> |

Debt Service (Continued)

| Improvement and Utility Revenue Refunding Bonds 2010 | Improvement Bonds of 2012A | Improvement Bonds of 2013A | GO Bonds 2014A | GO Bonds 2015A | EDA Leased Revenue Bonds 2015B | Debt Service Subtotal |
|---|----------------------------------|----------------------------------|----------------------|----------------------|--------------------------------------|-----------------------------|
| \$ - | \$ 178,816 | \$ - | \$ - | \$ - | \$ - | \$ 1,194,181 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 16,854 | 21,246 | - | - | - | - | 84,327 |
| - | - | - | - | - | - | - |
| 742 | 800 | - | 125 | 201 | 382 | 8,417 |
| (256) | (274) | - | (46) | (75) | (140) | (2,978) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>17,340</u> | <u>200,588</u> | <u>-</u> | <u>79</u> | <u>126</u> | <u>242</u> | <u>1,283,947</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 100,000 | 220,000 | 60,425 | - | - | - | 2,011,425 |
| 20,850 | - | - | - | - | - | 300,800 |
| - | 19,483 | 17,965 | 24,183 | 200 | 1,000 | 62,831 |
| <u>120,850</u> | <u>239,483</u> | <u>78,390</u> | <u>24,183</u> | <u>200</u> | <u>1,000</u> | <u>2,375,056</u> |
| <u>(103,510)</u> | <u>(38,895)</u> | <u>(78,390)</u> | <u>(24,104)</u> | <u>(74)</u> | <u>(758)</u> | <u>(1,091,109)</u> |
| - | - | 94,936 | 130,341 | - | - | 757,087 |
| - | - | - | - | - | - | - |
| - | - | - | - | 49,474 | 106,668 | 156,142 |
| - | - | - | - | 1,005 | 1,257 | 2,262 |
| <u>-</u> | <u>-</u> | <u>94,936</u> | <u>130,341</u> | <u>50,479</u> | <u>107,925</u> | <u>915,491</u> |
| <u>(103,510)</u> | <u>(38,895)</u> | <u>16,546</u> | <u>106,237</u> | <u>50,405</u> | <u>107,167</u> | <u>(175,618)</u> |
| <u>223,948</u> | <u>297,102</u> | <u>(16,746)</u> | <u>21,310</u> | <u>-</u> | <u>-</u> | <u>2,466,840</u> |
| <u>\$ 120,438</u> | <u>\$ 258,207</u> | <u>\$ (200)</u> | <u>\$ 127,547</u> | <u>\$ 50,405</u> | <u>\$ 107,167</u> | <u>\$ 2,291,222</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | Capital Projects | | | | |
|---|----------------------------|--|------------------------|--------------------------|-------------------|
| | Building and Facilities | Capital Equipment Revolving Fund | Closed Bond Fund | Street Reconstruction | Sealcoating |
| Revenue: | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax increments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Special assessments | - | - | 24,818 | 14,192 | - |
| Charges for services | - | 2,500 | - | - | - |
| Investment earnings | 3,264 | 1,608 | 8,445 | 3,977 | 4,674 |
| Net increase (decrease) in fair value of investments | (1,203) | (652) | (3,100) | (1,466) | (1,690) |
| Refunds | - | - | - | - | 71,993 |
| Miscellaneous | 135,524 | 55,609 | - | - | - |
| Total revenue | <u>137,585</u> | <u>59,065</u> | <u>30,163</u> | <u>16,703</u> | <u>74,977</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 11,048 | - | 12,575 | - | - |
| Public safety | - | - | - | - | 804,382 |
| Parks, recreation and forestry | - | - | - | - | - |
| Conservation of natural resources | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | 6,727 | - | - | - | - |
| Public safety | - | 1,161,951 | - | - | - |
| Public works | 4,237 | 229,259 | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>22,012</u> | <u>1,391,210</u> | <u>12,575</u> | <u>-</u> | <u>804,382</u> |
| Revenue over (under) expenditures | <u>115,573</u> | <u>(1,332,145)</u> | <u>17,588</u> | <u>16,703</u> | <u>(729,405)</u> |
| Other financing sources (uses): | | | | | |
| Transfer in | - | - | - | - | 514,500 |
| Transfer out | - | - | (480,894) | - | - |
| Issuance of debt | - | 1,161,250 | - | - | - |
| Premium on bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,215,772</u> | <u>(480,894)</u> | <u>-</u> | <u>514,500</u> |
| Net increase (decrease) in fund balance | 115,573 | (116,373) | (463,306) | 16,703 | (214,905) |
| Fund balance (deficit) - | | | | | |
| Beginning of year | <u>2,438,142</u> | <u>159,636</u> | <u>1,704,568</u> | <u>650,450</u> | <u>525,089</u> |
| Fund balance (deficit) - End of Year | <u>\$ 2,553,715</u> | <u>\$ 43,263</u> | <u>\$ 1,241,262</u> | <u>\$ 667,153</u> | <u>\$ 310,184</u> |

Capital Projects (Continued)

| Surface Water Management | Tax Increment Financing 1-5 | Tax Increment Financing 1-10 | Tax Increment Financing 1-11 | Dedicated Parks | MSA Construction | I35E Interchange |
|--------------------------|-----------------------------|------------------------------|------------------------------|--------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 36,118 | 148,315 | 82,853 | - | - | - |
| 66,877 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 2,928 | 1,111 | 1,491 | - | 1,013 | 24,109 | - |
| (1,077) | (412) | (544) | - | (380) | (8,822) | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 142,109 | - | - |
| <u>68,728</u> | <u>36,817</u> | <u>149,262</u> | <u>82,853</u> | <u>142,742</u> | <u>15,287</u> | <u>-</u> |
| - | - | - | - | - | - | - |
| 95,270 | - | - | - | - | - | 328,373 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,059 | 1,564 | 1,529 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 11,241 | - | - |
| - | - | - | - | - | - | - |
| <u>95,270</u> | <u>1,059</u> | <u>1,564</u> | <u>1,529</u> | <u>11,241</u> | <u>-</u> | <u>328,373</u> |
| <u>(26,542)</u> | <u>35,758</u> | <u>147,698</u> | <u>81,324</u> | <u>131,501</u> | <u>15,287</u> | <u>(328,373)</u> |
| - | - | - | - | 50,000 | - | - |
| - | - | (148,315) | (82,853) | - | (817,682) | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>(148,315)</u> | <u>(82,853)</u> | <u>50,000</u> | <u>(817,682)</u> | <u>-</u> |
| <u>(26,542)</u> | <u>35,758</u> | <u>(617)</u> | <u>(1,529)</u> | <u>181,501</u> | <u>(802,395)</u> | <u>(328,373)</u> |
| <u>474,853</u> | <u>173,754</u> | <u>189,037</u> | <u>(771,119)</u> | <u>(251,933)</u> | <u>3,922,220</u> | <u>69,207</u> |
| <u>\$ 448,311</u> | <u>\$ 209,512</u> | <u>\$ 188,420</u> | <u>\$ (772,648)</u> | <u>\$ (70,432)</u> | <u>\$ 3,119,825</u> | <u>\$ (259,166)</u> |

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | Capital Projects (Continued) | | | | |
|---|--|-------------------------------------|-------------------|------------------------|-----------------------|
| | Office Equipment Revolving Fund | Legacy Woods Edge Improvement | Traffic Signal | Otter Lake Road Ext | 21st Ave Extension |
| Revenue: | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax increments | - | - | - | - | - |
| Intergovernmental | - | - | 30,016 | - | - |
| Special assessments | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| Investment earnings | 1,335 | 1,566 | 554 | 1,534 | - |
| Net increase (decrease) in fair value of investments | (485) | - | (203) | (556) | - |
| Refunds | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenue | <u>850</u> | <u>1,566</u> | <u>30,367</u> | <u>978</u> | <u>-</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 9,929 | - | - | - | - |
| Public safety | - | - | 542 | 24,421 | 109,872 |
| Parks, recreation and forestry | - | - | - | - | - |
| Conservation of natural resources | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | 61,205 | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | 54,125 | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>71,134</u> | <u>-</u> | <u>542</u> | <u>78,546</u> | <u>109,872</u> |
| Revenue over (under) expenditures | <u>(70,284)</u> | <u>1,566</u> | <u>29,825</u> | <u>(77,568)</u> | <u>(109,872)</u> |
| Other financing sources (uses): | | | | | |
| Transfer in | 25,000 | - | - | - | - |
| Transfer out | - | (535,414) | - | - | - |
| Issuance of debt | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>25,000</u> | <u>(535,414)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in fund balance | (45,284) | (533,848) | 29,825 | (77,568) | (109,872) |
| Fund balance (deficit) - | | | | | |
| Beginning of year | <u>227,857</u> | <u>533,848</u> | <u>83,911</u> | <u>285,177</u> | <u>(193,082)</u> |
| Fund balance (deficit) - End of Year | <u>\$ 182,573</u> | <u>\$ -</u> | <u>\$ 113,736</u> | <u>\$ 207,609</u> | <u>\$ (302,954)</u> |

| Capital Projects (Continued) | | | | | | Permanent Fund | |
|----------------------------------|----------------------|--------------------------|---------------------------------------|----------------------------------|---------------------------|-----------------------------|----------------------|
| Fire House House #2 Construction | Well #6 Construction | Northpointe Improvements | Birch St/ Centerville Rd Improvements | Blackduck/ Aqua Ln Watermain Ext | Capital Projects Subtotal | Foxborough Environment Fund | Total 2015 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,194,181 |
| - | - | - | - | - | 267,286 | - | 267,286 |
| - | - | - | - | - | 30,016 | - | 30,016 |
| - | - | - | - | - | 105,887 | - | 190,214 |
| - | - | - | - | - | 2,500 | - | 172,718 |
| 8,349 | 5,868 | 5,036 | 767 | - | 77,629 | 482 | 88,464 |
| (2,774) | (2,147) | (1,803) | (254) | - | (27,568) | - | (31,265) |
| - | - | - | - | - | 71,993 | - | 71,993 |
| - | - | - | - | - | 333,242 | 2,675 | 470,438 |
| <u>5,575</u> | <u>3,721</u> | <u>3,233</u> | <u>513</u> | <u>-</u> | <u>860,985</u> | <u>3,157</u> | <u>2,454,045</u> |
| - | - | - | - | - | 33,552 | - | 34,717 |
| 4,190,303 | 333,240 | 754,193 | 798,170 | - | 7,438,766 | - | 7,522,747 |
| - | - | - | - | - | - | - | 169,205 |
| - | - | - | - | - | - | 8,100 | 8,100 |
| - | - | - | - | - | 4,152 | - | 4,152 |
| - | - | - | - | - | 67,932 | - | 67,932 |
| - | - | - | - | - | 1,161,951 | - | 1,161,951 |
| - | - | - | 2,537 | - | 290,158 | - | 290,158 |
| - | - | - | - | 51,086 | 51,086 | - | 2,062,511 |
| - | - | - | - | - | 11,241 | - | 312,041 |
| - | - | - | - | - | - | - | 62,831 |
| <u>4,190,303</u> | <u>333,240</u> | <u>754,193</u> | <u>800,707</u> | <u>51,086</u> | <u>9,058,838</u> | <u>8,100</u> | <u>11,696,345</u> |
| <u>(4,184,728)</u> | <u>(329,519)</u> | <u>(750,960)</u> | <u>(800,194)</u> | <u>(51,086)</u> | <u>(8,197,853)</u> | <u>(4,943)</u> | <u>(9,242,300)</u> |
| - | - | - | 503,016 | - | 1,092,516 | - | 1,850,348 |
| - | - | - | - | - | (2,065,158) | - | (2,075,158) |
| 4,273,332 | - | - | 454,823 | - | 5,889,405 | - | 6,045,547 |
| 50,351 | - | - | 9,232 | - | 59,583 | - | 61,845 |
| <u>4,323,683</u> | <u>-</u> | <u>-</u> | <u>967,071</u> | <u>-</u> | <u>5,030,868</u> | <u>-</u> | <u>5,937,104</u> |
| 138,955 | (329,519) | (750,960) | 166,877 | (51,086) | (3,166,985) | (4,943) | (3,305,196) |
| (105,685) | 1,077,458 | 1,128,889 | (11,331) | - | 12,310,946 | 128,734 | 15,343,207 |
| <u>\$ 33,270</u> | <u>\$ 747,939</u> | <u>\$ 377,929</u> | <u>\$ 155,546</u> | <u>\$ (51,086)</u> | <u>\$ 9,143,961</u> | <u>\$ 123,791</u> | <u>\$ 12,038,011</u> |

CITY OF LINO LAKES, MINNESOTA
SPECIAL REVENUE FUND - PROGRAM RECREATION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2015

Statement 16

| | 2015 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenue: | | | | |
| Charges for services: | | | | |
| Recreation fees | \$ 144,935 | \$ 144,935 | \$ 129,592 | \$ (15,343) |
| Investment earnings | - | - | 827 | 827 |
| Change in market value | - | - | (299) | (299) |
| Miscellaneous | - | - | 30 | 30 |
| Total revenue | <u>144,935</u> | <u>144,935</u> | <u>130,150</u> | <u>(14,785)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Personal services | 58,205 | 58,205 | 65,083 | (6,878) |
| Supplies | 35,650 | 35,650 | 52,623 | (16,973) |
| Other services and charges | - | - | 1,520 | (1,520) |
| Contractual services | 28,350 | 28,350 | 30,794 | (2,444) |
| Capital outlay | 3,000 | 3,000 | - | 3,000 |
| Total expenditures | <u>125,205</u> | <u>125,205</u> | <u>150,020</u> | <u>(24,815)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | - | - | (10,000) | (10,000) |
| Net increase (decrease) in fund balance | <u>\$ 19,730</u> | <u>\$ 19,730</u> | (29,870) | <u>\$ (49,600)</u> |
| Fund balance - January 1 | | | <u>114,049</u> | |
| Fund balance - December 31 | | | <u>\$ 84,179</u> | |

Fiduciary Funds

Agency Fund

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

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

CITY OF LINO LAKES, MINNESOTA

Statement 17

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

Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deductions | Balance December 31, 2015 |
|----------------------|-------------------------------|-------------------|-------------------|---------------------------------|
| Assets | | | | |
| Cash and investments | <u>\$ 783,438</u> | <u>\$ 100,627</u> | <u>\$ 156,430</u> | <u>\$ 727,635</u> |
| Liabilities | | | | |
| Deposits payable | <u>\$ 783,433</u> | <u>\$ 100,627</u> | <u>\$ 156,425</u> | <u>\$ 727,635</u> |

SUPPLEMENTARY FINANCIAL AND OTHER INFORMATION

CITY OF LINO LAKES, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
December 31, 2015

| | Interest Rates | Dated | Final Maturity Date |
|--|-------------------|------------|---------------------------|
| General Obligation Bonds: | | | |
| 2012A Equipment Certificates | 1.00% | 2/1/2012 | 12/31/2015 |
| 2013A Equipment Certificates | 1.00% | 2/1/2013 | 12/31/2016 |
| 2014A Equipment Certificates | 1.00% | 2/1/2014 | 12/31/2017 |
| 2015A Equipment Certificates | 1.00% | 2/1/2015 | 12/31/2018 |
| 2015B Equipment Certificates | 1.50% | 8/25/2015 | 12/31/2020 |
| G.O. Tax Abatement Bonds, Series 2006C | 4.00%-4.30% | 8/15/2006 | 2/1/2023 |
| G.O. Utility Revenue Bonds, Series 2006D | 4.00%-4.15% | 8/15/2006 | 2/1/2017 |
| G.O. CIP Refunding Bonds, Series 2006E | 4.00% | 11/1/2006 | 2/1/2018 |
| G.O. Tax Increment Bonds, Series 2007A | 4.00%-4.125% | 7/15/2007 | 2/1/2024 |
| G.O. Refunding Bonds, Series 2012A | 1.00%-2.00% | 11/15/2012 | 2/1/2024 |
| G.O Bonds 2015A | 2.00%-3.00% | 8/1/2015 | 2/1/2031 |
| EDA Leased Revenue Bonds 2015B | 2.00%-3.00% | 10/1/2015 | 4/1/2036 |
| Total General Obligation Bonds | | | |
| Special Assessment Bonds: | | | |
| G. O. Improvement Bonds of 2005A | 4.35%-5.15% | 11/1/2005 | 2/1/2021 |
| G. O. Improvement Refunding Bonds of 2005B | 3.75%-5.00% | 11/1/2005 | 2/1/2015 |
| G.O. Improvement & Utility Revenue Refunding Bonds, Series 2010A | 2.00%-3.00% | 7/9/2010 | 2/1/2020 |
| G.O. Improvement Bonds, Series 2013A | 1.25%-4.00% | 7/15/2013 | 2/1/2024 |
| G.O. Improvement Bonds, Series 2014A | 0.40%-2.30% | 11/20/2014 | 2/1/2026 |
| Total General Improvement Bonds with special assessments pledged | | | |
| Other Long-Term Debt: | | | |
| Note Payable - Anoka County - 2009A | 4.00%-3.70% | 8/01/2009 | 8/1/2024 |
| Total City indebtedness | | | |

Exhibit 1

| Prior Years | | Payable 1/1/15 | 2015 | | Payable 12/31/15 | Principal Due In 2016 | Interest Due In 2016 |
|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|-----------------------------|----------------------------|
| Original Issue | Payments | | Issued | Payments | | | |
| \$ 150,000 | \$ 99,000 | \$ 51,000 | \$ - | \$ 51,000 | \$ - | \$ - | \$ - |
| 193,000 | 63,000 | 130,000 | - | 65,000 | 65,000 | 65,000 | 650 |
| 495,000 | - | 495,000 | - | 160,000 | 335,000 | 167,000 | 3,350 |
| 198,250 | - | - | 198,250 | - | 198,250 | 65,000 | 3,800 |
| 963,000 | - | - | 963,000 | - | 963,000 | 177,000 | 27,686 |
| 2,460,000 | 380,000 | 2,080,000 | - | 155,000 | 1,925,000 | 170,000 | 78,380 |
| 570,000 | 375,000 | 195,000 | - | 60,000 | 135,000 | 65,000 | 4,254 |
| 2,990,000 | 1,420,000 | 1,570,000 | - | 360,000 | 1,210,000 | 380,000 | 40,800 |
| 4,215,000 | 1,450,000 | 2,765,000 | - | 360,000 | 2,405,000 | 380,000 | 89,526 |
| 2,015,000 | 70,000 | 1,945,000 | - | 220,000 | 1,725,000 | 230,000 | 17,618 |
| 3,095,000 | - | - | 3,095,000 | - | 3,095,000 | - | 81,090 |
| 4,350,000 | - | - | 4,350,000 | - | 4,350,000 | - | 174,766 |
| <u>21,694,250</u> | <u>3,857,000</u> | <u>9,231,000</u> | <u>8,606,250</u> | <u>1,431,000</u> | <u>16,406,250</u> | <u>1,699,000</u> | <u>521,920</u> |
| 5,550,000 | 2,410,000 | 3,140,000 | - | 380,000 | 2,760,000 | 400,000 | 130,235 |
| 3,755,000 | 3,335,000 | 420,000 | - | 420,000 | - | - | - |
| 1,000,000 | 375,000 | 625,000 | - | 100,000 | 525,000 | 100,000 | 14,250 |
| 615,000 | - | 615,000 | - | 60,000 | 555,000 | 60,000 | 16,815 |
| - | - | - | 2,645,000 | - | 2,645,000 | 105,000 | 33,543 |
| <u>10,920,000</u> | <u>6,120,000</u> | <u>4,800,000</u> | <u>2,645,000</u> | <u>960,000</u> | <u>6,485,000</u> | <u>665,000</u> | <u>194,842</u> |
| 4,260,000 | - | 2,080,000 | - | 360,000 | 1,720,000 | 375,000 | 70,165 |
| <u>\$ 38,614,250</u> | <u>\$ 11,717,000</u> | <u>\$ 16,111,000</u> | <u>\$ 11,251,250</u> | <u>\$ 2,751,000</u> | <u>\$ 24,611,250</u> | <u>\$ 2,739,000</u> | <u>\$ 786,927</u> |

CITY OF LINO LAKES, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
December 31, 2015

| <u>Year of Levy/ Collection</u> | <u>Equipment Certificates of 2013A</u> | <u>Equipment Certificates of 2014A</u> | <u>Equipment Certificates of 2015A</u> | <u>Equipment Certificates of 2015B</u> | <u>G. O. Improvement Bonds of 2005A</u> | <u>G. O. Tax Abatement Bonds 2006C</u> | <u>G. O. CIP Refunding Bonds 2006E</u> |
|-------------------------------------|--|--|--|--|---|--|--|
| 2015/2016 | \$ 68,933 | \$ 178,868 | \$ 72,240 | \$ 214,921 | \$ 572,497 | \$ 278,140 | \$ 460,110 |
| 2016/2017 | - | 178,164 | 71,749 | 215,030 | 571,184 | 285,411 | 464,100 |
| 2017/2018 | - | - | 70,258 | 214,090 | 574,072 | 297,263 | - |
| 2018/2019 | - | - | - | 213,119 | 574,907 | 313,472 | - |
| 2019/2020 | - | - | - | 214,216 | 579,639 | 323,316 | - |
| 2020/2021 | - | - | - | - | - | 337,517 | - |
| 2021/2022 | - | - | - | - | - | 350,447 | - |
| 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 | - | - | - | - | - | - | - |
| 2035/2036 | - | - | - | - | - | - | - |
| | <u>\$ 68,933</u> | <u>\$ 357,032</u> | <u>\$ 214,247</u> | <u>\$ 1,071,376</u> | <u>\$ 2,872,299</u> | <u>\$ 2,185,566</u> | <u>\$ 924,210</u> |

| G. O. TIF Bonds 2007A | G.O. Improvement and Utility Revenue Refunding Bonds 2010A | G.O. Refunding Bonds 2012A | G.O. Improvement Bonds 2013A | G.O. Improvement Bonds 2014A | G.O. Improvement Bonds 2015A | EDA Leased Revenue Bonds 2015B | Total |
|--------------------------------|--|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|----------------------|
| \$ 500,983 | \$ 121,537 | \$ 266,406 | \$ 8,544 | \$ 11,640 | \$ - | \$ - | \$ 2,754,819 |
| 506,023 | 118,387 | 259,128 | 7,158 | 3,324 | 57,041 | 168,208 | 2,904,907 |
| 268,723 | 120,488 | 261,868 | 5,772 | 6,301 | 56,096 | 173,713 | 2,048,644 |
| 271,243 | 117,180 | 258,849 | 3,882 | 4,595 | 55,151 | 178,531 | 1,990,929 |
| 278,593 | 124,372 | 182,417 | 1,992 | 1,505 | 54,206 | 178,210 | 1,938,466 |
| 285,313 | - | 179,687 | 4,722 | 2,148 | 53,261 | 191,815 | 1,054,463 |
| 291,403 | - | 181,949 | 1,992 | 2,865 | 52,316 | 196,681 | 1,077,653 |
| 301,855 | - | 183,899 | - | 3,655 | 51,371 | 201,518 | 742,298 |
| 306,127 | - | 180,330 | - | 4,500 | 50,426 | 209,924 | 751,307 |
| - | - | - | - | - | 54,731 | 210,740 | 265,471 |
| - | - | - | - | - | 53,681 | 215,880 | 269,561 |
| - | - | - | - | - | - | 213,863 | 213,863 |
| - | - | - | - | - | - | 218,836 | 218,836 |
| - | - | - | - | - | - | 224,607 | 224,607 |
| - | - | - | - | - | - | 229,489 | 229,489 |
| - | - | - | - | - | - | 238,787 | 238,787 |
| - | - | - | - | - | - | 243,660 | 243,660 |
| - | - | - | - | - | - | 268,780 | 268,780 |
| - | - | - | - | - | - | 279,118 | 279,118 |
| - | - | - | - | - | - | 289,456 | 289,456 |
| - | - | - | - | - | - | 299,793 | 299,793 |
| <u>\$ 3,010,263</u> | <u>\$ 601,964</u> | <u>\$ 1,954,533</u> | <u>\$ 34,062</u> | <u>\$ 40,533</u> | <u>\$ 538,280</u> | <u>\$ 4,431,609</u> | <u>\$ 18,304,907</u> |

CITY OF LINO LAKES, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS
December 31, 2015

| | Equipment Certificates 2013A | Equipment Certificates 2014A | Equipment Certificates 2015A | Equipment Certificates 2015B | G. O. Improvement Bonds 2005A |
|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Bonds payable | \$ 65,000 | \$ 335,000 | \$ 198,250 | \$ 963,000 | \$ 2,760,000 |
| Future interest payable | 650 | 5,030 | 5,796 | 57,356 | 445,644 |
| Totals | <u>\$ 65,650</u> | <u>\$ 340,030</u> | <u>\$ 204,046</u> | <u>\$ 1,020,356</u> | <u>\$ 3,205,644</u> |
| Payments to maturity: | | | | | |
| 2016 | \$ 65,650 | \$ 170,350 | \$ 68,800 | \$ 204,686 | \$ 530,236 |
| 2017 | - | 169,680 | 68,333 | 204,790 | 534,611 |
| 2018 | - | - | 66,913 | 203,895 | 532,861 |
| 2019 | - | - | - | 202,970 | 534,633 |
| 2020 | - | - | - | 204,015 | 534,784 |
| 2021 | - | - | - | - | 538,519 |
| 2022 | - | - | - | - | - |
| 2023 | - | - | - | - | - |
| 2024 | - | - | - | - | - |
| 2025 | - | - | - | - | - |
| 2026 | - | - | - | - | - |
| 2027 | - | - | - | - | - |
| 2028 | - | - | - | - | - |
| 2029 | - | - | - | - | - |
| 2030 | - | - | - | - | - |
| 2031 | - | - | - | - | - |
| 2032 | - | - | - | - | - |
| 2033 | - | - | - | - | - |
| 2034 | - | - | - | - | - |
| 2035 | - | - | - | - | - |
| 2036 | - | - | - | - | - |
| | <u>\$ 65,650</u> | <u>\$ 340,030</u> | <u>\$ 204,046</u> | <u>\$ 1,020,356</u> | <u>\$ 3,205,644</u> |

CITY OF LINO LAKES, MINNESOTA

Exhibit 3

DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS (CONTINUED)

December 31, 2015

| | G.O. Improvement Bonds 2013A | G.O. Improvement Bonds 2014A | G.O. Improvement Bonds 2015A | EDA Leased Revenue Bonds 2015B | Note Payable - Anoka County - 2009A | Totals |
|-------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|---|----------------------|
| Bonds payable | \$ 555,000 | \$ 2,645,000 | \$ 3,095,000 | \$ 4,350,000 | \$ 1,720,000 | \$ 24,611,250 |
| Future interest payable | 91,755 | 190,267 | 640,558 | 1,811,960 | 1,016,549 | 5,258,898 |
| Totals | <u>\$ 646,755</u> | <u>\$ 2,835,267</u> | <u>\$ 3,735,558</u> | <u>\$ 6,161,960</u> | <u>\$ 2,736,549</u> | <u>\$ 29,870,148</u> |
| Payments to maturity: | | | | | | |
| 2016 | \$ 76,815 | \$ 138,543 | \$ 81,090 | \$ 174,767 | \$ 465,945 | \$ 3,546,711 |
| 2017 | 75,780 | 402,223 | 257,112 | 299,237 | 470,945 | 4,071,609 |
| 2018 | 74,460 | 399,633 | 258,263 | 300,888 | 475,345 | 3,623,183 |
| 2019 | 72,900 | 406,158 | 259,312 | 302,438 | 483,195 | 3,146,874 |
| 2020 | 71,100 | 401,788 | 255,313 | 298,938 | 485,070 | 3,092,512 |
| 2021 | 69,000 | 406,390 | 256,262 | 299,487 | 356,049 | 2,663,576 |
| 2022 | 71,500 | 162,055 | 252,163 | 299,013 | - | 1,538,738 |
| 2023 | 68,900 | 159,280 | 253,013 | 298,388 | - | 1,557,478 |
| 2024 | 66,300 | 161,151 | 258,712 | 302,538 | - | 1,240,837 |
| 2025 | - | 162,644 | 259,263 | 301,462 | - | 723,369 |
| 2026 | - | 35,402 | 254,481 | 300,237 | - | 590,120 |
| 2027 | - | - | 254,362 | 298,862 | - | 553,224 |
| 2028 | - | - | 209,400 | 297,337 | - | 506,737 |
| 2029 | - | - | 209,587 | 300,587 | - | 510,174 |
| 2030 | - | - | 209,150 | 298,612 | - | 507,762 |
| 2031 | - | - | 208,075 | 301,106 | - | 509,181 |
| 2032 | - | - | - | 298,063 | - | 298,063 |
| 2033 | - | - | - | 298,800 | - | 298,800 |
| 2034 | - | - | - | 298,200 | - | 298,200 |
| 2035 | - | - | - | 297,200 | - | 297,200 |
| 2036 | - | - | - | 295,800 | - | 295,800 |
| | <u>\$ 646,755</u> | <u>\$ 2,835,267</u> | <u>\$ 3,735,558</u> | <u>\$ 6,161,960</u> | <u>\$ 2,736,549</u> | <u>\$ 29,870,148</u> |

CITY OF LINO LAKES, MINNESOTA
INSURANCE IN FORCE
December 31, 2015

Exhibit 4

| Coverage | Amount |
|--|-------------------|
| General Liability: | |
| Bodily Injury/Property Damage | \$ 1,500,000 |
| Personal Injury/Police Professional Liability | 1,500,000 |
| Fire Legal Liability | 50,000 |
| Medical Expense Occurrence Limit | 1,000 |
| Medical Expense Aggregate | 10,000 |
| Property Damage (\$500 Deductible) | |
| Property: | |
| Buildings and Contents (including Mobile and EDP - Electronic Equipment & Valuable Papers) | 31,598,180 |
| Faithful Performance Blanket Bond | 500,000 |
| Storage Tank Liability | 250,000 |
| Rented/Leased Equipment (\$1,000 Deductible) | 500,000 |
| Public Official and Employee Liability (\$1,000 Deductible Each Occurrence) | 1,500,000 |
| Automotive: | |
| Bodily Injury and Property Damage | 1,500,000 |
| Comprehensive and Collision | Actual Cash Value |
| Uninsured Motorists | 200,000 |
| Workmen's Compensation | Statutory |
| Umbrella Liability | 1,000,000 |
| Crime - Theft Disappearance and Destruction (\$1,000 Deductible) | 250,000 |

CITY OF LINO LAKES, MINNESOTA
TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES

Exhibit 5

| | <u>Tax Capacity Values 2014/2015</u> | | <u>Tax Capacity Values 2013/2014</u> |
|------------------------------------|--|--|--|
| Taxable valuations: | | | |
| Total | \$ 18,339,615 | | \$ 16,439,245 |
| Fiscal disparities: | | | |
| Distribution | 2,639,444 | | 2,623,227 |
| Contribution | (1,072,910) | | (1,063,999) |
| Less: Captured Tax Increment Value | <u>(236,559)</u> | | <u>(232,280)</u> |
| | <u>\$ 19,669,590</u> | | <u>\$ 17,766,193</u> |

| | <u>Certified Levy</u> | <u>Tax Capacity Rate</u> | <u>Certified Levy</u> | <u>Tax Capacity Rate</u> |
|-------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| Taxes Levied: | | | | |
| Revenue | \$ 7,490,578 | 37.819 | \$ 7,098,922 | 39.784 |
| Bond and Interest | <u>1,195,494</u> | <u>5.951</u> | <u>1,197,122</u> | <u>6.899</u> |
| Totals | <u>\$ 8,686,072</u> | <u>43.770</u> | <u>\$ 8,296,044</u> | <u>46.683</u> |

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

III.
STATISTICAL
SECTION (Unaudited)

Statistical Section (Unaudited)

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

Financial Trends

Tables 1-4

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

Revenue Capacity

Tables 5-8

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

Debt Capacity

Tables 9-12

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

Demographic and Economic Information

Tables 13-14

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

Operating information

Tables 15-17

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

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

Table 1

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 29,549,174 | \$ 36,789,153 | \$ 28,472,865 | \$ 23,400,453 | \$ 22,562,217 | \$ 24,600,103 | \$ 22,166,342 | \$ 22,241,821 | \$ 19,540,807 | \$ 18,230,746 |
| Restricted | 10,704,508 | 10,324,467 | 9,870,676 | 9,414,474 | 8,428,025 | 11,598,803 | 11,595,112 | 11,000,033 | 8,666,357 | 8,635,293 |
| Unrestricted | 14,516,466 | 6,339,528 | 10,790,359 | 15,926,322 | 16,738,885 | 13,463,210 | 17,639,038 | 16,849,636 | 20,527,704 | 13,888,120 |
| Total Governmental Activities Net Position | <u>\$ 54,770,148</u> | <u>\$ 53,453,148</u> | <u>\$ 49,133,900</u> | <u>\$ 48,741,249</u> | <u>\$ 47,729,127</u> | <u>\$ 49,662,116</u> | <u>\$ 51,400,492</u> | <u>\$ 50,091,490</u> | <u>\$ 48,734,868</u> | <u>\$ 40,754,159</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 29,485,942 | \$ 29,836,775 | \$ 30,372,670 | \$ 30,071,840 | \$ 29,648,461 | \$ 29,216,866 | \$ 28,798,095 | \$ 28,423,284 | \$ 27,556,022 | \$ 29,127,829 |
| Unrestricted | 6,880,547 | 8,063,983 | 9,028,778 | 10,112,207 | 10,728,626 | 11,201,362 | 12,102,013 | 12,999,182 | 13,888,278 | 14,672,630 |
| Total Business-Type Activities Net Position | <u>\$ 36,366,489</u> | <u>\$ 37,900,758</u> | <u>\$ 39,401,448</u> | <u>\$ 40,184,047</u> | <u>\$ 40,377,087</u> | <u>\$ 40,418,228</u> | <u>\$ 40,900,108</u> | <u>\$ 41,422,466</u> | <u>\$ 41,444,300</u> | <u>\$ 43,800,459</u> |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 59,035,116 | \$ 66,625,928 | \$ 58,845,535 | \$ 53,472,293 | \$ 52,210,678 | \$ 53,816,969 | \$ 50,964,437 | \$ 50,665,105 | \$ 47,096,829 | \$ 47,358,575 |
| Restricted | 10,704,508 | 10,324,467 | 9,870,676 | 9,414,474 | 8,428,025 | 11,598,803 | 11,595,112 | 11,000,033 | 8,666,357 | 8,635,293 |
| Unrestricted | 21,397,013 | 14,403,511 | 19,819,137 | 26,038,529 | 27,467,511 | 24,664,572 | 29,741,051 | 29,848,818 | 34,415,982 | 28,560,750 |
| Total Primary Government Net Position | <u>\$ 91,136,637</u> | <u>\$ 91,353,906</u> | <u>\$ 88,535,348</u> | <u>\$ 88,925,296</u> | <u>\$ 88,106,214</u> | <u>\$ 90,080,344</u> | <u>\$ 92,300,600</u> | <u>\$ 91,513,956</u> | <u>\$ 90,179,168</u> | <u>\$ 84,554,618</u> |

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

| | Fiscal Year | | | | | |
|---|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 2,886,825 | \$ 2,197,672 | \$ 2,323,358 | \$ 2,201,439 | \$ 1,987,415 | \$ 1,990,137 |
| Public safety | 3,516,376 | 3,730,504 | 4,051,162 | 4,299,366 | 3,971,261 | 4,019,101 |
| Public services | 3,871,968 | 10,580,560 | 7,608,626 | 4,027,553 | 3,968,063 | 8,110,979 |
| Parks, recreation and forestry | 1,162,458 | 1,357,133 | 919,948 | 1,313,560 | 1,124,907 | 1,218,472 |
| Conservation of natural resources | 156,592 | 183,420 | 184,624 | 215,607 | 197,571 | 139,544 |
| Community development | 691,880 | 1,122,802 | 1,114,158 | 1,005,997 | 1,105,254 | 617,747 |
| Interest on long-term debt | 926,021 | 980,849 | 1,045,781 | 928,668 | 1,064,172 | 927,535 |
| Total governmental activities expenses | <u>\$ 13,212,120</u> | <u>\$ 20,152,940</u> | <u>\$ 17,247,657</u> | <u>\$ 13,992,190</u> | <u>\$ 13,418,643</u> | <u>\$ 17,023,515</u> |
| Business-type activities: | | | | | | |
| Water | \$ 976,575 | \$ 1,170,902 | \$ 1,020,770 | \$ 1,089,569 | \$ 1,045,901 | \$ 966,643 |
| Sewer | 1,228,123 | 1,298,963 | 1,287,943 | 1,432,107 | 1,466,847 | 1,638,063 |
| Total business-type activities | <u>2,204,698</u> | <u>2,469,865</u> | <u>2,308,713</u> | <u>2,521,676</u> | <u>2,512,748</u> | <u>2,604,706</u> |
| Total primary government expenses | <u>\$ 15,416,818</u> | <u>\$ 22,622,805</u> | <u>\$ 19,556,370</u> | <u>\$ 16,513,866</u> | <u>\$ 15,931,391</u> | <u>\$ 19,628,221</u> |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General government | \$ 88,924 | \$ 91,646 | \$ 79,844 | \$ 101,741 | \$ 98,403 | \$ 103,687 |
| Public safety | 844,514 | 1,078,995 | 1,296,418 | 725,747 | 691,005 | 713,985 |
| Public works | 420,741 | 389,489 | 413,040 | 428,174 | 427,223 | 382,287 |
| Parks, recreation and forestry | 188,439 | 185,803 | 187,285 | 165,994 | 177,984 | 210,976 |
| Conservation of natural resources | 6,854 | 4,559 | 3,660 | 3,858 | 4,153 | 4,392 |
| Community development | 20,530 | 15,839 | 11,623 | 8,667 | 14,148 | 5,138 |
| Operating grants and contributions | 643,749 | 851,791 | 693,065 | 682,797 | 617,450 | 593,798 |
| Capital grants and contributions | 5,963,204 | 7,189,346 | 1,094,789 | 1,357,015 | 1,388,984 | 7,347,613 |
| Total governmental activities program revenues | <u>\$ 8,176,955</u> | <u>\$ 9,807,468</u> | <u>\$ 3,779,724</u> | <u>\$ 3,473,993</u> | <u>\$ 3,419,350</u> | <u>\$ 9,361,876</u> |
| Business-type activities: | | | | | | |
| Charges for services: | | | | | | |
| Water | \$ 1,175,172 | \$ 1,215,763 | \$ 1,058,493 | \$ 1,365,817 | \$ 1,087,013 | \$ 1,090,104 |
| Sewer | 1,391,702 | 1,446,112 | 1,472,093 | 1,502,164 | 1,498,218 | 1,494,188 |
| Operating grants and contributions | - | - | - | 62,710 | - | - |
| Capital grants and contributions | 1,535,631 | 80,750 | 10,117 | 8,769 | 8,709 | 1,462 |
| Total business-type activities program revenues | <u>4,102,505</u> | <u>2,742,625</u> | <u>2,540,703</u> | <u>2,939,460</u> | <u>2,593,940</u> | <u>2,585,754</u> |
| Total primary government program revenues | <u>\$ 12,279,460</u> | <u>\$ 12,550,093</u> | <u>\$ 6,320,427</u> | <u>\$ 6,413,453</u> | <u>\$ 6,013,290</u> | <u>\$ 11,947,630</u> |
| Net (Expense)/Revenue | | | | | | |
| Governmental activities | \$ (5,035,165) | \$ (10,345,472) | \$ (13,467,933) | \$ (10,518,197) | \$ (9,999,293) | \$ (7,661,639) |
| Business-type activities | 1,897,807 | 272,760 | 231,990 | 417,784 | 81,192 | (18,952) |
| Total primary government net expense | <u>\$ (3,137,358)</u> | <u>\$ (10,072,712)</u> | <u>\$ (13,235,943)</u> | <u>\$ (10,100,413)</u> | <u>\$ (9,918,101)</u> | <u>\$ (7,680,591)</u> |
| General Revenues and Other Changes in Net Position | | | | | | |
| Governmental activities: | | | | | | |
| Property taxes | \$ 8,269,944 | \$ 8,785,280 | \$ 9,424,697 | \$ 9,808,324 | \$ 8,764,183 | \$ 8,768,805 |
| Unrestricted grants and contributions | - | 256,877 | 129,607 | 11,321 | 4,389 | 4,072 |
| Unrestricted investment earnings | 713,794 | 864,578 | 576,071 | 429,325 | 225,677 | 251,250 |
| Change in market value | - | - | - | - | - | - |
| Gain on sale of capital assets | 33,217 | 17,424 | 12,512 | 12,644 | - | 37,579 |
| Miscellaneous | - | - | - | - | - | - |
| Transfers | (299,725) | (895,687) | (994,202) | (136,068) | (7,078) | 66,122 |
| Total governmental activities | <u>\$ 8,717,230</u> | <u>\$ 9,028,472</u> | <u>\$ 9,148,685</u> | <u>\$ 10,125,546</u> | <u>\$ 8,987,171</u> | <u>\$ 9,127,828</u> |
| Business-type activities: | | | | | | |
| Unrestricted investment earnings | \$ 253,787 | \$ 365,822 | \$ 274,498 | \$ 228,747 | \$ 104,770 | \$ 126,215 |
| Change in market value | - | - | - | - | - | - |
| Transfers | 299,725 | 895,687 | 994,202 | 136,068 | 7,078 | (66,122) |
| Total business-type activities | <u>553,512</u> | <u>1,261,509</u> | <u>1,268,700</u> | <u>364,815</u> | <u>111,848</u> | <u>60,093</u> |
| Total primary government | <u>\$ 9,270,742</u> | <u>\$ 10,289,981</u> | <u>\$ 10,417,385</u> | <u>\$ 10,490,361</u> | <u>\$ 9,099,019</u> | <u>\$ 9,187,921</u> |
| Change in Net Position | | | | | | |
| Governmental activities | \$ 3,682,065 | \$ (1,317,000) | \$ (4,319,248) | \$ (392,651) | \$ (1,012,122) | \$ 1,466,189 |
| Business-type activities | 2,451,319 | 1,534,269 | 1,500,690 | 782,599 | 193,040 | 41,141 |
| Total primary government change in net position | <u>\$ 6,133,384</u> | <u>\$ 217,269</u> | <u>\$ (2,818,558)</u> | <u>\$ 389,948</u> | <u>\$ (819,082)</u> | <u>\$ 1,507,330</u> |

Table 2

| Fiscal Year | | | |
|-----------------------|-----------------------|------------------------|------------------------|
| 2012 | 2013 | 2014 | 2015 |
| \$ 1,883,961 | \$ 1,566,388 | \$ 2,036,550 | \$ 2,016,351 |
| 4,046,415 | 3,950,197 | 4,107,759 | 5,135,865 |
| 5,584,283 | 4,540,888 | 4,786,121 | 6,822,972 |
| 1,210,867 | 835,783 | 1,093,909 | 1,148,740 |
| 184,051 | 141,204 | 159,649 | 186,111 |
| 430,121 | 404,726 | 407,448 | 432,268 |
| 837,755 | 951,842 | 618,680 | 632,876 |
| <u>\$ 14,177,453</u> | <u>\$ 12,391,028</u> | <u>\$ 13,210,116</u> | <u>\$ 16,375,183</u> |
| \$ 949,121 | \$ 927,800 | \$ 965,641 | \$ 1,394,897 |
| 1,527,637 | 1,584,395 | 1,628,258 | 2,089,842 |
| 2,476,758 | 2,512,195 | 2,593,899 | 3,484,739 |
| <u>\$ 16,654,211</u> | <u>\$ 14,903,223</u> | <u>\$ 15,804,015</u> | <u>\$ 19,859,922</u> |
| \$ 129,151 | \$ 93,118 | \$ 103,072 | \$ 818,468 |
| 642,745 | 697,584 | 763,470 | 199,498 |
| 476,296 | 456,024 | 464,486 | 454,845 |
| 191,832 | 175,978 | 156,735 | 149,021 |
| 19,297 | 1,347 | 1,882 | - |
| 16,940 | 28,118 | 39,395 | - |
| 450,179 | 527,368 | 840,676 | 526,107 |
| 5,125,693 | 941,960 | 335,733 | 1,176,732 |
| <u>\$ 7,052,133</u> | <u>\$ 2,921,497</u> | <u>\$ 2,705,449</u> | <u>\$ 3,324,671</u> |
| \$ 1,371,809 | \$ 1,208,742 | \$ 965,425 | \$ 1,014,836 |
| 1,505,781 | 1,516,397 | 1,564,099 | 1,621,633 |
| - | - | 263,024 | 263,024 |
| 20,018 | 883 | 1,035 | 3,035,031 |
| 2,897,608 | 2,726,022 | 2,793,583 | 5,934,524 |
| <u>\$ 9,949,741</u> | <u>\$ 5,647,519</u> | <u>\$ 5,499,032</u> | <u>\$ 9,259,195</u> |
| \$ (7,125,320) | \$ (9,469,531) | \$ (10,504,667) | \$ (13,050,512) |
| 420,850 | 213,827 | 199,684 | 2,449,785 |
| <u>\$ (6,704,470)</u> | <u>\$ (6,704,470)</u> | <u>\$ (10,304,983)</u> | <u>\$ (10,600,727)</u> |
| \$ 8,610,709 | \$ 8,563,595 | \$ 8,806,886 | \$ 9,243,236 |
| 4,941 | 4,442 | 4,443 | 5,363 |
| 202,828 | 216,488 | 172,738 | 163,825 |
| - | (270,692) | 92,957 | (50,864) |
| 4,175 | - | 1,727 | 17,836 |
| - | - | - | - |
| 41,043 | (353,304) | 69,294 | 66,834 |
| <u>\$ 8,863,696</u> | <u>\$ 8,160,529</u> | <u>\$ 9,148,045</u> | <u>\$ 9,446,230</u> |
| \$ 102,073 | \$ 113,402 | \$ 96,213 | \$ 81,084 |
| - | (158,175) | 58,255 | (29,917) |
| (41,043) | 353,304 | (69,294) | (66,834) |
| 61,030 | 308,531 | 85,174 | (15,667) |
| <u>\$ 8,924,726</u> | <u>\$ 8,469,060</u> | <u>\$ 9,233,219</u> | <u>\$ 9,430,563</u> |
| \$ 1,738,376 | \$ (1,309,002) | \$ (1,356,622) | \$ (3,604,282) |
| 481,880 | 522,358 | 284,858 | 2,434,118 |
| <u>\$ 2,220,256</u> | <u>\$ (786,644)</u> | <u>\$ (1,071,764)</u> | <u>\$ (1,170,164)</u> |

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

| | Fiscal Year | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| General Fund | | | | |
| Reserved | \$ 153,009 | \$ 181,759 | \$ 190,825 | \$ 196,568 |
| Unreserved | 5,337,225 | 5,356,272 | 5,393,316 | 5,191,396 |
| Nondisposable | - | - | - | - |
| Unassigned | - | - | - | - |
| Total general fund | <u>\$ 5,490,234</u> | <u>\$ 5,538,031</u> | <u>\$ 5,584,141</u> | <u>\$ 5,387,964</u> |
| All Other Governmental Funds | | | | |
| Reserved reported in: | | | | |
| Special Revenue Funds | \$ 1,813 | \$ 226,921 | \$ 226,973 | \$ 227,176 |
| Capital Projects Funds | 957,112 | 885,825 | 812,400 | 736,772 |
| Debt Service Funds | 3,992,952 | 3,925,402 | 3,405,272 | 3,457,349 |
| Permanent Funds | 100,000 | 100,000 | 100,000 | 100,000 |
| Unreserved reported in: | | | | |
| Special Revenue Funds | 82,385 | 100,955 | 106,573 | 93,956 |
| Capital Projects Funds | 5,525,508 | 8,395,827 | 5,927,411 | 11,611,835 |
| Debt Service Funds | - | - | - | (558,443) |
| Permanent Funds | 5,378 | 17,023 | 22,224 | 15,824 |
| Nondisposable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 10,665,148</u> | <u>\$ 13,651,953</u> | <u>\$ 10,600,853</u> | <u>\$ 15,684,469</u> |
| Total all funds | <u>\$ 16,155,382</u> | <u>\$ 19,189,984</u> | <u>\$ 16,184,994</u> | <u>\$ 21,072,433</u> |

Note: Governmental Accounting Standards Board Statement No. 54 was implemented in 2011.

Table 3

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 181,471 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,445,334 | - | - | - | - | - |
| - | 165,079 | 180,786 | 176,797 | 253,471 | 220,677 |
| - | 5,440,101 | 5,053,031 | 5,209,286 | 5,053,064 | 5,725,736 |
| <u>\$ 5,626,805</u> | <u>\$ 5,605,180</u> | <u>\$ 5,233,817</u> | <u>\$ 5,386,083</u> | <u>\$ 5,306,535</u> | <u>\$ 5,946,413</u> |
| | | | | | |
| \$ 227,342 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 658,875 | - | - | - | - | - |
| 2,986,102 | - | - | - | - | - |
| 100,000 | - | - | - | - | - |
| 110,471 | - | - | - | - | - |
| 12,537,841 | - | - | - | - | - |
| (1,093,765) | - | - | - | - | - |
| 12,676 | - | - | - | - | - |
| - | 906,010 | 823,113 | 101,710 | 101,302 | 101,177 |
| - | 2,658,010 | 3,041,524 | 3,651,550 | 2,830,526 | 2,637,638 |
| - | 110,568 | 115,196 | 121,075 | 152,078 | 163,239 |
| - | 10,808,268 | 15,573,179 | 15,710,702 | 18,027,773 | 15,022,852 |
| - | (3,154,496) | (3,262,728) | (3,393,547) | (375,851) | (3,815,304) |
| <u>\$ 15,539,542</u> | <u>\$ 11,328,360</u> | <u>\$ 16,290,284</u> | <u>\$ 16,191,490</u> | <u>\$ 20,735,828</u> | <u>\$ 14,109,602</u> |
| | | | | | |
| <u>\$ 21,166,347</u> | <u>\$ 16,933,540</u> | <u>\$ 21,524,101</u> | <u>\$ 21,577,573</u> | <u>\$ 26,042,363</u> | <u>\$ 20,056,015</u> |

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

| | Fiscal Year | | | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Revenues | | | | |
| Property Taxes | \$ 8,103,263 | \$ 8,529,846 | \$ 9,095,085 | \$ 9,561,570 |
| Licenses and Permits | 581,582 | 694,435 | 802,135 | 307,714 |
| Intergovernmental | 1,818,519 | 6,143,689 | 1,004,476 | 1,259,016 |
| Special Assessments | 2,901,100 | 1,961,253 | 950,188 | 968,995 |
| Charges for Services | 687,551 | 753,698 | 872,534 | 778,163 |
| Fines and Forfeits | 101,518 | 139,932 | 133,531 | 111,807 |
| Investment Earnings | 713,795 | 864,578 | 576,071 | 429,325 |
| Net Increase (Decrease) in Fair Value of Investments | - | - | - | - |
| Miscellaneous | 716,692 | 889,901 | 516,415 | 513,306 |
| Total revenues | <u>15,624,020</u> | <u>19,977,332</u> | <u>13,950,435</u> | <u>13,929,896</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,614,303 | 1,953,960 | 2,058,267 | 1,918,246 |
| Public Safety | 3,314,159 | 3,513,460 | 3,806,389 | 4,122,352 |
| Public Works | 7,755,727 | 8,446,911 | 5,542,308 | 1,965,640 |
| Parks, Recreation and Forestry | 1,076,727 | 1,103,021 | 1,033,260 | 1,106,006 |
| Conservation of Natural Resources | 143,653 | 183,346 | 183,024 | 209,466 |
| Community Development | 683,036 | 1,107,328 | 1,113,232 | 1,005,095 |
| Capital Outlay | 835,770 | 2,008,073 | 585,875 | 501,806 |
| Debt Service: | | | | |
| Principal | 2,155,000 | 1,973,000 | 1,749,000 | 1,908,000 |
| Interest and Fiscal Charges | 1,011,157 | 937,895 | 1,074,052 | 994,809 |
| Bond Issuance Costs | - | - | - | - |
| Total expenditures | <u>19,589,532</u> | <u>21,226,994</u> | <u>17,145,407</u> | <u>13,731,420</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,965,512)</u> | <u>(1,249,662)</u> | <u>(3,194,972)</u> | <u>198,476</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Property | 28,818 | 54,037 | 13,750 | 35,700 |
| Proceeds from Issuance of Debt | 6,327,000 | 4,375,000 | 209,000 | 4,596,000 |
| Premium on Bonds Issued | 450 | - | - | 11,141 |
| Discount on Bonds Issued | (13,635) | (25,798) | - | - |
| Payment to Refunded Bond Escrow Agent | (7,225,000) | - | - | - |
| Loan Payable Reapportionment | - | - | - | - |
| Transfer In | 5,811,452 | 2,900,249 | 4,763,391 | 1,413,985 |
| Transfer Out | (6,111,177) | (3,019,224) | (4,796,159) | (1,367,863) |
| Total other financing sources (uses) | <u>(1,182,092)</u> | <u>4,284,264</u> | <u>189,982</u> | <u>4,688,963</u> |
| Net change in fund balances | <u>\$ (5,147,604)</u> | <u>\$ 3,034,602</u> | <u>\$ (3,004,990)</u> | <u>\$ 4,887,439</u> |
| Debt service as a percentage of noncapital expenditures | 16.9% | 15.1% | 27.6% | 22.7% |

Table 4

| Fiscal Year | | | | | |
|-------------------|-----------------------|---------------------|-------------------|---------------------|-----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 8,647,488 | \$ 8,655,971 | \$ 8,560,340 | \$ 8,475,214 | \$ 8,612,011 | \$ 8,950,507 |
| 330,138 | 322,030 | 319,172 | 431,654 | 407,681 | 551,202 |
| 1,176,863 | 1,331,914 | 5,267,570 | 500,963 | 823,025 | 679,627 |
| 851,270 | 904,522 | 816,998 | 2,130,519 | 1,278,202 | 703,141 |
| 780,044 | 812,604 | 744,633 | 717,300 | 731,640 | 696,501 |
| 127,203 | 154,020 | 155,956 | 119,079 | 149,653 | 127,803 |
| 225,677 | 251,244 | 202,825 | 222,810 | 173,422 | 163,497 |
| - | - | - | (276,276) | 92,372 | (50,582) |
| 502,992 | 460,710 | 414,088 | 384,749 | 767,477 | 766,072 |
| <u>12,641,675</u> | <u>12,893,015</u> | <u>16,481,582</u> | <u>12,706,012</u> | <u>13,035,483</u> | <u>12,587,768</u> |
| 1,730,390 | 1,773,515 | 1,619,215 | 1,569,722 | 1,692,175 | 1,643,966 |
| 3,798,106 | 3,791,329 | 3,861,265 | 3,744,957 | 3,845,732 | 11,895,482 |
| 1,902,411 | 2,192,732 | 3,339,430 | 2,953,969 | 3,213,688 | 3,943,512 |
| 945,821 | 1,059,191 | 1,056,976 | 1,002,797 | 942,809 | 836,184 |
| 185,232 | 134,122 | 176,318 | 134,127 | 149,292 | 191,038 |
| 1,098,682 | 624,286 | 435,154 | 418,533 | 402,750 | 422,935 |
| 282,938 | 4,209,593 | 616,931 | 291,135 | 674,488 | 1,566,057 |
| 1,866,000 | 2,030,000 | 2,145,000 | 2,214,000 | 3,664,000 | 2,802,511 |
| 1,042,883 | 983,129 | 831,875 | 774,172 | 696,780 | 542,166 |
| - | - | 47,054 | 17,137 | - | 62,831 |
| <u>12,852,463</u> | <u>16,797,897</u> | <u>14,129,218</u> | <u>13,120,549</u> | <u>15,281,714</u> | <u>23,906,682</u> |
| <u>(210,788)</u> | <u>(3,904,882)</u> | <u>2,352,364</u> | <u>(414,537)</u> | <u>(2,246,231)</u> | <u>(11,318,914)</u> |
| 20,600 | 50,953 | 4,175 | 16,727 | 1,727 | 54,522 |
| 1,170,000 | 120,000 | 2,165,000 | 808,000 | 3,140,000 | 8,606,250 |
| 10,980 | - | - | 6,558 | 114,960 | 114,960 |
| - | - | - | - | - | - |
| (965,000) | - | - | (435,000) | - | - |
| - | (565,000) | - | - | - | - |
| 1,195,747 | 2,971,715 | 1,979,457 | 1,722,541 | 2,608,534 | 3,392,971 |
| (1,127,625) | (2,905,593) | (1,910,435) | (1,650,817) | (2,539,240) | (3,336,137) |
| <u>304,702</u> | <u>(327,925)</u> | <u>2,238,197</u> | <u>468,009</u> | <u>3,325,981</u> | <u>8,832,566</u> |
| <u>\$ 93,914</u> | <u>\$ (4,232,807)</u> | <u>\$ 4,590,561</u> | <u>\$ 53,472</u> | <u>\$ 1,079,750</u> | <u>\$ (2,486,348)</u> |
| 23.7% | 18.6% | 22.1% | 25.3% | 77.9% | 14.0% |

CITY OF LINO LAKES, MINNESOTA
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS

Table 5

| Payable Year | Residential Property | Commercial/ Industrial Property | Personal Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------------------|---------------------------------|--|------------------------------|---|----------------------------------|
| 2006 | \$ 15,825,619 | \$ 2,740,583 | \$ 271,665 | \$ 18,837,867 | 41.40 |
| 2007 | 17,605,080 | 3,047,965 | 288,290 | 20,941,335 | 38.99 |
| 2008 | 18,382,645 | 3,431,107 | 279,102 | 22,092,854 | 38.97 |
| 2009 | 18,919,087 | 4,002,349 | 275,496 | 23,196,932 | 38.73 |
| 2010 | 17,978,917 | 3,800,004 | 291,904 | 22,070,825 | 37.91 |
| 2011 | 16,214,698 | 3,223,901 | 303,964 | 19,742,563 | 42.04 |
| 2012 | 14,743,557 | 2,945,026 | 310,870 | 17,999,453 | 42.89 |
| 2013 | 13,693,905 | 2,571,769 | 336,047 | 16,601,721 | 46.77 |
| 2014 | 13,646,798 | 2,450,473 | 341,974 | 16,439,245 | 46.68 |
| 2015 | 15,455,516 | 2,536,783 | 347,316 | 18,339,615 | 43.77 |

Source: Anoka County, Minnesota Assessors' Office

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

CITY OF LINO LAKES, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of Tax Capacity)

Table 6

| Fiscal Year | City Direct Rate | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate |
|-------------|------------------|---------------------------------|--------------|-------------------------------------|--------------|------------------------|-------------------|---------------------------------------|
| | Basic Rate | General Obligation Debt Service | Total Direct | Centennial School District ISD # 12 | Anoka County | Other Taxing Districts | Total Overlapping | |
| 2006 | 36.044 | 5.354 | 41.398 | 40.253 | 32.096 | 6.479 | 78.828 | 120.226 |
| 2007 | 34.356 | 4.638 | 38.994 | 38.090 | 30.696 | 5.578 | 74.364 | 113.358 |
| 2008 | 34.560 | 4.407 | 38.967 | 35.258 | 31.078 | 6.956 | 73.292 | 112.259 |
| 2009 | 34.716 | 4.017 | 38.733 | 34.593 | 32.078 | 5.611 | 72.282 | 111.015 |
| 2010 | 34.086 | 3.819 | 37.905 | 37.285 | 35.189 | 5.879 | 78.353 | 116.258 |
| 2011 | 37.425 | 4.616 | 42.041 | 43.695 | 39.952 | 6.278 | 89.925 | 131.966 |
| 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 |

Source: Anoka County Property Records and Tax Division

Notes:

The majority of Lino Lakes is served by Independent School District No. 12.
Rates for debt service are based on each year's requirements.

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

Table 7

| Taxpayer | 2015 | | | 2006 | | |
|--------------------------------|---|-------------|--|---|-------------|--|
| | 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 | \$ 201,790 | 1 | 1.10 % | \$ 263,094 | 1 | 1.40 |
| Xcel Energy | 186,413 | 2 | 1.02 | 133,655 | 4 | 0.71 |
| Lino Lakes Realty LLC | 175,742 | 3 | 0.96 | 240,710 | 2 | 1.28 |
| Moline Concrete Products | 106,606 | 4 | 0.58 | 112,313 | 5 | 0.60 |
| Taylor Corporation | 97,498 | 5 | 0.53 | 110,926 | 6 | 0.59 |
| Kohl's Department Store | 96,836 | 6 | 0.53 | 162,956 | 3 | 0.87 |
| Gargaro Properties LLC | 85,130 | 7 | 0.46 | 85,878 | 7 | 0.46 |
| Marmon/Keystone Corp | 73,342 | 8 | 0.40 | 80,960 | 8 | 0.43 |
| CenterPoint Energy | 69,458 | 9 | 0.38 | - | - | - |
| Lino Lakes Business Center LLC | 56,928 | 10 | 0.31 | 78,802 | 9 | 0.42 |
| F&G Incorporated | - | | - | 76,746 | 10 | 0.41 |
| Total | \$ 1,149,743 | | 6.27 % | \$ 1,346,040 | | 7.17 |

Source: Anoka County

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

| Fiscal Year | Taxes Levied for the Fiscal Year | | | Collected within the Fiscal Year of Levy | |
|------------------------|---|--------------------------|---------------------------|---|-----------------------------------|
| | Operating Tax Levy | Debt Tax Levy | Total Tax Levy | Amount | Percentage of Levy |
| 2006 | \$ 7,042,626 | \$ 934,281 | \$ 7,976,907 | \$ 7,594,019 | 95.2% |
| 2007 | 7,558,995 | 897,333 | 8,456,328 | 8,324,180 | 98.4% |
| 2008 | 7,973,236 | 893,720 | 8,866,956 | 8,581,974 | 96.8% |
| 2009 | 8,295,172 | 949,166 | 9,244,338 | 8,982,756 | 97.2% |
| 2010 | 7,816,232 | 879,182 | 8,695,414 | 8,400,439 | 96.6% |
| 2011 | 7,719,240 | 940,760 | 8,660,000 | 8,486,845 | 98.0% |
| 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% |

Notes:

Current year levies and collections include State levy related credits.

Does not include tax increment levies and collections.

Table 8

| Collections in Subsequent Years | Total Collections to Date | | Outstanding Delinquent Taxes | Percentage of Levy Outstanding |
|--|----------------------------------|-----------------------------------|---|---|
| | Amount | Percentage of Levy | | |
| \$ 63,059 | \$ 7,657,078 | 96.0% | \$ 319,829 | 4.0% |
| 105,490 | 8,429,670 | 99.7% | 26,658 | 0.3% |
| 129,169 | 8,711,143 | 98.2% | 155,813 | 1.8% |
| 194,317 | 9,177,073 | 99.3% | 67,265 | 0.8% |
| 182,139 | 8,582,578 | 98.7% | 112,836 | 1.5% |
| 124,287 | 8,611,132 | 99.4% | 48,868 | 0.9% |
| 71,940 | 8,167,442 | 99.3% | 59,817 | 0.9% |
| 60,514 | 8,155,425 | 99.3% | 60,203 | 1.5% |
| 31,851 | 8,261,837 | 99.6% | 34,207 | 0.8% |
| - | 8,630,830 | 99.4% | 55,242 | 0.6% |

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

| Fiscal Year | Governmental Activities | | | Business-Type Activities | Total Primary Government |
|--------------------|---------------------------------|------------------------------------|-----------------------------|---|---------------------------------|
| | General Obligation Bonds | Special Assessments Payable | Other Long-Term Debt | General Obligation Revenue Bonds | |
| 2006 | \$ 7,177,000 | \$ 13,940,000 | \$ - | \$ 4,410,000 | \$ 25,527,000 |
| 2007 | 11,569,000 | 12,520,000 | - | 1,855,000 | 25,944,000 |
| 2008 | 11,184,000 | 11,365,000 | - | 1,530,000 | 24,079,000 |
| 2009 | 10,712,000 | 10,265,000 | 4,260,000 | 1,170,000 | 26,407,000 |
| 2010 | 10,141,000 | 9,175,000 | 4,260,000 | 795,000 | 24,371,000 |
| 2011 | 9,482,396 | 7,985,000 | 3,695,000 | 405,000 | 21,567,396 |
| 2012 | 10,688,221 | 6,780,000 | 3,695,000 | - | 21,163,221 |
| 2013 | 9,893,152 | 5,720,000 | 3,695,000 | - | 19,308,152 |
| 2014 | 9,227,177 | 7,445,000 | 2,080,000 | - | 18,752,177 |
| 2015 | 16,271,250 | 6,620,000 | 1,720,000 | - | 24,611,250 |

Notes:

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

(1) Personal income information is not available after 2013 from the Bureau of Economic Analysis Report

Table 9

| Percentage of Assessed Market Value | Percentage of Personal Income | Per Capita |
|--|--|-----------------------|
| 1.47 | 3.54 | \$ 1,293 |
| 1.35 | 3.41 | 1,307 |
| 1.19 | 3.08 | 1,205 |
| 1.24 | 3.44 | 1,301 |
| 1.22 | 3.13 | 1,206 |
| 1.20 | 2.59 | 1,049 |
| 1.29 | 2.47 | 1,024 |
| 1.18 | 2.19 | 931 |
| 1.14 | 1.77 | 893 |
| 1.29 | N/A | 1,161 |

CITY OF LINO LAKES, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT
LAST TEN FISCAL YEARS

| Governmental Activities | | | | |
|--------------------------------|---------------------------------|------------------------------------|-----------------------------|---------------------------------|
| Fiscal Year | General Obligation Bonds | Special Assessments Payable | Other Long-Term Debt | Total Primary Government |
| 2006 | \$ 7,177,000 | \$ 13,940,000 | \$ - | \$ 21,117,000 |
| 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 | 4,260,000 | 25,237,000 |
| 2010 | 10,141,000 | 9,175,000 | 4,260,000 | 23,576,000 |
| 2011 | 9,482,396 | 7,985,000 | 3,695,000 | 21,162,396 |
| 2012 | 10,688,221 | 7,095,000 | 3,695,000 | 21,478,221 |
| 2013 | 9,893,152 | 5,720,000 | 3,695,000 | 19,308,152 |
| 2014 | 9,227,177 | 7,445,000 | 2,080,000 | 18,752,177 |
| 2015 | 16,271,250 | 6,620,000 | 1,720,000 | 24,611,250 |

Notes:

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

(1) Personal income information is not available after 2013 from the Bureau of Economic Analysis Report

Table 10

| <u>Per</u> <u>Capita (Total)</u> | <u>Less: Amounts</u> <u>Available in Debt</u> <u>Service Funds</u> | <u>Net</u> <u>Bonded Debt</u> | <u>Percentage</u> <u>of Assessed</u> <u>Market Value</u> | <u>Per</u> <u>Capita (Net)</u> |
|-------------------------------------|--|----------------------------------|--|-----------------------------------|
| \$ 1,070 | \$ 3,992,952 | \$ 17,124,048 | 1.24 | \$ 1,091 |
| 1,213 | 3,925,402 | 20,163,598 | 1.14 | 1,109 |
| 1,128 | 3,405,272 | 19,143,728 | 1.02 | 1,034 |
| 1,243 | 3,457,349 | 21,779,651 | 1.08 | 1,130 |
| 1,166 | 2,986,102 | 20,589,898 | 1.07 | 1,058 |
| 1,032 | 2,638,129 | 18,524,267 | 1.05 | 923 |
| 1,041 | 3,035,557 | 18,442,664 | 1.10 | 879 |
| 933 | 3,357,196 | 15,950,956 | 1.18 | 766 |
| 893 | 2,501,738 | 16,254,262 | 0.99 | 774 |
| 1,161 | 2,813,226 | 21,798,024 | 1.29 | 1,028 |

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2015

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|------------------------------------|-----------------------------|--|--|
| Overlapping: | | | |
| Anoka County | \$ 118,321,284 | 6.3% | \$ 7,409,135 |
| ISD 12 | 96,173,685 | 45.2% | 43,480,557 |
| ISD 624 | 93,420,000 | 3.3% | 3,097,231 |
| ISD 831 | 30,325,000 | 7.0% | 2,133,471 |
| Metropolitan Council | 1,419,891,649 | 0.6% | 8,096,348 |
| Rice Creek Watershed District | 200,000 | 33.2% | 66,309 |
| Anoka County Railroad Authority | 52,600,000 | 6.3% | <u>3,293,748</u> |
| Total Overlapping | | | <u>67,576,799</u> |
| | | | |
| City of Lino Lakes Direct Debt | \$ 24,611,250 | 100% | <u>24,611,250</u> |
| | | | |
| Total Direct and Overlapping Debt: | | | <u><u>\$ 92,188,049</u></u> |

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

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

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

CITY OF LINO LAKES, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Debt limit | \$ 34,686,356 | \$ 38,556,150 | \$ 60,658,830 | \$ 64,036,746 |
| Total net debt applicable to limit | <u>4,332,000</u> | <u>4,039,000</u> | <u>3,804,000</u> | <u>3,642,000</u> |
| Legal debt margin | <u>\$ 30,354,356</u> | <u>\$ 34,517,150</u> | <u>\$ 56,854,830</u> | <u>\$ 60,394,746</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 12.49% | 10.48% | 6.27% | 5.69% |

Table 12

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|---------------------------------|-----------------------------|
| Market value | \$ 1,694,366,064 |
| Debt limit (3% of market value) | 50,830,982 |
| Debt applicable to limit | <u>11,941,250</u> |
| Legal debt margin | <u><u>\$ 38,889,732</u></u> |

| Fiscal Year | | | | | |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 60,622,086 | \$ 54,123,645 | \$ 45,595,717 | \$ 45,595,717 | \$ 45,297,635 | \$ 50,830,982 |
| <u>3,386,000</u> | <u>2,961,000</u> | <u>4,280,000</u> | <u>4,280,000</u> | <u>4,191,000</u> | <u>11,941,250</u> |
| <u><u>\$ 57,236,086</u></u> | <u><u>\$ 51,162,645</u></u> | <u><u>\$ 41,315,717</u></u> | <u><u>\$ 41,315,717</u></u> | <u><u>\$ 41,106,635</u></u> | <u><u>\$ 38,889,732</u></u> |
| 5.59% | 5.47% | 9.39% | 9.39% | 9.25% | 23.49% |

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

Table 13

| Fiscal Year | (1) Population | (2) Personal Income (thousands of dollars) | Per Capita Personal Income | (3) School Enrollment | (4) Unemployment Rate |
|--------------------|---------------------------|---|---|--------------------------------------|--------------------------------------|
| 2006 | 19,736 | \$ 720,680 | \$ 36,516 | 6,986 | 4.1 |
| 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 | 21,200 | N/A | N/A | 6,371 | 3.3 |

Source:

- (1) Estimates from Metropolitan Council, except for 2010 which is per the U.S. Census & 2014 which is city estimate**
- (2) Information from Bureau of Economic Analysis Report - Anoka County statistics used as local information is unavailable**
- (3) Information from ISD 12 Website**
- (4) Information from MN Department of Employment and Economic Development - Anoka County statistics used as local information is unavailable**

Note: Information not available is marked N/A

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

Table 14

| Employer | 2015 | | | 2006 | | |
|--------------------------------|------------------|-------------|---|------------------|-------------|---|
| | Employees | Rank | (1) Percentage of Total Employment | Employees | Rank | (1) Percentage of Total Employment |
| State of Minnesota Corrections | 447 | 1 | N/A % | 450 | 1 | N/A % |
| ISD 12 - Centennial Schools | 391 | 2 | N/A | - | - | N/A |
| Target Corporation | 200 | 3 | N/A | 230 | 2 | N/A |
| Curtis 1000 | 162 | 4 | N/A | - | - | N/A |
| Taylor Corporation | 160 | 5 | N/A | - | - | N/A |
| Anoka County Juvenile Center | 130 | 6 | N/A | 150 | 7 | N/A |
| Molin Concrete Products | 130 | 7 | N/A | 163 | 6 | N/A |
| Rehbein Transit, Inc. | 130 | 8 | N/A | - | - | N/A |
| Kohls | 123 | 9 | N/A | 115 | 10 | N/A |
| YMCA | 120 | 10 | N/A | - | - | N/A |
| AdGraphics | - | - | N/A | 200 | 3 | N/A |
| Synovis Interventional Systems | - | - | N/A | 180 | 4 | N/A |
| Summit Fire Protection | - | - | N/A | 175 | 5 | N/A |
| Nol-Tech Systems, Inc | - | - | N/A | 65 | 8 | N/A |
| Customer Manufacturing | - | - | N/A | 50 | 9 | N/A |
| Total | 1,993 | | - % | 1,778 | | - % |

Source: City of Lino Lakes Official Statements/Employer Surveys

CITY OF LINO LAKES, MINNESOTA
FULL-TIME-EQUIVALENT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Government | | | | | |
| Administration | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 |
| Seniors | 0.63 | 0.63 | 0.63 | 0.63 | 0.63 |
| Finance | 3.50 | 3.50 | 3.50 | 3.50 | 3.00 |
| Economic Development | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Planning | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Community Development | 2.75 | 2.75 | 2.75 | 2.75 | 2.25 |
| Engineering | - | - | - | - | - |
| Building | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Other | 1.15 | 1.40 | 1.40 | 1.40 | 1.40 |
| Total General Government | <u>17.03</u> | <u>17.28</u> | <u>17.28</u> | <u>17.28</u> | <u>15.28</u> |
| Public Safety | | | | | |
| Officers | 26.00 | 26.00 | 27.00 | 27.00 | 27.00 |
| Civilians | 4.75 | 4.75 | 4.75 | 4.75 | 4.25 |
| Fire | - | - | - | - | - |
| Building Inspection | 4.25 | 4.25 | 4.25 | 4.25 | 2.75 |
| Total Public Safety | <u>35.00</u> | <u>35.00</u> | <u>36.00</u> | <u>36.00</u> | <u>34.00</u> |
| Public Works | | | | | |
| Streets | 6.85 | 7.35 | 7.35 | 7.35 | 6.85 |
| Other | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |
| Total Public Works | <u>8.00</u> | <u>8.50</u> | <u>8.50</u> | <u>8.50</u> | <u>8.00</u> |
| Parks, Recreation and Forestry | 9.55 | 9.80 | 9.80 | 9.80 | 9.30 |
| Water | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 |
| Sewer | <u>2.15</u> | <u>2.15</u> | <u>2.15</u> | <u>2.15</u> | <u>2.15</u> |
| Total | <u><u>73.88</u></u> | <u><u>74.88</u></u> | <u><u>75.88</u></u> | <u><u>75.88</u></u> | <u><u>70.88</u></u> |

Source: City Finance Office

Table 15

| Fiscal Year | | | | |
|--------------------|--------------|--------------|--------------|--------------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| - | - | - | - | - |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 1.00 | 1.00 | - | - | - |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| - | - | - | - | - |
| - | - | - | - | - |
| 0.70 | 0.70 | 0.70 | 0.70 | 0.70 |
| <u>11.20</u> | <u>11.20</u> | <u>10.20</u> | <u>10.20</u> | <u>10.20</u> |
| 25.00 | 25.00 | 25.00 | 25.00 | 26.00 |
| 4.00 | 3.00 | 3.00 | 4.00 | 4.00 |
| - | - | - | 1.00 | 1.00 |
| 2.50 | 2.50 | 2.50 | 2.00 | 2.00 |
| <u>31.50</u> | <u>30.50</u> | <u>30.50</u> | <u>32.00</u> | <u>33.00</u> |
| 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| <u>8.00</u> | <u>8.00</u> | <u>8.00</u> | <u>8.00</u> | <u>8.00</u> |
| 9.00 | 9.00 | 8.70 | 8.70 | 8.70 |
| 2.15 | 2.15 | 2.30 | 2.30 | 2.30 |
| 2.15 | 2.15 | 2.30 | 2.30 | 2.30 |
| <u>64.00</u> | <u>63.00</u> | <u>62.00</u> | <u>63.50</u> | <u>64.50</u> |

CITY OF LINO LAKES, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

| Function/Program | Fiscal Year | | | | |
|------------------------------------|--------------------|---------------|---------------|--------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Government | | | | | |
| Elections | 2 | 1 | 2 | 1 | 2 |
| Registered Voters | 11,618 | 10,908 | 12,723 | 11,805 | 12,284 |
| Number of Votes Cast | 8,284 | 2,337 | 11,051 | 4,354 | 8,545 |
| Voter Participation (Registered) | 71.3% | 21.4% | 86.9% | 36.9% | 69.6% |
| Public Safety | | | | | |
| Police: | | | | | |
| Calls for Service | 6,990 | 7,053 | 6,871 | 6,353 | 6,398 |
| Traffic Citations & Warnings | 5,964 | 3,805 | 3,252 | 3,187 | 2,743 |
| Part I Crimes | 3,372 | 1,279 | 1,461 | 1,075 | 982 |
| Part II Crimes | 4,890 | 3,432 | 3,767 | 3,151 | 2,911 |
| Inspections: | | | | | |
| Building Permits (1) | 686 | 2,297 | 5,041 | 1,535 | 509 |
| Value of Building Permits | \$ 42,078,007 | \$ 30,539,559 | \$ 15,852,780 | \$ 9,586,160 | \$ 11,295,493 |
| Public Works | | | | | |
| General Maintenance (hours) | 5,692 | 6,758 | 6,129 | 5,870 | 4,945 |
| Street Maintenance (hours) | 3,631 | 2,916 | 3,851 | 3,267 | 3,099 |
| Fleet Maintenance (hours) | 4,460 | 4,144 | 5,043 | 4,782 | 4,850 |
| Snow Plowing/Sanding (hours) | 867 | 1,425 | 1,353 | 950 | 1,638 |
| Culture and Recreation | | | | | |
| Parks: | | | | | |
| Park Maintenance (hours) | 10,368 | 10,939 | 11,136 | 12,406 | 9,257 |
| Utilities | | | | | |
| Water Maintenance (hours) | 4,387 | 4,256 | 5,716 | 5,041 | 3,560 |
| Sanitary Sewer Maintenance (hours) | 3,347 | 4,148 | 3,760 | 3,486 | 3,531 |

Source: Various City Departments

Notes:

Information not available is labeled N/A.

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

Table 16

| Fiscal Year | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 1 | 2 | 1 | 2 | 1 |
| 11,705 | 13,478 | 12,020 | 12,610 | 12,143 |
| 4,314 | 11,546 | 1,575 | 7,854 | 4,085 |
| 36.9% | 85.7% | 13.1% | 62.3% | 33.6% |
| 6,384 | 6,344 | 6,210 | 6,210 | 6,210 |
| 2,604 | 2,694 | 2,597 | 2,597 | 2,199 |
| 1,117 | N/A | N/A | N/A | N/A |
| 2,911 | N/A | N/A | N/A | N/A |
| 452 | 459 | 490 | 431 | 654 |
| \$ 11,295,493 | \$ 10,751,626 | \$ 17,683,665 | \$ 13,535,514 | \$ 26,570,593 |
| 7,416 | 6,939 | 3,994 | 5,200 | 7,839 |
| 4,352 | 5,926 | 5,740 | 3,840 | 3,347 |
| 4,214 | 3,945 | 4,548 | 4,746 | 4,322 |
| 1,534 | 594 | 1,639 | 2,141 | 754 |
| 9,813 | 9,739 | 8,480 | 8,537 | 8,332 |
| 3,568 | 3,585 | 3,119 | 3,189 | 3,240 |
| 3,557 | 3,517 | 3,109 | 3,178 | 3,240 |

CITY OF LINO LAKES, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

| Function/Program | Fiscal Year | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Public Safety | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 12 | 12 | 12 | 12 | 12 |
| Fire (Joint Powers): | | | | | |
| Stations in City | 1 | 1 | 1 | 1 | 1 |
| Fire Trucks | 5 | 5 | 5 | 5 | 5 |
| Public Works | | | | | |
| Lights | 673 | 673 | 673 | 673 | 673 |
| Vehicles | 29 | 29 | 29 | 29 | 29 |
| City Streets (miles) | 96 | 96.1 | 100.71 | 100.71 | 100.71 |
| Culture and Recreation | | | | | |
| Parks: | | | | | |
| Parks | 18 | 18 | 18 | 18 | 18 |
| Park Acres | 141 | 141 | 141 | 141 | 141 |
| Trails (miles) | 20 | 26 | 26 | 26 | 26 |
| Park Shelters | 7 | 7 | 7 | 7 | 7 |
| Basketball Courts | 6 | 6 | 6 | 6 | 6 |
| Fishing Pier | 1 | 1 | 1 | 1 | 1 |
| Skating Rinks | 4 | 4 | 4 | 4 | 4 |
| Soccer Fields | 8 | 8 | 8 | 8 | 8 |
| Baseball/Softball Fields | 20 | 20 | 20 | 20 | 20 |
| Tennis Courts | 2 | 2 | 2 | 2 | 2 |
| Playgrounds | 16 | 16 | 16 | 16 | 16 |
| Water | | | | | |
| Distribution System (miles) | 51.1 | 64.7 | 74.7 | 74.7 | 74.7 |
| Water Connections | 4,090 | 4,112 | 4,247 | 4,340 | 4,382 |
| Gallons Pumped (millions) | 565 | 595 | 590 | 589 | 498 |
| Number of Fire Hydrants | 538 | 538 | 538 | 538 | 538 |
| Water Tower Capacity (millions gallons) | 2 | 2 | 2 | 2 | 2 |
| Sanitary Sewer | | | | | |
| Collection System (miles) | 63.3 | 64.5 | 69.8 | 69.8 | 69.8 |
| Sewer Connections | 4,282 | 4,428 | 4,447 | 4,486 | 4,530 |
| Storm Sewer | | | | | |
| Pipe (miles) | 34.1 | 34.3 | 41.4 | 41.4 | 41.4 |

Source: Various City Departments

Table 17

| Fiscal Year | | | | |
|-------------|--------|--------|--------|--------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 1 | 1 | 1 | 1 | 1 |
| 12 | 12 | 12 | 12 | 12 |
| 1 | 1 | 1 | 1 | 2 |
| 5 | 5 | 5 | 5 | 7 |
| 673 | 673 | 673 | 673 | 673 |
| 29 | 29 | 29 | 29 | 29 |
| 100.71 | 100.71 | 100.71 | 100.71 | 100.71 |
| 18 | 18 | 18 | 18 | 18 |
| 141 | 141 | 141 | 141 | 141 |
| 26 | 26 | 26 | 26 | 26 |
| 6 | 6 | 6 | 6 | 6 |
| 6 | 6 | 6 | 6 | 6 |
| 1 | 1 | 1 | 1 | 1 |
| 4 | 4 | 4 | 4 | 4 |
| 8 | 8 | 8 | 8 | 8 |
| 20 | 20 | 20 | 20 | 20 |
| 2 | 2 | 2 | 2 | 2 |
| 16 | 16 | 16 | 16 | 16 |
| 74.7 | 74.7 | 74.7 | 74.7 | 74.7 |
| 4,424 | 4,424 | 4,484 | 4,520 | 4,520 |
| 492 | 609 | 536 | 536 | 449 |
| 538 | 538 | 538 | 538 | 1024 |
| 2 | 2 | 2 | 2 | 2 |
| 69.8 | 69.8 | 69.8 | 69.8 | 77.9 |
| 4,567 | 4,567 | 4,624 | 4,685 | 4,685 |
| 41.4 | 41.4 | 41.4 | 41.4 | 41.4 |