

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

FOR THE YEAR ENDED

DECEMBER 31, 2014

Prepared By: Finance Department

Alan Rolek, Director of Finance
Paula Schloer, Accountant

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I.
INTRODUCTORY
SECTION

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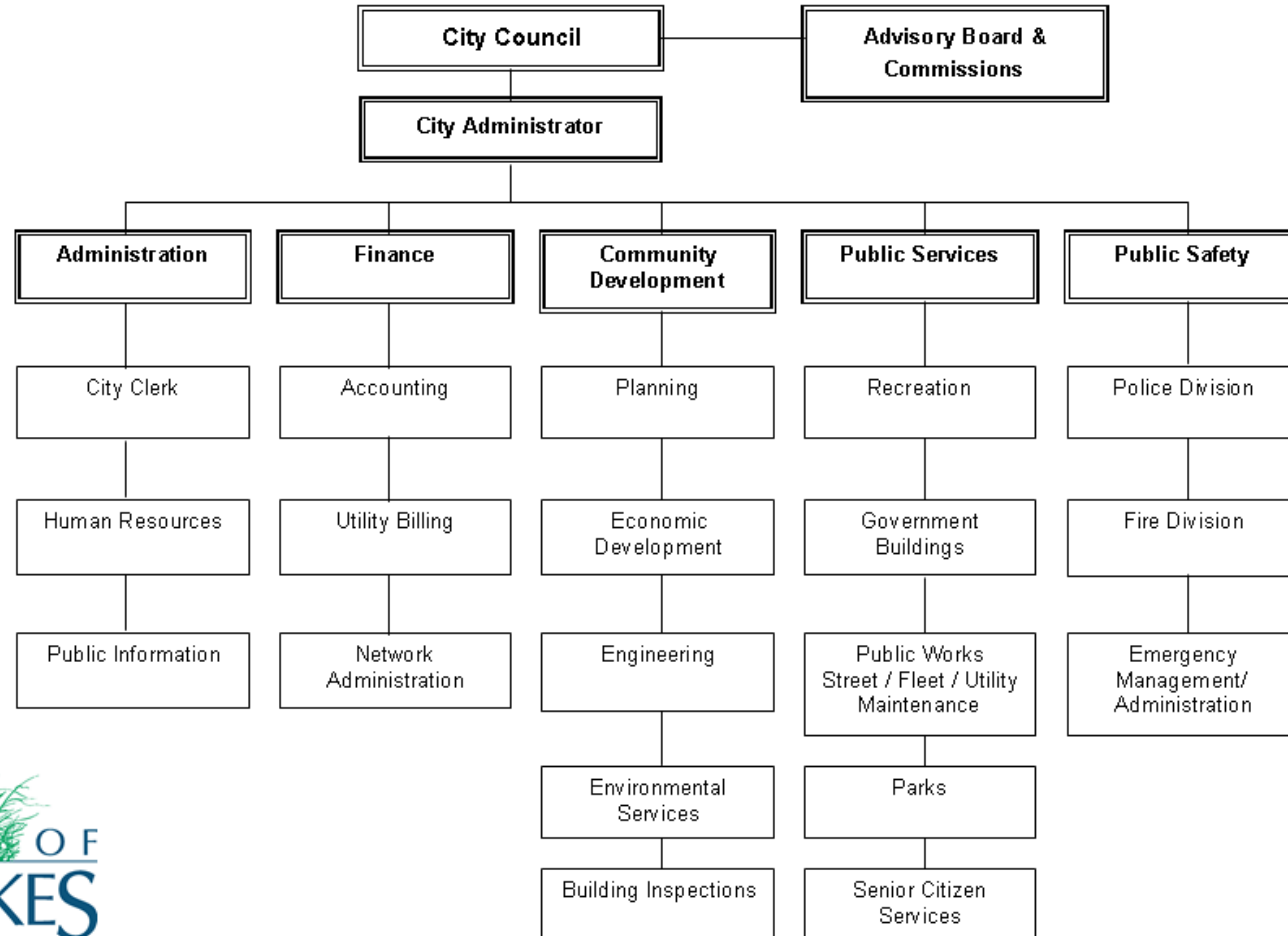
Elected Officials

	<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	Alan Rolek
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 18, 2015

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, 2014.

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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of the County of Anoka. It covers an area of 33 square miles and has a population of approximately 20,700. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 23% 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 60 and 84, 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 2018.

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 continued to be steady in 2014, however, improvement in developer activity is evident. Building permits for new homes in 2014 numbered 33, compared to 30 in 2013. In addition, the City granted final plat approval for six new residential developments totaling 138 units in 2014.

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 2019.

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, 2014 was \$5,053,064, which is 57% 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 2014 was 0.85%. 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 a net increase of \$152,718, or 0.48%, for a total investment yield of 1.33%. 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.

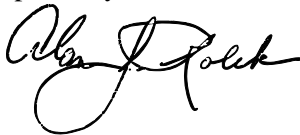
Awards and Acknowledgements

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, 2013. This marks the eighteenth 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 2014 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,

A handwritten signature in black ink, appearing to read "Alan J. Rolek". The signature is fluid and cursive, with a large initial "A" and "R".

Alan J. Rolek
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, 2013

Executive Director/CEO

II.
FINANCIAL
SECTION

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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, as of and for the year ended December 31, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

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, schedule of insurance in force, schedule of taxable valuations, tax levies, and tax rates, 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, schedule of insurance in force, schedule of taxable valuations, tax levies, and tax rates, 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.

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

Other Information (Continued)

The introductory section 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 18, 2015, 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 18, 2015

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

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, 2014. 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 \$90,179,168 (*net position*). Of this amount \$34,415,982 (*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 \$1,334,788 primarily due to annual depreciation of capital assets.
- As of the close of the current fiscal year, the City of Lino Lakes' governmental funds reported combined ending fund balance of \$22,542,363, an increase of \$964,790 in comparison with the prior year primarily due to the proceeds from the issuance of the 2014A Equipment Certificates and G.O. Bonds 2014A, the majority of which will be expended in 2015. Approximately 5% of this amount, or \$1,177,213, 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 \$5,053,064, or 57% of total general fund expenditures and other financing uses.
- The City's total bonded debt increased by \$1,091,000 (11.4%) during the current fiscal period. The City issued Equipment Certificates of \$495,000 and a general obligation bond in the amount \$2,645,000 to finance the improvement of 21st Avenue, Northpointe addition improvements and the construction of Well # 6 and Wellhouse. Principal in the amount of \$2,049,000 was retired during the year.

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, 2014**

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-nine 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, Municipal State Aid fund and Area and Unit Charge fund all of which are considered to be major funds. Data from the other forty-four 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, 2014**

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 35-59 of this report.

Other information – The combining statements and schedules referred to earlier in conjunction with nonmajor governmental funds can be found on pages 68-83 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 \$90,179,168 at the close of the most recent fiscal year, a decrease of \$1,334,788 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 (52%) 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, 2014 and 2013 are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 32,904,991	\$ 33,326,625	\$ 14,029,608	\$ 13,092,332	\$ 46,934,599	\$ 46,418,957
Capital Assets	36,212,984	37,854,973	27,556,022	28,423,284	63,769,006	66,278,257
Total Assets	69,117,975	71,181,598	41,585,630	41,515,616	110,703,605	112,697,214
Noncurrent Liabilities Outstanding	19,479,195	20,006,657	52,790	54,182	19,531,985	20,060,839
Other Liabilities	903,912	1,083,451	88,540	38,968	992,452	1,122,419
Total Liabilities	20,383,107	21,090,108	141,330	93,150	20,524,437	21,183,258
Net Position:						
Net Investment in Capital Assets	19,540,807	22,241,821	27,556,022	28,423,284	47,096,829	50,665,105
Restricted	8,666,357	11,000,033	-	-	8,666,357	11,000,033
Unrestricted	20,527,704	16,849,636	13,888,278	12,999,182	34,415,982	29,848,818
Total Net Position	\$ 48,734,868	\$ 50,091,490	\$ 41,444,300	\$ 41,422,466	\$ 90,179,168	\$ 91,513,956

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 (38%) 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, 2014**

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 \$1,356,622. Reductions in Capital Grants and Contributions and increases in expenses for general government and public services activities account for this reduction for 2014.

Business-type activities Business-type activities increased the City of Lino Lakes' net position by \$21,834. Changes in market value of investments provided mainly for this increase.

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the years ended December 31, 2014 and 2013:

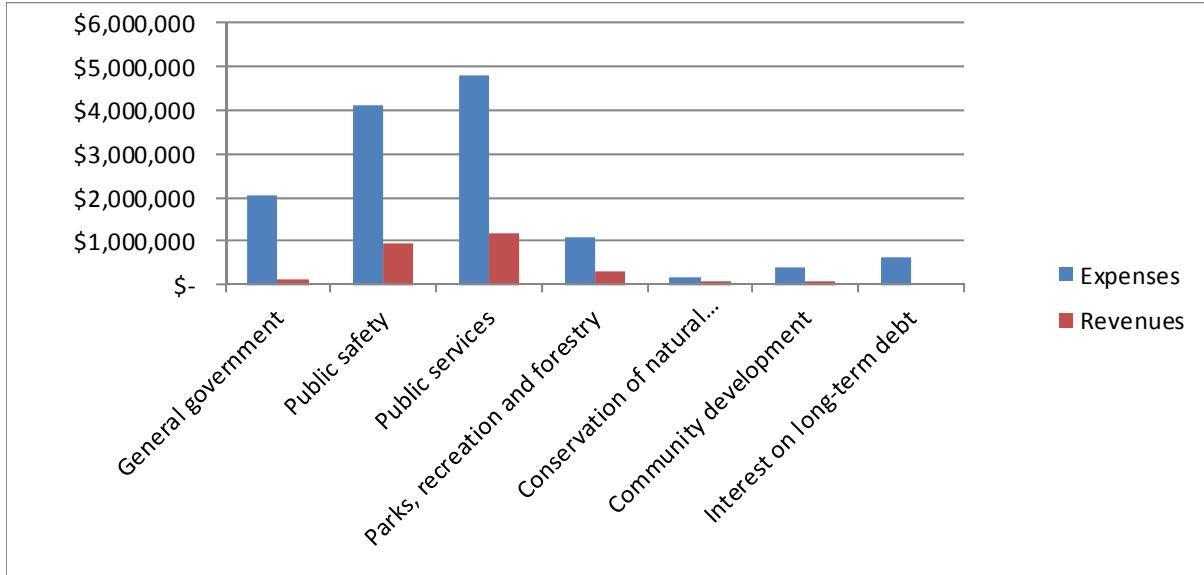
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,529,040	\$ 1,452,169	\$ 2,529,524	\$ 2,725,139	\$ 4,058,564	\$ 4,177,308
Operating Grants and Contributions	840,676	527,368	-	-	840,676	527,368
Capital Grants and Contributions	335,733	941,960	1,035	883	336,768	942,843
General Revenues:						
Property Taxes	8,612,016	8,392,601	-	-	8,612,016	8,392,601
Franchise Taxes	124,292	109,438	-	-	124,292	109,438
Other Taxes	70,578	61,556	-	-	70,578	61,556
Contributions Not Restricted to Specific Programs	4,443	4,442	-	-	4,443	4,442
Unrestricted Investment Earnings	172,738	216,488	96,213	113,402	268,951	329,890
Change in Market Value	92,957	(270,692)	58,255	(158,175)	151,212	(428,867)
Gain on Disposal of Capital Assets	1,727	-	-	-	1,727	-
Total Revenues	11,784,200	11,435,330	2,685,027	2,681,249	14,469,227	14,116,579
EXPENSES						
General Government	2,036,550	1,566,388	-	-	2,036,550	1,566,388
Public Safety	4,107,759	3,950,197	-	-	4,107,759	3,950,197
Public Service	4,786,121	4,540,888	-	-	4,786,121	4,540,888
Parks, Recreation and Forestry	1,093,909	835,783	-	-	1,093,909	835,783
Conservation of Natural Resources	159,649	141,204	-	-	159,649	141,204
Community Development	407,448	404,726	-	-	407,448	404,726
Interest on Long-Term Debt	618,680	951,842	-	-	618,680	951,842
Water	-	-	965,641	927,800	965,641	927,800
Sewer	-	-	1,628,258	1,584,395	1,628,258	1,584,395
Total Expenses	13,210,116	12,391,028	2,593,899	2,512,195	15,804,015	14,903,223
CHANGE IN NET POSITION						
BEFORE TRANSFERS	(1,425,916)	(955,698)	91,128	169,054	(1,334,788)	(786,644)
Transfers	69,294	(353,304)	(69,294)	353,304	-	-
CHANGE IN NET POSITION	(1,356,622)	(1,309,002)	21,834	522,358	(1,334,788)	(786,644)
Net Position - Beginning of Year	50,091,490	51,400,492	41,422,466	40,900,108	91,513,956	92,300,600
NET POSITION - END OF YEAR	\$ 48,734,868	\$ 50,091,490	\$ 41,444,300	\$ 41,422,466	\$ 90,179,168	\$ 91,513,956

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

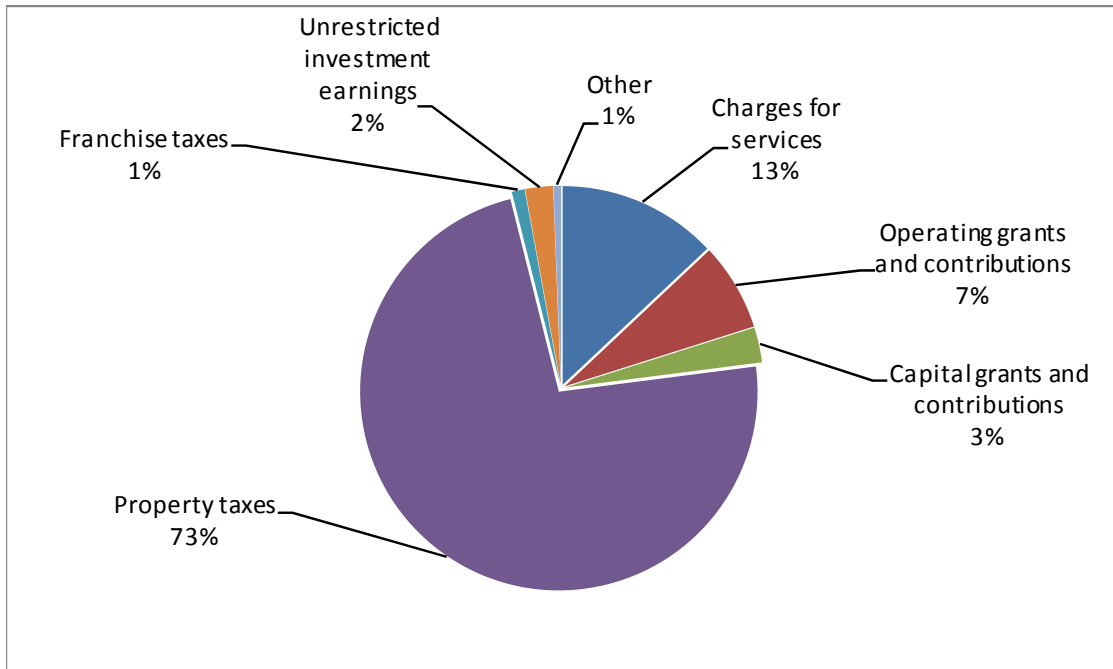
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

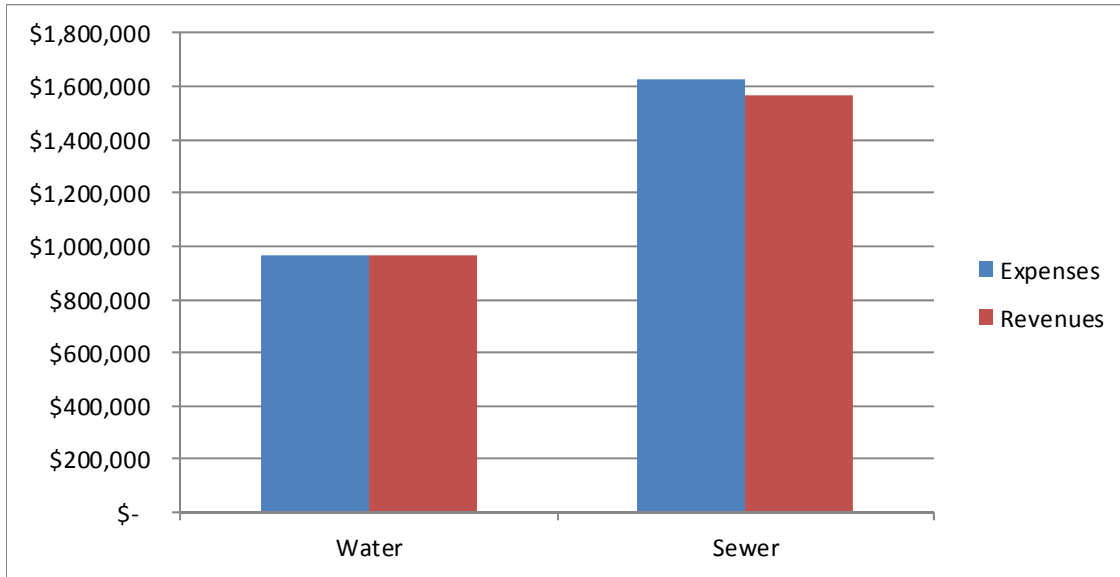


**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

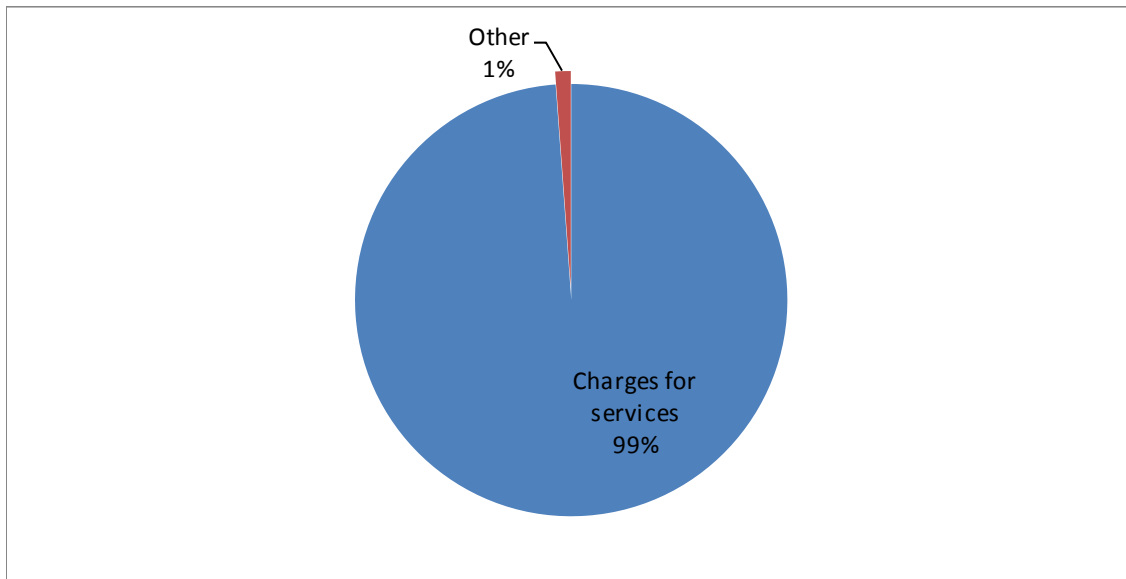
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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, 2014**

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.O 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 5% of the total fund balance amount, or \$1,177,213, 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 \$22,542,633, an increase of \$964,790, or 4.5%, from the previous year. This increase is primarily due to the proceeds from the issuance of the 2014A Equipment Certificates and G.O. Bonds 2014A, the majority of which will be expended in 2015.

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 \$5,053,064, while the total fund balance was \$5,306,535. 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 57% of total general fund expenditures and other financing uses, while total fund balance represents 60% of that same amount.

The fund balance of the City of Lino Lakes' general fund decreased by \$79,548 during the current fiscal year, while the City budget anticipated the use of \$159,425 of the general fund's fund balance. Overall, the continued soft real estate market again resulted in reduced building activities this year which decreased permit revenue. Even as signs of economic recovery were being seen, the remaining effects of the recession also had an impact on property tax fiscal disparities delinquencies. Public Safety charges for services increased from traffic control activities through the year. Improvements in financial markets resulted in a positive impact on the value of current investments. In addition, reduced expenditures, primarily for personal services through vacant positions, and contractual services helped to offset the reduced revenues. Overall, the general fund's revenues were within less than 0.1% of the amended budget, while expenditures and transfers were 2% below budgeted levels.

The G.O. improvement bonds 2005A fund has a total fund deficit of (\$2,493,684). 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 \$34,899, a decrease of \$961,392. The decrease was directly due to the prepayment of outstanding bonds, per terms of the agreement with the County, from prepayments of special assessments in 2013 and 2014. 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 2014 is \$2,080,000.

The Municipal State Aid fund, a capital projects fund used to finance reconstruction of state aid eligible streets, ended the year with a fund balance of \$3,922,220. This fund received a large advance from the Minnesota Municipal State Aid in 2012 equal to the next five annual construction installments. These funds will be used over the next several years to pay debt service on the Tax Increment Bonds 2007A and the Improvement Notes 2009F, and for future MSA projects.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental funds (Continued) – The Area and Unit Charge fund has a total fund balance of \$4,383,677, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$213,626, due in large part to the collection of special assessments and intergovernmental revenues, which were greater than the expenditures and transfers out.

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 \$18,860,755, of which \$5,422,986 is unrestricted. The increase in net position of \$27,692 was primarily due to operating income.

Total net position in the sewer fund at the end of 2014 was \$22,583,545, of which \$8,465,292 was unrestricted. The decrease in net position of \$5,858 was primarily due to a net operating loss on the year.

The water rates, which reflect water conservation efforts through a tiered rate structure, and sewer rates were adjusted by 2% and 4%, respectively, in 2014. A 2% adjustment of water rates and 3% adjustment of sewer rates will go into effect in January, 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended several times during the year reflecting increases in business license revenue, planning and engineering fees, public safety charges for services, MSA maintenance aid, police aid, SCORE grants and gas franchise fees; reductions in fiscal disparities revenue, licenses and permits fines revenue; and reallocating resources within the original budget. The final amended budget is \$99,500 greater than the original adopted budget.

Revenues were \$1,079 under budget for the year. This is due primarily due to various factors. Fiscal disparities revenues came in under budget by \$161,391. This were offset by greater than anticipated planning and engineering fees and business licensing and greater than anticipated public safety charges for services due to higher than anticipated traffic control contracts.

Expenditures came in under budget by \$194,195 due mainly to lower than expected personal services costs from vacant positions and lower contractual expenditures. Energy costs electricity and heating fuels were higher than budgeted amounts, and supplies costs were generally lower than anticipated. Spending on contractual services was lower overall from budgeted levels. There were also net transfers from the general fund of \$565,196. This resulted in a net fund balance decrease of \$79,548 for the fiscal year, compared to the planned reduction of \$159,425.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

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, 2014, is \$63,769,006. This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. This represents a decrease in the City of Lino Lakes' investment in capital assets of approximately 5%. The extension of 21st Avenue north of CSAH 14 was completed during the year by the City, adding to road and utility infrastructure. The only additions were from projects in progress. The decrease within the governmental activities is attributable to the depreciation of buildings, constructed streets, underground infrastructure and other equipment. Within the business-type activities decreases were also attributable to depreciation of existing assets of the water and sewer funds.

	Capital Assets at Year-End (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,275,859	\$ 3,275,859	\$ -	\$ -	\$ 3,275,859	\$ 3,275,859
Construction in Progress	808,093	-	-	-	808,093	-
Buildings	3,116,839	3,301,916	-	-	3,116,839	3,301,916
Office Equipment and Furniture	364,999	407,616	-	-	364,999	407,616
Vehicles	1,170,030	1,064,565	-	-	1,170,030	1,064,565
Machinery and Shop Equipment	336,387	340,245	211,028	232,927	547,415	573,172
Other Equipment	167,804	182,700	-	-	167,804	182,700
Infrastructure	26,972,973	29,282,072	27,344,994	28,190,357	54,317,967	57,472,429
Capital Assets, Net	<u>\$ 36,212,984</u>	<u>\$ 37,854,973</u>	<u>\$ 27,556,022</u>	<u>\$ 28,423,284</u>	<u>\$ 63,769,006</u>	<u>\$ 66,278,257</u>

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 46-47.

Long-term debt – At the end of the current fiscal year, the City of Lino Lakes had total bonded debt outstanding of \$18,756,000. Of this amount \$9,231,000 comprises tax supported debt and \$7,445,000 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 \$2,080,000.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
G.O. Bonds	\$ 9,231,000	\$ 9,865,000	\$ -	\$ -	\$ 9,231,000	\$ 9,865,000
G.O. Special Assessment Bonds	7,445,000	5,720,000	-	-	7,445,000	5,720,000
Note Payable - Anoka County	2,080,000	3,695,000	-	-	2,080,000	3,695,000
Total Outstanding Debt	<u>\$ 18,756,000</u>	<u>\$ 19,280,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,756,000</u>	<u>\$ 19,280,000</u>

The City of Lino Lakes' total bonded debt increased by \$1,091,000 (10.6%) during the current fiscal year. The key factors for the change include the issuance of \$495,000 in 2014A Equipment Certificates and the issuance of a general obligation bond in the amount \$2,645,000 to finance the improvement of 21st Avenue, Northpointe addition improvements and the construction of Well # 6 and Wellhouse. Principal in the amount of \$2,049,000 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 48-50.

**CITY OF LINO LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Lino Lakes at year-end is 3.4%, which is a great improvement from a rate of 4.5% a year ago. This is slightly lower than the state's average unemployment rate of 3.6% and significantly lower than the national average of 5.4% at the end of 2014.
- 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 one-third the number of new home permits issued in 2014 as in 2007, and less than 82% 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 firm will continue to have an impact on the City's tax base for 2015.
- 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 to between 0.00% – 0.25%, 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.

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BASIC FINANCIAL STATEMENTS

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CITY OF LINO LAKES, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014

Statement 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 22,800,304	\$ 13,055,884	\$ 35,856,188
Accrued interest receivable	62,539	-	62,539
Accounts receivable	103,349	350,728	454,077
Due from other governments	86,428	1,750	88,178
Internal balances	(559,110)	559,110	-
Taxes receivable	239,532	-	239,532
Special assessments receivable	9,592,176	2,049	9,594,225
Long-term notes receivable	225,000	-	225,000
Prepaid items	254,773	33,825	288,598
Inventory	-	26,262	26,262
Permanently restricted cash and investments	100,000	-	100,000
Capital assets:			
Land	3,275,859	-	3,275,859
Construction in progress	808,093	-	808,093
Other capital assets, net of depreciation	32,129,032	27,556,022	59,685,054
Total assets	<u>69,117,975</u>	<u>41,585,630</u>	<u>110,703,605</u>
LIABILITIES			
Accounts payable	399,101	78,760	477,861
Salaries payable	139,854	9,780	149,634
Contracts and retainage payable	113,308	-	113,308
Accrued interest payable	249,868	-	249,868
Due to other governments	1,097	-	1,097
Other accrued liabilities	684	-	684
Non-current liabilities:			
Due within one year	3,163,953	36,726	3,200,679
Due in more than one year	16,315,242	16,064	16,331,306
Total liabilities	<u>20,383,107</u>	<u>141,330</u>	<u>20,524,437</u>
NET POSITION			
Net Investment in Capital Assets	19,540,807	27,556,022	47,096,829
Restricted for:			
Debt service - expendable	8,312,623	-	8,312,623
Economic development	225,000	-	225,000
Environmental improvements - expendable	28,734	-	28,734
Environmental improvements - nonexpendable	100,000	-	100,000
Unrestricted	20,527,704	13,888,278	34,415,982
Total net position	<u>\$ 48,734,868</u>	<u>\$ 41,444,300</u>	<u>\$ 90,179,168</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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,036,550	\$ 103,072	\$ 15,649	\$ -
Public safety	4,107,759	763,470	187,848	-
Public services	4,786,121	464,486	383,645	335,733
Parks, recreation and forestry	1,093,909	156,735	155,000	-
Conservation of natural resources	159,649	1,882	71,682	-
Community development	407,448	39,395	26,852	-
Interest on long-term debt	618,680	-	-	-
Total governmental activities	<u>13,210,116</u>	<u>1,529,040</u>	<u>840,676</u>	<u>335,733</u>
Business-type activities:				
Water	965,641	965,425	-	515
Sewer	1,628,258	1,564,099	-	520
Total business-type activities	<u>2,593,899</u>	<u>2,529,524</u>	<u>-</u>	<u>1,035</u>
Total	<u>\$ 15,804,015</u>	<u>\$ 4,058,564</u>	<u>\$ 840,676</u>	<u>\$ 336,768</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

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
\$ (1,917,829)	\$ -	\$ (1,917,829)
(3,156,441)	-	(3,156,441)
(3,602,257)	-	(3,602,257)
(782,174)	-	(782,174)
(86,085)	-	(86,085)
(341,201)	-	(341,201)
(618,680)	-	(618,680)
<u>(10,504,667)</u>	<u>-</u>	<u>(10,504,667)</u>
-	299	299
<u>-</u>	<u>(63,639)</u>	<u>(63,639)</u>
<u>-</u>	<u>(63,340)</u>	<u>(63,340)</u>
<u>(10,504,667)</u>	<u>(63,340)</u>	<u>(10,568,007)</u>
8,612,016	-	8,612,016
124,292	-	124,292
70,578	-	70,578
4,443	-	4,443
172,738	96,213	268,951
92,957	58,255	151,212
1,727	-	1,727
69,294	(69,294)	-
<u>9,148,045</u>	<u>85,174</u>	<u>9,233,219</u>
(1,356,622)	21,834	(1,334,788)
50,091,490	41,422,466	91,513,956
<u>\$ 48,734,868</u>	<u>\$ 41,444,300</u>	<u>\$ 90,179,168</u>

CITY OF LINO LAKES, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

Assets	General	G.O. Improvement Bonds 2005A	Improvement Note 2009F	Municipal State Aid
Cash and investments	\$ 5,078,336	\$ 959	\$ 33,780	\$ 3,922,220
Accrued interest receivable	62,539	-	-	-
Accounts receivable	80,444	-	-	-
Due from other governmental units	86,428	-	-	-
Interfund receivable	-	-	-	-
Taxes receivable:				
Delinquent	115,320	-	-	-
Due from county	92,170	-	-	-
Delinquent tax increment	-	-	-	-
Special assessments receivable:				
Delinquent	6,835	-	726	-
Noncurrent	271	5,561,118	2,729,693	-
Due from county	-	-	7,180	-
Long-term notes receivable	-	-	-	-
Prepaid items	253,471	-	-	-
Permanently restricted cash and investments	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 5,775,814</u>	<u>\$ 5,562,077</u>	<u>\$ 2,771,379</u>	<u>\$ 3,922,220</u>
Liabilities , Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Interfund payable	\$ -	\$ 2,494,643	\$ -	\$ -
Accounts payable	198,448	-	6,061	-
Salaries payable	139,401	-	-	-
Contracts and retainage payable	7,907	-	-	-
Due to other governmental units	1,097	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>346,853</u>	<u>2,494,643</u>	<u>6,061</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable resources	122,426	5,561,118	2,730,419	-
Fund balances:				
Nonspendable	253,471	-	-	-
Restricted	-	-	34,899	-
Committed	-	-	-	-
Assigned	-	-	-	3,922,220
Unassigned	5,053,064	(2,493,684)	-	-
Total fund balances	<u>5,306,535</u>	<u>(2,493,684)</u>	<u>34,899</u>	<u>3,922,220</u>
Total liabilities , deferred inflows of resources and fund balances	<u>\$ 5,775,814</u>	<u>\$ 5,562,077</u>	<u>\$ 2,771,379</u>	<u>\$ 3,922,220</u>

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

Statement 3

Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$ 3,991,116	\$ 9,773,893	\$ 22,800,304
-	-	62,539
22,402	503	103,349
-	-	86,428
-	2,958,421	2,958,421
-	17,201	132,521
-	14,841	107,011
-	-	-
15,965	23,354	46,880
749,355	488,746	9,529,183
6,275	2,658	16,113
-	225,000	225,000
-	1,302	254,773
-	100,000	100,000
374,706	-	374,706
<u>\$ 5,159,819</u>	<u>\$ 13,605,919</u>	<u>\$ 36,797,228</u>
\$ -	\$ 1,022,888	\$ 3,517,531
10,822	183,770	399,101
-	453	139,854
-	105,401	113,308
-	-	1,097
-	374,706	374,706
-	684	684
<u>10,822</u>	<u>1,687,902</u>	<u>4,546,281</u>
<u>765,320</u>	<u>529,301</u>	<u>9,708,584</u>
-	101,302	354,773
-	2,795,627	2,830,526
-	152,078	152,078
4,383,677	9,721,876	18,027,773
-	(1,382,167)	1,177,213
<u>4,383,677</u>	<u>11,388,716</u>	<u>22,542,363</u>
<u>\$ 5,159,819</u>	<u>\$ 13,605,919</u>	<u>\$ 36,797,228</u>

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CITY OF LINO LAKES, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
December 31, 2014

Statement 4

Total Fund Balances for Governmental Funds \$ 22,542,363

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	808,093	
Buildings, net of accumulated depreciation	3,116,839	
Office equipment and furniture, net of accumulated depreciation	364,999	
Vehicles, net of accumulated depreciation	1,170,030	
Machinery and shop equipment, net of accumulated depreciation	336,387	
Other equipment, net of accumulated depreciation	167,804	
Infrastructure, net of accumulated depreciation	<u>26,972,973</u>	36,212,984

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. 9,708,584

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. (249,868)

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	(16,676,000)	
Unamortized premiums	(28,861)	
Unamortized discounts	32,684	
Notes payable	(2,080,000)	
Other postemployment benefits	(91,023)	
Compensated absence payable	<u>(635,995)</u>	<u>(19,479,195)</u>

Total Net Position of Governmental Activities \$ 48,734,868

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, 2014

	General	G.O. Improvement Bonds 2005A	Improvement Note 2009F	Municipal State Aid
Revenue:				
General property taxes	\$ 7,147,977	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Licenses and permits	407,681	-	-	-
Intergovernmental	512,064	-	-	-
Special assessments	15,701	-	653,350	-
Charges for services	313,826	-	-	-
Fines and forfeits	119,715	-	-	-
Investment earnings	30,506	-	5	35,434
Net increase (decrease) in fair value of investments	17,503	-	253	21,189
Refunds	32,135	-	-	-
Miscellaneous	131,485	-	-	-
Total revenue	<u>8,728,593</u>	<u>-</u>	<u>653,608</u>	<u>56,623</u>
Expenditures:				
Current:				
General government	1,683,185	-	-	-
Public safety	3,845,732	-	-	-
Public works	1,336,087	-	-	-
Parks, recreation and forestry	791,075	-	-	-
Conservation of natural resources	149,292	-	-	-
Community development	400,145	-	-	-
Capital outlay:				
General government	4,576	-	-	-
Public safety	32,986	-	-	-
Public works	-	-	-	-
Conservation of natural resources	9,867	-	-	-
Debt service:				
Principal	-	365,000	1,615,000	-
Interest and fiscal charges	-	168,784	121,012	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>8,252,945</u>	<u>533,784</u>	<u>1,736,012</u>	<u>-</u>
Revenue over (under) expenditures	<u>475,648</u>	<u>(533,784)</u>	<u>(1,082,404)</u>	<u>56,623</u>
Other financing sources (uses):				
Transfer in	10,000	141,838	121,012	124,578
Transfer out	(565,196)	-	-	(854,778)
Sale of property	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>(555,196)</u>	<u>141,838</u>	<u>121,012</u>	<u>(730,200)</u>
Net increase (decrease) in fund balance	(79,548)	(391,946)	(961,392)	(673,577)
Fund balance - beginning of year	5,386,083	(2,101,738)	996,291	4,595,797
Fund balance - December 31	<u>\$ 5,306,535</u>	<u>\$ (2,493,684)</u>	<u>\$ 34,899</u>	<u>\$ 3,922,220</u>

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

Statement 5

Area and Unit Charge	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,200,316	\$ 8,348,293
-	263,718	263,718
-	-	407,681
-	310,961	823,025
368,760	240,391	1,278,202
243,402	174,412	731,640
-	29,938	149,653
42,853	64,624	173,422
14,340	39,087	92,372
-	22,924	55,059
-	580,933	712,418
<u>669,355</u>	<u>2,927,304</u>	<u>13,035,483</u>
-	8,990	1,692,175
-	-	3,845,732
40,367	1,837,234	3,213,688
-	151,734	942,809
-	-	149,292
-	2,605	402,750
-	127,980	132,556
-	229,250	262,236
-	269,829	269,829
-	-	9,867
-	1,684,000	3,664,000
-	406,984	696,780
-	-	-
<u>40,367</u>	<u>4,718,606</u>	<u>15,281,714</u>
<u>628,988</u>	<u>(1,791,302)</u>	<u>(2,246,231)</u>
-	2,211,106	2,608,534
(415,362)	(703,904)	(2,539,240)
-	1,727	1,727
-	3,140,000	3,140,000
<u>(415,362)</u>	<u>4,648,929</u>	<u>3,211,021</u>
213,626	2,857,627	964,790
<u>4,170,051</u>	<u>8,531,089</u>	<u>21,577,573</u>
<u>\$ 4,383,677</u>	<u>\$ 11,388,716</u>	<u>\$ 22,542,363</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, 2014

Net Change in Fund Balances-Total Governmental Funds \$ 964,790

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	\$ 1,298,482	
Depreciation expense	<u>(2,940,471)</u>	(1,641,989)

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	(2,645,000)	
Issuance of equipment certificates	(495,000)	
Bond discount	12,564	
Repayment of bond principal	3,664,000	
Change in accrued interest expense for general obligation bonds	46,126	
Amortization of bond premium	21,974	
Amortization of bond discount	<u>(2,563)</u>	602,101

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, 2013	10,961,595	
Unavailable resources - December 31, 2014	<u>9,708,584</u>	(1,253,011)

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 2014, compensated absence payable and other post employment benefits payable increased.

(28,513)

Change in Net Position of Governmental Activities \$ (1,356,622)

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, 2014

Statement 7

Assets	Water	Sewer	Total 2014
Current assets:			
Cash and cash equivalents	\$ 5,322,125	\$ 7,733,759	\$ 13,055,884
Accounts receivable	143,208	207,520	350,728
Due from other governmental units	-	1,750	1,750
Interfund receivable	-	559,110	559,110
Due from county - special assessments	1,024	1,025	2,049
Prepaid items	12,154	21,671	33,825
Total current assets	<u>5,478,511</u>	<u>8,524,835</u>	<u>14,003,346</u>
Non-current assets:			
Inventory	26,262	-	26,262
Capital assets being depreciated:			
Buildings	48,690	-	48,690
Equipment	155,276	390,235	545,511
Water and sewer systems	20,088,392	21,406,972	41,495,364
Total capital assets	<u>20,292,358</u>	<u>21,797,207</u>	<u>42,089,565</u>
Less: allowance for depreciation	<u>(6,854,589)</u>	<u>(7,678,954)</u>	<u>(14,533,543)</u>
Net capital assets	<u>13,437,769</u>	<u>14,118,253</u>	<u>27,556,022</u>
Total noncurrent assets	<u>13,464,031</u>	<u>14,118,253</u>	<u>27,582,284</u>
Total assets	<u>18,942,542</u>	<u>22,643,088</u>	<u>41,585,630</u>
Liabilities			
Current liabilities:			
Accounts payable	50,339	28,421	78,760
Salaries payable	5,053	4,727	9,780
Compensated absences payable - current portion	18,363	18,363	36,726
Total current liabilities	<u>73,755</u>	<u>51,511</u>	<u>125,266</u>
Non-current liabilities:			
Compensated absences payable - long term	8,032	8,032	16,064
Total liabilities	<u>81,787</u>	<u>59,543</u>	<u>141,330</u>
Net position			
Investment in capital assets	13,437,769	14,118,253	27,556,022
Unrestricted	5,422,986	8,465,292	13,888,278
Total net position	<u>\$ 18,860,755</u>	<u>\$ 22,583,545</u>	<u>\$ 41,444,300</u>

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

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

Year Ended December 31, 2014

	Water	Sewer	Total 2014
Operating revenue:			
Charges for services	\$ 943,234	\$ 1,557,214	\$ 2,500,448
Hook-up charges	8,250	6,885	15,135
Water meter sales	10,808	-	10,808
Other operating revenue	3,133	-	3,133
Total operating revenue	<u>965,425</u>	<u>1,564,099</u>	<u>2,529,524</u>
Operating expenses:			
Personal services	193,941	197,163	391,104
Materials and supplies	137,998	53,736	191,734
Contractual services	117,434	77,959	195,393
MCES sewer charges	-	791,580	791,580
Depreciation	422,674	444,588	867,262
Utilities	79,239	40,163	119,402
Other	14,355	23,069	37,424
Total operating expenses	<u>965,641</u>	<u>1,628,258</u>	<u>2,593,899</u>
Net income (loss) from operations	<u>(216)</u>	<u>(64,159)</u>	<u>(64,375)</u>
Other income (expense):			
Investment earnings	38,609	57,604	96,213
Net increase (decrease) in fair value of investments	23,431	34,824	58,255
Special assessments	515	520	1,035
Total other expense	<u>62,555</u>	<u>92,948</u>	<u>155,503</u>
Net income before contributions and transfers	62,339	28,789	91,128
Capital contributions and transfers:			
Transfer out	<u>(34,647)</u>	<u>(34,647)</u>	<u>(69,294)</u>
Total contributions and transfers	<u>(34,647)</u>	<u>(34,647)</u>	<u>(69,294)</u>
Change in net position	27,692	(5,858)	21,834
Net position - January 1	<u>18,833,063</u>	<u>22,589,403</u>	<u>41,422,466</u>
Net position - December 31	<u>\$ 18,860,755</u>	<u>\$ 22,583,545</u>	<u>\$ 41,444,300</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, 2014

	Water	Sewer	Total 2014
Cash flows from operating activities:			
Cash receipts from customers	\$ 1,029,532	\$ 1,564,350	\$ 2,593,882
Cash paid to suppliers	(329,606)	(975,125)	(1,304,731)
Cash paid to employees	(197,240)	(200,493)	(397,733)
Net cash flows from operating activities	<u>502,686</u>	<u>388,732</u>	<u>891,418</u>
Cash flows from noncapital financing activities:			
Net transfers	<u>(34,647)</u>	<u>(34,647)</u>	<u>(69,294)</u>
Cash flows from capital and related financing activities:			
Collection of special assessments	<u>803</u>	<u>700</u>	<u>1,503</u>
Cash flows from investing activities:			
Interest on investments	<u>62,040</u>	<u>92,428</u>	<u>154,468</u>
Net increase in cash and cash equivalents	530,882	447,213	978,095
Cash and cash equivalents - January 1	<u>4,791,243</u>	<u>7,286,546</u>	<u>12,077,789</u>
Cash and cash equivalents - December 31	<u>\$ 5,322,125</u>	<u>\$ 7,733,759</u>	<u>\$ 13,055,884</u>
Reconciliation of operating income to net cash from operating activities:			
Operating income (loss)	\$ (216)	\$ (64,159)	\$ (64,375)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	422,674	444,588	867,262
Change in assets and liabilities:			
Decrease in receivables	64,107	251	64,358
(Increase) in prepaid items	(5,277)	(7,152)	(12,429)
(Increase) in inventory	(11,578)	-	(11,578)
Increase in payables	32,976	15,204	48,180
Net cash flows from operating activities	<u>\$ 502,686</u>	<u>\$ 388,732</u>	<u>\$ 891,418</u>

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, 2014

	<u>2014</u>
Assets	
Cash and investments	<u>\$ 783,438</u>
Liabilities	
Deposits payable	<u>\$ 783,438</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.

Municipal State Aid Fund

The Municipal State Aid fund accounts for the collection of assessments on municipal state aid projects.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

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.

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 water 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 2014 totaled \$1,216,616. 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 offset by a 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. 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. FUND EQUITY (CONTINUED)

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.

P. 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.

Note 2 DEPOSITS AND INVESTMENTS

Components of Cash and Investments

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

Deposits	\$ 5,215,913
Investments	31,522,893
Cash on Hand	820
Total	<u>\$ 36,739,626</u>

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

Cash and Investments - Statement of Net Position	\$ 35,856,188
Permanent restricted Cash and Investments - Statement of Net Position	100,000
Cash and Investments - Statement of Net Position - Fiduciary Funds	783,438
Total	<u>\$ 36,739,626</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.

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. DEPOSITS (CONTINUED)

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, 2014 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

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	More than 60 Months
Minnesota Municipal Money					
Market Trust Fund	\$ 252,220	\$ 252,220	\$ -	\$ -	\$ -
Federal Home Loan Bank	1,375,394	275,017	-	-	1,100,377
Federal Home Loan Mortgage Corp.	300,167	-	-	300,167	-
Federal National Mortgage Assn.	1,995,937	-	-	-	1,995,937
Negotiable CDs	16,947,235	10,866,000	4,303,032	1,778,203	-
Municipal Bonds	9,123,402	-	1,006,501	6,127,188	1,989,713
Mutual Fund	1,528,538	1,528,538	-	-	-
Total	<u>\$ 31,522,893</u>	<u>\$ 12,921,775</u>	<u>\$ 5,309,533</u>	<u>\$ 8,205,558</u>	<u>\$ 5,086,027</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	\$ 252,220
Federal Home Loan Bank	Aaa/AA+	1,375,394
Federal Home Loan Mortgage Corp.	Aaa/AA+	300,167
Federal National Mortgage Assn.	Aaa/AA+	1,995,937
Negotiable CDs	Not Rated	16,947,235
Municipal Bonds	A-Aaa	9,123,402
Mutual Fund	Not Rated	1,528,538
Total		<u>\$ 31,522,893</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, 2014

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
Federal National Mortgage Assn.	\$ 1,995,937	6.33%

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,275,859	\$ -	\$ -	\$ 3,275,859
Construction in Progress	-	808,093	-	808,093
Total Capital Assets, Not Being Depreciated	3,275,859	808,093	-	4,083,952
Capital Assets, Being Depreciated:				
Buildings	6,726,117	39,502	-	6,765,619
Office Equipment and Furniture	1,383,032	35,340	(19,650)	1,398,722
Vehicles	2,542,950	375,422	(26,911)	2,891,461
Machinery and Shop Equipment	920,595	40,125	-	960,720
Other Equipment	952,447	-	-	952,447
Infrastructure	78,607,804	-	-	78,607,804
Total Capital Assets, Being Depreciated	91,132,945	490,389	(46,561)	91,576,773
Accumulated Depreciation for:				
Buildings	(3,424,201)	(224,579)	-	(3,648,780)
Office Equipment and Furniture	(975,416)	(77,957)	19,650	(1,033,723)
Vehicles	(1,478,385)	(269,957)	26,911	(1,721,431)
Machinery and Shop Equipment	(580,350)	(43,983)	-	(624,333)
Other Equipment	(769,747)	(14,896)	-	(784,643)
Infrastructure	(49,325,732)	(2,309,099)	-	(51,634,831)
Total Accumulated Depreciation	(56,553,831)	(2,940,471)	46,561	(59,447,741)
Total Capital Assets, Being Depreciated, Net	34,579,114	(2,450,082)	-	32,129,032
Governmental Activities Capital Assets, Net	\$ 37,854,973	\$ (1,641,989)	\$ -	\$ 36,212,984

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings	\$ 48,690	\$ -	\$ -	\$ 48,690
Machinery and Shop Equipment	545,511	-	-	545,511
Water and Sewer Lines	41,495,364	-	-	41,495,364
Total Capital Assets, Being Depreciated	<u>42,089,565</u>	<u>-</u>	<u>-</u>	<u>42,089,565</u>
Accumulated Depreciation for:				
Buildings	(48,690)	-	-	(48,690)
Machinery and Shop Equipment	(312,584)	(21,899)	-	(334,483)
Water and Sewer Lines	(13,305,007)	(845,363)	-	(14,150,370)
Total Accumulated Depreciation	<u>(13,666,281)</u>	<u>(867,262)</u>	<u>-</u>	<u>(14,533,543)</u>
Total Capital Assets, Being Depreciated, Net	<u>28,423,284</u>	<u>(867,262)</u>	<u>-</u>	<u>27,556,022</u>
Business-Type Capital Assets, Net	<u>\$ 28,423,284</u>	<u>\$ (867,262)</u>	<u>\$ -</u>	<u>\$ 27,556,022</u>

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

Governmental Activities:	
General Government	\$ 237,834
Public Safety	144,301
Public Services	2,409,552
Parks, Recreation and Forestry	148,284
Community Development	500
Total Depreciation Expense, Governmental Activities	<u>\$ 2,940,471</u>
Business-type Activities:	
Water	\$ 422,674
Sewer	444,588
Total Depreciation Expense, Governmental Activities	<u>\$ 867,262</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2014 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/2014
Governmental Activities:					
General Obligation Bonds:					
2012A Equipment Certificates	2/1/2012	12/31/2014	1.00%	\$ 150,000	\$ 51,000
2013A Equipment Certificates	2/1/2013	12/31/2015	1.00%	193,000	130,000
2014A Equipment Certificates	2/15/2014	12/31/2017	1.00%	495,000	495,000
G.O. Tax Abatement Bonds, Series 2006C	8/15/2006	2/1/2023	4.00%-4.30%	2,460,000	2,080,000
G.O. Utility Revenue Bonds, Series 2006D	8/15/2006	2/1/2017	4.00%-4.15%	570,000	195,000
G.O. CIP Refunding Bonds, Series 2006E	11/1/2006	2/1/2018	4.00%	2,990,000	1,570,000
G.O. Tax Increment Financing Bonds, Series 2007A	7/15/2007	2/1/2024	4.00%-4.125%	4,215,000	2,765,000
G.O. Refunding Bonds, Series 2012A	11/15/2012	2/1/2024	1.00%-2.00%	2,015,000	1,945,000
Total General Obligation Bonds				<u>13,208,000</u>	<u>9,231,000</u>
Special Assessment Bonds:					
G.O. Improvement Bonds, Series 2005A	11/1/2005	2/1/2021	4.35%-5.15%	5,550,000	3,140,000
G.O. Improvement Refunding Bonds, Series 2005B	11/1/2005	2/1/2015	3.75%-5.00%	3,755,000	420,000
G.O. Improvement & Utility Revenue Refunding Bonds, Series 2010A	7/9/2010	2/1/2020	2.00%-3.00%	1,000,000	625,000
G.O. Improvement Bonds, Series 2013A	7/15/2013	2/1/2024	1.25%-4.00%	615,000	615,000
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				<u>13,815,000</u>	<u>7,445,000</u>
Total Bonds				<u>27,023,000</u>	<u>16,676,000</u>
Note Payable - Anoka County - 2009F	8/1/2009	8/1/2024	4.00%-3.70%	4,260,000	2,080,000
Unamortized Bond Discounts				(45,490)	(32,684)
Unamortized Bond Premiums				202,370	28,861
Compensated Absences Payable				N/A	635,995
Other Post Employment Benefit Plan				N/A	91,023
Total Governmental Activities				<u>\$ 31,439,880</u>	<u>\$ 19,479,195</u>
Business-Type Activities:					
Revenue Bonds:					
Compensated Absences Payable				N/A	\$ 52,790

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 4 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2014:

	Payable 12/31/2013	Issues	Payments	Payable 12/31/2014	Due Within One Year
Governmental activities:					
Bonded debt:					
General Obligation	\$ 9,865,000	\$ 495,000	\$ 1,129,000	\$ 9,231,000	\$ 1,431,000
Special Assessment	5,720,000	2,645,000	920,000	7,445,000	960,000
Unamortized Bond Discounts	(22,683)	(12,564)	(2,563)	(32,684)	-
Unamortized Bond Premiums	50,835	-	21,974	28,861	-
Note Payable - Anoka County	3,695,000	-	1,615,000	2,080,000	360,000
Compensated Absences Payable	614,536	531,848	510,389	635,995	412,953
Other Post Employment Benefit Plan	83,969	7,054	-	91,023	-
Total Governmental Activities	<u>20,006,657</u>	<u>3,666,338</u>	<u>4,193,800</u>	<u>19,479,195</u>	<u>3,163,953</u>
Business-Type Activities:					
Compensated Absences Payable	54,182	46,159	47,551	52,790	36,726
Total	<u>\$ 20,060,839</u>	<u>\$ 3,712,497</u>	<u>\$ 4,241,351</u>	<u>\$ 19,531,985</u>	<u>\$ 3,200,679</u>

All long-term bonded indebtedness outstanding at December 31, 2014 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
2015	\$ 2,391,000	\$ 500,315	\$ 360,000	\$ 79,565	\$ 2,751,000	\$ 579,880
2016	2,122,000	429,419	375,000	70,166	2,497,000	499,585
2017	2,413,000	358,191	390,000	60,164	2,803,000	418,355
2018	2,030,000	287,877	405,000	49,565	2,435,000	337,442
2019	1,670,000	258,014	420,000	13,359	2,090,000	271,373
2020-2024	5,855,000	386,123	130,000	46,415	5,985,000	432,538
2025-2026	195,000	3,048	-	-	195,000	3,048
Total	<u>\$ 16,676,000</u>	<u>\$ 2,222,987</u>	<u>\$ 2,080,000</u>	<u>\$ 319,234</u>	<u>\$ 18,756,000</u>	<u>\$ 2,542,221</u>

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 November 2014, the City issued General Obligation Bonds of \$2,645,000 to fund various street and utility improvements within the City and improvements to the City’s water system, including construction of a new well and well house. Approximately \$1,510,000 of special assessments are expected to be filed related to the improvement portion of the bond. Net revenues of the City’s water utility will repay the additional bond indebtedness. The bond was issued at a rate of 0.40% . The bonds will mature in 2026.

Liability for Compensated Absences – This liability represents vested benefits earned by governmental fund employees through the end of the year which will be paid or used in future periods. For the governmental activities, compensated absences and other postemployment benefit liability are generally liquidated by the general fund. The liability for Proprietary Fund employees is 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 2014 is computed as follows:

	<u>12/31/2014</u>
Market Value	\$ 1,509,921,169
Applicable Percentage	<u>3.0%</u>
Debt Limit	45,297,635
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	16,676,000
Less: Special Assessment Bonds	(7,445,000)
Tax Abatement Bonds	(2,080,000)
Utility Revenue Bonds	(195,000)
Tax Increment Financing Bonds	<u>(2,765,000)</u>
Total Debt Applicable to Debt Limit	<u>4,191,000</u>
Legal Debt Margin	<u><u>\$ 41,106,635</u></u>

Note 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Lino Lakes are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 and 356.

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. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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 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 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 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 PEPFF members, the annuity accrual rate is 3.0% for each year of service.

For GERF and PEPFF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree, no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. 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 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

B. FUNDING POLICY

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25% respectively, of their annual covered salary. PEPFF members were required to contribute 9.6% of their annual covered salary. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 14.4% for PEPFF members. The City's contributions to the General Employees Retirement Fund for the years ended December 31, 2014, 2013, and 2012 were \$162,934, \$160,392, and \$164,317, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ended December 31, 2014, 2013, and 2012 were \$314,426, \$290,737, and \$315,541, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

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, 2014 as follows:

	Fund Balance Deficit
G.O. Improvement Bonds 2005A	(2,493,684)
Dedicated Parks	\$ (251,933)
21st Ave. Extension 1-13	(193,082)
Tax Increment Financing 1-11	(771,119)
Fire House House #2 1-14	(105,685)
Birch St Sanitary Sewer	(11,331)
Shenandoah Street Reconstruction	(32,271)
Improvement Bonds 2013A	(16,746)

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

Note 8 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. EXPENDITURES IN EXCESS OF BUDGET

The following is a listing of expenditure categories that exceed budget appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund:			
General Government Buildings	\$ 419,163	\$ 431,605	\$ (12,442)
Fire Protection	558,687	563,412	(4,725)
Recreation	297,227	298,506	(1,279)
Solid Waste Abatement	64,239	75,416	(11,177)
Planning and Zoning Commission	112,088	114,285	(2,197)
Program Recreation Special Revenue Fund:			
Supplies	38,250	43,815	(5,565)
Other Services and Charges	-	1,656	(1,656)

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, 2014.

Litigation – The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. As of December 31, 2014 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:

<u>Bargaining Unit</u>	<u>Number of Employees</u>	<u>Expiration Date of Current Contract</u>
LELS - Patrol	17	December 31, 2015
LELS - Patrol	5	December 31, 2015
49ers - Public Works	15	December 31, 2015
AFSCME	17	December 31, 2015
Non-unionized Employees	8	
Total Employees	<u>62</u>	

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014.

Future scheduled tax levies for all bonds outstanding at December 31, 2014 totaled \$14,529,317.

Note 11 FUND BALANCE

At December 31, 2014, the City had various fund balances restricted, committed, or assigned through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2014 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:	\$ 5,053,064	\$ -	\$ -	\$ -	\$ -	\$ 5,053,064
Prepaid Items	253,471	253,471	-	-	-	-
Total General Fund	5,306,535	253,471	-	-	-	5,053,064
G.O. Improvement Bonds 2005A:						
Deficit Fund Balance	(2,493,684)	-	-	-	-	(2,493,684)
Improvement Bonds 2009F:						
Debt Service	34,899	-	34,899	-	-	-
Municipal State Aid:						
Construction Projects	3,922,220	-	-	-	3,922,220	-
Area and Unit Charge:						
Advances to Other Funds	374,706	-	-	-	374,706	-
Construction Projects	4,008,971	-	-	-	4,008,971	-
Total Area and Unit Charge	4,383,677	-	-	-	4,383,677	-
Nonmajor Governmental Funds:						
Prepaid Items	1,302	1,302	-	-	-	-
Economic Development - Loan Receivable	225,000	-	225,000	-	-	-
Corpus of Permanent Fund	100,000	100,000	-	-	-	-
Program Recreation	112,747	-	-	112,747	-	-
Cable TV Fund	39,331	-	-	39,331	-	-
Blue Heron Days	11,321	-	11,321	-	-	-
Federal Narcotics	39,647	-	39,647	-	-	-
State Narcotics	5,811	-	5,811	-	-	-
DUI Forfeitures	1,528	-	1,528	-	-	-
Environmental Improvements	28,734	-	28,734	-	-	-
Debt Service	2,466,840	-	2,483,586	-	-	(16,746)
Construction Projects	9,721,876	-	-	-	9,721,876	-
Deficit Fund Balance	(1,365,421)	-	-	-	-	(1,365,421)
Total Nonmajor Funds	11,388,716	101,302	2,795,627	152,078	9,721,876	(1,382,167)
Total Fund Balances	\$ 22,542,363	\$ 354,773	\$ 2,830,526	\$ 152,078	\$ 18,027,773	\$ 1,177,213

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 2014 was \$71,015.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 are as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Activity:		
G.O. Improvement Bonds 2005A	\$ -	\$ 2,494,643
Other Nonmajor Governmental Funds	2,958,421	1,022,888
Business-type Activity:		
Sewer Fund	559,110	-
	<u>\$ 3,517,531</u>	<u>\$ 3,517,531</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, 2014 are as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Activity:		
Area and Unit Charge	\$ 374,706	\$ -
Other Nonmajor Governmental Funds	-	374,706
	<u>\$ 374,706</u>	<u>\$ 374,706</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 2014 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activity:		
General Fund	\$ 10,000	\$ (565,196)
G.O. Improvement Note 2009A	141,838	-
Improvement Bonds of 2009F	121,012	-
Area and Unit Charge	-	(415,362)
Municipal State Aid	-	(854,778)
Other Nonmajor Governmental Funds	2,211,106	(703,904)
Total Governmental Activity	<u>2,608,534</u>	<u>(2,539,240)</u>
Business-type Activity:		
Water Fund	-	(34,647)
Sewer Fund	-	(34,647)
Total Business-Type Activity	<u>-</u>	<u>(69,294)</u>
Total	<u>\$ 2,608,534</u>	<u>\$ (2,608,534)</u>

Interfund transfers are other financing sources and uses within the fund financial statements. The purpose of the transfers is to provide funding for capital improvement projects, capital outlay, and debt service as well as to open and close funds.

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 \$325,021.

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

	<u>2014</u>
Building	\$ 929,970
Less: Accumulated Depreciation	<u>(464,985)</u>
Total	<u>\$ 464,985</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 59,020
2016	71,091
2017	73,223
2018	75,420
2019	<u>38,267</u>
	<u>\$ 317,021</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, 2014, one series of Industrial Revenue Bonds was outstanding with an aggregate remaining principal balance of \$420,000, and one series of Commercial Revenue Notes was outstanding with an aggregate remaining principal balance of \$1,906,323.

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 2014, the City of Lino Lakes' contributions to the District were as follows:

Operating	\$	507,713
Capital		85,250
Total	\$	<u>592,963</u>

The audited financial statements of the District as of December 31, 2014 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 is currently exploring options for fire protection starting 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 18 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, 2014 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 2014, the City contributed \$19,414 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	\$ 29,029
Interest on Net OPEB Obligation	897
Adjustment to Annual Required Contribution	<u>(3,458)</u>
Annual OPEB Cost (Expense)	26,468
Contributions Made	<u>(19,414)</u>
Increase in Net OPEB Obligation	7,054
Net OPEB Obligation - Beginning of Year	<u>83,969</u>
Net OPEB Obligation - End of Year	<u><u>\$ 91,023</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 2014 and the two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 29,610	65.2%	\$ 77,871
12/31/2013	27,437	77.6%	83,969
12/31/2014	26,468	73.3%	91,023

Note 18 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 \$5,009,531 for a ratio of UAAL to covered payroll of 10.9%.

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, 2014 was not to exceed 30 years.

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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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
General property taxes:				
Current and delinquent	\$ 7,218,922	\$ 6,016,472	\$ 6,095,902	\$ 79,430
Fiscal disparities	-	1,202,450	1,041,059	(161,391)
Excess tax increments	-	-	11,016	11,016
Total general property taxes	<u>7,218,922</u>	<u>7,218,922</u>	<u>7,147,977</u>	<u>(70,945)</u>
Licenses and permits:				
Business	86,350	115,450	115,640	190
Non-business	333,300	283,300	292,041	8,741
Total licenses and permits	<u>419,650</u>	<u>398,750</u>	<u>407,681</u>	<u>8,931</u>
Intergovernmental:				
State:				
Market value credit	-	-	4,024	4,024
Police state aid	165,000	179,000	179,718	718
MSA maintenance	230,000	240,000	240,977	977
Other	35,000	35,000	9,481	(25,519)
County/Regional:				
Solid waste	35,000	65,000	75,982	10,982
Other	4,000	4,000	1,882	(2,118)
Total intergovernmental	<u>469,000</u>	<u>523,000</u>	<u>512,064</u>	<u>(10,936)</u>
Special assessments:				
Penalties and Interest	15,000	15,000	15,701	701
Charges for services:				
General government	3,600	3,600	2,033	(1,567)
Planning/engineering	10,000	35,000	33,815	(1,185)
Fees retained from collection for other governments - SAC/surcharge	1,000	1,000	1,349	349
Administrative charge - other funds	50,000	50,000	50,000	-
Aerial map charge - other funds	5,000	5,000	5,580	580
Public safety	151,500	166,500	221,049	54,549
Total charges for services	<u>221,100</u>	<u>261,100</u>	<u>313,826</u>	<u>52,726</u>
Fines and forfeits	140,500	120,500	119,715	(785)
Investment earnings	30,000	40,000	30,506	(9,494)
Change in market value	-	-	17,503	17,503
Refunds	25,000	25,000	32,135	7,135
Miscellaneous:				
Gas franchise fees	50,000	65,000	71,015	6,015
Cable TV	25,000	25,000	25,000	-
Donations	5,000	10,000	5,245	(4,755)
Other	11,000	27,400	30,225	2,825
Total miscellaneous	<u>91,000</u>	<u>127,400</u>	<u>131,485</u>	<u>4,085</u>
Total revenue	<u>8,630,172</u>	<u>8,729,672</u>	<u>8,728,593</u>	<u>(1,079)</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures:				
General government:				
Mayor and council:				
Current:				
Personal services	\$ 35,772	\$ 44,772	\$ 43,765	\$ 1,007
Supplies	-	-	74	(74)
Other services and charges	23,500	56,000	44,629	11,371
Contractual services	15,800	15,800	15,976	(176)
Total mayor and council	<u>75,072</u>	<u>116,572</u>	<u>104,444</u>	<u>12,128</u>
Elections:				
Current:				
Personal services	18,067	18,067	16,407	1,660
Supplies	800	800	348	452
Other services and charges	1,100	1,100	779	321
Contractual services	100	100	60	40
Capital outlay	3,227	3,227	3,149	78
Total elections	<u>23,294</u>	<u>23,294</u>	<u>20,743</u>	<u>2,551</u>
Administration:				
Current:				
Personal services	354,770	340,549	340,691	(142)
Other services and charges	25,360	25,360	14,671	10,689
Contractual services	6,500	19,500	18,384	1,116
Total administration	<u>386,630</u>	<u>385,409</u>	<u>373,751</u>	<u>11,658</u>
Finance:				
Current:				
Personal services	294,319	294,319	294,057	262
Supplies	900	900	629	271
Other services and charges	118,600	118,600	108,049	10,551
Contractual services	100,900	100,900	99,136	1,764
Total finance	<u>514,719</u>	<u>514,719</u>	<u>501,871</u>	<u>12,848</u>
Cable TV:				
Current:				
Personal services	1,734	1,734	1,647	87
Supplies	50	50	-	50
Capital outlay	500	500	225	275
Total cable TV	<u>2,284</u>	<u>2,284</u>	<u>1,872</u>	<u>412</u>
Consultants:				
Current:				
Legal	<u>140,000</u>	<u>165,000</u>	<u>162,754</u>	<u>2,246</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures (continued):				
General government (continued):				
Engineering/planning:				
Current:				
Contractual services	\$ 101,900	\$ 101,900	\$ 87,144	\$ 14,756
Charter commission:				
Current:				
Other services and charges	1,500	3,825	3,577	248
General government buildings:				
Current:				
Personal services	2,163	2,163	1,849	314
Supplies	26,000	40,000	48,954	(8,954)
Other services and charges	297,000	309,000	321,768	(12,768)
Contractual services	68,000	68,000	57,832	10,168
Total general government buildings	393,163	419,163	431,605	(12,442)
Total general government	1,638,562	1,732,166	1,687,761	44,405
Public safety:				
Police:				
Current:				
Personal services	2,979,838	2,979,838	2,947,909	31,929
Supplies	27,900	27,900	25,654	2,246
Other services and charges	83,100	93,100	91,765	1,335
Contractual services	39,440	39,440	34,923	4,517
Capital outlay	28,000	33,000	32,986	14
Total police	3,158,278	3,173,278	3,133,237	40,041
Fire protection:				
Current:				
Personal services	-	28,975	17,601	11,374
Other services and charges	-	21,100	33,861	(12,761)
Contractual services	507,712	507,712	511,050	(3,338)
Capital outlay	-	900	900	-
Total fire protection	507,712	558,687	563,412	(4,725)
Building inspection:				
Current:				
Personal services	206,383	173,383	168,347	5,036
Supplies	750	750	515	235
Other services and charges	7,650	7,650	5,497	2,153
Contractual services	500	10,500	7,710	2,790
Total building inspection	215,283	192,283	182,069	10,214
Total public safety	3,881,273	3,924,248	3,878,718	46,917

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2014

Statement 11
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	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures (continued):				
Public works:				
Streets:				
Current:				
Personal services	\$ 569,461	\$ 555,461	\$ 550,324	\$ 5,137
Supplies	115,000	117,000	130,052	(13,052)
Other services and charges	109,060	118,560	107,025	11,535
Contractual services	172,275	172,275	155,654	16,621
Total streets	<u>965,796</u>	<u>963,296</u>	<u>943,055</u>	<u>20,241</u>
Fleet:				
Current:				
Personal services	109,424	109,424	105,293	4,131
Supplies	215,000	224,000	217,908	6,092
Other services and charges	48,880	58,880	57,818	1,062
Contractual services	7,500	12,000	12,013	(13)
Total fleet	<u>380,804</u>	<u>404,304</u>	<u>393,032</u>	<u>11,272</u>
Total public works	<u>1,346,600</u>	<u>1,367,600</u>	<u>1,336,087</u>	<u>31,513</u>
Parks and recreation:				
Parks:				
Current:				
Personal services	460,451	450,451	423,207	27,244
Supplies	26,500	26,500	24,498	2,002
Other services and charges	47,900	42,900	29,165	13,735
Contractual services	35,700	20,700	15,699	5,001
Total parks	<u>570,551</u>	<u>540,551</u>	<u>492,569</u>	<u>47,982</u>
Recreation:				
Current:				
Personal services	279,577	279,577	281,100	(1,523)
Supplies	2,500	2,500	2,095	405
Other services and charges	14,750	14,750	13,684	1,066
Contractual services	400	400	1,627	(1,227)
Total recreation	<u>297,227</u>	<u>297,227</u>	<u>298,506</u>	<u>(1,279)</u>
Total parks and recreation	<u>867,778</u>	<u>837,778</u>	<u>791,075</u>	<u>46,703</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures (continued):				
Conservation of natural resources:				
Forestry:				
Current:				
Personal services	\$ 34,594	\$ 34,594	\$ 34,433	\$ 161
Supplies	1,250	1,250	745	505
Other services and charges	400	400	115	285
Contractual services	5,500	5,500	8,514	(3,014)
Capital outlay	5,000	5,000	-	5,000
Total forestry	<u>46,744</u>	<u>46,744</u>	<u>43,807</u>	<u>2,937</u>
Environmental:				
Current:				
Personal services	51,301	36,301	34,291	2,010
Supplies	1,400	1,400	826	574
Other services and charges	8,050	8,050	3,804	4,246
Contractual services	1,250	1,250	1,015	235
Total environmental	<u>62,001</u>	<u>47,001</u>	<u>39,936</u>	<u>7,065</u>
Solid waste abatement:				
Current:				
Personal services	30,189	41,189	41,735	(546)
Supplies	-	-	19	(19)
Other services and charges	550	550	472	78
Contractual services	6,000	21,000	23,323	(2,323)
Total solid waste abatement	<u>36,739</u>	<u>64,239</u>	<u>75,416</u>	<u>(11,177)</u>
Total conservation of natural resources	<u>145,484</u>	<u>157,984</u>	<u>159,159</u>	<u>(1,175)</u>

CITY OF LINO LAKES, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2014

Statement 11
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	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures (continued):				
Community development:				
Community development:				
Current:				
Personal services	\$ 198,551	\$ 198,551	\$ 187,304	\$ 11,247
Supplies	100	100	115	(15)
Other services and charges	8,400	8,400	7,088	1,312
Contractual services	1,400	1,400	955	445
Total community development	<u>208,451</u>	<u>208,451</u>	<u>195,462</u>	<u>12,989</u>
Economic development:				
Current:				
Personal services	21,638	21,638	12,710	8,928
Supplies	150	150	-	150
Other services and charges	74,750	83,250	77,288	5,962
Contractual services	400	400	400	-
Total economic development	<u>96,938</u>	<u>105,438</u>	<u>90,398</u>	<u>15,040</u>
Planning and zoning commission:				
Current:				
Personal services	81,738	81,738	83,895	(2,157)
Supplies	200	200	151	49
Other services and charges	16,750	14,150	13,132	1,018
Contractual services	19,000	16,000	17,107	(1,107)
Total planning and zoning commission	<u>117,688</u>	<u>112,088</u>	<u>114,285</u>	<u>(2,197)</u>
Total community development	<u>423,077</u>	<u>425,977</u>	<u>400,145</u>	<u>25,832</u>
Other :				
Contingency	100,000	-	-	-
Total expenditures	<u>8,402,774</u>	<u>8,445,753</u>	<u>8,252,945</u>	<u>194,195</u>
Revenue over expenditures	227,398	283,919	475,648	193,116
Other financing sources (uses):				
Transfer in	121,656	121,656	10,000	(111,656)
Transfer out	<u>(515,000)</u>	<u>(565,000)</u>	<u>(565,196)</u>	<u>(196)</u>
Net increase (decrease) in fund balance	<u>\$ (165,946)</u>	<u>\$ (159,425)</u>	<u>(79,548)</u>	<u>\$ 81,264</u>
Fund Balance - January 1			<u>5,386,083</u>	
Fund balance - December 31			<u>\$ 5,306,535</u>	

CITY OF LINO LAKES, MINNESOTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

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.

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual in Excess of Budget</u>
General Fund:			
General government:			
General government buildings:	\$ 419,163	\$ 431,605	\$ (12,442)
Public safety			
Fire protection	507,712	511,050	(3,338)
Parks and recreation:			
Recreation:	297,227	298,506	(1,279)
Conservation of natural resources:			
Solid waste abatement	64,239	75,416	(11,177)
Community development:			
Planning and zoning commission	112,088	114,285	(2,197)

The excess expenditures were paid for with available fund balance during 2014.

CITY OF LINO LAKES, MINNESOTA**Statement 12****SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2014

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	-	5,009,531	10.9%

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.

Birch Street Hodgson Road Improvement Fund - to account for costs to improve the intersection at Birch Street and Hodgson Road.

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.

I35E Interschange 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.

2015 Street Reconstruction Fund - this fund accounts for activities relating to the reconstruction of streets in the Shenandoah area of the City.

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, 2014

	Special Revenue					
	Economic Development Authority	Cable TV Fund	Program Recreation	Blue Heron Days	Federal Narcotics	State Narcotics
Assets						
Cash and investments	\$ -	\$ 39,331	\$ 116,876	\$ 11,321	\$ 39,647	\$ 6,506
Accounts receivable	-	-	503	-	-	-
Interfund receivable	-	-	-	-	-	-
Taxes receivable:						
Delinquent	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Delinquent tax increment	-	-	-	-	-	-
Long-term notes receivable	225,000	-	-	-	-	-
Prepaid items	-	-	1,302	-	-	-
Total assets	\$ 225,000	\$ 39,331	\$ 118,681	\$ 11,321	\$ 39,647	\$ 6,506
Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	3,495	-	-	695
Salaries payable	-	-	453	-	-	-
Contracts and retainage payable	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	684	-	-	-
Total liabilities	-	-	4,632	-	-	695
Deferred inflows of resources:						
Unavailable resources	-	-	-	-	-	-
Fund balance (deficit):						
Nonspendable	-	-	1,302	-	-	-
Restricted	225,000	-	-	11,321	39,647	5,811
Committed	-	39,331	112,747	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	225,000	39,331	114,049	11,321	39,647	5,811
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 225,000	\$ 39,331	\$ 118,681	\$ 11,321	\$ 39,647	\$ 6,506

Special Revenue (Continued)		Debt Service					
DUI Forfeitures	Special Revenue Subtotal	Certificates of Indebtedness	Improvement Bonds of 2002A	Improvement Bonds of 2002B	Improvement Refunding Bonds of 2003A	Improvement Bonds of 2003B	Improvement Bonds of 2005B
\$ 1,668	\$ 215,349	\$ 113,072	\$ -	\$ -	\$ -	\$ -	\$ 429,829
	503	-	-	-	-	-	-
	-	-	-	-	-	-	-
-	-	2,990	-	-	-	-	2,287
-	-	2,230	-	-	-	-	1,860
-	-	-	-	-	-	-	167
-	-	-	-	-	-	-	35,845
-	-	-	-	-	-	-	1,271
-	225,000	-	-	-	-	-	-
-	1,302	-	-	-	-	-	-
<u>\$ 1,668</u>	<u>\$ 442,154</u>	<u>\$ 118,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,259</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140	4,330	-	-	-	-	-	-
-	453	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	684	-	-	-	-	-	-
<u>140</u>	<u>5,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	2,990	-	-	-	-	38,299
-	1,302	-	-	-	-	-	-
1,528	283,307	115,302	-	-	-	-	432,960
-	152,078	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,528</u>	<u>436,687</u>	<u>115,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,960</u>
<u>\$ 1,668</u>	<u>\$ 442,154</u>	<u>\$ 118,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,259</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Debt Service (Continued)					
	Tax Abatement Bonds 2006C	Utility Revenue Bonds 2006D	CIP Refunding Bonds 2006E	TIF Bonds 2007A	Improvement and Utility Revenue Refunding Bonds 2010	Improvement Bonds of 2012A
Assets						
Cash and investments	\$ 231,984	\$ 153,560	\$ 848,690	\$ 149,896	\$ 223,948	\$ 295,270
Accounts receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Taxes receivable:						
Delinquent	3,699	-	6,787	-	-	1,098
Due from county	3,194	-	5,640	-	-	1,832
Special assessments receivable:						
Delinquent	-	13,501	-	-	-	-
Noncurrent	-	55,531	-	-	69,104	71,890
Due from county	-	-	-	-	-	-
Long-term notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 238,877	\$ 222,592	\$ 861,117	\$ 149,896	\$ 293,052	\$ 370,090
Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Salaries payable	-	-	-	-	-	-
Contracts and retainage payable	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources:						
Unavailable Resources	3,699	69,032	6,787	-	69,104	72,988
Fund balance (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	235,178	153,560	854,330	149,896	223,948	297,102
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	235,178	153,560	854,330	149,896	223,948	297,102
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 238,877	\$ 222,592	\$ 861,117	\$ 149,896	\$ 293,052	\$ 370,090

Debt Service (Continued)			Capital Projects			
Improvement Bonds of 2013A	GO Bonds 2014A	Debt Service Subtotal	Building and Facilities	Capital Equipment Revolving Fund	Closed Bond Fund	Street Reconstruction
\$ -	\$ 21,310	\$ 2,467,559	\$ 509,321	\$ 162,820	\$ 681,595	\$ 650,450
-	-	-	-	-	-	-
-	-	-	1,935,533	-	1,022,888	-
-	-	16,861	-	-	340	-
-	-	14,756	-	-	85	-
-	-	13,668	-	-	6,181	-
-	-	232,370	-	-	52,208	106,417
-	-	1,271	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 21,310</u>	<u>\$ 2,746,485</u>	<u>\$ 2,444,854</u>	<u>\$ 162,820</u>	<u>\$ 1,763,297</u>	<u>\$ 756,867</u>
\$ 16,746	\$ -	\$ 16,746	\$ -	\$ -	\$ -	\$ -
-	-	-	6,712	3,184	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>16,746</u>	<u>-</u>	<u>16,746</u>	<u>6,712</u>	<u>3,184</u>	<u>-</u>	<u>-</u>
-	-	262,899	-	-	58,729	106,417
-	-	-	-	-	-	-
-	21,310	2,483,586	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,438,142	159,636	1,704,568	650,450
(16,746)	-	(16,746)	-	-	-	-
<u>(16,746)</u>	<u>21,310</u>	<u>2,466,840</u>	<u>2,438,142</u>	<u>159,636</u>	<u>1,704,568</u>	<u>650,450</u>
<u>\$ -</u>	<u>\$ 21,310</u>	<u>\$ 2,746,485</u>	<u>\$ 2,444,854</u>	<u>\$ 162,820</u>	<u>\$ 1,763,297</u>	<u>\$ 756,867</u>

CITY OF LINO LAKES, MINNESOTA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Capital Projects (Continued)					
	Sealcoating	Surface Water Management	Birch Street Hodgson Road Improvement	Tax Increment Financing 1-5	Tax Increment Financing 1-10	Tax Increment Financing 1-11
Assets						
Cash and investments	\$ 591,400	\$ 494,339	\$ -	\$ 173,754	\$ 189,037	\$ -
Accounts receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Taxes receivable:						
Delinquent	-	-	-	-	-	-
Due from county	-	-	-	-	-	-
Delinquent tax increment	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	-	3,505	-	-	-	-
Noncurrent	-	97,751	-	-	-	-
Due from county	-	1,387	-	-	-	-
Long-term notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 591,400	\$ 596,982	\$ -	\$ 173,754	\$ 189,037	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,119
Accounts payable	18,422	20,873	-	-	-	-
Salaries payable	-	-	-	-	-	-
Contracts and retainage payable	47,889	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total liabilities	66,311	20,873	-	-	-	771,119
Deferred inflows of resources:						
Unavailable Resources	-	101,256	-	-	-	-
Fund balance (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	525,089	474,853	-	173,754	189,037	-
Unassigned	-	-	-	-	-	(771,119)
Total fund balance (deficit)	525,089	474,853	-	173,754	189,037	(771,119)
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 591,400	\$ 596,982	\$ -	\$ 173,754	\$ 189,037	\$ -

Capital Projects (Continued)						
Dedicated Parks	I35E Interchange	Office Equipment Revolving Fund	Legacy Woods Edge Improvement	Traffic Signal	Otter Lake Road Ext	21st Ave Ext
\$ 122,773	\$ 72,153	\$ 243,131	\$ 533,848	\$ 107,038	\$ 293,515	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 122,773</u>	<u>\$ 72,153</u>	<u>\$ 243,131</u>	<u>\$ 533,848</u>	<u>\$ 107,038</u>	<u>\$ 293,515</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,993
-	2,946	15,274	-	-	8,338	15,619
-	-	-	-	-	-	-
-	-	-	-	23,127	-	33,470
374,706	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>374,706</u>	<u>2,946</u>	<u>15,274</u>	<u>-</u>	<u>23,127</u>	<u>8,338</u>	<u>193,082</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	69,207	227,857	533,848	83,911	285,177	-
(251,933)	-	-	-	-	-	(193,082)
<u>(251,933)</u>	<u>69,207</u>	<u>227,857</u>	<u>533,848</u>	<u>83,911</u>	<u>285,177</u>	<u>(193,082)</u>
<u>\$ 122,773</u>	<u>\$ 72,153</u>	<u>\$ 243,131</u>	<u>\$ 533,848</u>	<u>\$ 107,038</u>	<u>\$ 293,515</u>	<u>\$ -</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Capital Projects (Continued)					
Assets	Fire House House #2 Construction	Well #6 Construction	Northpointe Improvements	Birch St/ Centerville Rd Improvements	2015 Street Reconstruction	Capital Projects Subtotal
Cash and investments	\$ -	\$ 1,100,305	\$ 1,136,772	\$ -	\$ -	\$ 7,062,251
Accounts receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	2,958,421
Taxes receivable:						
Delinquent	-	-	-	-	-	340
Due from county	-	-	-	-	-	85
Delinquent tax increment	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	-	-	-	-	-	9,686
Noncurrent	-	-	-	-	-	256,376
Due from county	-	-	-	-	-	1,387
Long-term notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ -	\$ 1,100,305	\$ 1,136,772	\$ -	\$ -	\$ 10,288,546
Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)						
Liabilities:						
Interfund payable	\$ 91,030	\$ -	\$ -	\$ -	\$ -	\$ 1,006,142
Accounts payable	14,655	21,932	7,883	11,331	32,271	179,440
Salaries payable	-	-	-	-	-	-
Contracts and retainage payable	-	915	-	-	-	105,401
Advances from other funds	-	-	-	-	-	374,706
Unearned Revenue	-	-	-	-	-	-
Total liabilities	105,685	22,847	7,883	11,331	32,271	1,665,689
Deferred inflows of resources:						
Unavailable Resources	-	-	-	-	-	266,402
Fund balance (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	1,077,458	1,128,889	-	-	9,721,876
Unassigned	(105,685)	-	-	(11,331)	(32,271)	(1,365,421)
Total fund balance (deficit)	(105,685)	1,077,458	1,128,889	(11,331)	(32,271)	8,356,455
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ -	\$ 1,100,305	\$ 1,136,772	\$ -	\$ -	\$ 10,288,546

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Permanent Fund			
Foxborough Environment Fund		Total 2014	
\$ 128,734	\$ 9,873,893		
-	503		
-	2,958,421		
-	17,201		
-	14,841		
-	-		
-	23,354		
-	488,746		
-	2,658		
-	225,000		
-	1,302		
<u>\$ 128,734</u>	<u>\$ 13,605,919</u>		
\$ -	\$ 1,022,888		
-	183,770		
-	453		
-	105,401		
-	374,706		
-	684		
<u>-</u>	<u>1,687,902</u>		
<u>-</u>	<u>529,301</u>		
100,000	101,302		
28,734	2,795,627		
-	152,078		
-	9,721,876		
-	(1,382,167)		
<u>128,734</u>	<u>11,388,716</u>		
<u>\$ 128,734</u>	<u>\$ 13,605,919</u>		

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Special Revenue					
	Economic Development Authority	Cable TV Fund	Program Recreation	Blue Heron Days	Federal Narcotics	State Narcotics
Revenue:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Charges for services	-	28,277	146,135	-	-	-
Fines and forfeits	-	-	-	-	5,566	16,566
Investment earnings	-	265	1,139	75	175	91
Net increase (decrease) in fair value of investments	-	171	686	50	128	56
Refunds	-	-	-	-	-	-
Miscellaneous	-	-	-	26,852	39,870	13,690
Total revenue	<u>-</u>	<u>28,713</u>	<u>147,960</u>	<u>26,977</u>	<u>45,739</u>	<u>30,403</u>
Expenditures:						
Current:						
General government	196	-	-	-	-	-
Public safety	-	-	-	-	6,092	24,592
Parks, recreation and forestry	-	-	136,078	15,656	-	-
Community development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>196</u>	<u>-</u>	<u>136,078</u>	<u>15,656</u>	<u>6,092</u>	<u>24,592</u>
Revenue over (under) expenditures	<u>(196)</u>	<u>28,713</u>	<u>11,882</u>	<u>11,321</u>	<u>39,647</u>	<u>5,811</u>
Other financing sources (uses):						
Transfer in	196	-	-	-	-	-
Transfer out	-	-	(10,000)	-	-	-
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>196</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fund balance	-	28,713	1,882	11,321	39,647	5,811
Fund balance (deficit) -						
Beginning of year	225,000	10,618	112,167	-	-	-
Fund balance (deficit) - December 31	<u>\$ 225,000</u>	<u>\$ 39,331</u>	<u>\$ 114,049</u>	<u>\$ 11,321</u>	<u>\$ 39,647</u>	<u>\$ 5,811</u>

Special Revenue (Continued)		Debt Service					
DUI Forfeitures	Special Revenue Subtotal	Certificates of Indebtedness	Improvement Bonds of 2002A	Improvement Bonds of 2002B	Improvement Refunding Bonds of 2003A	Improvement Bonds of 2003B	Improvement Bonds of 2005B
\$ -	\$ -	\$ 168,294	\$ -	\$ -	\$ -	\$ -	\$ 156,259
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	419	-	-	-	-	50,918
-	174,412	-	-	-	-	-	-
7,806	29,938	-	-	-	-	-	-
11	1,756	1,490	-	-	-	-	1,131
8	1,099	953	-	-	-	-	605
-	-	-	-	-	-	-	-
4,513	84,925	-	-	-	-	-	-
<u>12,338</u>	<u>292,130</u>	<u>171,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,913</u>
-	196	-	-	-	-	-	-
10,810	41,494	-	-	-	-	-	-
-	151,734	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	154,000	-	-	-	35,000	425,000
-	-	5,118	-	-	-	978	34,800
-	-	-	-	-	-	-	-
<u>10,810</u>	<u>193,424</u>	<u>159,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,978</u>	<u>459,800</u>
<u>1,528</u>	<u>98,706</u>	<u>12,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,978)</u>	<u>(250,887)</u>
-	196	-	-	-	-	-	220,000
-	(10,000)	(50,000)	(187,564)	(69,932)	(126,281)	(17,636)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(9,804)	(50,000)	(187,564)	(69,932)	(126,281)	(17,636)	220,000
1,528	88,902	(37,962)	(187,564)	(69,932)	(126,281)	(53,614)	(30,887)
-	347,785	153,264	187,564	69,932	126,281	53,614	463,847
<u>\$ 1,528</u>	<u>\$ 436,687</u>	<u>\$ 115,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,960</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Debt Service (Continued)					
	Tax Abatement Bonds	Utility Revenue Bonds	CIP Refunding Bonds	TIF Bonds	Improvement and Utility Revenue Refunding Bonds	Improvement Bonds of
	2006C	2006D	2006E	2007A	2010	2012A
Revenue:						
General property taxes	\$ 256,102	\$ -	\$ 445,660	\$ -	\$ -	\$ 173,555
Tax increments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Special assessments	453	57,484	864	-	18,115	21,224
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment earnings	724	588	4,547	-	719	1,136
Net increase (decrease) in fair value of investments	447	357	2,754	-	221	804
Refunds	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>257,726</u>	<u>58,429</u>	<u>453,825</u>	<u>-</u>	<u>19,055</u>	<u>196,719</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation and forestry	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal	140,000	60,000	360,000	345,000	95,000	70,000
Interest and fiscal charges	91,470	9,742	73,200	118,876	20,150	19,663
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>231,470</u>	<u>69,742</u>	<u>433,200</u>	<u>463,876</u>	<u>115,150</u>	<u>89,663</u>
Revenue over (under) expenditures	<u>26,256</u>	<u>(11,313)</u>	<u>20,625</u>	<u>(463,876)</u>	<u>(96,095)</u>	<u>107,056</u>
Other financing sources (uses):						
Transfer in	-	69,294	-	463,875	367,922	126,283
Transfer out	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>69,294</u>	<u>-</u>	<u>463,875</u>	<u>367,922</u>	<u>126,283</u>
Net increase (decrease) in fund balance	<u>26,256</u>	<u>57,981</u>	<u>20,625</u>	<u>(1)</u>	<u>271,827</u>	<u>233,339</u>
Fund balance (deficit) -						
Beginning of year	<u>208,922</u>	<u>95,579</u>	<u>833,705</u>	<u>149,897</u>	<u>(47,879)</u>	<u>63,763</u>
Fund balance (deficit) - December 31	<u>\$ 235,178</u>	<u>\$ 153,560</u>	<u>\$ 854,330</u>	<u>\$ 149,896</u>	<u>\$ 223,948</u>	<u>\$ 297,102</u>

Debt Service (Continued)			Capital Projects (Continued)			
Improvement Bonds of 2013A	GO Bonds 2014A	Debt Service Subtotal	Building and Facilities	Capital Equipment Revolving Fund	Closed Bond Fund	Street Reconstruction
\$ -	\$ -	\$ 1,199,870	\$ -	\$ -	\$ 446	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	149,477	-	-	17,212	21,729
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	18	10,353	4,496	2,594	12,527	4,898
-	17	6,158	2,766	1,539	7,869	2,958
-	-	-	-	-	-	-
-	-	-	334,309	-	-	-
-	35	1,365,858	341,571	4,133	38,054	29,585
-	-	-	1,425	-	7,369	-
-	-	-	271	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	55,753	-	-	-
-	-	-	-	229,250	-	-
-	-	-	4,212	265,617	-	-
-	-	1,684,000	-	-	-	-
19,162	-	393,159	-	-	-	-
-	-	-	-	-	-	-
19,162	-	2,077,159	61,661	494,867	7,369	-
(19,162)	35	(711,301)	279,910	(490,734)	30,685	29,585
-	-	1,247,374	-	50,000	275,132	-
-	-	(451,413)	-	-	-	-
-	-	-	-	-	-	-
-	21,275	21,275	-	495,000	-	-
-	21,275	817,236	-	545,000	275,132	-
(19,162)	21,310	105,935	279,910	54,266	305,817	29,585
2,416	-	2,360,905	2,158,232	105,370	1,398,751	620,865
\$ (16,746)	\$ 21,310	\$ 2,466,840	\$ 2,438,142	\$ 159,636	\$ 1,704,568	\$ 650,450

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Capital Projects (Continued)					
	Sealcoating	Surface Water Management	Birch Street Hodgson Road Improvement	Tax Increment Financing 1-5	Tax Increment Financing 1-10	Tax Increment Financing 1-11
Revenue:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	36,904	141,838	84,976
Intergovernmental	-	-	-	-	-	-
Special assessments	-	51,973	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment earnings	7,018	3,810	-	1,110	1,767	-
Net increase (decrease) in fair value of investments	4,372	2,281	-	685	1,125	-
Refunds	22,924	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>34,314</u>	<u>58,064</u>	<u>-</u>	<u>38,699</u>	<u>144,730</u>	<u>84,976</u>
Expenditures:						
Current:						
General government:						
Public works	519,911	72,993	-	-	-	-
Parks, recreation and forestry	-	-	-	-	-	-
Community development	-	-	-	633	1,049	923
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>519,911</u>	<u>72,993</u>	<u>-</u>	<u>633</u>	<u>1,049</u>	<u>923</u>
Revenue over (under) expenditures	<u>(485,597)</u>	<u>(14,929)</u>	<u>-</u>	<u>38,066</u>	<u>143,681</u>	<u>84,053</u>
Other financing sources (uses):						
Transfer in	490,000	-	-	-	-	-
Transfer out	-	-	(15,677)	-	(141,838)	(84,976)
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>490,000</u>	<u>-</u>	<u>(15,677)</u>	<u>-</u>	<u>(141,838)</u>	<u>(84,976)</u>
Net increase (decrease) in fund balance	4,403	(14,929)	(15,677)	38,066	1,843	(923)
Fund balance (deficit) -						
Beginning of year	<u>520,686</u>	<u>489,782</u>	<u>15,677</u>	<u>135,688</u>	<u>187,194</u>	<u>(770,196)</u>
Fund balance (deficit) - December 31	<u>\$ 525,089</u>	<u>\$ 474,853</u>	<u>\$ -</u>	<u>\$ 173,754</u>	<u>\$ 189,037</u>	<u>\$ (771,119)</u>

Capital Projects (Continued)

Dedicated Parks	I35E Interchange	Office Equipment Revolving Fund	Legacy Woods Edge Improvement	Traffic Signal	Otter Lake Road Ext	21st Ave Extension
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	310,961
-	-	-	-	-	-	-
-	-	-	-	-	-	-
323	1,316	2,117	4,109	868	2,050	-
249	730	1,262	2,474	497	1,260	-
-	-	-	-	-	-	-
155,599	-	400	-	-	-	-
<u>156,171</u>	<u>2,046</u>	<u>3,779</u>	<u>6,583</u>	<u>1,365</u>	<u>3,310</u>	<u>310,961</u>
-	-	-	-	-	-	-
-	134,943	-	-	3,288	19,365	808,093
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	72,227	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,825	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,825</u>	<u>134,943</u>	<u>72,227</u>	<u>-</u>	<u>3,288</u>	<u>19,365</u>	<u>808,093</u>
<u>142,346</u>	<u>(132,897)</u>	<u>(68,448)</u>	<u>6,583</u>	<u>(1,923)</u>	<u>(16,055)</u>	<u>(497,132)</u>
50,000	-	25,000	-	-	73,404	-
-	-	-	-	-	-	-
-	-	1,727	-	-	-	-
-	-	-	-	-	-	333,505
<u>50,000</u>	<u>-</u>	<u>26,727</u>	<u>-</u>	<u>-</u>	<u>73,404</u>	<u>333,505</u>
192,346	(132,897)	(41,721)	6,583	(1,923)	57,349	(163,627)
(444,279)	202,104	269,578	527,265	85,834	227,828	(29,455)
<u>\$ (251,933)</u>	<u>\$ 69,207</u>	<u>\$ 227,857</u>	<u>\$ 533,848</u>	<u>\$ 83,911</u>	<u>\$ 285,177</u>	<u>\$ (193,082)</u>

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Capital Projects (Continued)					
	Fire House House #2 Construction	Well #6 Construction	Northpointe Improvements	Birch St/ Centerville Rd Improvements	2015 Street Reconstruction	Capital Projects Subtotal
Revenue:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446
Tax increments	-	-	-	-	-	263,718
Intergovernmental	-	-	-	-	-	310,961
Special assessments	-	-	-	-	-	90,914
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment earnings	-	934	1,019	-	-	50,956
Net increase (decrease) in fair value of investments	-	843	920	-	-	31,830
Refunds	-	-	-	-	-	22,924
Miscellaneous	-	-	-	-	-	490,308
Total revenue	-	1,777	1,939	-	-	1,262,057
Expenditures:						
Current:						
General government	-	-	-	-	-	8,794
Public works	105,685	59,319	28,270	11,331	32,271	1,795,740
Parks, recreation and forestry	-	-	-	-	-	-
Community development	-	-	-	-	-	2,605
Capital outlay:						
General government	-	-	-	-	-	127,980
Public safety	-	-	-	-	-	229,250
Public works	-	-	-	-	-	269,829
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	13,825
Bond issuance costs	-	-	-	-	-	-
Total expenditures	105,685	59,319	28,270	11,331	32,271	2,448,023
Revenue over (under) expenditures	(105,685)	(57,542)	(26,331)	(11,331)	(32,271)	(1,185,966)
Other financing sources (uses):						
Transfer in	-	-	-	-	-	963,536
Transfer out	-	-	-	-	-	(242,491)
Sale of property	-	-	-	-	-	1,727
Issuance of debt	-	1,135,000	1,155,220	-	-	3,118,725
Total other financing sources (uses)	-	1,135,000	1,155,220	-	-	3,841,497
Net increase (decrease) in fund balance	(105,685)	1,077,458	1,128,889	(11,331)	(32,271)	2,655,531
Fund balance (deficit)						
Beginning of year	-	-	-	-	-	5,700,924
Fund balance (deficit) - December 31	\$ (105,685)	\$ 1,077,458	\$ 1,128,889	\$ (11,331)	\$ (32,271)	\$ 8,356,455

Statement 14
Page 4 of 4

Foxborough Environment Fund	Total 2014
\$ -	\$ 1,200,316
-	263,718
-	310,961
-	240,391
-	174,412
-	29,938
1,559	64,624
-	39,087
-	22,924
5,700	580,933
<u>7,259</u>	<u>2,927,304</u>
-	8,990
-	1,837,234
-	151,734
-	2,605
-	127,980
-	229,250
-	269,829
-	1,684,000
-	406,984
-	-
-	<u>4,718,606</u>
<u>7,259</u>	<u>(1,791,302)</u>
-	2,211,106
-	(703,904)
-	1,727
-	<u>3,140,000</u>
-	<u>4,648,929</u>
7,259	2,857,627
<u>121,475</u>	<u>8,531,089</u>
<u>\$ 128,734</u>	<u>\$ 11,388,716</u>

CITY OF LINO LAKES, MINNESOTA

Statement 15

SPECIAL REVENUE FUND - PROGRAM RECREATION
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended December 31, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Charges for services:				
Recreation fees	\$ 149,750	\$ 149,750	\$ 146,135	\$ (3,615)
Investment earnings	-	-	1,139	1,139
Change in market value	-	-	686	686
Total revenue	<u>149,750</u>	<u>149,750</u>	<u>147,960</u>	<u>(1,790)</u>
Expenditures:				
Current:				
Personal services	59,680	59,680	59,031	649
Supplies	38,250	38,250	43,815	(5,565)
Other services and charges	-	-	1,656	(1,656)
Contractual services	36,650	36,650	31,576	5,074
Capital outlay	3,000	3,000	-	3,000
Total expenditures	<u>137,580</u>	<u>137,580</u>	<u>136,078</u>	<u>1,502</u>
Other financing sources (uses):				
Transfers out	-	-	(10,000)	(10,000)
Net increase (decrease) in fund balance	<u>\$ 12,170</u>	<u>\$ 12,170</u>	1,882	<u>\$ (10,288)</u>
Fund balance - January 1			<u>112,167</u>	
Fund balance - December 31			<u>\$ 114,049</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.

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CITY OF LINO LAKES, MINNESOTA**Statement 16**

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

Year Ended December 31, 2014

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
Assets				
Cash and investments	<u>\$ 669,478</u>	<u>\$ 162,678</u>	<u>\$ 48,718</u>	<u>\$ 783,438</u>
Liabilities				
Deposits payable	<u>\$ 669,478</u>	<u>\$ 162,678</u>	<u>\$ 48,718</u>	<u>\$ 783,438</u>

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SUPPLEMENTARY FINANCIAL AND OTHER INFORMATION

CITY OF LINO LAKES, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
December 31, 2014

	Interest Rates	Dated	Final Maturity Date
General Obligation Bonds:			
2011A Equipment Certificates	1.00%	2/14/2011	12/31/2014
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
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
Total General Obligation Bonds			
Special Assessment Bonds:			
G. O. Improvement Bonds of 2003B	3.20%-5.60%	12/1/2003	2/1/2014
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 1/1/14	2014		Payable 12/31/14	Principal Due In 2015	Interest Due In 2015
Original Issue	Payments		Issued	Payments			
\$ 170,000	\$ 129,000	\$ 41,000	\$ -	\$ 41,000	\$ -	\$ -	\$ -
150,000	49,000	101,000	-	50,000	51,000	51,000	510
193,000	-	193,000	-	63,000	130,000	65,000	1,300
495,000	-	-	495,000	-	495,000	160,000	9,488
2,460,000	240,000	2,220,000	-	140,000	2,080,000	155,000	85,043
570,000	315,000	255,000	-	60,000	195,000	60,000	6,833
2,990,000	1,060,000	1,930,000	-	360,000	1,570,000	360,000	55,600
4,215,000	1,105,000	3,110,000	-	345,000	2,765,000	360,000	104,326
2,015,000	-	2,015,000	-	70,000	1,945,000	220,000	18,633
<u>13,258,000</u>	<u>2,898,000</u>	<u>9,865,000</u>	<u>495,000</u>	<u>1,129,000</u>	<u>9,231,000</u>	<u>1,431,000</u>	<u>281,733</u>
250,000	215,000	35,000	-	35,000	-	-	-
5,550,000	2,045,000	3,505,000	-	365,000	3,140,000	380,000	149,735
3,755,000	2,910,000	845,000	-	425,000	420,000	420,000	10,500
1,000,000	280,000	720,000	-	95,000	625,000	100,000	17,250
615,000	-	615,000	-	-	615,000	60,000	17,565
-	-	-	2,645,000	-	2,645,000	-	23,532
<u>11,170,000</u>	<u>5,450,000</u>	<u>5,720,000</u>	<u>2,645,000</u>	<u>920,000</u>	<u>7,445,000</u>	<u>960,000</u>	<u>218,582</u>
4,260,000	-	3,695,000	-	1,615,000	2,080,000	360,000	79,565
<u>\$ 30,428,000</u>	<u>\$ 10,088,000</u>	<u>\$ 19,280,000</u>	<u>\$ 3,140,000</u>	<u>\$ 3,664,000</u>	<u>\$ 18,756,000</u>	<u>\$ 2,751,000</u>	<u>\$ 579,880</u>

CITY OF LINO LAKES, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
December 31, 2014

<u>Year of Levy/ Collection</u>	<u>Equipment Certificates of 2012A</u>	<u>Equipment Certificates of 2013A</u>	<u>Equipment Certificates of 2014A</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>
2014/2015	\$ 54,086	\$ 69,615	\$ 177,952	\$ 567,247	\$ 264,458	\$ 449,820
2015/2016	-	68,933	178,868	572,497	278,140	460,110
2016/2017	-	-	178,164	571,184	285,411	464,100
2017/2018	-	-	-	574,072	297,263	-
2018/2019	-	-	-	574,907	313,472	-
2019/2020	-	-	-	579,639	323,316	-
2020/2021	-	-	-	-	337,517	-
2021/2022	-	-	-	-	350,447	-
2022/2023	-	-	-	-	-	-
2023/2024	-	-	-	-	-	-
	<u>\$ 54,086</u>	<u>\$ 138,548</u>	<u>\$ 534,984</u>	<u>\$ 3,439,546</u>	<u>\$ 2,450,024</u>	<u>\$ 1,374,030</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	Total
\$ 495,103	\$ 124,688	\$ 257,620	\$ 9,331	\$ 10,002	\$ 2,479,922
500,983	121,537	266,406	8,544	11,640	2,467,658
506,023	118,387	259,128	7,158	3,324	2,392,879
268,723	120,488	261,868	5,772	6,301	1,534,487
271,243	117,180	258,849	3,882	4,595	1,544,128
278,593	124,372	182,417	1,992	1,505	1,491,834
285,313	-	179,687	4,722	2,148	809,387
291,403	-	181,949	1,992	2,865	828,656
301,855	-	183,899	-	3,655	489,409
306,127	-	180,330	-	4,500	490,957
<u>\$ 3,505,366</u>	<u>\$ 726,652</u>	<u>\$ 2,212,153</u>	<u>\$ 43,393</u>	<u>\$ 50,535</u>	<u>\$ 14,529,317</u>

CITY OF LINO LAKES, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS
December 31, 2014

	Equipment Certificates 2012A	Equipment Certificates 2013A	Equipment Certificates 2014A	G. O. Improvement Bonds 2005A	G. O. Improvement Refunding Bonds 2005B
Bonds payable	\$ 51,000	\$ 130,000	\$ 495,000	\$ 3,140,000	\$ 420,000
Future interest payable	510	1,950	14,518	595,380	10,500
Totals	<u>\$ 51,510</u>	<u>\$ 131,950</u>	<u>\$ 509,518</u>	<u>\$ 3,735,380</u>	<u>\$ 430,500</u>
Payments to maturity:					
2015	\$ 51,510	\$ 66,300	\$ 169,488	\$ 529,736	\$ 430,500
2016	-	65,650	170,350	530,236	-
2017	-	-	169,680	534,611	-
2018	-	-	-	532,861	-
2019	-	-	-	534,633	-
2020	-	-	-	534,784	-
2021	-	-	-	538,519	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
	<u>\$ 51,510</u>	<u>\$ 131,950</u>	<u>\$ 509,518</u>	<u>\$ 3,735,380</u>	<u>\$ 430,500</u>

Exhibit 3

G.O. Tax Abatement Bonds 2006C	G.O. Utility Revenue Bonds 2006D	G.O. CIP Refunding Bonds 2006E	G.O. TIF Bonds 2007A	G.O. Improvement and Utility Revenue Refunding Bonds 2010A
\$ 2,080,000	\$ 195,000	\$ 1,570,000	\$ 2,765,000	\$ 625,000
<u>452,472</u>	<u>12,539</u>	<u>130,000</u>	<u>517,677</u>	<u>57,675</u>
<u>\$ 2,532,472</u>	<u>\$ 207,539</u>	<u>\$ 1,700,000</u>	<u>\$ 3,282,677</u>	<u>\$ 682,675</u>
\$ 240,043	\$ 66,832	\$ 415,600	\$ 464,326	\$ 117,250
248,381	69,254	420,800	469,526	114,250
260,858	71,453	430,100	473,926	111,250
267,464	-	433,500	252,126	113,175
278,327	-	-	254,326	110,025
293,233	-	-	261,026	116,725
302,183	-	-	267,126	-
315,103	-	-	272,504	-
326,880	-	-	282,016	-
-	-	-	285,775	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,532,472</u>	<u>\$ 207,539</u>	<u>\$ 1,700,000</u>	<u>\$ 3,282,677</u>	<u>\$ 682,675</u>

CITY OF LINO LAKES, MINN.
DEBT SERVICE PAYMENTS TO MATURITY - ALL BONDS (CONTINUED)
 December 31, 2014

Exhibit 3

	G.O. Refunding Bonds 2012A	G.O. Improvement Bonds 2013A	G.O. Improvement Bonds 2014A	Note Payable - Anoka County - 2009A	Totals
Bonds payable	\$ 1,945,000	\$ 615,000	\$ 2,645,000	\$ 2,080,000	\$ 18,756,000
Future interest payable	110,653	109,320	213,800	1,116,894	3,343,888
Totals	<u>\$ 2,055,653</u>	<u>\$ 724,320</u>	<u>\$ 2,858,800</u>	<u>\$ 3,196,894</u>	<u>\$ 22,099,888</u>
Payments to maturity:					
2015	\$ 238,632	\$ 77,565	\$ 23,533	\$ 460,345	\$ 3,351,660
2016	247,618	76,815	138,543	465,945	3,017,368
2017	241,311	75,780	402,223	470,945	3,242,137
2018	244,660	74,460	399,633	475,345	2,793,224
2019	242,590	72,900	406,158	483,195	2,382,154
2020	170,520	71,100	401,788	485,070	2,334,246
2021	168,560	69,000	406,390	356,049	2,107,827
2022	166,400	71,500	162,055	-	987,562
2023	169,001	68,900	159,280	-	1,006,077
2024	166,361	66,300	161,151	-	679,587
2025	-	-	162,644	-	162,644
2026	-	-	35,402	-	35,402
	<u>\$ 2,055,653</u>	<u>\$ 724,320</u>	<u>\$ 2,858,800</u>	<u>\$ 3,196,894</u>	<u>\$ 22,099,888</u>

CITY OF LINO LAKES, MINNESOTA
INSURANCE IN FORCE
 December 31, 2014

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)	31,191,731
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

	Tax Capacity Values		Tax Capacity Values	
	2013/2014		2012/2013	
Taxable valuations:				
Total	\$	16,439,245	\$	16,601,721
Fiscal disparities:				
Distribution		2,623,227		2,620,748
Contribution		(1,063,999)		(1,205,912)
Less: Captured Tax Increment Value		(232,280)		(234,159)
	\$	<u>17,766,193</u>	\$	<u>17,782,398</u>
	Certified Levy	Tax Capacity Rate	Certified Levy	Tax Capacity Rate
Taxes Levied:				
Revenue	\$	7,098,922	\$	7,190,538
Bond and Interest		1,197,122		1,025,090
	\$	<u>8,296,044</u>	\$	<u>8,215,628</u>
Totals		<u>46.683</u>		<u>46.774</u>

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

III.
STATISTICAL
SECTION (Unaudited)

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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.

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

Table 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 25,460,528	\$ 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
Restricted	12,050,484	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
Unrestricted	13,577,071	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
Total Governmental Activities Net Position	<u>\$ 51,088,083</u>	<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>
Business-Type Activities										
Net Investment in Capital Assets	\$ 28,342,832	\$ 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
Unrestricted	5,572,338	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
Total Business-Type Activities Net Position	<u>\$ 33,915,170</u>	<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>
Primary Government										
Net Investment in Capital Assets	\$ 53,803,360	\$ 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
Restricted	12,050,484	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
Unrestricted	19,149,409	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
Total Primary Government Net Position	<u>\$ 85,003,253</u>	<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>

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

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities:							
General government	\$ 2,941,279	\$ 2,886,825	\$ 2,197,672	\$ 2,323,358	\$ 2,201,439	\$ 1,987,415	\$ 1,990,137
Public safety	3,091,174	3,516,376	3,730,504	4,051,162	4,299,366	3,971,261	4,019,101
Public services	9,187,436	3,871,968	10,580,560	7,608,626	4,027,553	3,968,063	8,110,979
Parks, recreation and forestry	799,335	1,162,458	1,357,133	919,948	1,313,560	1,124,907	1,218,472
Conservation of natural resources	150,092	156,592	183,420	184,624	215,607	197,571	139,544
Community development	383,211	691,880	1,122,802	1,114,158	1,005,997	1,105,254	617,747
Interest on long-term debt	797,341	926,021	980,849	1,045,781	928,668	1,064,172	927,535
Total governmental activities expenses	<u>\$ 17,349,868</u>	<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	\$ 876,592	\$ 976,575	\$ 1,170,902	\$ 1,020,770	\$ 1,089,569	\$ 1,045,901	\$ 966,643
Sewer	1,217,825	1,228,123	1,298,963	1,287,943	1,432,107	1,466,847	1,638,063
Total business-type activities	<u>2,094,417</u>	<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>\$ 19,444,285</u>	<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	\$ 111,480	\$ 88,924	\$ 91,646	\$ 79,844	\$ 101,741	\$ 98,403	\$ 103,687
Public safety	998,210	844,514	1,078,995	1,296,418	725,747	691,005	713,985
Public works	434,087	420,741	389,489	413,040	428,174	427,223	382,287
Parks, recreation and forestry	196,951	188,439	185,803	187,285	165,994	177,984	210,976
Conservation of natural resources	4,873	6,854	4,559	3,660	3,858	4,153	4,392
Community development	26,985	20,530	15,839	11,623	8,667	14,148	5,138
Operating grants and contributions	761,924	643,749	851,791	693,065	682,797	617,450	593,798
Capital grants and contributions	10,128,024	5,963,204	7,189,346	1,094,789	1,357,015	1,388,984	7,347,613
Total governmental activities program revenues	<u>\$ 12,662,534</u>	<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	\$ 1,031,175	\$ 1,175,172	\$ 1,215,763	\$ 1,058,493	\$ 1,365,817	\$ 1,087,013	\$ 1,090,104
Sewer	1,361,759	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	1,733,775	1,535,631	80,750	10,117	8,769	8,709	1,462
Total business-type activities program revenues	<u>4,126,709</u>	<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>\$ 16,789,243</u>	<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	\$ (4,687,334)	\$ (5,035,165)	\$ (10,345,472)	\$ (13,467,933)	\$ (10,518,197)	\$ (9,999,293)	\$ (7,661,639)
Business-type activities	2,032,292	1,897,807	272,760	231,990	417,784	81,192	(18,952)
Total primary government net expense	<u>\$ (2,655,042)</u>	<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	\$ 7,383,415	\$ 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	433,387	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	160,955	-	-	-	-	-	-
Transfers	(304,195)	(299,725)	(895,687)	(994,202)	(136,068)	(7,078)	66,122
Total governmental activities	<u>\$ 7,673,562</u>	<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	\$ 120,310	\$ 253,787	\$ 365,822	\$ 274,498	\$ 228,747	\$ 104,770	\$ 126,215
Change in market value	-	-	-	-	-	-	-
Transfers	304,195	299,725	895,687	994,202	136,068	7,078	(66,122)
Total business-type activities	<u>424,505</u>	<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>\$ 8,098,067</u>	<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	\$ 2,986,228	\$ 3,682,065	\$ (1,317,000)	\$ (4,319,248)	\$ (392,651)	\$ (1,012,122)	\$ 1,466,189
Business-type activities	2,456,797	2,451,319	1,534,269	1,500,690	782,599	193,040	41,141
Total primary government change in net position	<u>\$ 5,443,025</u>	<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
\$ 1,883,961	\$ 1,566,388	\$ 2,036,550
4,046,415	3,950,197	4,107,759
5,584,283	4,540,888	4,786,121
1,210,867	835,783	1,093,909
184,051	141,204	159,649
430,121	404,726	407,448
837,755	951,842	618,680
<u>\$ 14,177,453</u>	<u>\$ 12,391,028</u>	<u>\$ 13,210,116</u>
\$ 949,121	\$ 927,800	\$ 965,641
1,527,637	1,584,395	1,628,258
<u>2,476,758</u>	<u>2,512,195</u>	<u>2,593,899</u>
<u>\$ 16,654,211</u>	<u>\$ 14,903,223</u>	<u>\$ 15,804,015</u>
\$ 129,151	\$ 93,118	\$ 103,072
642,745	697,584	763,470
476,296	456,024	464,486
191,832	175,978	156,735
19,297	1,347	1,882
16,940	28,118	39,395
450,179	527,368	840,676
5,125,693	941,960	335,733
<u>\$ 7,052,133</u>	<u>\$ 2,921,497</u>	<u>\$ 2,705,449</u>
\$ 1,371,809	\$ 1,208,742	\$ 965,425
1,505,781	1,516,397	1,564,099
-	-	-
20,018	883	1,035
<u>2,897,608</u>	<u>2,726,022</u>	<u>2,530,559</u>
<u>\$ 9,949,741</u>	<u>\$ 5,647,519</u>	<u>\$ 5,236,008</u>
\$ (7,125,320)	\$ (9,469,531)	\$ (10,504,667)
420,850	213,827	(63,340)
<u>\$ (6,704,470)</u>	<u>\$ (6,704,470)</u>	<u>\$ (10,568,007)</u>
\$ 8,610,709	\$ 8,563,595	\$ 8,806,886
4,941	4,442	4,443
202,828	216,488	172,738
-	(270,692)	92,957
4,175	-	1,727
-	-	-
41,043	(353,304)	69,294
<u>\$ 8,863,696</u>	<u>\$ 8,160,529</u>	<u>\$ 9,148,045</u>
\$ 102,073	\$ 113,402	\$ 96,213
-	(158,175)	58,255
(41,043)	353,304	(69,294)
61,030	308,531	85,174
<u>\$ 8,924,726</u>	<u>\$ 8,469,060</u>	<u>\$ 9,233,219</u>
\$ 1,738,376	\$ (1,309,002)	\$ (1,356,622)
481,880	522,358	21,834
<u>\$ 2,220,256</u>	<u>\$ (786,644)</u>	<u>\$ (1,334,788)</u>

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 148,652	\$ 153,009	\$ 181,759	\$ 190,825
Unreserved	5,300,156	5,337,225	5,356,272	5,393,316
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 5,448,808</u>	<u>\$ 5,490,234</u>	<u>\$ 5,538,031</u>	<u>\$ 5,584,141</u>
All Other Governmental Funds				
Reserved reported in:				
Special Revenue Funds	\$ 1,763	\$ 1,813	\$ 226,921	\$ 226,973
Capital Projects Funds	957,112	957,112	885,825	812,400
Debt Service Funds	7,371,359	3,992,952	3,925,402	3,405,272
Permanent Funds	100,000	100,000	100,000	100,000
Unreserved reported in:				
Special Revenue Funds	74,716	82,385	100,955	106,573
Capital Projects Funds	7,348,375	5,525,508	8,395,827	5,927,411
Debt Service Funds	-	-	-	-
Permanent Funds	853	5,378	17,023	22,224
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 15,854,178</u>	<u>\$ 10,665,148</u>	<u>\$ 13,651,953</u>	<u>\$ 10,600,853</u>
Total all funds	<u>\$ 21,302,986</u>	<u>\$ 16,155,382</u>	<u>\$ 19,189,984</u>	<u>\$ 16,184,994</u>

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

Table 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 196,568	\$ 181,471	\$ -	\$ -	\$ -	\$ -
5,191,396	5,445,334	-	-	-	-
-	-	165,079	180,786	176,797	253,471
-	-	5,440,101	5,053,031	5,209,286	5,053,064
<u>\$ 5,387,964</u>	<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>
\$ 227,176	\$ 227,342	\$ -	\$ -	\$ -	\$ -
736,772	658,875	-	-	-	-
3,457,349	2,986,102	-	-	-	-
100,000	100,000	-	-	-	-
93,956	110,471	-	-	-	-
11,611,835	12,537,841	-	-	-	-
(558,443)	(1,093,765)	-	-	-	-
15,824	12,676	-	-	-	-
-	-	906,010	823,113	101,710	101,302
-	-	2,658,010	3,041,524	3,651,550	2,830,526
-	-	110,568	115,196	121,075	152,078
-	-	10,808,268	15,573,179	15,710,702	18,027,773
-	-	(3,154,496)	(3,262,728)	(3,393,547)	(3,875,851)
<u>\$ 15,684,469</u>	<u>\$ 15,539,542</u>	<u>\$ 11,328,360</u>	<u>\$ 16,290,284</u>	<u>\$ 16,191,490</u>	<u>\$ 17,235,828</u>
<u>\$ 21,072,433</u>	<u>\$ 21,166,347</u>	<u>\$ 16,933,540</u>	<u>\$ 21,524,101</u>	<u>\$ 21,577,573</u>	<u>\$ 22,542,363</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Property Taxes	\$ 7,230,287	\$ 8,103,263	\$ 8,529,846	\$ 9,095,085
Licenses and Permits	812,172	581,582	694,435	802,135
Intergovernmental	1,808,111	1,818,519	6,143,689	1,004,476
Special Assessments	1,769,821	2,901,100	1,961,253	950,188
Charges for Services	601,548	687,551	753,698	872,534
Fines and Forfeits	100,980	101,518	139,932	133,531
Investment Earnings	433,385	713,795	864,578	576,071
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-
Miscellaneous	948,009	716,692	889,901	516,415
Total revenues	<u>13,704,313</u>	<u>15,624,020</u>	<u>19,977,332</u>	<u>13,950,435</u>
Expenditures				
Current:				
General Government	2,701,731	2,614,303	1,953,960	2,058,267
Public Safety	3,099,032	3,314,159	3,513,460	3,806,389
Public Works	7,071,322	7,755,727	8,446,911	5,542,308
Parks, Recreation and Forestry	1,111,301	1,076,727	1,103,021	1,033,260
Conservation of Natural Resources	140,334	143,653	183,346	183,024
Community Development	-	683,036	1,107,328	1,113,232
Capital Outlay	464,553	835,770	2,008,073	585,875
Debt Service:				
Principal	2,016,000	2,155,000	1,973,000	1,749,000
Interest and Fiscal Charges	838,950	1,011,157	937,895	1,074,052
Bond Issuance Costs	-	-	-	-
Total expenditures	<u>17,443,223</u>	<u>19,589,532</u>	<u>21,226,994</u>	<u>17,145,407</u>
Excess (deficiency) of revenues over expenditures	<u>(3,738,910)</u>	<u>(3,965,512)</u>	<u>(1,249,662)</u>	<u>(3,194,972)</u>
Other Financing Sources (Uses)				
Sale of Property	280,269	28,818	54,037	13,750
Proceeds from Issuance of Debt	9,412,000	6,327,000	4,375,000	209,000
Premium on Bonds Issued	176,231	450	-	-
Discount on Bonds Issued	-	(13,635)	(25,798)	-
Payment to Refunded Bond Escrow Agent	-	(7,225,000)	-	-
Loan Payable Reapportionment	-	-	-	-
Transfer In	2,651,469	5,811,452	2,900,249	4,763,391
Transfer Out	(2,955,664)	(6,111,177)	(3,019,224)	(4,796,159)
Total other financing sources (uses)	<u>9,564,305</u>	<u>(1,182,092)</u>	<u>4,284,264</u>	<u>189,982</u>
Net change in fund balances	<u>\$ 5,825,395</u>	<u>\$ (5,147,604)</u>	<u>\$ 3,034,602</u>	<u>\$ (3,004,990)</u>
Debt service as a percentage of noncapital expenditures	16.8%	16.9%	15.1%	27.6%

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 9,561,570	\$ 8,647,488	\$ 8,655,971	\$ 8,560,340	\$ 8,475,214	\$ 8,612,011
307,714	330,138	322,030	319,172	431,654	407,681
1,259,016	1,176,863	1,331,914	5,267,570	500,963	823,025
968,995	851,270	904,522	816,998	2,130,519	1,278,202
778,163	780,044	812,604	744,633	717,300	731,640
111,807	127,203	154,020	155,956	119,079	149,653
429,325	225,677	251,244	202,825	222,810	173,422
-	-	-	-	(276,276)	92,372
513,306	502,992	460,710	414,088	384,749	767,477
<u>13,929,896</u>	<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>
1,918,246	1,730,390	1,773,515	1,619,215	1,569,722	1,692,175
4,122,352	3,798,106	3,791,329	3,861,265	3,744,957	3,845,732
1,965,640	1,902,411	2,192,732	3,339,430	2,953,969	3,213,688
1,106,006	945,821	1,059,191	1,056,976	1,002,797	942,809
209,466	185,232	134,122	176,318	134,127	149,292
1,005,095	1,098,682	624,286	435,154	418,533	402,750
501,806	282,938	4,209,593	616,931	291,135	674,488
1,908,000	1,866,000	2,030,000	2,145,000	2,214,000	3,664,000
994,809	1,042,883	983,129	831,875	774,172	696,780
-	-	-	47,054	17,137	-
<u>13,731,420</u>	<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>
198,476	(210,788)	(3,904,882)	2,352,364	(414,537)	(2,246,231)
35,700	20,600	50,953	4,175	16,727	1,727
4,596,000	1,170,000	120,000	2,165,000	808,000	3,140,000
11,141	10,980	-	-	6,558	-
-	-	-	-	-	-
-	(965,000)	-	-	(435,000)	-
-	-	(565,000)	-	-	-
1,413,985	1,195,747	2,971,715	1,979,457	1,722,541	2,608,534
(1,367,863)	(1,127,625)	(2,905,593)	(1,910,435)	(1,650,817)	(2,539,240)
<u>4,688,963</u>	<u>304,702</u>	<u>(327,925)</u>	<u>2,238,197</u>	<u>468,009</u>	<u>3,211,021</u>
<u>\$ 4,887,439</u>	<u>\$ 93,914</u>	<u>\$ (4,232,807)</u>	<u>\$ 4,590,561</u>	<u>\$ 53,472</u>	<u>\$ 964,790</u>
22.7%	23.7%	18.6%	22.1%	25.3%	31.2%

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
2005	\$ 14,055,076	\$ 2,290,829	\$ 274,956	\$ 16,620,861	42.22
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

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

Table 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$100 of Tax Capacity)

Fiscal Year	City Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts	Total Overlapping	
2005	\$ 36.838	\$ 5.385	\$ 42.223	\$ 37.486	\$ 33.080	\$ 6.696	\$ 77.262	\$ 119.485
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

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.

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

Table 7

Taxpayer	2014			2005		
	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Target Corporation	\$ 202,004	1	1.23 %	\$ 263,094	1	1.53
Xcel Energy	181,380	2	1.10	136,964	3	0.80
Lino Lakes Realty LLC	170,200	3	1.04	-	-	-
Moline Concrete Products	104,649	4	0.64	133,481	4	0.78
Taylor Corporation	94,992	5	0.58	104,406	6	0.61
Kohl's Department Store	94,524	6	0.57	154,544	2	0.90
Gargaro Properties LLC	79,180	7	0.48	80,836	7	0.47
Marmon/Keystone Corp	72,020	8	0.44	76,308	8	0.44
CenterPoint Energy	63,156	9	0.38	58,700	10	0.34
Lino Lakes Business Center LLC	55,528	10	0.34	107,174	5	0.62
F&G Incorporated	-		-	72,040	9	0.42
Total	\$ 1,117,633		6.80 %	\$ 1,187,547		6.91

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
2005	\$ 6,342,211	\$ 927,091	\$ 7,269,302	\$ 6,881,838	94.7%
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%

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		
\$ 56,369	\$ 6,938,207	95.4%	\$ 331,095	4.6%
63,036	7,657,055	96.0%	319,858	4.0%
104,467	8,428,647	99.7%	27,711	0.3%
127,599	8,709,573	98.2%	158,911	1.8%
192,624	9,175,380	99.3%	71,243	0.8%
180,336	8,580,775	98.7%	128,597	1.5%
114,637	8,601,482	99.3%	75,888	0.9%
70,113	8,165,615	99.3%	75,885	0.9%
58,970	8,153,881	99.2%	120,717	1.5%
-	8,229,986	99.2%	66,058	0.8%

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	
2005	\$ 5,335,000	\$ 19,405,000	\$ -	\$ 2,425,000	\$ 27,165,000
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

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		(1) Percentage of Personal Income		Per Capita
1.77	%	3.90	%	\$ 1,379
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		N/A		893

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Special Assessments Payable	Other Long-Term Debt	Total Primary Government
2005	\$ 5,335,000	\$ 19,405,000	\$ -	\$ 24,740,000
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

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>Less: Amounts Available in Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of Assessed Market Value</u>	<u>Per Capita</u>
\$ 7,371,359	\$ 17,368,641	1.29 %	\$ 1,005
3,992,952	17,124,048	1.24	1,091
3,925,402	20,163,598	1.14	1,109
3,405,272	19,143,728	1.02	1,034
3,457,349	21,779,651	1.08	1,130
2,986,102	20,589,898	1.07	1,058
2,638,129	18,524,267	1.05	923
3,035,557	18,442,664	1.10	879
3,357,196	15,950,956	1.18	766
2,501,738	16,254,262	0.99	774

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CITY OF LINO LAKES, MINNESOTA

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Anoka County	\$ 143,506,281	6.5%	\$ 9,270,009
ISD 12	51,790,000	45.8%	23,697,924
ISD 624	90,960,000	3.4%	3,135,182
ISD 831	23,455,000	7.4%	1,746,770
Metropolitan Council	1,507,019,856	0.6%	9,025,183
Rice Creek Watershed District	500,000	33.6%	168,224
Anoka County Railroad Authority	26,460,000	6.5%	<u>1,709,224</u>
Total Overlapping			<u>48,752,516</u>
City of Lino Lakes Direct Debt	\$ 18,752,177	100%	<u>18,752,177</u>
Total Direct and Overlapping Debt:			<u><u>\$ 67,504,693</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 30,698,674	\$ 34,686,356	\$ 38,556,150	\$ 60,658,830
Total net debt applicable to limit	<u>4,845,000</u>	<u>4,332,000</u>	<u>4,039,000</u>	<u>3,804,000</u>
Legal debt margin	<u>\$ 25,853,674</u>	<u>\$ 30,354,356</u>	<u>\$ 34,517,150</u>	<u>\$ 56,854,830</u>
Total net debt applicable to the limit as a percentage of debt limit	15.78%	12.49%	10.48%	6.27%

Table 12

Legal Debt Margin Calculation for Fiscal Year 2014

Market value	\$ 1,509,921,169
Debt limit (3% of market value)	45,297,635
Debt applicable to limit	<u>4,191,000</u>
Legal debt margin	<u><u>\$ 41,106,635</u></u>

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 64,036,746	\$ 60,622,086	\$ 54,123,645	\$ 45,595,717	\$ 45,595,717	\$ 45,297,635
<u>3,642,000</u>	<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><u>\$ 60,394,746</u></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>
5.69%	5.59%	5.47%	9.39%	9.39%	9.25%

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
2005	19,698	\$ 696,797	\$ 35,374	6,934	3.8
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	20,700	879,903	42,236	6,392	4.5
2014	21,000	N/A	N/A	6,582	3.4

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	2014			2005		
	Employees	Rank	(1) Percentage of Total Employment	Employees	Rank	(1) Percentage of Total Employment
State of Minnesota Corrections	450	1	N/A %	413	1	N/A %
ISD 12 - Centennial Schools	362	2	N/A	-	-	N/A
Taylor Corporation	160	3	N/A	240	2	N/A
Target Corporation	150	4	N/A	230	3	N/A
Curtis 1000	130	5	N/A	-	-	N/A
Anoka County Juvenile Center	130	6	N/A	150	7	N/A
Molin Concrete Products	123	7	N/A	162	6	N/A
Kohls	120	8	N/A	135	9	N/A
YMCA	120	9	N/A	-	-	N/A
Rehbein Transit, Inc.	100	10	N/A	150	8	N/A
Synovis Interventional Systems	-	-	-	200	4	N/A
Summit Fire Protection	-	-	-	165	5	N/A
City of Lino Lakes	-	-	-	72	10	N/A
Total	1,845		- %	1,917		- %

Source: City of Lino Lakes Official Statements/Employer Surveys

Notes:

(1) = While information was obtainable for the largest employers within the City of Lino Lakes, information on the total employment within the City was not available.

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

	2005	2006	2007	2008	2009
General Government					
Administration	5.00	5.00	5.00	5.00	5.00
Seniors	0.63	0.63	0.63	0.63	0.63
Finance	3.50	3.50	3.50	3.50	3.50
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	2.75
Engineering	-	-	-	-	-
Building	1.00	1.00	1.00	1.00	1.00
Other	1.15	1.15	1.40	1.40	1.40
Total General Government	17.03	17.03	17.28	17.28	17.28
Public Safety					
Officers	25.00	26.00	26.00	27.00	27.00
Civilians	4.75	4.75	4.75	4.75	4.75
Fire	-	-	-	-	-
Building Inspection	4.25	4.25	4.25	4.25	4.25
Total Public Safety	34.00	35.00	35.00	36.00	36.00
Public Works					
Streets	6.35	6.85	7.35	7.35	7.35
Other	1.15	1.15	1.15	1.15	1.15
Total Public Works	7.50	8.00	8.50	8.50	8.50
Parks, Recreation and Forestry	9.05	9.55	9.80	9.80	9.80
Water	2.15	2.15	2.15	2.15	2.15
Sewer	2.15	2.15	2.15	2.15	2.15
Total	71.88	73.88	74.88	75.88	75.88

Source: City Finance Office

Table 15

2010	2011	2012	2013	2014
4.00	3.50	3.50	3.50	3.50
0.63	-	-	-	-
3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	-	-
2.00	1.00	1.00	1.00	1.00
2.25	2.00	2.00	2.00	2.00
-	-	-	-	-
1.00	-	-	-	-
1.40	0.70	0.70	0.70	0.70
<u>15.28</u>	<u>11.20</u>	<u>11.20</u>	<u>10.20</u>	<u>10.20</u>
27.00	25.00	25.00	25.00	25.00
4.25	4.00	3.00	3.00	4.00
-	-	-	-	1.00
2.75	2.50	2.50	2.50	2.00
<u>34.00</u>	<u>31.50</u>	<u>30.50</u>	<u>30.50</u>	<u>32.00</u>
6.85	7.00	7.00	7.00	7.00
1.15	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>
9.30	9.00	9.00	8.70	8.70
2.15	2.15	2.15	2.30	2.30
2.15	2.15	2.15	2.30	2.30
<u>70.88</u>	<u>64.00</u>	<u>63.00</u>	<u>62.00</u>	<u>63.50</u>

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

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
General Government					
Elections	1	2	1	2	1
Registered Voters	11,035	11,618	10,908	12,723	11,805
Number of Votes Cast	5,288	8,284	2,337	11,051	4,354
Voter Participation (Registered)	47.9%	71.3%	21.4%	86.9%	36.9%
Public Safety					
Police:					
Calls for Service	6,973	6,990	7,053	6,871	6,353
Traffic Citations & Warnings	6,609	5,964	3,805	3,252	3,187
Part I Crimes	1,375	3,372	1,279	1,461	1,075
Part II Crimes	3,119	4,890	3,432	3,767	3,151
Inspections:					
Building Permits (1)	837	686	2,297	5,041	1,535
Value of Building Permits	\$53,686,592	\$42,078,007	\$30,539,559	\$15,852,780	\$ 9,586,160
Public Works					
General Maintenance (hours)	6,014	5,692	6,758	6,129	5,870
Street Maintenance (hours)	3,106	3,631	2,916	3,851	3,267
Fleet Maintenance (hours)	4,440	4,460	4,144	5,043	4,782
Snow Plowing/Sanding (hours)	1,003	867	1,425	1,353	950
Culture and Recreation					
Parks:					
Park Maintenance (hours)	10,577	10,368	10,939	11,136	12,406
Utilities					
Water Maintenance (hours)	3,904	4,387	4,256	5,716	5,041
Sanitary Sewer Maintenance (hours)	4,092	3,347	4,148	3,760	3,486

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				
2010	2011	2012	2013	2014
2	1	2	1	2
12,284	11,705	13,478	12,020	12,610
8,545	4,314	11,546	1,575	7,854
69.6%	36.9%	85.7%	13.1%	62.3%
6,398	6,384	6,344	6,210	6,210
2,743	2,604	2,694	2,597	2,597
982	1,117	N/A	N/A	N/A
2,911	2,911	N/A	N/A	N/A
509	452	459	490	431
\$ 11,295,493	\$ 11,295,493	\$ 10,751,626	\$ 17,683,665	\$ 13,535,514
4,945	7,416	6,939	3,994	5,200
3,099	4,352	5,926	5,740	3,840
4,850	4,214	3,945	4,548	4,746
1,638	1,534	594	1,639	2,141
9,257	9,813	9,739	8,480	8,537
3,560	3,568	3,585	3,119	3,189
3,531	3,557	3,517	3,109	3,178

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

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol Units	11	12	12	12	12
Fire (Joint Powers):					
Stations in City	1	1	1	1	1
Fire Trucks	4	5	5	5	5
Public Works					
Lights	559	673	673	673	673
Vehicles	29	29	29	29	29
City Streets (miles)	95.5	96	96.1	100.71	100.71
Culture and Recreation					
Parks:					
Parks	18	18	18	18	18
Park Acres	141	141	141	141	141
Trails (miles)	19	20	26	26	26
Park Shelters	5	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	18	20	20	20	20
Tennis Courts	2	2	2	2	2
Playgrounds	17	16	16	16	16
Water					
Distribution System (miles)	50.8	51.1	64.7	74.7	74.7
Water Connections	3,957	4,090	4,112	4,247	4,340
Gallons Pumped (millions)	475	565	595	590	589
Number of Fire Hydrants	523	538	538	538	538
Water Tower Capacity (millions gallons)	2	2	2	2	2
Sanitary Sewer					
Collection System (miles)	63.5	63.3	64.5	69.8	69.8
Sewer Connections	4,142	4,282	4,428	4,447	4,486
Storm Sewer					
Pipe (miles)	33.1	34.1	34.3	41.4	41.4

Source: Various City Departments

Table 17

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
12	12	12	12	12
1	1	1	1	1
5	5	5	5	5
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
7	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
4,382	4,424	4,424	4,484	4,520
498	492	609	536	536
538	538	538	538	538
2	2	2	2	2
69.8	69.8	69.8	69.8	69.8
4,530	4,567	4,567	4,624	4,685
41.4	41.4	41.4	41.4	41.4

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