



THE CITY OF
LAKE ELMO

2016 BUDGET



City of Lake Elmo

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CITY MANAGEMENT TEAM

Clark Schroeder, Interim City Administrator
Cathy Bendel, Finance Director
Julie Johnson, City Clerk
Mike Bouthilet, Public Works Superintendent
Stephen Wensman, Director of Planning
Greg Malmquist, Fire Chief

FINANCE COMMITTEE

Julie Fliflet, Finance Committee Chairman and City Council Member
Anne Smith, City Council Member
Terry Forrest, Retired CFO



Dear Mayor Pearson, Members of the City Council & Taxpayers of the City of Lake Elmo:

I am pleased to present to you the 2016 City of Lake Elmo Budget Book. As presented at the Truth in Taxation hearing on December 1, 2015 there will be a decrease to the 2016 property tax levy of 0.8%.

The following pages of the 2016 City of Lake Elmo Budget have been thoughtfully prepared with the focus being minimal impact to the taxpayers while providing services to its residents in a timely, cost efficient manner. This budget represents the anticipated cost of following best practices in local government while providing timely and efficient services to the residents and businesses in our community each day.

2015 will be remembered as a year of change. There were a number of changes during 2015 including the following:

- Two new City Council Members were voted in effective 1/1/2015.
- New building and development moved forward noticeably during 2015. To date, seven major developments have broken ground in Lake Elmo resulting in 130 additional new homes being built so far in 2015 adding \$40 million to the City Tax base. It is projected that this activity will eventually mean 1,800+ new homes for the city. Along highway I-94 the developments include Hunters Crossing, Savona, Boulder Ponds, and Inwood being developed. In the “Old Village” the developments include Easton Village, Wildflower and Village Preserve being developed. In addition, a number of commercial projects are underway that will break ground in 2016.
- 2015 will forever be remembered as the year that “downtown” Lake Elmo tackled sanitary sewer and the storm water run-off issues. The City partnered with Washington County to maximize cost sharing in order to minimize the cost to the residents and businesses. The City entered into a Cooperative Agreement with Washington County related to the project wherein the County provided payment terms to ease the financial burden to the City and its taxpayers. This project will take several years to fully build out, but a large milestone was accomplished by having a portion of the downtown sewer system connected in late 2015. Storm water run-off has been a problem for the past few decades in the old historic downtown as well, and in 2015 the process of installing a storm water system complete with a large storm water pond south of the railroad tracks by the old lumber yard was finally put into motion. This will help keep the downtown from flooding out in heavy rainfalls and will also take multiple years to complete.
- The new ladder truck bonded for and ordered in 2014 was put into service during 2015 in addition to upgrading and adding an additional warning siren; all in keeping with the focus of keeping the residents safe.
- The Inwood water line project was initiated in 2015 and will be partially funded with the \$3.5 million in funding from the State of Minnesota.

Even with all the changes impacting the City of Lake Elmo during 2015, the City once again maintained its Aa2 bond rating with Moody’s Investor Service in 2015. The Moody’s rating report (copy included in the appendix

of this budget book) summarizes their rating rationale for Lake Elmo as being based on the Cities “strong finances supported by conservative budgeting and healthy unassigned fund balance”. The report also lists the strengths of the City as “affluent tax base favorably located in Twin Cities metropolitan area and strong financial operations and healthy reserves and liquidity”. The 2015 Bond rating allowed the City to borrow money at a lower rate and continue with the historical trend of creating a competitive environment for bond issuance. The 2016 Budget was developed based on the continuance of the historical conservative focus while maintaining the healthy reserves at their current level to allow for this to continue and was able to present a total City levy for 2016 which is 0.8% lower than the 2015 total City levy.

2015 audit preparation is once again underway and preliminary estimates indicate that 2015 will come in at \$75,000 - \$100,000 better than budget indicating the reserves will once again be strengthened.

The following represent the highlights of the 2016 budget:

- 2016 General Fund budget anticipates 140 additional new homes and 15 commercial new rec units to be built. All of the fees collected related to this new activity will be used to fund
- 2016 General Fund Budget included the addition of a new mill and overlay component to the street repair and maintenance program which is anticipated to extend the average street life by up to 10 years. This is in addition to the normal annual programmed street repairs done each year.
- Decrease in the 2016 General Fund component of the levy from \$2,421,589 to \$2,190,706 (-9.5%)
- Increase in the 2016 Debt Service component of the levy from \$484,814 to \$664,541 (37.1%)
- Increase in the 2016 Library component of the levy from \$223,261 to \$256,957 (11.1%)
- Decrease in the overall 2016 City levy from \$3,137,664 to \$3,112,204 (-0.8%)
- All resulting in a net decrease in the City local property tax rate of 4%

In summary, 2015 was a year of change for the city on many levels. I want to thank staff for their hard work, willingness to stretch and take on new tasks, and for their dedication to the city and its mission. You are valued more than you can imagine. I also want to thank all the hard working commission and committee members that serve as volunteers to make Lake Elmo a better city. Without these dedicated individuals the city would not be where it is. It is by working together cooperatively that we get things done. The city needs all of us, Council members, staff, Commission/Committee members, businesses, schools and citizens all working together to make the city the best it can be. Together we can make a positive difference.

Respectfully,

Clark Schroeder

Clark Schroeder
Interim City Administrator



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SECTION #1

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Lake Elmo, MN's \$2.8M GO Bonds, Ser. 2015A

Global Credit Research - 29 Jun 2015

Aa2 rating applies to \$22.8 million of post-sale GOULT debt

LAKE ELMO (CITY OF) MN
Cities (including Towns, Villages and Townships)
MN

Moody's Rating

ISSUE	RATING
General Obligation Bonds, Series 2015A	Aa2
Sale Amount	\$2,815,000
Expected Sale Date	07/07/15
Rating Description	General Obligation

Moody's Outlook NOO

NEW YORK, June 29, 2015 --Moody's Investors Service has assigned an Aa2 rating to the City of Lake Elmo's (MN) \$2.8 million General Obligation (GO) Bonds, Series 2015A. Concurrently, Moody's maintains the Aa2 rating on city's outstanding GO debt. Post-sale, the city will have \$22.8 million of GO debt outstanding.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the city's modestly-sized and affluent tax base experiencing growth, located in the Twin Cities metro region; strong finances supported by conservative budgeting and healthy unassigned fund balance; moderate direct debt burden; and modest exposure to unfunded pension liabilities.

OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

WHAT COULD MAKE THE RATING GO UP

-Growth in the city's tax base to levels consistent with higher-rated entities

WHAT COULD MOVE THE RATING DOWN

-Deterioration of the tax base or weakening of the demographic profile

-Material declines in the city's financial reserves

-Significant increase in debt levels

STRENGTHS

-Affluent tax base favorably located in Twin Cities metropolitan area

-Strong financial operations and healthy financial reserves and liquidity

CHALLENGES

-Small tax base size relative to others in the rating category

-Above average fixed costs

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

ECONOMY AND TAX BASE: MODESTLY-SIZED AFFLUENT TAX BASE NEAR THE TWIN CITIES EXPERIENCING GROWTH

The city's tax base is expected to grow in the medium term due to its favorable location within the Twin Cities metropolitan area and large amount of land available for development. Located in Washington County (Aaa stable), the city lies along the eastern edge of the metropolitan region. The city's full value of \$1.3 billion experienced two years of significant growth, following declines in previous years, due to new residential development. In 2014 economic market value increased by 6.8% and in 2015 it increased by a sizeable 12.7%. City officials report that the increases are due to approximately 45% of the city's land being available for development and 60% of that land being developed within the next 5 to 10 years. Major development areas include a mixed use development along I-94, the "Old Village" section of the city, and the northern edge of the city along Highway 36. Recent estimates show approximately 1,900 new homes being built in city in the next 10 years. Given the planned development for the area, it is expected that the tax base will experience significant growth in the medium term. The city is in the process of constructing substantial water and sewer improvements throughout the city in order to accommodate the planned development. The city has an Infrastructure Debt Participation Policy in place that requires infrastructure for private development to be funded by the developer or benefiting parties. The city collects fees and special assessments at preliminary plat mitigating the risk of non-payment.

Lake Elmo is primarily a bedroom community with the majority of residents commuting to employment opportunities throughout the Twin Cities area. Based upon net tax capacity, the city is 77% residential and 15% commercial and industrial. The largest employer of city residents is 3M Company (Aa3 negative), which is headquartered in nearby Maplewood (Aa1) and employs approximately 9,100. Management reports that the city's other major employers and taxpayers remain stable.

The city has experienced ongoing population growth in recent decades, including 17.6% growth between 2000 and 2010, and the Metropolitan Council (Minn-St. Paul Area) (Aaa stable) estimates that the city's 2010 population of 8,069 could grow to 20,500 by 2040. Washington County's unemployment rate of 3.7% in March of 2015 remained below the national (5.6%) and state (4.5%) levels for same period. Lake Elmo's resident income levels significantly exceed those of the nation, with median family income equivalent to 194.1% and of the nation.

FINANCIAL OPERATIONS AND RESERVES: STABLE FINANCIAL OPERATIONS SUPPORTED BY HEALTHY RESERVES

The city's financial operations are expected to remain stable given its history of sound financial management and maintenance of healthy General Fund liquidity and reserves. The city has demonstrated conservative financial management, having closed five out of the past six fiscal years with modest operating surpluses. Management attributes the surpluses to conservative budgeting of both revenues and expenditures. The city closed fiscal 2014 with a \$4,000 operating surplus and a General Fund balance of \$3.2 million, or a substantial 93.5% of revenues. Approximately \$600,000 of the city's fund balance is reserved for an advance to the city's Old Village Fund. The entire balance is expected to be paid in full by 2016. The city's fiscal 2014 unassigned fund balance of \$2.5 million, which is equivalent to 74.7% of revenues, remains healthy and above the city's policy of maintaining unassigned fund balance of 35% to 50% of budgeted operating revenues. For fiscal 2015, the city presented a balanced budget, and year to date estimates indicate that the city is on target and may expect a modest operating surplus of approximately \$50,000 due to favorable budget fluctuations.

Property taxes comprise 72.3% of Lake Elmo's General Fund revenues, and the city's collection rate is high with few appeals. The city does not receive any local government aid from the state; therefore, it is subject to minimal risk associated with budgetary pressures at the state. The state implemented property tax limits for 2014 only, but the cap did not impact Lake Elmo as the city had planned to keep its levy flat.

The city was party to a lawsuit along with the State of Minnesota seeking damages from 3M for allowing perfluorochemicals (PFCs) to leach into groundwater in Washington County over several decades. The city entered a tolling agreement through October 2015, which allowed the city to negotiate with 3M and put on hold the statute of limitations should the city have decided to return to litigation. Conservatively, the city did not include any

potential settlement money in its budget projections, and will use any such funds for one time expenditures or to pay debt service.

Liquidity

In 2014, the city's unrestricted net operating cash position across major operating funds (General Fund and Debt Service Fund) was \$3.5 million or a very healthy 86.9% of revenues.

DEBT AND PENSIONS: MODERATE DEBT BURDEN WITH MODEST ADDITIONAL BORROWING PLANNED

The city's direct debt burden is a moderate 1.7% of full value, and though some additional borrowing is planned, the debt burden is expected to remain manageable given the city's expected growth. The city's direct debt of \$23 million includes \$13 million of GO debt that is expected to be repaid by the city's self-supporting water enterprise. The city's fixed costs related to debt service, inclusive of the GO debt supported by the water enterprise, were above average at 17.6% of operating expenditures in 2014. The city expects to issue an additional \$2 million to \$3 million of GO debt annually for water and sewer and road improvements over the next few years.

Debt Structure

All of the district's direct debt is fixed rate and amortizes over the long term. Principal amortization is below average with 66.3% of all debt retired in ten years.

Debt-Related Derivatives

The district has no derivative agreements.

Pensions and OPEB

Moody's three year average adjusted net pension liability (ANPL), through fiscal 2014 is \$3.3 million, equivalent to 0.3% of full value, and 0.8 times operating revenue. The ANPL is based upon our allocation of the reported unfunded liabilities of two multi-employer cost-sharing pension plans, the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), and one single employer pension plan the Lake Elmo Firefighter's Relief Association plan. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities. The actuarial valuation dates for the cost sharing plans are June 30, 2013. The city's total fiscal 2014 contribution to the plans, was \$86,000 or 2.1% of operating expenditures.

MANAGEMENT AND GOVERNANCE: STRONG INSTITUTIONAL FRAMEWORK; SIZABLE RESERVES PROVIDE CUSHION

Minnesota cities have an institutional framework score of "Aa" or strong. Cities rely on property taxes to fund the majority of operations followed by state aid. State Local Government Aid (LGA) typically comprise the second largest source and ranges approximately from 0% to 80%, or on average 25% of GF revenues. The State increased aid for next biennium, after years of state aid cuts and stagnant aid. Cities typically have above average debt related expenditures. Notably, overall expenditures are predictable and cities have the ability to reduce expenditures if necessary, and benefit from unlimited operating levy authority.

We believe management will continue to maintain positive to balanced operations based on the city's trend of growing reserves.

KEY STATISTICS

-2014 Full value: \$1.3 Billion

-2014 Estimated full value per capita: \$164,000

-2008-2012 Median family income (as a % of US): 194.1%

-Fiscal 2014 Available Operating Fund Balance: 79.5%

-Fiscal 2009 to Fiscal 2014 Change in Available Operating Fund Balance as a % of revenues: 10.0%

-Fiscal 2014 Operating Fund Cash Balance: 86.9%

-Fiscal 2009 to Fiscal 2014 Change in Operating Fund Cash Balance as a % of revenues: 10.5%

-Fiscal 2009 to Fiscal 2014 Average Operating Revenues / Operating Expenditures: 0.98x

-Institutional Framework: Aa

-Net Direct Debt / Full Value: 1.7%

-Net Direct Debt / Operating Revenues: 5.6 times

-3-year average of Moody's ANPL / Full Value: 0.3%

-3-year average of Moody's ANPL / Operating Revenues: 0.8 times

OBLIGOR PROFILE

Located in Washington County (Aaa stable), the city lies along the eastern edge of the Twin Cities metropolitan region. The 2010 population was 8,069 according to census estimates.

LEGAL SECURITY

The bonds are secured by the city's general obligation unlimited tax (GOULT) pledge to levy a dedicated debt service tax that is not limited by rate or amount.

USE OF PROCEEDS

Proceeds of the bonds will be used to finance street improvement and utility projects.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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**WASHINGTON COUNTY
PRELIMINARY PAY 2016 VALUES of TAXABLE PROPERTY**

Note: these values are very preliminary and reflect the values as mailed on Valuation Notices in March 2015.
They are prior to Boards of Appeal and Equalization and include state determined utility values from the prior year.
Tax Capacities are estimates based on laws in effect for Pay 2015. They are subject to change.

Tax Authority	Final Pay 2015				Preliminary Pay 2016				Change from 2015 to Preliminary 2016				2016 EMV Change Due to		2016 TMV Change Due to	
	Estimated Market Value	Taxable Market Value	New Construction	Tax Capacity	Estimated Market Value	Taxable Market Value	New Construction	Tax Capacity	EMV	TMV	NC	TC	NC	Other	NC	Other
0002 Baytown	346,285,000	337,726,000	12,246,100	3,553,600	361,484,500	353,454,200	9,256,500	3,731,637	4%	5%	-24%	5%	3%	2%	3%	2%
0004 Denmark	386,628,400	348,728,500	1,133,000	3,517,712	404,782,100	373,444,300	2,590,900	3,774,987	5%	7%	129%	7%	1%	4%	1%	6%
0009 May	652,593,000	607,066,000	2,918,000	6,293,902	647,898,900	602,246,400	2,437,200	6,236,452	-1%	-1%	-16%	-1%	0%	-1%	0%	-1%
0011 Grey Cloud Island	43,970,000	42,494,500	19,200	461,346	44,687,400	43,175,800	79,200	468,493	2%	2%	313%	2%	0%	1%	0%	1%
0014 Stillwater Twp	430,993,000	403,543,400	2,412,700	4,092,143	443,379,100	416,820,700	3,225,700	4,232,043	3%	3%	34%	3%	1%	2%	1%	2%
0017 West Lakeland	639,996,600	628,385,300	4,954,400	6,548,419	656,986,900	646,004,100	3,503,000	6,733,611	3%	3%	-29%	3%	1%	2%	1%	2%
0100 Afton	612,072,300	586,363,700	7,034,900	6,224,403	630,761,800	605,638,500	5,864,000	6,437,953	3%	3%	-17%	3%	1%	2%	1%	2%
0200 Bayport	237,262,900	224,327,900	9,405,500	2,667,949	254,022,900	242,591,700	4,738,400	2,847,559	7%	8%	-50%	7%	2%	5%	2%	6%
0300 Birchwood	118,984,600	114,420,300	101,200	1,181,086	135,574,500	131,815,900	139,500	1,369,569	14%	15%	33%	16%	0%	14%	0%	15%
0400 Scandia	639,473,500	607,682,500	2,949,300	6,205,473	622,428,500	589,807,800	5,022,300	6,024,547	-3%	-3%	70%	-3%	1%	-3%	1%	-4%
0500 Dellwood	291,286,300	288,034,700	1,778,000	3,254,951	306,620,300	303,621,600	766,800	3,433,036	5%	5%	-57%	5%	0%	5%	0%	5%
0600 Forest Lake	1,835,713,900	1,728,267,700	19,791,100	19,690,075	1,888,714,000	1,783,180,700	23,381,800	20,261,223	3%	3%	18%	3%	1%	2%	1%	2%
0700 Hugo	1,554,927,700	1,444,058,600	21,365,700	15,658,095	1,532,816,800	1,417,540,600	13,585,900	15,384,663	-1%	-2%	-36%	-2%	1%	-2%	1%	-3%
0800 Lake Elmo	1,219,643,000	1,184,578,800	23,068,700	13,181,679	1,271,130,100	1,229,594,700	20,603,300	13,695,250	4%	4%	-11%	4%	2%	3%	2%	2%
0900 Lakeland Shores	54,473,700	52,868,700	304,600	580,646	54,525,700	52,963,000	140,000	581,215	0%	0%	-54%	0%	0%	0%	0%	0%
1000 Mahtomedi	934,599,500	905,400,200	8,695,300	9,762,425	1,029,444,000	1,003,860,100	6,372,200	10,811,502	10%	11%	-27%	11%	1%	9%	1%	10%
1100 Marine on St Croix	128,774,900	126,103,600	859,900	1,352,457	135,160,800	132,943,100	254,200	1,423,359	5%	5%	-70%	5%	0%	5%	0%	5%
1200 Newport	289,883,600	268,574,900	429,300	3,563,768	302,745,500	282,356,900	1,202,700	3,717,863	4%	5%	180%	4%	0%	4%	0%	5%
1300 St Paul Park	352,700,800	314,855,100	1,641,500	3,551,119	358,656,900	320,609,600	797,800	3,720,591	2%	2%	-51%	5%	0%	1%	0%	2%
1400 Landfall	6,871,900	6,871,900	0	133,770	6,768,800	6,768,800	0	131,708	-2%	-2%	0%	-2%	0%	-2%	0%	-2%
1500 Stillwater City	2,002,273,500	1,911,185,700	14,306,900	21,812,164	2,037,478,700	1,952,663,300	19,265,500	22,223,962	2%	2%	35%	2%	1%	1%	1%	1%
1600 Willernie	40,587,100	36,717,100	0	411,563	37,930,600	33,910,000	69,200	383,019	-7%	-8%	0%	-7%	0%	-7%	0%	-8%
1700 Oak Park Heights	712,227,600	689,680,000	7,392,000	10,805,682	729,818,500	707,660,800	2,146,500	11,018,445	2%	3%	-71%	2%	0%	2%	0%	2%
1800 St Mary's Point	70,110,000	67,918,700	202,800	736,149	70,437,800	68,280,700	39,100	738,065	0%	1%	-81%	0%	0%	0%	0%	0%
1900 Lakeland	211,241,300	200,459,300	768,100	2,185,847	224,690,200	214,889,100	1,106,200	2,333,291	6%	7%	44%	7%	1%	6%	1%	7%
2000 Lake St Croix Beach	92,938,700	84,525,600	638,500	869,438	96,355,100	88,192,200	401,900	905,471	4%	4%	-37%	4%	0%	3%	0%	4%
2100 Pine Springs	55,095,400	54,522,000	0	558,110	58,823,500	58,478,100	68,300	597,829	7%	7%	0%	7%	0%	7%	0%	7%
2200 Cottage Grove	2,941,607,300	2,705,975,400	20,780,900	29,842,872	3,024,856,200	2,789,362,100	26,547,400	30,731,110	3%	3%	28%	3%	1%	2%	1%	2%
2500 Woodbury	7,712,224,400	7,358,820,300	156,759,200	84,531,996	7,961,784,400	7,616,081,000	137,314,400	87,599,043	3%	3%	-12%	4%	2%	1%	2%	2%
2600 Oakdale	2,335,853,900	2,162,439,300	6,122,300	25,992,600	2,387,693,300	2,217,733,100	9,549,500	26,515,213	2%	3%	56%	2%	0%	2%	0%	2%
2700 Grant	775,057,600	745,515,200	4,673,900	7,810,040	785,254,900	756,354,900	3,470,500	7,914,178	1%	1%	-26%	1%	0%	1%	0%	1%
7500 Hastings	2,842,300	2,842,300	0	48,553	2,842,200	2,842,200	0	48,552	0%	0%	0%	0%	0%	0%	0%	0%
9400 White Bear Lake	37,983,000	36,129,000	0	452,695	41,360,100	39,690,100	0	490,957	9%	10%	0%	8%	0%	9%	0%	10%
Grand Total	27,767,176,700	26,277,082,200	332,773,000	297,532,667	28,547,915,000	27,094,576,100	303,939,900	306,518,396	3%	3%	-9%	3%	1%	2%	1%	2%

3/3/2015 Department of Property Records and Taxpayer Services Taxation Division

Comparison of Key Credit Indicators

	Lake Elmo	Mahtomedi	Minnetrasta	Medina	Shorewood	Stewartville
Credit Rating:						
Moody's	Aa2	Aa2	N/A	Aa2	Aa1	Aa3
S&P	N/A	N/A	AA+	N/A	N/A	N/A
2010 Census Population	8,069	7,676	6,384	4,892	7,307	5,916
% Change since 2000	17.6%	1.5%	46.5%	22.2%	-1.3%	9.3%
Taxable Full Valuation	\$ 1,184,578,800	\$ 905,400,200	\$ 1,223,555,000	\$ 1,383,198,652	\$ 1,455,845,111	\$ 302,500,000
5 Year Avg. Annual % Change	0.0%	-2.4%	-2.9%	-1.1%	-2.2%	-0.7%
Estimated Full Value Per Capita	\$ 146,806	\$ 117,952	\$ 191,660	\$ 282,747	\$ 199,240	\$ 51,133
Per Capita Income as % of U.S.	161.3%	155.0%	188.8%	293.5%	214.6%	89.2%
Median Family Income as % of U.S.	186.6%	176.1%	174.9%	224.9%	201.7%	117.4%
County Unemployment Rate	2.7%	2.7%	2.9%	2.9%	2.9%	2.4%
General Fund Balance	\$ 3,181,001	\$ 4,710,691	\$ 2,693,786	\$ 2,102,951	\$ 4,085,471	\$ 1,048,701
G.F. Balance as % of G.F. Revenues	93.5%	99.0%	59.0%	50.8%	72.9%	49.6%
Overall Debt Burden	2.5%	4.1%	3.4%	3.1%	2.3%	5.8%
Direct Debt Burden	0.8%	1.3%	1.2%	0.9%	0.0%	1.4%
G.O. Debt Outstanding	\$ 22,275,000	\$ 16,750,000	\$ 16,334,364	\$ 15,135,000	\$ 2,160,000	\$ 6,522,000
Principal Amortization in 10 Years	71.6%	86.8%	66.7%	70.4%	100.0%	82.8%

Source information includes 2015 credit rating reports and official statements.

SECTION #2

City of Lake Elmo

Budget 2016

(Based on 140 new homes and 15 Commercial build outs)

Final Levy Certification

Account Number	Description	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2014 Actual	2015 Budget	2015 Projected Actual	2016 Budget	2015 to 2016 Change	Notes
GENERAL FUND											
Revenues											
Property Taxes/Franchise Fees											
101-000-0000-31010	Current Ad Valorem Taxes	\$2,271,299	\$2,390,638	\$2,377,716	\$2,565,000	\$2,237,110	\$2,531,080	\$2,359,178	\$2,033,198	-13.8%	
101-000-0000-31020	Delinquent Ad Valorem Taxes	\$19,395	\$44,915	\$35,000	\$20,000	\$14,986	\$15,000	\$32,848	\$15,000	0.0%	
101-000-0000-31030	Mobile Home Tax	\$9,503	\$7,376	\$9,059	\$8,000	\$15,707	\$11,400	\$12,121	\$12,000	-1.0%	
101-000-0000-31040	Fiscal Disparities	\$143,647	\$112,096	\$178,587	\$120,000	\$140,432	\$160,000	\$190,797	\$157,508	-17.4%	Final numbers from WA Cty
101-000-0000-31910	Penalty & Interest on Taxes	\$146	\$5,202	\$3,691	\$5,180	\$9,002	\$700	\$1,474	\$700	-52.5%	
101-000-0000-33620	Gravel Tax	\$925	\$689	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
101-000-0000-33622	Cable Franchise Revenue	\$38,894	\$39,950	\$42,852	\$42,852	\$41,602	\$45,000	\$71,744	\$45,000	-37.3%	2015 payout of state grant excess
Total Property Taxes/Franchise Fees		\$2,483,808	\$2,600,866	\$2,646,905	\$2,761,032	\$2,458,839	\$2,763,180	\$2,668,162	\$2,263,406	15.2%	
Licenses and Permits											
101-000-0000-32110	Liquor License	\$10,425	\$9,375	\$16,150	\$3,000	\$150	\$8,350	\$11,150	\$11,000	-1.3%	
101-000-0000-32180	Wastehauler License	\$0	\$0	\$0	\$0	\$2,400	\$1,680	\$1,320	\$1,680	0.0%	
101-000-0000-32181	General Contractor License	\$1,725	\$0	\$265	\$165	\$0	\$0	\$0	\$0	0.0%	
101-000-0000-32183	Heating Contractor License	\$995	\$3,560	\$5,050	\$6,650	\$4,920	\$2,500	\$3,700	\$2,500	-32.4%	
101-000-0000-32184	Blacktopping Contractor License	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
101-000-0000-32210	Building Permits	\$138,972	\$187,344	\$174,625	\$170,500	\$224,951	\$517,600	\$387,187	\$508,200	31.3%	2015 = 130 actual new homes vs 2016 of 140 new homes and 15 Comm
101-000-0000-32210	Re-inspection Fees	\$0	\$0	\$0	\$0	\$750	\$1,000	\$400	\$0	-100.0%	
101-000-0000-32220	Heating Permits	\$10,230	\$16,040	\$15,990	\$15,600	\$23,064	\$29,040	\$24,297	\$38,000	56.4%	
101-000-0000-32230	Plumbing Permits	\$6,316	\$10,580	\$12,525	\$9,000	\$21,914	\$29,040	\$30,622	\$46,800	52.8%	
101-000-0000-32231	Sewer Permits	\$0	\$0	\$485	\$485	\$0	\$0	\$0	\$0	0.0%	
101-000-0000-32240	Animal License	\$2,083	\$2,320	\$1,991	\$1,991	\$2,569	\$2,500	\$2,156	\$2,500	16.0%	
101-000-0000-32250	Utility Permits	\$6,248	\$8,225	\$21,215	\$11,000	\$26,427	\$5,000	\$37,319	\$25,000	-33.0%	ROW activity driven by development
101-000-0000-32260	Burning Permit	\$1,300	\$1,360	\$2,670	\$3,350	\$1,650	\$2,250	\$2,110	\$2,750	30.3%	
101-000-0000-32270	Massage Therapy	\$0	\$0	\$858	\$150	\$200	\$150	\$100	\$150	50.0%	
101-000-0000-32280	Electrical Permits	\$0	\$0	\$0	\$0	\$6,109	\$6,051	\$9,466	\$0	-100.0%	Moving back to State of MN
101-000-0000-34104	Plan Check Fees	\$52,125	\$89,290	\$90,610	\$82,000	\$135,816	\$181,923	\$197,805	\$278,129	40.6%	2015 = 130 actual new homes vs 2016 of 140 new homes and 15 Comm
Total Licenses and Permits		\$230,420	\$328,093	\$342,434	\$303,891	\$450,920	\$787,084	\$707,632	\$916,709	29.5%	
Intergovernmental											
101-000-0000-33402	Homestead Credit Aid	\$7,879	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
101-000-0000-33418	MSA - Maintenance	\$83,018	\$78,789	\$98,022	\$98,022	\$101,696	\$101,696	\$137,478	\$101,696	26.0%	2015 had one time excess funds distribution
101-000-0000-33420	State Fire Aid	\$40,692	\$38,824	\$56,778	\$41,500	\$53,446	\$41,500	\$41,500	\$41,500	0.0%	
101-000-0000-33422	PERA Aid	\$2,749	\$2,749	\$2,749	\$2,749	\$2,749	\$2,749	\$2,749	\$2,749	0.0%	
101-000-0000-33426	Miscellaneous State Grants	\$22,824	\$162	\$1,365	\$1,150	\$17,692	\$500	\$5,124	\$5,064	1.2%	
101-000-0000-33621	Recycling Grant	\$15,588	\$15,588	\$15,588	\$15,500	\$15,500	\$15,500	\$15,500	\$15,500	0.0%	
Total Intergovernmental		\$172,750	\$136,112	\$174,502	\$158,921	\$191,083	\$161,945	\$202,351	\$166,509	-17.7%	
Charges for Services											
101-000-0000-34103	Zoning & Subdivision Fees	\$11,015	\$1,152	\$4,680	\$1,250	\$28,691	\$7,500	\$26,830	\$27,500	2.5%	
101-000-0000-34105	Sale of Copies, Books, Maps	\$173	\$287	\$323	\$206	\$301	\$175	\$138	\$175	26.8%	
101-000-0000-34107	Assessment Searches	\$445	\$1,060	\$1,390	\$1,285	\$1,200	\$750	\$1,635	\$1,215	-25.7%	
101-000-0000-34109	Clean Up Days	\$3,058	\$3,256	\$2,647	\$3,000	\$0	\$2,000	\$0	\$2,000	100.0%	
101-000-0000-34111	Cable Operation Reimbursement	\$2,307	\$2,018	\$526	\$1,950	\$2,500	\$2,500	\$4,051	\$4,000	-1.2%	
Total Charges for Services		\$16,998	\$7,772	\$9,566	\$7,691	\$32,692	\$12,925	\$32,654	\$34,890	6.8%	

City of Lake Elmo
Budget 2016
(Based on 140 new homes and 15 new commercial build outs)
FINAL Levy Certification

Dept Number	Description	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2014 Actual	2015 Budget	2015 Projected Actual	2016 Budget	2015 to 2016 Change
GENERAL FUND										
<u>Expenditures by Program & Department</u>										
General Government										
1110	Mayor & Council	\$36,418	\$24,208	\$471,770	\$45,269	\$39,896	\$40,955	\$46,194	\$45,955	-52.00%
1320	Administration	\$507,492	\$484,915	\$379,858	\$392,494	\$412,505	\$407,316	\$501,238	\$329,250	-34.31%
1410	Elections	\$3,380	\$13,857	\$1,040	\$13,350	\$9,874	\$1,050	\$3,773	\$15,800	318.76%
1450	Communications	\$18,034	\$22,512	\$44,194	\$35,570	\$44,407	\$70,842	\$31,427	\$31,747	1.02%
1520	Finance	\$135,063	\$151,572	\$157,203	\$154,935	\$161,541	\$134,647	\$119,308	\$124,835	4.63%
1910	Planning & Zoning	\$185,039	\$165,068	\$250,077	\$271,859	\$252,799	\$224,218	\$238,489	\$284,682	19.37%
1930	Engineering Services	\$67,639	\$69,864	\$34,501	\$48,000	\$36,312	\$54,800	\$41,623	\$48,000	16.33%
1940	City Hall	\$27,828	\$26,327	\$26,283	\$24,733	\$26,355	\$50,235	\$59,955	\$55,082	-8.13%
Total General Government		\$980,893	\$958,324	\$1,364,926	\$986,210	\$983,689	\$984,063	\$1,042,007	\$935,351	-10.20%
Public Safety										
2100	Police	\$452,262	\$492,911	\$495,759	\$500,000	\$515,604	\$517,799	\$526,256	\$527,060	0.15%
2150	Prosecution	\$46,440	\$47,224	\$52,104	\$51,000	\$54,466	\$50,000	\$55,710	\$54,700	-1.81%
2220	Fire	\$344,417	\$336,792	\$366,162	\$395,456	\$400,709	\$385,312	\$361,695	\$377,232	4.30%
2250	Fire Relief	\$47,867	\$39,956	\$53,778	\$37,324	\$53,446	\$37,324	\$58,166	\$37,324	-35.83%
2400	Building Inspection	\$94,863	\$132,591	\$139,939	\$152,874	\$143,283	\$323,558	\$207,045	\$260,766	25.95%
2500	Emergency Communications	\$5,250	\$6,194	\$3,745	\$5,800	\$3,373	\$7,000	\$7,490	\$7,400	-1.20%
2700	Animal Control	\$2,301	\$1,319	\$13,729	\$6,282	\$10,086	\$6,800	\$8,573	\$7,550	-11.93%
Total Public Safety		\$993,400	\$1,056,987	\$1,125,216	\$1,148,736	\$1,180,967	\$1,327,793	\$1,224,934	\$1,272,032	3.84%
Public Works										
3100	Public Works	\$289,985	\$295,132	\$473,807	\$378,609	\$386,213	\$380,195	\$325,977	\$411,285	26.17%
3120	Streets	\$29,268	\$190,361	\$204,416	\$176,800	\$49,978	\$222,578	\$234,007	\$413,000	84.37%
3125	Ice & Snow Removal	\$75,960	\$45,320	\$126,648	\$96,000	\$104,346	\$95,500	\$86,962	\$87,250	0.33%
3160	Street Lighting	\$30,008	\$38,691	\$25,988	\$28,800	\$22,614	\$28,000	\$23,985	\$26,400	10.07%
3200	Recycling	\$3,829	\$12,776	\$7,584	\$7,400	\$5,224	\$9,500	\$1,068	\$5,900	452.42%
3250	Tree Program	\$10,358	\$4,126	\$11,325	\$5,000	\$5,350	\$6,000	\$3,500	\$1,000	-71.43%
Total Public Works		\$439,408	\$586,406	\$849,768	\$692,609	\$573,725	\$741,773	\$665,499	\$944,835	41.97%
Culture & Recreation										
5200	Parks & Recreation	\$142,096	\$144,422	\$166,343	\$205,239	\$207,178	\$153,028	\$231,104	\$231,320	0.09%
Total Culture & Recreation		\$142,096	\$144,422	\$166,343	\$205,239	\$207,178	\$153,028	\$231,104	\$231,320	0.09%

	IT & Telephone	\$48,513	\$49,254	\$52,916	\$70,741	\$94,653	\$109,560	\$71,704	\$81,976	14.33%
9000	Compensation Adjustment	\$0	\$0	\$0	\$0	\$0	\$35,000	\$0	\$20,000	100.00%
	Debt Service Increase	\$0	\$0	\$0	\$0	\$0	\$247,118	\$247,118	\$0	-100.00%
	Contingency Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
	Other Financing	\$230,505	\$200,000	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$0	-100.00%
	Total Expenditures	<u>\$2,834,815</u>	<u>\$2,995,393</u>	<u>\$3,559,169</u>	<u>\$3,303,535</u>	<u>\$3,240,212</u>	<u>\$3,798,335</u>	<u>\$3,682,366</u>	<u>\$3,485,514</u>	<u>-5.35%</u>

SECTION #3

Special Revenue Funds

Special revenue funds (a type of governmental fund) are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. The city presently has three active special revenue funds:

1. Development Fund – No longer utilized as all activity flows through the Capital Improvement Fund.
2. Event Fund – Used minimally in 2015 and not anticipated to be utilized in 2016
3. Library Fund

Annual appropriated budgets are adopted during the year for the city's special revenue funds.

BASIS OF ACCOUNTING & BUDGETING

The measurement focus for special revenue funds is on a current financial resources basis, where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable financial resources. The fund balance is considered a measure of expendable resources.

Special revenue funds use the modified accrual basis of accounting, under which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

The basis of budgeting is consistent with accounting principles generally accepted in the United States of America.

DEVELOPMENT FUND (203)

In the past, a development special revenue fund was created in the City's financial records to account for major developer-related projects.

This fund is no longer being utilized as all development activity flows through the Capital Improvement Fund per GASB criteria.

EVENT FUND (204)

This fund was created to account for community event activities to bring together the residents of Lake Elmo. There were not as many events as in prior years but the account is still active should it be needed.

REVENUES & OTHER FINANCING SOURCES

- Donations (36230) Public and private donations to be used in funding the costs of larger special events.

EXPENDITURES & OTHER FINANCING USES

- A variety of line items listing the projected expenditures needed in preparation for and during the various special events.

LIBRARY FUND (206)

BUDGETARY OBJECTIVE

This fund was created to account for activities of the local Lake Elmo library

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) An annual special property tax levy will be levied by the City for library activities at the direction of the City council.

EXPENDITURES & OTHER FINANCING USES

- A variety of line items listing the projected expenditures needed in preparation for and operations of the library.

City of Lake Elmo
 Budget to Actual
 2016 Library Fund Budget
 Actuals thru November 30, 2015
 2016 Library Fund
 By Department

	2011	2011	2012	2012	2013	2013	2014	2014	2015	Projected	2016	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	
REVENUE												
Current Ad Valorem Taxes	0.00	0.00	260,078.00	260,078.00	256,957.00	256,957.00	256,957.00	256,957.00	231,261.00	231,261.00	256,957.00	
Rental Income	0.00	0.00	0.00	9,340.64	29,750.00	17,000.00	11,400.00	10,751.61	11,400.00	26,214.00	0.00	
Interest Earnings	0.00	0.00	0.00	0.00	0.00	417.06	0.00	676.00	0.00	0.00	0.00	
Miscellaneous Revenue	0.00	0.00	0.00	0.00	0.00	76.00	0.00	350.00	0.00	1,330.55	0.00	
Donations	0.00	0.00	0.00	70.00	0.00	1,405.00	0.00	2,566.17	0.00	105.00	0.00	
Total Revenue	0.00	0.00	260,078.00	269,488.64	286,707.00	275,855.06	268,357.00	271,300.78	242,661.00	258,910.55	256,957.00	2013 and 2014 included grant monies which may not be renewed; budgeted conservatively and did not include
EXPENSE												
PT Salaries	0.00	0.00	0.00	0.00	0.00	0.00	23,000.00	0.00	16,000.00	10,238.83	26,260.00	Part-time permanent staffing (3)
FT Salaries	0.00	0.00	70,000.00	7,595.00	35,200.00	16,901.13	35,200.00	36,241.58	45,000.00	45,500.18	46,311.07	Based on accepted offer
PERA Contributions	0.00	0.00	0.00	518.02	2,552.00	1,225.27	2,552.00	2,598.93	4,422.50	4,151.20	5,442.83	7.50% PT included as annual earnings to be eligible is \$5,100
FICA Contributions	0.00	0.00	0.00	470.89	2,182.40	1,003.53	3,608.40	2,058.89	3,782.00	3,257.84	4,499.41	6.20%
Medicare Contributions	0.00	0.00	0.00	110.13	510.40	234.71	843.60	481.47	884.50	761.96	1,052.28	1.45%
Health/Dental Insurance	0.00	0.00	0.00	0.00	13,605.00	2,176.00	13,605.00	12,809.48	12,828.48	13,510.92	14,144.00	Dental only increase of 4%
Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Workers Compensation	0.00	0.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	350.00	350.00	450.00	
Library svcs supplies	0.00	0.00	60.00	1,109.79	3,500.00	0.00	0.00	0.00	1,100.00	274.98	1,100.00	
Office Supplies	0.00	466.74	2,500.00	3,071.41	500.00	2,397.34	5,000.00	3,133.10	4,100.00	1,779.73	3,600.00	
Library Collection Maintenance	0.00	0.00	12,000.00	1,618.43	2,000.00	5,337.86	20,000.00	28,951.48	49,700.00	32,191.03	38,337.41	Includes databases and ebooks
Engineering/Legal Services	0.00	1,382.50	0.00	3,503.00	600.00	3,240.50	500.00	520.00	2,000.00	2,016.00	1,500.00	
Contract Services	0.00	0.00	0.00	21,100.00	4,400.00	4,199.95	4,000.00	860.00	3,000.00	353.50	6,000.00	Increase to weekly cleaning
Telephone	0.00	0.00	1,560.00	1,001.37	2,100.00	1,477.29	1,400.00	1,554.80	1,600.00	1,364.28	1,560.00	
Internet	0.00	0.00	0.00	215.70	900.00	447.35	600.00	459.15	1,000.00	814.62	1,800.00	Increase due to service plan upgrade
Information Technology	0.00	0.00	5,000.00	3,170.00	3,100.00	4,329.72	13,000.00	5,831.16	3,220.00	3,100.00	3,100.00	Includes equinox, hardware and software
Insurance	0.00	0.00	10,320.00	0.00	0.00	2,364.65	2,500.00	1,604.69	2,700.00	1,883.00	3,500.00	
Utilities	0.00	0.00	0.00	2,589.38	4,800.00	7,655.67	7,000.00	6,965.93	7,550.00	6,976.37	7,500.00	Electric and Water
Refuse	0.00	0.00	0.00	119.59	1,200.00	780.56	800.00	536.73	550.00	593.44	600.00	
Repair/Maint Bldg	0.00	0.00	3,000.00	4,483.11	12,000.00	6,818.66	8,000.00	19,326.09	14,000.00	23,586.51	12,000.00	
Repair/Maint NOT Bldg	0.00	0.00	0.00	0.00	1,500.00	112.50	52,748.00	0.00	0.00	27,244.77	0.00	2015 include roof repairs
Repair/Maint Equip (non-LH Impr)	0.00	0.00	2,400.00	1,130.08	15,300.00	1,136.98	2,500.00	96.52	0.00	0.00	0.00	
Library Card Reimbursements	0.00	0.00	0.00	0.00	39,000.00	31,780.22	39,000.00	23,445.06	24,000.00	24,117.65	12,000.00	
WA Cty Svc Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,300.00	
Library Service Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,000.00	Projected cost to obtain Associate Status
Miscellaneous	0.00	169.00	31,800.00	35,911.27	0.00	280.08	30,000.00	986.54	2,000.00	1,198.36	1,800.00	
Building Purchase Repmt	0.00	0.00	82,400.00	118,560.20	125,400.00	118,560.20	0.00	0.00	0.00	0.00	0.00	
Building-Property Tax	0.00	0.00	0.00	0.00	0.00	21,232.20	0.00	2,526.00	2,600.00	2,334.00	1,000.00	
Subscriptions	0.00	0.00	40,000.00	45.00	500.00	1,370.88	0.00	561.55	0.00	0.00	0.00	Included under programs
Conferences & Training	0.00	0.00	0.00	1,174.23	0.00	371.33	0.00	432.21	2,500.00	330.00	3,500.00	Includes national conference and dues for the Director
Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,500.00	0.00	4,600.00	New expense category to track expenses of Programs separately
Interest Expense	0.00	0.00	0.00	2,874.33	0.00	2,354.85	0.00	0.00	0.00	0.00	0.00	
Internal charges	0.00	5,458.32	0.00	2,828.57	1,200.20	1,681.27	1,500.00	818.00	1,600.00	418.00	0.00	NA now that WA Cty processing cards
Total Library	0.00	7,476.56	261,040.00	213,199.50	273,050.00	239,470.70	268,357.00	152,799.36	213,987.48	208,347.17	256,957.00	
Net Operating Income/(Expense)	0.00	(7,476.56)	(962.00)	56,289.14	13,657.00	36,384.36	0.00	118,501.42	28,673.52	50,563.38	0.00	
Contingency Monies	0.00	0.00	0.00	0.00	13,650.00	0.00	0.00	0.00	14,522.39	11,300.41	14,522.39	Savings for unknowns (mostly repairs to building...)
Proposed CIP									70,000.00		70,000.00	
Beginning Cash		0.00		(7,483.07)		43,142.52		85,190.43	205,982.68	205,982.68	186,546.06	
Net Operating Income/(Expense)		(7,476.56)		56,289.14		36,384.36		118,501.42	28,673.52	50,563.38	0.00	
CIP (self funded)		0.00		0.00		0.00		0.00	(70,000.00)	(70,000.00)	(70,000.00)	Library Remodel
YE Accruals/reversals		(6.51)		(5,663.55)		5,663.55		2,290.83	0.00	0.00	0.00	
Ending Cash		(7,483.07)		43,142.52		85,190.43		205,982.68	164,656.20	186,546.06	116,546.06	
Balance due to City		7,483.07		112,576.43		0.00		0.00	0.00	0.00	0.00	

NOTE: No Sewer connection charges are reflected due to timing delay between when project is completed and when it is assessed
 Costs to library will not occur until 2016

50% of annual operating expenses	3,738.28	106,599.75	119,735.35	76,399.68	106,993.74	104,173.59	128,478.50
Cash Reserves % (Office of State Auditor recommends 30 - 50%)		20.24%	35.57%	134.81%	76.95%	89.54%	45.36%

SECTION #4

Debt Service Funds

Debt service funds (a type of governmental fund) are used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs. The city has eight debt service funds with outstanding long-term debt:

- 2009A G.O. Refunding Bonds (2001)
- 2009B G.O. Improvement Bonds
- 2010A G.O. Improvement Bonds
- 2010B CIP Refunding Bond
- 2011A G.O. Improvement Bonds
- 2012A G.O. Refunding Bonds (2004)
- 2012B G.O. Improvement Bonds
- 2013A G.O. Improvement Bonds
- 2014A G.O. Improvement Bonds
- 2015A G.O. Improvement Bonds

Annual appropriated budgets are not adopted for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. However, debt service fund budgets are prepared by staff and reviewed by the city council to assist in the city's overall financial planning.

BASIS OF ACCOUNTING & BUDGETING

The measurement focus for debt service funds is on a current financial resources basis, where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable financial resources. The fund balance is considered a measure of expendable resources.

Debt service funds use the modified accrual basis of accounting, under which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier). The basis of budgeting is consistent with accounting principles generally accepted in the United States of America.

Attachment 4-1 presents all current debt activity for the City of Lake Elmo. The actual payments due each year as well as the remaining outstanding debt at the end of each year are presented by fund.

2009A G.O. REFUNDING BONDS (2001) (315)

The \$535,000 2009 G.O. Refunding Bonds were issued in 2009 to refund \$525,000 of the 2001 G.O. State Aid and Improvement Bonds. The 2001 bonds were designated as state aid bonds in 2001. Annual appropriations of Municipal State Aid (MSA) are to be received by the City from the State of Minnesota in amounts necessary to make debt service payments on the bonds through 2016. This fund is responsible for the retirement of the general obligation refunding bonds.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$70,000	\$2,100
TOTAL:	\$70,000	\$2,100

REVENUES & OTHER FINANCING SOURCES

- MSA Grant (33426) Municipal State Aid (MSA) appropriations are to be received by the City from the State of Minnesota in amounts necessary to make debt service payments on the bonds through 2016.

2009B G.O. IMPROVEMENT BONDS (316)

BUDGETARY OBJECTIVE

In order to finance 2009 street improvements and the Tablyn Park Entrance project, the 2009 G.O. Improvement Bonds were issued in the amount of \$575,000, payable through 2020. To repay the debt, an annual property tax levy will be levied by the City through 2019, averaging approximately \$50,000.

Additionally, special assessments of approximately 30% of the 2009 street improvements costs were levied against benefited property owners in 2010 for payments beginning in 2011.

This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2019, averaging approximately \$50,000.
- Special Assessments (36100) These assessments were levied against benefited property owners in 2010 for payments beginning in 2011.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$60,000	\$8,163
2017	\$60,000	\$6,663
2018	\$65,000	\$4,788
2019-2020	\$125,000	\$3,736
TOTAL:	\$310,000	\$23,350

2010A G.O. IMPROVEMENT BONDS (317)

BUDGETARY OBJECTIVE

In order to finance 2010 street improvements, the 2010 G.O. Improvement Bonds were issued in the amount of \$710,000, payable through 2021. To repay the debt, an annual property tax levy will be levied by the City through 2020, averaging approximately \$60,000.

Additionally, special assessments of approximately 30% of the 2010 street improvements costs were levied against benefited property owners in 2011 for payments beginning in 2012.

This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2020, averaging approximately \$60,000.
- Special Assessments (36100) These assessments were levied against benefited property owners in 2011 for payments beginning in 2012.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$70,000	\$9,550
2017	\$70,000	\$8,255
2018	\$70,000	\$6,785
2019-2021	\$225,000	\$9,281
TOTAL:	\$435,000	\$33,871

2010B G.O. CAPITAL IMPROVEMENT PLAN CROSSOVER REFUNDING BONDS (2004) (318)

BUDGETARY OBJECTIVE

The \$1,970,000 2010B G.O. Capital Improvement Plan Crossover Refunding Bonds were issued in 2010 to crossover refund the 2004 G.O. Capital Improvement Plan Bonds on February 1, 2013. By placing the 2010 refunding bond proceeds and \$1,000,000 of unspent 2004 bond proceeds into an escrow account in 2010, \$2,845,000 of the 2014 through 2025 maturities of the 2004 bonds were defeased in 2013 through the escrow account.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$150,000	\$42,108
2017	\$155,000	\$39,508
2018-2021	\$650,000	\$123,228
2022-2025	\$730,000	\$46,345
TOTAL:	\$1,685,000	\$251,189

This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City from 2015 through 2024 (averaging approximately \$170,000).

2011A G.O. IMPROVEMENT BONDS (319)

BUDGETARY OBJECTIVE

In order to finance 2011 street improvements, the 2011 G.O. Improvement Bonds were issued in the amount of \$845,000, payable through 2022. To repay the debt, an annual property tax levy will be levied by the City through 2021, averaging approximately \$85,000.

Additionally, special assessments of approximately 30% of the 2011 street improvements costs are projected to be levied against benefited property owners in 2012 for payments beginning in 2013.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$80,000	\$13,720
2017	\$80,000	\$9,234
2018	\$85,000	\$8,171
2019-2021	\$365,000	\$12,545
TOTAL:	\$610,000	\$43,670

This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2021, averaging approximately \$85,000.
- Special Assessments (36100) These assessments are projected to be levied against benefited property owners in 2012 for payments beginning in 2013.

2012A Water G.O. REFUNDING BOND (2004A - 320)

BUDGETARY OBJECTIVE

During 2012 the interest rates went to a level where utilizing a crossover advance refunding bond resulted in a large interest savings. An advance refunding requires that the proceeds of the new refunding bonds be invested in government securities and held in escrow until the call date (2015). The funds in the escrow are then used to pay interest on the new refunding bonds until the call date and then prepay the principal of the old bonds.

Total net savings as a result of restructuring this bond were \$455k with a present value of \$366k.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$195,000	\$86,044
2017	\$190,000	\$82,144
2018	\$215,000	\$78,344
2019	\$210,000	\$74,043
2020-2030	\$3,225,000	\$465,247
TOTAL:	\$4,035,000	\$785,822

2012B G.O. IMPROVEMENT BONDS (321)

BUDGETARY OBJECTIVE

In order to finance 2011 street improvements, the 2011 G.O. Improvement Bonds were issued in the amount of \$865,000, payable through 2022. To repay the debt, an annual property tax levy will be levied by the City through 2021, averaging approximately \$85,000.

Additionally, special assessments of approximately 30% of the 2011 street improvements costs are projected to be levied against benefited property owners in 2012 for payments beginning in 2013.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$85,000	\$9,751
2017	\$85,000	\$9,114
2018	\$85,000	\$8,264
2019-2023	\$455,000	\$21,091
TOTAL:	\$710,000	\$48,220

This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2021, averaging approximately \$85,000.
- Special Assessments (36100) These assessments are projected to be levied against benefited property owners in 2012 for payments beginning in 2013.

2013A G.O. IMPROVEMENT BONDS (322)

To save bonding costs, all necessary 2013 bonding was done through one bonding release. As a result there are three very distinctive components of this bond.

SECTION 34 (100% ASSESSED)

BUDGETARY OBJECTIVE

In order to initiate the Section 34 development project, a bond had to be obtained to cover three key components of that project. G.O. Improvement bonds were issues in the amount of \$5,740,000 payable through 2033. The sewer and water funds will be recovered at the time the development occurs. 100% of the Water and Sewer infrastructure costs will be paid by developers through levied assessments in 2013 for payments beginning in 2014. This fund is responsible for the retirement of the general obligation bonds.

SECTION 34 DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$105,000	\$38,105
2017	\$105,000	\$36,005
2018	\$105,000	\$33,905
2019-2028	\$1,135,000	\$195,955
TOTAL:	\$1,450,000	\$303,970

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) - These assessments were levied against benefited property owners in 2013 for payments beginning in 2014. The assessments are considered a lien on the property with the County and will continue for 15 years or until the amount is paid in full (due in full if property is sold).

WATER

BUDGETARY OBJECTIVE

This debt was incurred to fund the remaining portion of the Keats Watermain Project and Well #4 and Pumhouse #4.

WATER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$50,000	\$27,203
2017	\$50,000	\$26,203
2018	\$50,000	\$25,203
2019-2028	\$765,000	\$216,098
TOTAL:	\$915,000	\$294,707

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2013 for payments beginning in 2014 and will span 15 years.
- Water Sales (37100) and Water Connection fees (37150) – The balance of the loan payments will be funded through Water fund revenue.

SEWER

BUDGETARY OBJECTIVE

This debt was incurred to fund the Lake Elmo Avenue Sewer.

SEWER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$155,000	\$81,063
2017	\$155,000	\$77,963
2018	\$160,000	\$74,863
2019-2028	\$2,255,000	\$644,408
TOTAL:	\$2,725,000	\$878,297

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2013 for payments beginning in 2014 and will span 15 years.
- Sewer Sales (37200) and Sewer Connection fees (37250) – The balance of the loan payments will be funded through Sewer fund revenue.

2014A G.O. IMPROVEMENT BONDS (323)

To save bonding costs, all necessary 2014 bonding was done through one bonding release. As a result there are three very distinctive components of this bond.

GENERAL FUND

BUDGETARY OBJECTIVE

In order to fund the 2014 street project (\$1,330k), the 39th Street project street and trail component (\$754k) and the purchase of a new fire truck (\$715k) a bond was obtained to cover the funding. G.O. Improvement bonds were issues in the total amount of \$6,235,000 payable through 2028. This fund is fund is responsible for the retirement of the general obligation bonds.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$180,000	\$68,613
2017	\$210,000	\$64,713
2018	\$210,000	\$60,737
2019-2030	\$2,300,000	\$361,206
TOTAL:	\$2,900,000	\$555,269

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2028, averaging approximately \$230,000.
- Special Assessments (36100) These assessments are projected to be levied against benefited property owners in 2014 for payments beginning in 2015.

WATER

BUDGETARY OBJECTIVE

This debt was incurred to fund the Lake Elmo Avenue Water Project.

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2014 for payments beginning in 2015 and will span 15 years.
- Water Sales (37100) and Water Connection fees (37150) – The balance of the loan payments will be funded through Water fund revenue.

WATER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$130,000	\$64,371
2017	\$155,000	\$61,521
2018	\$155,000	\$58,586
2019-2030	\$2,105,000	\$391,719
TOTAL:	\$2,545,000	\$576,197

SEWER

BUDGETARY OBJECTIVE

This debt was incurred to fund the Village Eastern Sewer Line Project and the 39th Street Sewer Project.

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2014 for payments beginning in 2015 and will span 15 years.
- Sewer Sales (37200) and Sewer Connection fees (37250) – The balance of the loan payments will be funded through Sewer

SEWER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$45,000	\$21,199
2017	\$50,000	\$20,249
2018	\$50,000	\$19,304
2019-2030	\$695,000	\$128,676
TOTAL:	\$840,000	\$189,428

2015A G.O. IMPROVEMENT BONDS (324)

To save bonding costs, all necessary 2015 bonding was done through one bonding release. As a result there are three very distinctive components of this bond.

GENERAL FUND

BUDGETARY OBJECTIVE

In order to fund the 2015 street projects (\$1,490k), including the 39th Street project and the EP reconstruction project. G.O. Improvement bonds were issues in the total amount of \$2,815,000 payable through 2031. This fund is responsible for the retirement of the general obligation bonds.

REVENUES & OTHER FINANCING SOURCES

- Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2026, averaging approximately \$140,000.
- Special Assessments (36100) These assessments are projected to be levied against benefited property owners in 2015 for payments beginning in 2016 and will span 10 years. The Eagle Point street reconstruction was 100% assessed.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$0	\$30,757
2017	\$125,000	\$30,938
2018	\$140,000	\$28,288
2019-2026	\$1,225,000	\$114,955
TOTAL:	\$1,490,000	\$204,938

EQUIPMENT

BUDGETARY OBJECTIVE

This debt was incurred to fund equipment purchases which included a spray patcher, a tahoe for the fire department and new warning sirens for the City.

REVENUES & OTHER FINANCING SOURCES

Current Ad Valorem Taxes (31010) To repay the bonds, an annual property tax levy will be levied by the City through 2026, averaging approximately \$50,000.

DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$0	\$2,532
2017	\$15,000	\$2,500
2018	\$15,000	\$2,200
2019-2028	\$100,000	\$5,225
TOTAL:	\$130,000	\$12,457

WATER

BUDGETARY OBJECTIVE

This debt was incurred to fund the Inwood Booster station project and the increased costs due to a project scope change for the 39th Street Project.

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2015 for payments beginning in 2016 and will span 15 years.
- Water Sales (37100) and Water Connection fees (37150) – The balance of the loan payments will be funded through Water fund revenue.

WATER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$0	\$21,667
2017	\$45,000	\$22,225
2018	\$55,000	\$21,225
2019-2031	\$815,000	\$154,013
TOTAL:	\$915,000	\$219,130

SEWER

BUDGETARY OBJECTIVE

This debt was incurred to fund the increased costs due to a scope change in the 39th Street Sewer Project.

REVENUES & OTHER FINANCING SOURCES

- Special Assessments (36100) – A portion of this project will be assessed to the benefitting property owners. These assessments are projected to be levied against benefited property owners in 2013 for payments beginning in 2014 and will span 15 years.
- Sewer Sales (37200) and Sewer Connection fees (37250) – The balance of the loan payments will be funded through Sewer

SEWER DEBT PAYMENT SCHEDULE		
YEAR	PRINCIPAL	INTEREST
2016	\$0	\$6,593
2017	\$15,000	\$6,750
2018	\$15,000	\$6,450
2019-2031	\$250,000	\$46,000
TOTAL:	\$280,000	\$65,793

SECTION #5

Capital Projects Funds

Capital projects funds (a type of governmental fund) are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those to be financed by proprietary funds and trust funds). The city presently has four active capital projects funds:

1. Capital Infrastructure Fund
2. Parkland Dedication
3. Vehicle Replacement
4. City Facilities

Annual appropriated budgets are not adopted for capital projects funds because effective budgetary control is alternatively accomplished through the use of project controls. However, capital projects fund budgets along with a five-year capital improvement plan are prepared by staff and reviewed by the city council to assist in the city's overall financial planning.

BASIS OF ACCOUNTING & BUDGETING

The measurement focus for capital projects funds is on a current financial resources basis, where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable financial resources. The fund balance is considered a measure of expendable resources.

Capital projects funds use the modified accrual basis of accounting, under which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

The basis of budgeting is consistent with accounting principles generally accepted in the United States of America.

Project	Potential Future Bonding	General Fund (Levy)	Vehicle Fund	City Facilities Fund	State Grant Funds	Water Fund	Sewer Fund	SW Fund	Library Fund	Park Fund*	Resident Assessment	Developer Assessment	Total	Notes				
2016																		
Lions Park Grading	Parks	X	0							40,000			40,000					
Refurb and update current parks	Parks	X	0	x						350,000			350,000					
Kirkwood	Levy	X	251,000	x	113,000						138,000		251,000	Total increase in 2016 street costs of \$233k				
Stonegate	Levy	X	654,000	x	456,000						198,000		654,000					
Kelvin Avenue	Levy	X	290,000	x	188,200						101,800		290,000					
Kelvin Avenue	Water	X	214,000	x		58,600					155,400		214,000					
Sewer Assessment	LIB	X	0						30,000				30,000					
Inwood Water Tower (#4)	Water	X	1,100,000	x		1,100,000							1,100,000					
LE Ave/Downtown Improvements	SPLIT	X	5,131,051	x	1,556,072	533,571	0	2,341,667			699,741		5,131,051	SEE SPLIT DETAILS BELOW (Sewer component 100% assessible)				
Warning sirens - in addn to 2 in 2015	FIRE		40,000		40,000								40,000					
Inspection Camera	Sewer/SW		50,000				37,500	12,500					50,000	To be used for sewer and storm water line clean outs				
Manning Trail updates	Streets/Parks		23,730		23,730					13,200			36,930	For trail updates by the school and temp easement purchase				
Turn Lane by Hunters Crossing			50,000		25,000							25,000	50/50 cost split with developer per CS					
Sunfish Lake sewer (MPCA agmt -2016)	Sewer		TBD											100% assessment project per Jack				
Projected 2016			7,803,781		2,402,002		0	0	0	1,692,171	37,500	2,354,167	30,000	403,200	1,292,941	25,000	8,236,981	
2017																		
Rescue Engine	Fire	X	550,000	x	550,000								550,000	Replaces 1990 Engine with combination vehicle				
Replacement of parking lot at station #2	Fire	X	87,560		87,560								87,560	Contingent on decision regarding combined Firehall				
Purchase land for combined firehall	Fire	X	350,000		350,000								350,000	Contingent on decision regarding combined Firehall				
LE Ave/Downtown Improvements	SPLIT	X	4,398,500	x	2,020,888	1,120,189	0	183,687			1,073,736		4,398,500	SEE SPLIT DETAILS BELOW (Sewer component 100% assessible)				
Dump Truck/Plow Wing/Sander	PW	X	215,000		215,000								215,000	Replaces 1998 Plow Truck; will be in 17th year of useful life; limited suppliers				
Replacement of CV2 (Tahoe #2)	Fire	X	55,000	x	55,000								55,000	Replaces 2006; purchased used in 2010				
Tri-Lakes Area	Levy	X	1,830,000	x	1,281,000						549,000		1,830,000					
36th, 37th and Irwin	Levy	X	561,000	x	388,200						172,800		561,000					
36th, 37th and Irwin	Water	X	306,000	x		306,000							306,000	No water assessment				
Hudson Blvd LS Replace & Upsize	Sewer	X	500,000	x			500,000						500,000					
Olson Lake Trail Sanitary Sewer Ph 2	Sewer	X	180,000	x							180,000		180,000	9 new connections				
Pressure reduction station													0					
Hammes Estates - 12" bypass		X	120,000	x								120,000	120,000	Can we delay and still use section 34 excess funds??				
Village East Trunk Watermain - 12" bypass		X	110,000	x								110,000	110,000					
50th Street Trail (due to traffic increases)			TBD										0	Due to the potential additional traffic from Cemetery and Wedding Venue				
Projected 2017			9,263,060		4,947,648		0	0	0	1,426,189	500,000	183,687	0	0	1,975,536	230,000	9,263,060	
2018																		
Replacement of Tender 1	Fire	X	450,000	x	450,000								450,000	Replaces 1987 Tender; refurbished in 2004				
1 Ton Truck/Dump Box	PW	X	70,000		70,000								70,000	Replaces 2003 1 Ton with Plow; will be at year 15 of useful life				
Replace Loader	PW	X	185,000		185,000								185,000	Replaces 1999 Loader; will be at year 19 of useful life				
Mini excavator	PW	X	50,000		50,000								50,000	Currently rent for \$4k per year				
Add windows in blocked openings	LIB	X	0						50,000				50,000					
38th, 39th and Innsdale	Levy	X	1,020,000		705,100						314,900		1,020,000					
38th, 39th and Innsdale	Water	X	598,000			175,000					423,000		598,000					
OV No of UP RR	Levy	X	1,100,000	x	770,000						330,000		1,100,000					
OV No of RR watermain replacement	Water	X	300,000	x		300,000							300,000					
OV lateral sewer ext No of RR	Sewer	X	220,000	x			0				220,000		220,000					
Projected 2018			3,993,000		2,230,100		0	0	50,000	0	1,287,900	0	4,043,000					
2019																		
Replacement of U2	Fire	X	75,000	x	75,000								75,000	Replaces 1994 F-350				
Replacement SCBA's	Fire	X	207,000	x	207,000								207,000	Per NFPA, max 15 year life; repairs done 9/14 to gain 5 yrs & extend life to max				
Replace Tractor	PW	X	50,000		50,000								50,000	Replaces 2004 Tractor; will be at year 16 of useful life				
OV So of UP RR	Levy	X	1,900,000	x	1,330,000						570,000		1,900,000					
Pressure reduction station-12" tower #3	Water	X	110,000	x		110,000							110,000					
Projected 2019			2,342,000		1,662,000		0	0	0	0	570,000	0	2,342,000					
2020																		
OV So of RR watermain replacement	Water	X	710,000	x		710,000							710,000					
OV lateral sewer ext So of RR	Sewer	X	1,120,000	x			0				1,120,000		1,120,000					
Elevated Storage Tank #3	Water	X	2,200,000	x		2,200,000							2,200,000					
New combined fire station	Fire	X	3,000,000		3,000,000								3,000,000	Amount could range from \$3M to \$8M based on other metro firestations recently built				
Projected 2020			7,030,000		3,000,000		0	0	0	0	1,120,000	0	7,030,000					
Grand Total			30,431,841		14,241,750		0	0	0	6,613,360	537,500	2,537,854	80,000	403,200	6,246,377	255,000	30,915,041	

LE Ave/Downtown Improvement Project	2015	2016	2017	2018	Total
Streets	1,419,364	1,344,597			2,763,961
Sidewalks	49,000	676,291			725,291
Trails	0	0			0
Landscaping	87,708	0			87,708
Underground Utilities	0	0			0
ROW	0	0			0
Total - GENERAL FUND	1,556,072	2,020,888			3,576,960
Watermain - WATER FUND	533,571	1,120,189			1,653,760
Sanitary Sewer - SEWER FUND (100% assessed)	699,741	1,073,736			1,773,477
Regional Stormwater System - STORMWATER FUND	2,341,667	183,687			2,525,354
PROJECT BY YEAR	5,131,051	4,398,500			9,529,551
ANNUAL DEBT PMT DUE WA CTY					
Due 1/15/16		513,105			513,105
Due 6/15/16		4,617,946			4,617,946
Due 1/15/17			879,700		879,700
Due 6/15/17			3,518,800		3,518,800
	0	5,131,051	4,398,500	0	9,529,551
0% INTEREST FROM WA CTY; CITY TO REPAY VIA ANNUAL BONDING					

SECTION #6

Enterprise Funds

Enterprise funds (a type of proprietary fund) are used to report an activity for which a fee is charged to external users for goods or services. Enterprise funds account for operations financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges. For 2015, all enterprise funds have a positive cash flow. The city presently has three enterprise funds:

1. Water
2. Sewer
3. Surface Water

Annual appropriated budgets are not adopted for enterprise funds, but budgets are prepared by staff and reviewed by the city council to assist in the city's overall financial planning.

BASIS OF ACCOUNTING & BUDGETING

Enterprise funds are accounted for on the economic resources measurement focus, where the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets.

All assets and all liabilities (whether current or non-current) associated with an enterprise fund's activity are included on the balance sheet. Transactions that improve or diminish the economic position of the fund are reported as revenues or expenses. Depreciation, using the straight-line method, is charged against all exhaustible capital assets as an expense against operations.

Enterprise funds are accounted for using the accrual basis of accounting, which recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

The basis of budgeting is consistent with accounting principles generally accepted in the United States of America.

WATER FUND BUDGET SUMMARY						
	2013	2014	2015	2015	2016	%
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>	<u>Change</u>
Operating Revenue	584,317	784,625	959,291	872,405	918,047	5.2%
Operating Expense	729,761	740,062	964,225	847,972	912,321	7.6%
Operating Income (Loss)	(145,444)	44,563	(4,934)	24,432	5,726	-76.6%
Non-Oper Income	155,992	902,980	1,287,000	768,000	956,500	24.5%
Non-Oper Expense	189,130	306,888	270,487	268,114	289,781	8.1%
Non-Oper Income (Loss)	(33,138)	596,092	1,016,513	499,886	666,719	33.3%
Change in Net Assets	<u>(178,582)</u>	<u>640,655</u>	<u>1,011,585</u>	<u>524,318</u>	<u>672,445</u>	<u>28.3%</u>

SEWER FUND BUDGET SUMMARY

	2013	2014	2015	2015	2016	%
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>	<u>Change</u>
Operating Revenue	54,882	202,028	200,884	153,884	175,884	14.3%
Operating Expense	<u>95,590</u>	<u>212,980</u>	<u>208,421</u>	<u>106,336</u>	<u>208,466</u>	<u>-96.0%</u>
Operating Income (Loss)	<u>(87,266)</u>	<u>(10,952)</u>	<u>(7,537)</u>	<u>47,548</u>	<u>(32,582)</u>	<u>-168.5%</u>
Non-Oper Income	9,395	714,330	1,415,100	542,900	739,500	36.2%
Non-Oper Expense	<u>0</u>	<u>116,403</u>	<u>135,372</u>	<u>98,875</u>	<u>105,469</u>	<u>-6.7%</u>
Non-Oper Income (Loss)	<u>9,395</u>	<u>597,927</u>	<u>1,279,728</u>	<u>444,025</u>	<u>634,031</u>	<u>42.79%</u>
Change in Net Assets	<u>(77,871)</u>	<u>586,975</u>	<u>1,272,191</u>	<u>491,572</u>	<u>601,450</u>	<u>22.4%</u>

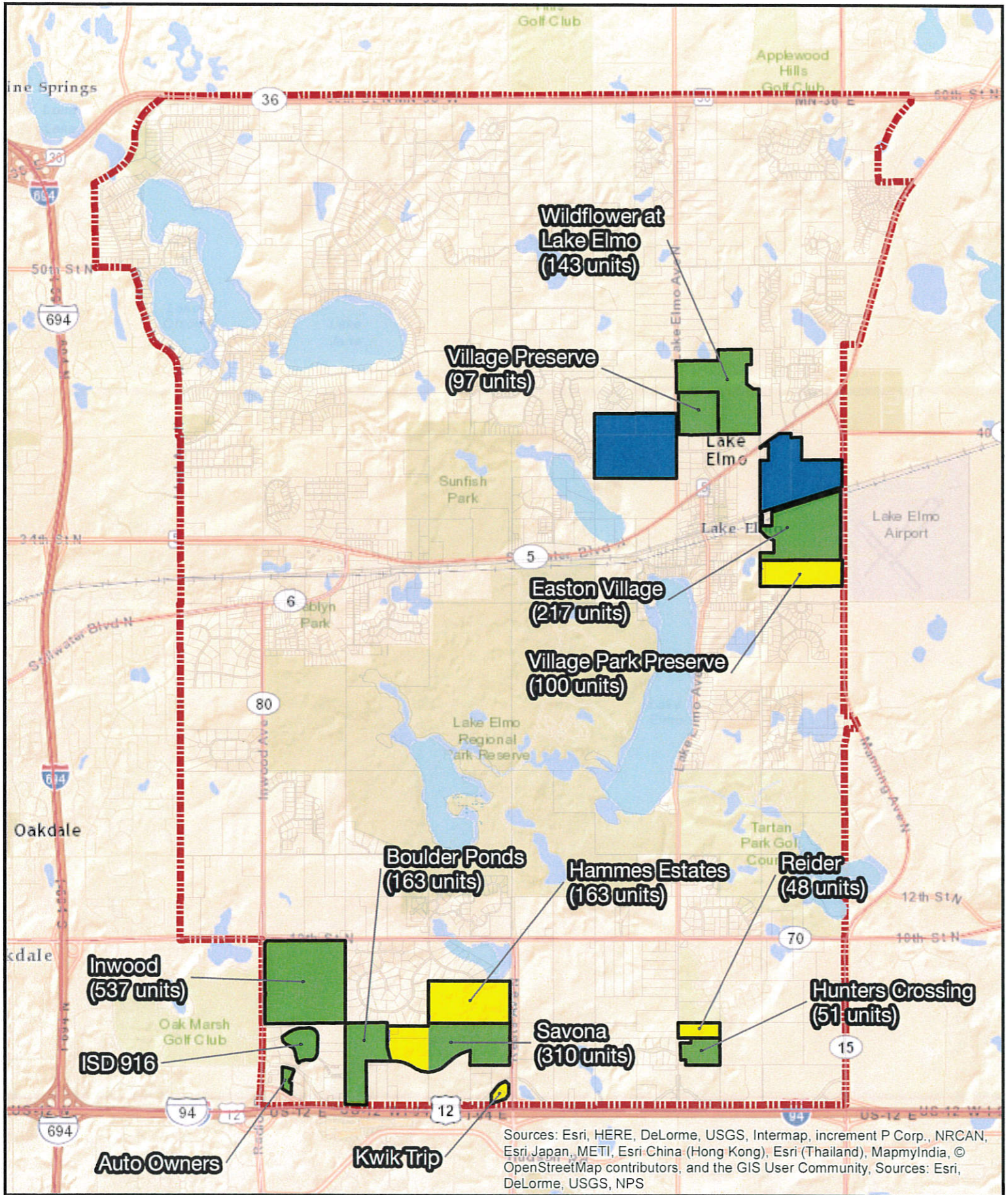
SURFACE WATER BUDGET SUMMARY

	2013	2014	2015	2015	2016	%
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>	<u>Change</u>
Operating Revenue	211,255	215,752	220,000	220,000	226,500	3.0%
Operating Expense	<u>116,275</u>	<u>150,723</u>	<u>177,714</u>	<u>128,016</u>	<u>180,889</u>	<u>-41.3%</u>
Operating Income (Loss)	<u>94,980</u>	<u>65,029</u>	<u>42,286</u>	<u>91,984</u>	<u>45,611</u>	<u>-50.4%</u>
Non-Oper Income	1,098	1,239	1,100	2,500	5,000	100.0%
Non-Oper Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Non-Oper Income (Loss)	<u>1,098</u>	<u>1,239</u>	<u>1,100</u>	<u>2,500</u>	<u>5,000</u>	<u>100.0%</u>
Change in Net Assets	<u>96,078</u>	<u>66,268</u>	<u>43,386</u>	<u>94,484</u>	<u>50,611</u>	<u>-46.4%</u>

SECTION #7

City of Lake Elmo
Developer Activity
2016 Budget

	Total Approved Units	Actual 2014	Actual 2015	Budgeted 2016	Total Projected Thru 2016	Yet to Build
RESIDENTIAL						
Lennar	310	16	57	40	113	197
Ryland	51	1	21	15	37	14
Hans Hagen	537	0	33	30	63	474
Boulder Ponds	163	0	8	20	28	135
Easton Village	217	0	3	15	18	199
Wildflower at Lake Elmo	143	0	5	10	15	128
Village Preserve	97	0	3	10	13	84
Village Park Preserve	100	0	0	0	0	100
Hammes	163	0	0	0	0	163
Reider/Diedrich	48	0	0	0	0	48
New Residential Development	1829	17	130	140	287	1542
Open Space		24	10	0	34	
Fire/Rebuilds		0	2	0	2	
Total New Residential		41	142	140	323	
COMMERCIAL						
Kwik Trip	19	19	0	0	19	0
EP Medical Center (Neuro Clinic)	11	11	0	0	11	0
EP Medical Center Tenants	5	0	5	0	0	5
Projected Commercial Activity	0	0	0	15	15	NA
New Commercial Development	35	30	5	15	45	



12-30-15

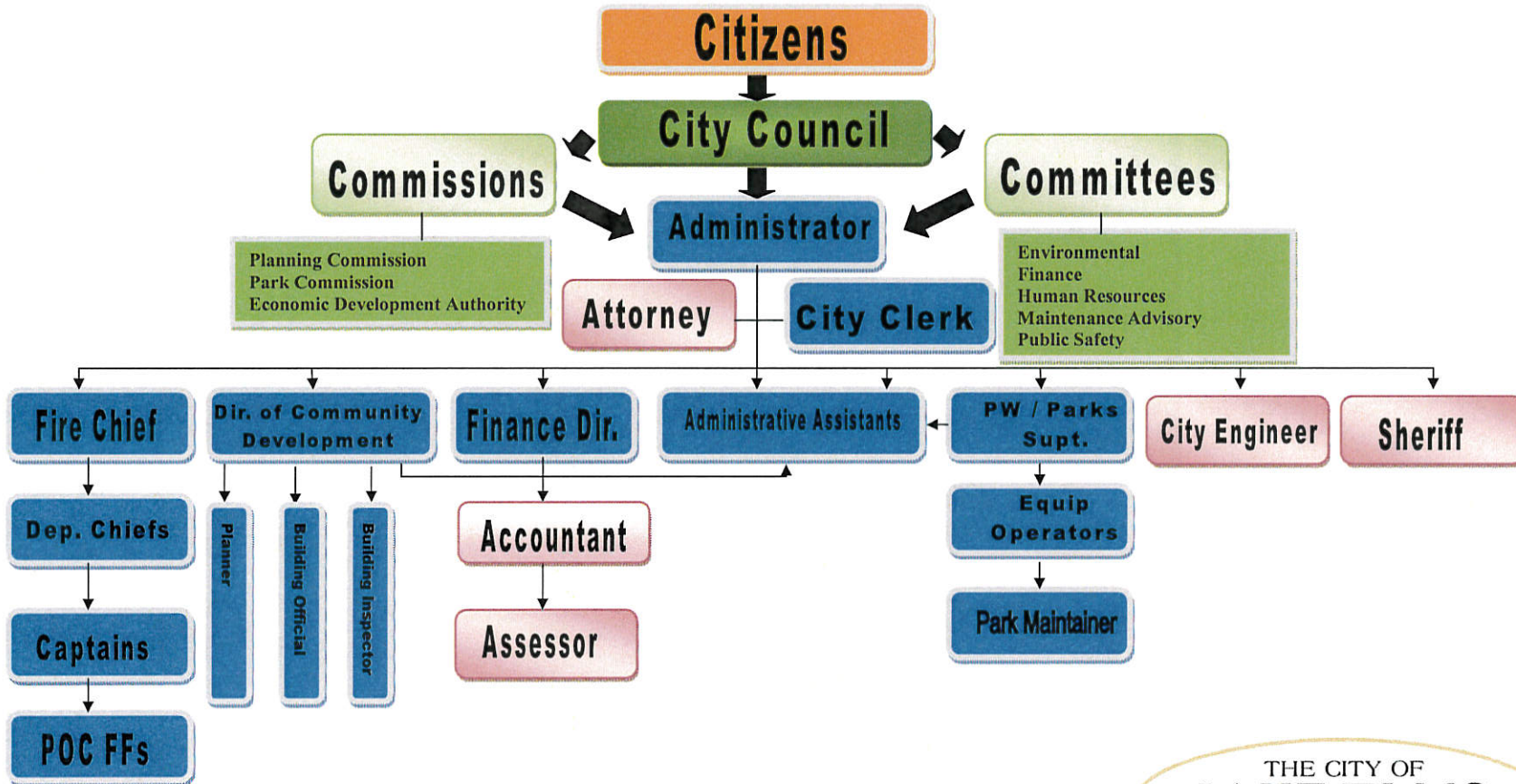


Development Status and Location (End of 2015)

Final Plat
 Preliminary Plat
 Under Contract

SECTION #8

CITY OF LAKE ELMO ORGANIZATIONAL CHART 2016



= Citizen Appointees
 = Contractor Relationship



GLOSSARY OF TERMS

ACCOUNTING SYSTEM: The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL BASIS OF ACCOUNTING: Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

AD VALOREM TAX: A tax based on value, such as the property tax.

AGENCY FUNDS: One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

APPROPRIATION: A legal authorization granted by a legislative body to make expenditures and incur obligations, limited by the amount and time in which it may be expended.

AUDIT: A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities.

BASIS OF ACCOUNTING: Timing of recognition for financial reporting purposes (i.e., when the effects of transactions or events should be recognized in financial statements).

BUDGET: A financial operating plan showing proposed expenditures for a given period and the proposed means of financing them (also known as the Operating Budget).

BUDGET DOCUMENT: The official written statement prepared by the administration which presents the proposed budget to the legislative body.

BUSINESS-TYPE ACTIVITIES: One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS: Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL IMPROVEMENT PROGRAM: A plan of proposed capital expenditures and the means of financing them. The capital budget is enacted as part of the complete annual budget.

CAPITAL PROJECTS FUNDS: Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those to be financed by proprietary funds and trust funds).

CHARGES FOR SERVICES: Charges for current services rendered.

CURRENT FINANCIAL RESOURCES

MEASUREMENT FOCUS: Measurement focus where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

GLOSSARY OF TERMS

DEBT SERVICE: Payment of interest and repayment of principal to holders of a government's debt instruments.

DEBT SERVICE FUNDS: Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEPRECIATION: The portion of the cost of a capital asset charged as an expense during a particular period, prorated over the estimated useful life of the asset.

ECONOMIC RESOURCES MEASUREMENT

FOCUS: Measurement focus where the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting. It is also used by business enterprises and nonprofit organizations in the private sector.

ENTERPRISE FUNDS: Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

EXPENDITURES: Under the current financial resources measurement focus, decreases in net financial resources not properly classified as other financing uses.

FIDUCIARY FUNDS: Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FINES: Revenues from penalties imposed for violation of laws or regulations.

FISCAL DISPARITIES: A Minnesota law which provides for the pooling of 40 percent of all new commercial and industrial property valuation in the seven county metropolitan area which is then redistributed to taxing jurisdictions according to specific criteria.

FUND: Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and charges therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: Difference between assets and liabilities reported in a governmental fund.

FUND FINANCIAL STATEMENTS: Basic financial statements presented on the basis of funds, in contrast to government-wide financial statements.

FUND TYPE: One of eleven classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

GENERAL FUND: One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL OBLIGATION BONDS: When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (G.O.) bonds.

GLOSSARY OF TERMS

GENERALLY ACCEPTED ACCOUNTING

PRINCIPLES (GAAP): Conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

GENERALLY ACCEPTED AUDITING

STANDARDS (GAAS): Rules and procedures that govern the conduct of a financial audit.

GOVERNMENTAL ACCOUNTING STANDARDS

BOARD (GASB): Ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

GOVERNMENTAL ACTIVITIES: Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL ENTITY: For accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units.

GOVERNMENTAL FUNDS: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL

STATEMENTS: Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities.

GRANT: A contribution of assets by one governmental unit or other organization to another. Grants are usually made for specified purposes.

INFRASTRUCTURE: Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND TRANSFERS: Flows of assets (such as cash or goods) between funds and blended component units of the primary government for a price approximating their external exchange value.

INTERGOVERNMENTAL REVENUES: Revenues from other governments in the form of grants, entitlements, or shared revenues.

INTERNAL SERVICE FUNDS: Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

LICENSES: Revenues received from the sale of business and non-business licenses.

LOCAL GOVERNMENT AID (LGA):

Intergovernmental revenue from the state to municipalities to help fund general expenditures.

MEASUREMENT FOCUS: Types of balances (and related changes) reported in a given set of financial statements (i.e., economic resources, current financial resources, assets and liabilities resulting from cash transactions).

MODIFIED ACCRUAL BASIS OF ACCOUNTING:

Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which

governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

NET ASSETS: The equity associated with general government assets and liabilities.

GLOSSARY OF TERMS

OTHER FINANCING SOURCES: Increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP (including general long-term debt proceeds, proceeds from the sale of capital assets, and operating transfers in).

OTHER FINANCING USES: Decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP (including operating transfers out).

PROPRIETARY FUNDS: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

RESERVED FUND BALANCE: Portion of a governmental fund's net assets that is not available for appropriation.

RESTRICTED NET ASSETS: Component of net assets calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt.

REVENUES: Under the current financial resources measurement focus, increases in net financial resources not properly classified as other financing sources.

SPECIAL ASSESSMENT: Compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SPECIAL REVENUE FUNDS: Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

TAX LEVY: The total amount to be raised by general property taxes for the purpose stated in the resolution certified to the county auditor.

UNRESTRICTED NET ASSETS: That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

** Source for some definitions: Governmental Accounting, Auditing, and Financial Reporting, Government Finance Officers Association, 2005.*