

EXPANDED AGENDA



**CITY COUNCIL AGENDA**

**Monday, June 14, 2021**

\*\*\*\*\*

**6:30 p.m.**

*(Scheduled to be broadcast on Channel 16)*

***City Council: Mayor Rafferty, Councilmembers Cavegn, Lyden, Ruhland and Stoesz  
City Administrator: Sarah Cotton***

**COUNCIL WORK SESSION, 6:00 P.M.**

**Community Room (not televised)**

1. Review Regular Agenda

**CITY COUNCIL MEETING, 6:30 P.M.**

- Call to Order and Roll Call - **Councilmembers Stoesz, Lyden, Cavegn, Ruhland and Mayor Rafferty were present**
- Pledge of Allegiance
- Open Mike / Public Comment *(in person or received in writing prior to meeting)*  
**There were no comments.**
- Setting the Agenda: Addition or Deletion of Agenda Items  
**The agenda was approved as presented.**

**1. CONSENT AGENDA**

- A) Consideration of Expenditures:
  - i) June 14, 2021 (Check No. 114436 through 114515) in the Amount of \$746,098.31
- B) Consider Approval of May 24, 2021 Work Session Minutes
- C) Consider Approval of May 24, 2021 Council Meeting Minutes
- D) Consideration of Not Waiving Monetary Limits on Tort Liability per Minnesota Statute 466.04
- E) Consider Approval of Resolution 21-52, 1-4 Day Temp. Liquor, and Cabaret License for the Annual St. Joseph's Catholic Church Festival
- F) Consider Approval of May 24, 2021 Closed Council Minutes
- G) Consider Approval of Resolution 21-49, Accepting the American Rescue Plan Act Funds
- H) Consider Approval of Resolution 21-50, Approving the Renewal of Liquor, Wine and Beer Licenses
- I) Consider Approval of Resolution 21-51, Approving Tobacco License Renewals
- J) Consider Approval of Resolution 21-53, Approving Massage License Renewals

- K) Consider Resolution No. 21-53 Approving Open Space Easement for Watermark 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Addition
  - L) Consider Resolution No. 21-54 Extending the Recording Date for the Final Plat of Natures Refuge
  - M) Consider Approval of Business Relief for On-Sale Liquor License Holders
- Action Taken: Motion by Stoesz, seconded by Lyden, to approve Consent Agenda Items 1A through 1M as presented, was adopted**

## **2. FINANCE DEPARTMENT REPORT**

- A) Consider Resolution No. 21-56, Awarding the Sale of \$1,815,000 General Obligation Street Reconstruction Bonds, Series 2021A, Hannah Lynch
- Action Taken: Motion by Lyden, seconded by Ruhland, to approve Resolution No. 21-56 as presented, was adopted**
- B) Accept 2020 Annual Audit Report, Hannah Lynch
- Action Taken: Motion by Cavegn, seconded by Stoesz, to accept the 2020 Audit Report as presented, was adopted**

## **3. ADMINISTRATION DEPARTMENT REPORT**

- A) Consider 1<sup>st</sup> Reading of Ordinance No. 06-21, Adjusting the Salaries of the Mayor and Councilmembers, Sarah Cotton
- Action Taken: Motion by Lyden, seconded by Stoesz, to approve the 1<sup>st</sup> Reading of Ordinance No. 06-21 as presented, was adopted**

## **4. PUBLIC SAFETY DEPARTMENT REPORT**

None

## **5. PUBLIC SERVICES DEPARTMENT REPORT**

None

## **6. COMMUNITY DEVELOPMENT REPORT**

- A) Consider Second Reading of Ordinance No. 03-21 Rezoning Property from R, Rural to R-1, Single Family Residential for Butler Addition, Katie Larsen
- Action Taken: Motion by Stoesz, seconded by Cavegn, to approve the 2<sup>nd</sup> Reading and adoption of Ordinance No. 03-21 as presented, was adopted: Yeas, 5; Nays none**
- B) Nadeau Acres 2<sup>nd</sup> Addition, Katie Larsen
    - i) Consider Resolution No. 21-45 Approving Final Plat

**Action Taken: Motion by Cavegn, seconded by Ruhland, to approve Resolution No. 21-45 as presented, was adopted; Lyden voted nay**

    - ii) Consider Resolution No. 21-46 Approving Development Agreement

**Action Taken: Motion by Cavegn, seconded by Ruhland, to approve Resolution No. 21-46 as presented, was adopted; Lyden voted nay.**

- C) Consider 2<sup>nd</sup> Reading of Ordinance 04-21, Approving Sale of Property, Lots 12 & 13, Carole Estates 2<sup>nd</sup> Addition, Michael Grochala

**Action Taken: Motion by Lyden, seconded by Cavegn, to approve the 2<sup>nd</sup> Reading and adoption of Ordinance No. 03-21 as presented, was adopted: Yeas, 5; Nays none**

- D) Consider Resolution No. 21-59, Authorizing Water Treatment Plant PILOT Study, Michael Grochala

**Action Taken: Motion by Cavegn, seconded by Stoesz, to approve Resolution No. 21-59 as presented, was adopted**

- E) Consider Resolution No. 21-57, Accepting Bids, Awarding a Construction Contract, 2021 Street Maintenance Project, Diane Hankee

**Action Taken: Motion by Ruhland, seconded by Stoesz, to approve Resolution No. 21-57 as presented, was adopted**

- F) Consider Resolution No. 21-60, Approving Capital Budget Request to the Commissioner of Management and Budget, Water Treatment Plant, Michael Grochala

**Action Taken: Motion by Ruhland, seconded by Lyden, to approve Resolution No. 21-60 as presented, was adopted**

## 7. UNFINISHED BUSINESS

None



## 8. NEW BUSINESS

None

## Adjournment

**Motion by Cavegn, seconded by Stoesz, to adjourn at 7:15 p.m. was adopted**

### *Community Calendar – A Look Ahead* June 14, 2021 through June 28, 2021

|   |                           |                      |
|---|---------------------------|----------------------|
|  Monday, June 28 | 6:00 pm, Community Room   | Council Work Session |
|  Monday, June 28 | 6:30 pm, Council Chambers | City Council Meeting |



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- K) Consider Resolution No. 21-53 Approving Open Space Easement for Watermark 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Addition



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- B) Accept 2020 Annual Audit Report, Hannah Lynch

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None

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## **6. COMMUNITY DEVELOPMENT REPORT**

- A) Consider Second Reading of Ordinance No. 03-21 Rezoning Property from R, Rural to R-1, Single Family Residential for Butler Addition, Katie Larsen  
*\*Council may vote to dispense with full reading of ordinance*  
*\*Roll call vote is required for adoption of the ordinance*
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  - i) Consider Resolution No. 21-45 Approving Final Plat
  - ii) Consider Resolution No. 21-46 Approving Development Agreement
- C) Consider 2<sup>nd</sup> Reading of Ordinance 04-21, Approving Sale of Property, Lots 12 & 13, Carole Estates 2<sup>nd</sup> Addition, Michael Grochala  
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- E) Consider Resolution No. 21-57, Accepting Bids, Awarding a Construction Contract, 2021 Street Maintenance Project, Diane Hankee
- F) Consider Resolution No. 21-60, Approving Capital Budget Request to the Commissioner of Management and Budget, Water Treatment Plant, Michael Grochala



## **7. UNFINISHED BUSINESS**

None

**8. NEW BUSINESS**

None

**Adjournment*****Community Calendar – A Look Ahead*****June 14, 2021 through June 28, 2021**

|   |                           |                      |
|---|---------------------------|----------------------|
|  Monday, June 28 | 6:00 pm, Community Room   | Council Work Session |
|  Monday, June 28 | 6:30 pm, Council Chambers | City Council Meeting |



# **Expenditures**

June 14, 2021

Check #114436 to #114515

\$746,098.31

# Accounts Payable

## Check Detail

User: katie.christofferson  
Printed: 06/10/2021 - 3:04PM



| Check Number   | Check Date       | Check Description   | Amount   |
|--|------------------|---|----------|
| <b>11 - Ace Solid Waste, Inc.</b>                        |                  |   |          |
| 114441   | 06/14/2021       | 20  |          |
|  | Inv June 2021    | 52 Trash & Recycling - 7741 LakeDrive   | 2,070.77 |
| 114441 Total:  |                  |   | 2,070.77 |
| <b>11 - Ace Solid Waste, Inc. Total:</b>                 |                  |   | 2,070.77 |
| <b>14 - AFSCME Council #5 101-000-2040-000</b>           |                  |   |          |
| 114438   | 06/11/2021       | PR Batch 00002.06.2021 Union Dues A   |          |
|  | Inv              | PR Batch 00002.06.2021 Union Dues AFSCME PR Batch 00002.06.2021 Union Dues AFSCME | 419.76   |
| 114438 Total:  |                  |   | 419.76   |
| <b>14 - AFSCME Council #5 Total:</b>                     |                  |   | 419.76   |
| <b>970 - Anoka County Fire Protection Council</b>        |                  |   |          |
| 114442   | 06/14/2021       |   |          |
|  | Inv 157          | Annual Membership Dues  | 460.00   |
| 114442 Total:  |                  |   | 460.00   |
| <b>970 - Anoka County Fire Protection Council Total:</b> |                  |   | 460.00   |
| <b>40 - Anoka County Highway Department</b>              |                  |   |          |
| 114443   | 06/14/2021       |   |          |
|  | Inv 5/21/2021    | Road Closure for BHD Parade   | 50.00    |
| 114443 Total:  |                  |   | 50.00    |
| <b>40 - Anoka County Highway Department Total:</b>       |                  |   | 50.00    |
| <b>44 - Anoka County Treasury Office</b>                 |                  |   |          |
| 114444   | 06/14/2021       |   |          |
|  | Inv ELEC05192115 | Joint Powers Agreement  | 4,214.87 |
| 114444 Total:  |                  |   | 4,214.87 |
| 114445   | 06/14/2021       |   |          |
|  | Inv HWYSQ12021   | Highway Signal Repair   | 221.72   |
| 114445 Total:  |                  |   | 221.72   |

| Check Number  | Check Date     | Check Description                 | Amount   |
|---|----------------|-----------------------------------|----------|
| 114446  | 06/14/2021     |                                   |          |
|   | Inv B210517L   | Site 117 June 2021 Cac Fiber      | 225.00   |
| 114446 Total:   |                |                                   | 225.00   |
| <b>44 - Anoka County Treasury Office Total:</b>                       |                |                                   | 4,661.59 |
| <b>1674 - Aramark Uniform &amp; Career Apparel Group, Inc.</b>        |                |                                   |          |
| 114447  | 06/14/2021     |                                   |          |
|   | Inv 1005050815 | Shop Towels                       | 100.14   |
|   | Inv 1005058079 | Mats                              | 221.71   |
| 114447 Total:   |                |                                   | 321.85   |
| <b>1674 - Aramark Uniform &amp; Career Apparel Group, Inc. Total:</b> |                |                                   | 321.85   |
| <b>54 - Aspen Mills, Inc.</b>   |                |                                   |          |
| 114448  | 06/14/2021     |                                   |          |
|   | Inv 274679     | Uniform Allowance - Dept Expense  | 1,039.00 |
|   | Inv 274712     | Uniform Allowance - A. Ng         | 205.60   |
|   | Inv 274765     | Uniform Allowance - N. Hamann     | 104.75   |
|   | Inv 274766     | Uniform Allowance - N. Hamann     | 59.85    |
|   | Inv 274767     | Uniform Allowance - V. Klosner    | 59.85    |
|   | Inv 274975     | Uniform Allowance - A. Riehm      | 53.83    |
|   | Inv CM4307     | Uniform Allowance Credit - A.Ng   | -36.50   |
| 114448 Total:   |                |                                   | 1,486.38 |
| <b>54 - Aspen Mills, Inc. Total:</b>                                  |                |                                   | 1,486.38 |
| <b>60 - Avon Business Forms &amp; Promotions</b>                      |                |                                   |          |
| 114449  | 06/14/2021     |                                   |          |
|   | Inv 3635       | 500 Correction Notices            | 239.40   |
| 114449 Total:   |                |                                   | 239.40   |
| <b>60 - Avon Business Forms &amp; Promotions Total:</b>               |                |                                   | 239.40   |
| <b>1290 - Boonstra, Jason</b>   |                |                                   |          |
| 114450  | 06/14/2021     |                                   |          |
|   | Inv 5/17/2021  | Lodging and Mileage Reimbursement | 428.92   |
|   | Inv 6/2/2021   | Lodging and Mileage Reimbursement | 414.28   |
|   | Inv 6/8/2021   | Soil Septic CE July Class         | 255.00   |
| 114450 Total:   |                |                                   | 1,098.20 |
| <b>1290 - Boonstra, Jason Total:</b>                                  |                |                                   | 1,098.20 |
| <b>93 - Braun Intertec</b>  |                |                                   |          |
| 114451  | 06/14/2021     |                                   |          |

| Check Number                                       | Check Date | Check Description                       | Amount   |
|--|------------|---|----------|
| Inv B252560  | 2021       | NE Drainage Area Improvements           | 1,662.50 |
| 114451 Total:                                      |            |   | 1,662.50 |
| <b>93 - Braun Intertec Total:</b>                  |            |   | 1,662.50 |
| <b>1030 - CCP Industries</b>                       |            |   |          |
| 114452   | 06/14/2021 |   |          |
| Inv IN02773127                                     |            | Gloves, sunscreen, ear plugs            | 229.22   |
| 114452 Total:                                      |            |   | 229.22   |
| <b>1030 - CCP Industries Total:</b>                |            |   | 229.22   |
| <b>116 - CenterPoint Energy</b>                    |            |   |          |
| 114453   | 06/14/2021 | 160                                     |          |
| Inv May 2021                                       |            | 134 Natural Gas-6666 Black Duck Drive   | 979.08   |
| 114453 Total:                                      |            |   | 979.08   |
| <b>116 - CenterPoint Energy Total:</b>             |            |   | 979.08   |
| <b>117 - Central Pension Fund 101-000-2040-000</b> |            |   |          |
| 114436   | 05/28/2021 |   |          |
| Inv May 2021                                       |            | May 2021                                | 4,992.00 |
| 114436 Total:                                      |            |   | 4,992.00 |
| <b>117 - Central Pension Fund Total:</b>           |            |   | 4,992.00 |
| <b>120 - Century Fence Company, Inc.</b>           |            |   |          |
| 114454   | 06/14/2021 |   |          |
| Inv 213027001                                      |            | Road Striping, 4th Ave, Lilac, TCP, 2nd | 9,214.38 |
| 114454 Total:                                      |            |   | 9,214.38 |
| <b>120 - Century Fence Company, Inc. Total:</b>    |            |   | 9,214.38 |
| <b>121 - CenturyLink 101-432-4321-503</b>          |            |   |          |
| 114455   | 06/14/2021 |   |          |
| Inv May 2021                                       |            | Phone - Fire Protection Equipment       | 118.87   |
| 114455 Total:                                      |            |   | 118.87   |
| 114456   | 06/14/2021 |   |          |
| Inv May 2021                                       |            | Phone - Fire Protection Equipment       | 70.64    |
| 114456 Total:                                      |            |   | 70.64    |
| <b>121 - CenturyLink Total:</b>                    |            |   | 189.51   |

| Check Number                               | Check Date    | Check Description                        | Amount    |
|--|---------------|--|-----------|
| <b>136 - City of Roseville</b>             |               |  |           |
| 114457                                     | 06/14/2021    |  |           |
|  | Inv 0230111   | June IT Services                         | 18,216.98 |
| 114457 Total:                              |               |  | 18,216.98 |
| <b>136 - City of Roseville Total:</b>      |               |  | 18,216.98 |
| <b>761 - Comcast 101-432-4321-502</b>      |               |  |           |
| 114458                                     | 06/14/2021    |  |           |
|  | Inv 5/24/2021 | Phone & Internet                         | 357.26    |
| 114458 Total:                              |               |  | 357.26    |
| <b>761 - Comcast Total:</b>                |               |  | 357.26    |
| <b>149 - Connexus Energy</b>               |               |  |           |
| 114459                                     | 06/14/2021    | 02                                       |           |
|  | Inv May 2021  | 03 Electric                              | 6,038.84  |
| 114459 Total:                              |               |  | 6,038.84  |
| <b>149 - Connexus Energy Total:</b>        |               |  | 6,038.84  |
| <b>156 - Cross Nurseries, Inc.</b>         |               |  |           |
| 114460                                     | 06/14/2021    |  |           |
|  | Inv 046886    | 2021 Tree Sale                           | 269.07    |
|  | Inv 046888    | 2021 Tree Sale                           | 29.89     |
| 114460 Total:                              |               |  | 298.96    |
| <b>156 - Cross Nurseries, Inc. Total:</b>  |               |  | 298.96    |
| <b>954 - Davids Hydro Vac, Inc.</b>        |               |  |           |
| 114461                                     | 06/14/2021    |  |           |
|  | Inv 29091     | Emergency call out for sewer back-up on  | 3,100.50  |
| 114461 Total:                              |               |  | 3,100.50  |
| <b>954 - Davids Hydro Vac, Inc. Total:</b> |               |  | 3,100.50  |
| <b>1757 - Davis, Phillip</b>               |               |  |           |
| 114462                                     | 06/14/2021    |  |           |
|  | Inv 5/28/2021 | Mileage Reimbursement - Organic Site Tou | 57.40     |
| 114462 Total:                              |               |  | 57.40     |
| <b>1757 - Davis, Phillip Total:</b>        |               |  | 57.40     |

| Check Number  | Check Date    | Check Description               | Amount   |
|---|---------------|---------------------------------|----------|
| <b>175 - Delta Dental of Minnesota</b>                              |               |                                 |          |
| 114463  | 06/14/2021    | 105                             |          |
|   | Inv June 2021 | 120 Dental Insurance Premiums   | 4,016.33 |
| 114463 Total:   |               |                                 | 4,016.33 |
| <b>175 - Delta Dental of Minnesota Total:</b>                       |               |                                 | 4,016.33 |
| <b>1560 - Dunaway Construction</b>                                  |               |                                 |          |
| 114464  | 06/14/2021    |                                 |          |
|   | Inv 12206-3   | Woods Edge Park - Final Payment | 844.10   |
| 114464 Total:   |               |                                 | 844.10   |
| <b>1560 - Dunaway Construction Total:</b>                           |               |                                 | 844.10   |
| <b>193 - Emergency Automotive Technologies</b>                      |               |                                 |          |
| 114465  | 06/14/2021    |                                 |          |
|   | Inv SVC28779  | Install battery charger #619    | 585.20   |
| 114465 Total:   |               |                                 | 585.20   |
| <b>193 - Emergency Automotive Technologies Total:</b>               |               |                                 | 585.20   |
| <b>210 - Ferguson Waterworks #2518</b>                              |               |                                 |          |
| 114466  | 06/14/2021    |                                 |          |
|   | Inv 0473945   | Pipe cutter                     | 85.39    |
| 114466 Total:   |               |                                 | 85.39    |
| <b>210 - Ferguson Waterworks #2518 Total:</b>                       |               |                                 | 85.39    |
| <b>1458 - Fidelity Security Life Insurance Co. 101-000-2048-000</b> |               |                                 |          |
| 114467  | 06/14/2021    |                                 |          |
|   | Inv 164824109 | June Vision Insurance           | 110.13   |
| 114467 Total:   |               |                                 | 110.13   |
| <b>1458 - Fidelity Security Life Insurance Co. Total:</b>           |               |                                 | 110.13   |
| <b>212 - Finance &amp; Commerce, Inc.</b>                           |               |                                 |          |
| 114468  | 06/14/2021    |                                 |          |
|   | Inv 745059359 | 2021 Street Maintenance Project | 197.76   |
| 114468 Total:   |               |                                 | 197.76   |
| <b>212 - Finance &amp; Commerce, Inc. Total:</b>                    |               |                                 | 197.76   |
| <b>1014 - Finke, Brian</b>  |               |                                 |          |
| 114469  | 06/14/2021    |                                 |          |



| Check Number  | Check Date    | Check Description                        | Amount   |
|---|---------------|--|----------|
|   | Inv 5/17/2021 | Tuition Reimbursement                    | 459.41   |
| 114469  | Total:        |  | 459.41   |
| <b>1014 - Finke, Brian Total:</b>                                 |               |  | 459.41   |
| <b>233 - GDO Law 101-414-4303-000</b>                             |               |  |          |
| 114470  | 06/14/2021    |  |          |
|   | Inv 6499      | May Forfeitures                          | 42.00    |
|   | Inv 6500      | June Prosecutor Contract                 | 8,500.00 |
| 114470  | Total:        |  | 8,542.00 |
| <b>233 - GDO Law Total:</b>                                       |               |  | 8,542.00 |
| <b>1042 - Gerten Greenhouses &amp; Garden Center, Inc.</b>        |               |  |          |
| 114471  | 06/14/2021    |  |          |
|   | Inv 153121    | Town Center Landscape                    | 131.30   |
|   | Inv 82602     | Water absorption chemicals and tree wate | 513.00   |
| 114471  | Total:        |  | 644.30   |
| <b>1042 - Gerten Greenhouses &amp; Garden Center, Inc. Total:</b> |               |  | 644.30   |
| <b>244 - Gopher State One-Call</b>                                |               |  |          |
| 114472  | 06/14/2021    |  |          |
|   | Inv 1050539   | May Tickets                              | 1,017.90 |
| 114472  | Total:        |  | 1,017.90 |
| <b>244 - Gopher State One-Call Total:</b>                         |               |  | 1,017.90 |
| <b>271 - Hawkins, Inc.</b>  |               |  |          |
| 114473  | 06/14/2021    |  |          |
|   | Inv 4939809   | Chlorine                                 | 6,029.84 |
|   | Inv 4943703   | Chlorine                                 | 45.00    |
| 114473  | Total:        |  | 6,074.84 |
| <b>271 - Hawkins, Inc. Total:</b>                                 |               |  | 6,074.84 |
| <b>UB*00038 - HURH, TCHAMONG</b>                                  |               |  |          |
| 114474  | 06/14/2021    |  |          |
|   | Inv           | Refund Check 012838-000, 6530 PHEASANT   | 1,475.45 |
| 114474  | Total:        |  | 1,475.45 |
| <b>UB*00038 - HURH, TCHAMONG Total:</b>                           |               |  | 1,475.45 |
| <b>306 - Image Printing &amp; Graphics, Inc</b>                   |               |  |          |

| Check Number   | Check Date | Check Description   | Amount     |
|--|------------|---|------------|
| 114475   | 06/14/2021 |   |            |
| Inv 159004   |            | Business Cards - M. Grochala,P. Moonen  | 63.00      |
| Inv 159013   |            | UB Mail Prep and Statement printing   | 298.96     |
| 114475 Total:  |            |   | 361.96     |
| <b>306 - Image Printing &amp; Graphics, Inc Total:</b> |            |   | 361.96     |
| <b>1177 - Innovative Office Solutions LLC</b>          |            |   |            |
| 114476   | 06/14/2021 |   |            |
| Inv IN3354358  |            | Toner, notepads, post-its, office suppli  | 82.08      |
| Inv IN3356607  |            | Toner   | 272.57     |
| Inv IN3364032  |            | Paper, batteries, pens, notebooks   | 116.66     |
| 114476 Total:  |            |   | 471.31     |
| <b>1177 - Innovative Office Solutions LLC Total:</b>   |            |   | 471.31     |
| <b>311 - Instrumental Research, Inc.</b>               |            |   |            |
| 114477   | 06/14/2021 |   |            |
| Inv 3301   |            | April Water Testing   | 190.00     |
| 114477 Total:  |            |   | 190.00     |
| <b>311 - Instrumental Research, Inc. Total:</b>        |            |   | 190.00     |
| <b>312 - International Union 101-000-2040-000</b>      |            |   |            |
| 114439   | 06/11/2021 | PR Batch 00002.06.2021 Union Dues 4   |            |
| Inv  |            | PR Batch 00002.06.2021 Union Dues 49ers PR Batch 00002.06.2021 Union Dues 49ers | 560.00     |
| 114439 Total:  |            |   | 560.00     |
| <b>312 - International Union Total:</b>                |            |   | 560.00     |
| <b>1717 - Jacon, LLC</b>                               |            |   |            |
| 114478   | 06/14/2021 |   |            |
| Inv 013084-000-3                                       |            | 2021 NE Drainage Area Improvement   | 172,356.60 |
| 114478 Total:  |            |   | 172,356.60 |
| <b>1717 - Jacon, LLC Total:</b>                        |            |   | 172,356.60 |
| <b>757 - Jimmy's Johnnys 101-450-4410-000</b>          |            |   |            |
| 114479   | 06/14/2021 |   |            |
| Inv 182137   |            | Toilet Rental - City Hall Park  | 60.00      |
| Inv 182138   |            | Toilet Rental - Marshan Park  | 60.00      |
| Inv 182139   |            | Toilet Rental - Sunrise Park  | 90.00      |
| Inv 182140   |            | Toilet Rental - Birch Park  | 60.00      |
| Inv 182141   |            | Toilet Rental - Clearwater Creek  | 60.00      |
| Inv 182142   |            | Toilet Rental - Lino Park   | 60.00      |
| Inv 182143   |            | Toilet Rental - Behm's Park   | 60.00      |

| Check Number   | Check Date | Check Description   | Amount   |
|--|------------|---|----------|
| Inv 182144   |            | Toilet Rental - Highland Meadows  | 60.00    |
| Inv 182145   |            | Toilet Rental - Sunset Oaks Park  | 15.00    |
| 114479 Total:  |            |   | 525.00   |
| <b>757 - Jimmy's Johnnys Total:</b>                          |            |   | 525.00   |
| <b>782 - L.T.G. Power Equipment</b>                          |            |   |          |
| 114480   | 06/14/2021 |   |          |
| Inv 258835   |            | Mower blades  | 138.08   |
| Inv 258845   |            | Mower blades  | 69.04    |
| Inv 259226   |            | Mower and bagger  | 8,049.00 |
| 114480 Total:  |            |   | 8,256.12 |
| <b>782 - L.T.G. Power Equipment Total:</b>                   |            |   | 8,256.12 |
| <b>359 - Landform</b>  |            |   |          |
| 114481   | 06/14/2021 |   |          |
| Inv 31591  |            | Zoning Ordinance and Map Update   | 583.50   |
| 114481 Total:  |            |   | 583.50   |
| <b>359 - Landform Total:</b>                                 |            |   | 583.50   |
| <b>365 - Law Enforcement Labor Services 101-000-2040-000</b> |            |   |          |
| 114440   | 06/11/2021 | PR Batch 00002.06.2021 Union Dues L   |          |
| Inv  |            | PR Batch 00002.06.2021 Union Dues LELS PR Batch 00002.06.2021 Union Dues LELS | 1,333.50 |
| 114440 Total:  |            |   | 1,333.50 |
| <b>365 - Law Enforcement Labor Services Total:</b>           |            |   | 1,333.50 |
| <b>369 - League of Minnesota Cities</b>                      |            |   |          |
| 114482   | 06/14/2021 |   |          |
| Inv 342178   |            | 2021 Virtual Annual Conference - M. Sawy                                      | 99.00    |
| Inv 343522   |            | 2021 Virtual Annual Conference - S. Cott                                      | 99.00    |
| 114482 Total:  |            |   | 198.00   |
| <b>369 - League of Minnesota Cities Total:</b>               |            |   | 198.00   |
| <b>1762 - LEAST Services/Counseling, LLC</b>                 |            |   |          |
| 114483   | 06/14/2021 |   |          |
| Inv 477  |            | Counseling Services   | 1,150.00 |
| 114483 Total:  |            |   | 1,150.00 |
| <b>1762 - LEAST Services/Counseling, LLC Total:</b>          |            |   | 1,150.00 |

| Check Number  | Check Date    | Check Description                    | Amount    |
|---|---------------|--------------------------------------|-----------|
| <b>381 - Lincoln National Life Ins Co</b>           |               |                                      |           |
| 114484  | 06/14/2021    | 110                                  |           |
|   | Inv June 2021 | 165 Disability Insurance Premiums    | 1,427.88  |
| 114484 Total:                                       |               |                                      | 1,427.88  |
| 114485  | 06/14/2021    | 135                                  |           |
|   | Inv June 2021 | 270 Life Insurance Premiums          | 1,417.20  |
| 114485 Total:                                       |               |                                      | 1,417.20  |
| <b>381 - Lincoln National Life Ins Co Total:</b>    |               |                                      | 2,845.08  |
| <b>399 - Mansfield Oil Company 101-431-4212-000</b> |               |                                      |           |
| 114486  | 06/14/2021    |                                      |           |
|   | Inv 22385753  | Gasoline                             | 5,302.98  |
|   | Inv 22385772  | Diesel Fuel                          | 2,627.61  |
| 114486 Total:                                       |               |                                      | 7,930.59  |
| <b>399 - Mansfield Oil Company Total:</b>           |               |                                      | 7,930.59  |
| <b>1668 - Marsden Bldg Maintenance, LLC</b>         |               |                                      |           |
| 114487  | 06/14/2021    |                                      |           |
|   | Inv 342928    | Commerical Cleaning                  | 2,728.89  |
|   | Inv 343608    | Commerical Cleaning                  | 3,856.00  |
|   | Inv 343609    | Commerical Cleaning                  | 1,044.60  |
|   | Inv 343610    | Commerical Cleaning                  | 631.58    |
|   | Inv 343611    | Commerical Cleaning                  | 691.82    |
|   | Inv 343626    | Commerical Cleaning                  | 1,969.47  |
| 114487 Total:                                       |               |                                      | 10,922.36 |
| <b>1668 - Marsden Bldg Maintenance, LLC Total:</b>  |               |                                      | 10,922.36 |
| <b>410 - MCFOA</b>                                  |               |                                      |           |
| 114488  | 06/14/2021    |                                      |           |
|   | Inv 6/1/2021  | MCFOA Membership - T. Thoma          | 45.00     |
|   | Inv 6/9/2021  | MCFOA Membership - K. Christofferson | 45.00     |
| 114488 Total:                                       |               |                                      | 90.00     |
| <b>410 - MCFOA Total:</b>                           |               |                                      | 90.00     |
| <b>413 - MCMA</b>                                   |               |                                      |           |
| 114489  | 06/14/2021    |                                      |           |
|   | Inv 5/21/2021 | MCMA Membership - S. Cotton          | 171.35    |
| 114489 Total:                                       |               |                                      | 171.35    |
| <b>413 - MCMA Total:</b>                            |               |                                      | 171.35    |

| Check Number   | Check Date     | Check Description                        | Amount    |
|--|----------------|--|-----------|
| <b>416 - Medica</b>  |                |  |           |
| 114490   | 06/14/2021     | 240                                      |           |
|  | Inv June 2021  | 120 Health Insurance Premiums            | 45,872.96 |
| 114490 Total:  |                |  | 45,872.96 |
| <b>416 - Medica Total:</b>                                   |                |  | 45,872.96 |
| <b>418 - Menards - Forest Lake</b>                           |                |  |           |
| 114491   | 06/14/2021     |  |           |
|  | Inv 62967      | Return flooring and grout                | -119.53   |
|  | Inv 63794      | Recycling Sign at Firestation#1          | 195.67    |
|  | Inv 63797      | Recycling Sign at Firestation#1          | 18.87     |
|  | Inv 63845      | Recycling Sign at Firestation#1          | 20.29     |
| 114491 Total:  |                |  | 115.30    |
| <b>418 - Menards - Forest Lake Total:</b>                    |                |  | 115.30    |
| <b>420 - Met Council Environmental Services (SAC)</b>        |                |  |           |
| 114492   | 06/14/2021     |  |           |
|  | Inv 6/1/2021   | May SAC Report                           | 73,804.50 |
| 114492 Total:  |                |  | 73,804.50 |
| <b>420 - Met Council Environmental Services (SAC) Total:</b> |                |  | 73,804.50 |
| <b>421 - Metro Sales Incorporated</b>                        |                |  |           |
| 114493   | 06/14/2021     |  |           |
|  | Inv INV1815855 | Copier Maintenance Contract Ricoh/MP C30 | 292.41    |
| 114493 Total:  |                |  | 292.41    |
| <b>421 - Metro Sales Incorporated Total:</b>                 |                |  | 292.41    |
| <b>455 - MN Metro North Tourism Board 101-415-4900-000</b>   |                |  |           |
| 114494   | 06/14/2021     |  |           |
|  | Inv 5/1/2021   | April 2021 Tourism Tax                   | 3,535.00  |
| 114494 Total:  |                |  | 3,535.00  |
| <b>455 - MN Metro North Tourism Board Total:</b>             |                |  | 3,535.00  |
| <b>480 - NCPERS Group Life Insurance 101-000-2040-000</b>    |                |  |           |
| 114437   | 05/28/2021     |  |           |
|  | Inv May 2021   | May 2021 Life Insurance Premiums         | 240.00    |
| 114437 Total:  |                |  | 240.00    |

| Check Number   | Check Date                               | Check Description | Amount   |
|--|--|-------------------|----------|
| <b>480 - NCPERS Group Life Insurance Total:</b>              |  |                   | 240.00   |
| <b>497 - Northway Irrigation/Landscape</b>                   |  |                   |          |
| 114495   | 06/14/2021                               |                   |          |
| Inv 110765   | Town Center Project                      |                   | 74.25    |
| Inv 110886   | Sunrise Park Start Up                    |                   | 123.75   |
| 114495 Total:  |  |                   | 198.00   |
| <b>497 - Northway Irrigation/Landscape Total:</b>            |  |                   | 198.00   |
| <b>1450 - Occupational Health Centers of MN, P.C.</b>        |  |                   |          |
| 114496   | 06/14/2021                               |                   |          |
| Inv 103361778  | Background Check - S. Bergeron           |                   | 197.50   |
| Inv 103366358  | Background Check - D. Swenson            |                   | 197.50   |
| 114496 Total:  |  |                   | 395.00   |
| <b>1450 - Occupational Health Centers of MN, P.C. Total:</b> |  |                   | 395.00   |
| <b>511 - Otter Lake Animal Care Center</b>                   |  |                   |          |
| 114497   | 06/14/2021                               |                   |          |
| Inv 214091   | 3 Surrender Dogs                         |                   | 169.00   |
| 114497 Total:  |  |                   | 169.00   |
| <b>511 - Otter Lake Animal Care Center Total:</b>            |  |                   | 169.00   |
| <b>758 - Pioneer Manufacturing Company Inc.</b>              |  |                   |          |
| 114498   | 06/14/2021                               |                   |          |
| Inv INV788753  | 5 gal brite stripe paint                 |                   | 570.00   |
| 114498 Total:  |  |                   | 570.00   |
| <b>758 - Pioneer Manufacturing Company Inc. Total:</b>       |  |                   | 570.00   |
| <b>552 - Press Publications, Inc.</b>                        |  |                   |          |
| 114499   | 06/14/2021                               |                   |          |
| Inv 701949   | 2021 Street Maintenance Project Advertis |                   | 184.32   |
| Inv 703813   | 426 Pine St Variance & CUP Amend Glamors |                   | 46.08    |
| 114499 Total:  |  |                   | 230.40   |
| <b>552 - Press Publications, Inc. Total:</b>                 |  |                   | 230.40   |
| <b>1763 - Red Rock Fire, LLC</b>                             |  |                   |          |
| 114500   | 06/14/2021                               |                   |          |
| Inv 2222   | Wollan Park Prescribed Burn              |                   | 2,920.00 |
| Inv 2228   | Wollan Park Prescribed Burn Consultation |                   | 500.00   |

| Check Number  | Check Date         | Check Description                       | Amount   |
|---|--------------------|---|----------|
| 114500 Total:   |                    |   | 3,420.00 |
| <b>1763 - Red Rock Fire, LLC Total:</b>                 |                    |   | 3,420.00 |
| <b>571 - Republic Services #899 101-432-4384-503</b>    |                    |   |          |
| 114501  | 06/14/2021         |   |          |
|   | Inv 0899-003728665 | June Organics City Hall                 | 143.58   |
| 114501 Total:   |                    |   | 143.58   |
| <b>571 - Republic Services #899 Total:</b>              |                    |   | 143.58   |
| <b>1535 - S&amp;S Industrial Hardware Supply</b>        |                    |   |          |
| 114502  | 06/14/2021         |   |          |
|   | Inv 317534         | Valve replacement bolts                 | 364.70   |
| 114502 Total:   |                    |   | 364.70   |
| <b>1535 - S&amp;S Industrial Hardware Supply Total:</b> |                    |   | 364.70   |
| <b>587 - Safe-Fast, Inc.</b>                            |                    |   |          |
| 114503  | 06/14/2021         |   |          |
|   | Inv INV245898      | Eyewear protection                      | 103.20   |
|   | Inv INV246127      | Safety glasses, gloves, ear plugs, hard | 544.63   |
| 114503 Total:   |                    |   | 647.83   |
| <b>587 - Safe-Fast, Inc. Total:</b>                     |                    |   | 647.83   |
| <b>588 - Safety-Kleen Systems, Inc.</b>                 |                    |   |          |
| 114504  | 06/14/2021         |   |          |
|   | Inv CN12796172     | Solvent                                 | 50.42    |
| 114504 Total:   |                    |   | 50.42    |
| <b>588 - Safety-Kleen Systems, Inc. Total:</b>          |                    |   | 50.42    |
| <b>1578 - SBRK Finance Holdings, Inc</b>                |                    |   |          |
| 114505  | 06/14/2021         |   |          |
|   | Inv TM INV-004001  | HR Module Software                      | 179.00   |
| 114505 Total:   |                    |   | 179.00   |
| <b>1578 - SBRK Finance Holdings, Inc Total:</b>         |                    |   | 179.00   |
| <b>1764 - Schlichting, Roger</b>                        |                    |   |          |
| 114506  | 06/14/2021         |   |          |
|   | Inv 6/3/2021       | Smart Irrigation Controller Refund      | 50.88    |

| Check Number  | Check Date         | Check Description                        | Amount     |
|---|--------------------|--|------------|
| 114506 Total:                                       |                    |  | 50.88      |
| <b>1764 - Schlichting, Roger Total:</b>             |                    |  | 50.88      |
| <b>1593 - Shred-it, c/o Stericycle, Inc.</b>        |                    |  |            |
| 114507  | 06/14/2021         |  |            |
|   | Inv 8182003873     | Document Destruction                     | 85.82      |
| 114507 Total:                                       |                    |  | 85.82      |
| <b>1593 - Shred-it, c/o Stericycle, Inc. Total:</b> |                    |  | 85.82      |
| <b>1212 - Stepp Manufacturing Co. Inc.</b>          |                    |  |            |
| 114508  | 06/14/2021         |  |            |
|   | Inv 059279         | Spirol pin and 100 lb gas spring         | 38.00      |
|   | Inv 059324         | 100 lb gas spring                        | 42.49      |
| 114508 Total:                                       |                    |  | 80.49      |
| <b>1212 - Stepp Manufacturing Co. Inc. Total:</b>   |                    |  | 80.49      |
| <b>651 - T.A. Schifsky and Sons, Inc.</b>           |                    |  |            |
| 114509  | 06/14/2021         |  |            |
|   | Inv 017006-000-2   | 2021 Street Improvement Projects         | 301,860.15 |
|   | Inv R-013694-000-5 | Pheasant Hills Water Main Repair - Final | 5,760.65   |
| 114509 Total:                                       |                    |  | 307,620.80 |
| <b>651 - T.A. Schifsky and Sons, Inc. Total:</b>    |                    |  | 307,620.80 |
| <b>656 - TDS Metrocom MN</b>                        |                    |  |            |
| 114510  | 06/14/2021         |  |            |
|   | Inv 5/13/2021      | Phone Service                            | 240.08     |
| 114510 Total:                                       |                    |  | 240.08     |
| <b>656 - TDS Metrocom MN Total:</b>                 |                    |  | 240.08     |
| <b>1761 - T-Mobile USA Inc</b>                      |                    |  |            |
| 114511  | 06/14/2021         |  |            |
|   | Inv 5/13/2021      | April Phone & Internet                   | 162.44     |
| 114511 Total:                                       |                    |  | 162.44     |
| <b>1761 - T-Mobile USA Inc Total:</b>               |                    |  | 162.44     |
| <b>671 - Trans Union LLC</b>                        |                    |  |            |
| 114512  | 06/14/2021         |  |            |
|   | Inv 05106169       | Background check - C. Heu                | 48.79      |



| Check Number   | Check Date        | Check Description          | Amount     |
|--|-------------------|----------------------------|------------|
| 114512 Total:  |                   |                            | 48.79      |
| <b>671 - Trans Union LLC Total:</b>                      |                   |                            | 48.79      |
| <b>681 - Twin Cities Transport &amp; Recovery</b>        |                   |                            |            |
| 114513   | 06/14/2021        |                            |            |
|  | Inv 21-0520-47922 | ICR# 21107016 - Forfeiture | 85.00      |
| 114513 Total:  |                   |                            | 85.00      |
| <b>681 - Twin Cities Transport &amp; Recovery Total:</b> |                   |                            | 85.00      |
| <b>1104 - Walters Recycling &amp; Refuse</b>             |                   |                            |            |
| 114514   | 06/14/2021        |                            |            |
|  | Inv 5361961       | Trash and Recycling        | 161.94     |
| 114514 Total:  |                   |                            | 161.94     |
| <b>1104 - Walters Recycling &amp; Refuse Total:</b>      |                   |                            | 161.94     |
| <b>734 - Xcel Energy</b>                                 |                   |                            |            |
| 114515   | 06/14/2021        | 110                        |            |
|  | Inv May 2021-1    | 110 Electric-Street Lights | 3,924.34   |
|  | Inv May 2021-2    | 110 Electric-Police        | 15,266.87  |
| 114515 Total:  |                   |                            | 19,191.21  |
| <b>734 - Xcel Energy Total:</b>                          |                   |                            | 19,191.21  |
| Total:   |                   |                            | 746,098.31 |

City of Lino Lakes  
Activity Codes

| <u>Code</u> | <u>Description</u>        | <u>Code</u> | <u>Description</u>   |
|-------------|---------------------------|-------------|----------------------|
| 401         | Mayor/Council             | 817         | Spring Fling         |
| 402         | Administration            | 818         | Winter Festival      |
| 403         | Elections                 | 819         | Community Gardens    |
| 404         | Cable TV                  | 822         | Family Corn Roast    |
| 405         | Charter Administration    | 827         | Gobbler Games        |
| 407         | Finance                   | 830         | Adult Golf Lessons   |
| 414         | Legal Consultants         | 835         | Youth Skating Class  |
| 415         | Economic Development      | 850         | Golf Academy         |
| 416         | Planning & Zoning         | 856         | Youth Soccer         |
| 417         | Engineering               | 857         | Soccer Fundamentals  |
| 418         | Community Development     | 860         | Secret Shop          |
| 420         | Police Protection         | 864         | Preschool Playtime   |
| 421         | Fire Protection           | 868         | Little Goblins Party |
| 422         | Building Inspections      | 871         | Flag Football        |
| 430         | Streets                   | 875         | Snow Day             |
| 431         | Fleet Management          | 876         | Kite Day             |
| 432         | Government Buildings      | 877         | Rockin' in the Park  |
| 450         | Parks                     | 879         | Movies in the Park   |
| 451         | Recreation                | 890         | Senior Programs      |
| 461         | Environmental             |             |                      |
| 462         | Solid Waste Abatement     |             |                      |
| 463         | Forestry                  |             |                      |
| 494         | Water                     |             |                      |
| 495         | Sanitary Sewer            |             |                      |
| 499         | Other                     |             |                      |
| 802         | Dodgeball Camp            |             |                      |
| 806         | Youth T-Ball              |             |                      |
| 808         | Youth Baseball Camp       |             |                      |
| 810         | Youth Playground          |             |                      |
| 811         | Youth Safety Camp         |             |                      |
| 812         | Youth Art Camps           |             |                      |
| 814         | Senior Programs/Book Club |             |                      |



**AP Checks by Account Number  
6/14/2021 City Council Meeting**

| Vendor                                   | Fund/Dept            | Account          | Amount           | Check # | Description                                |
|--|----------------------|------------------|------------------|---------|--|
| AFSCME Council #5                        | 101-000              | 101-000-2040-000 | 419.76           | 114438  | PR Batch 00002.06.2021 Union Dues AFSCME   |
| Central Pension Fund                     | 101-000              | 101-000-2040-000 | 4,992.00         | 114436  |  |
| Delta Dental of Minnesota                | 101-000              | 101-000-2040-000 | 550.54           | 114463  | Dental Insurance Premiums                  |
| Fidelity Security Life Insurance Co.     | 101-000              | 101-000-2040-000 | 14.31            | 114467  | June Vision Insurance                      |
| International Union                      | 101-000              | 101-000-2040-000 | 560.00           | 114439  | PR Batch 00002.06.2021 Union Dues 49ers    |
| Law Enforcement Labor Services           | 101-000              | 101-000-2040-000 | 1,333.50         | 114440  | PR Batch 00002.06.2021 Union Dues LELS     |
| Lincoln National Life Ins Co             | 101-000              | 101-000-2040-000 | 90.40            | 114485  | Life Insurance Premiums                    |
| Lincoln National Life Ins Co             | 101-000              | 101-000-2040-000 | 1,143.91         | 114485  | Life Insurance Premiums                    |
| Medica                                   | 101-000              | 101-000-2040-000 | 3,003.77         | 114490  | Health Insurance Premiums                  |
| NCPERS Group Life Insurance              | 101-000              | 101-000-2040-000 | 240.00           | 114437  | May 2021 Life Insurance Premiums           |
| Medica                                   | 101-000              | 101-000-2041-000 | 8,073.44         | 114490  | Health Insurance Premiums                  |
| Delta Dental of Minnesota                | 101-000              | 101-000-2044-000 | 1,173.76         | 114463  | Dental Insurance Premiums                  |
| Fidelity Security Life Insurance Co.     | 101-000              | 101-000-2048-000 | 95.82            | 114467  | June Vision Insurance                      |
| Met Council Environmental Services (SAC) | 101-000              | 101-000-2120-000 | 74,550.00        | 114492  | May SAC Report                             |
| Met Council Environmental Services (SAC) | 101-000              | 101-000-3414-000 | -745.50          | 114492  | May SAC Report                             |
| Lincoln National Life Ins Co             | 101-000              | 101-000-3416-000 | 0.14             | 114485  | Life Insurance Premiums                    |
|  | <b>101-000 Total</b> |                  | <b>95,495.85</b> |         |  |
| Medica                                   | 101-402              | 101-402-4131-000 | 538.42           | 114490  | Health Insurance Premiums                  |
| Lincoln National Life Ins Co             | 101-402              | 101-402-4133-000 | 96.35            | 114484  | Disability Insurance Premiums              |
| Lincoln National Life Ins Co             | 101-402              | 101-402-4133-000 | 9.00             | 114485  | Life Insurance Premiums                    |
| Delta Dental of Minnesota                | 101-402              | 101-402-4134-000 | 89.89            | 114463  | Dental Insurance Premiums                  |
| Occupational Health Centers of MN P.C.   | 101-402              | 101-402-4300-000 | 197.50           | 114496  | Background Check - S. Bergeron             |
| Occupational Health Centers of MN P.C.   | 101-402              | 101-402-4300-000 | 197.50           | 114496  | Background Check - D. Swenson              |
| League of Minnesota Cities               | 101-402              | 101-402-4330-000 | 99.00            | 114482  | 2021 Virtual Annual Conference - M. Sawyer |
| League of Minnesota Cities               | 101-402              | 101-402-4330-000 | 99.00            | 114482  | 2021 Virtual Annual Conference - S. Cotton |
| Shred-it c/o Stericycle Inc.             | 101-402              | 101-402-4410-000 | 28.60            | 114507  | Document Destruction                       |
| MCMA                                     | 101-402              | 101-402-4452-000 | 171.35           | 114489  | MCMA Membership - S. Cotton                |
|  | <b>101-402 Total</b> |                  | <b>1,526.61</b>  |         |  |
| Anoka County Treasury Office             | 101-403              | 101-403-4410-000 | 4,214.87         | 114444  | Joint Powers Agreement                     |
|  | <b>101-403 Total</b> |                  | <b>4,214.87</b>  |         |  |
| Medica                                   | 101-407              | 101-407-4131-000 | 2,066.40         | 114490  | Health Insurance Premiums                  |
| Lincoln National Life Ins Co             | 101-407              | 101-407-4133-000 | 67.27            | 114484  | Disability Insurance Premiums              |
| Lincoln National Life Ins Co             | 101-407              | 101-407-4133-000 | 6.98             | 114485  | Life Insurance Premiums                    |
| Delta Dental of Minnesota                | 101-407              | 101-407-4134-000 | 101.11           | 114463  | Dental Insurance Premiums                  |
| City of Roseville                        | 101-407              | 101-407-4310-000 | 16,758.98        | 114457  | June IT Services                           |
| MCFOA                                    | 101-407              | 101-407-4452-000 | 45.00            | 114488  | MCFOA Membership - T. Thoma                |
| MCFOA                                    | 101-407              | 101-407-4452-000 | 45.00            | 114488  | MCFOA Membership - K. Christofferson       |
|  | <b>101-407 Total</b> |                  | <b>19,090.74</b> |         |  |
| GDO Law                                  | 101-414              | 101-414-4303-000 | 42.00            | 114470  | May Forfeitures                            |
| GDO Law                                  | 101-414              | 101-414-4303-000 | 8,500.00         | 114470  | June Prosecutor Contract                   |
|  | <b>101-414 Total</b> |                  | <b>8,542.00</b>  |         |  |
| MN Metro North Tourism Board             | 101-415              | 101-415-4900-000 | 3,535.00         | 114494  | April 2021 Tourism Tax                     |
|  | <b>101-415 Total</b> |                  | <b>3,535.00</b>  |         |  |
| Medica                                   | 101-416              | 101-416-4131-000 | 538.43           | 114490  | Health Insurance Premiums                  |
| Lincoln National Life Ins Co             | 101-416              | 101-416-4133-000 | 25.84            | 114484  | Disability Insurance Premiums              |
| Lincoln National Life Ins Co             | 101-416              | 101-416-4133-000 | 2.25             | 114485  | Life Insurance Premiums                    |
| Delta Dental of Minnesota                | 101-416              | 101-416-4134-000 | 44.94            | 114463  | Dental Insurance Premiums                  |
|  | <b>101-416 Total</b> |                  | <b>611.46</b>    |         |  |
| Medica                                   | 101-418              | 101-418-4131-000 | 538.42           | 114490  | Health Insurance Premiums                  |
| Lincoln National Life Ins Co             | 101-418              | 101-418-4133-000 | 43.59            | 114484  | Disability Insurance Premiums              |
| Lincoln National Life Ins Co             | 101-418              | 101-418-4133-000 | 4.50             | 114485  | Life Insurance Premiums                    |
| Delta Dental of Minnesota                | 101-418              | 101-418-4134-000 | 44.94            | 114463  | Dental Insurance Premiums                  |
|  | <b>101-418 Total</b> |                  | <b>631.45</b>    |         |  |
| Medica                                   | 101-420              | 101-420-4131-000 | 19,322.48        | 114490  | Health Insurance Premiums                  |
| Lincoln National Life Ins Co             | 101-420              | 101-420-4133-000 | 663.85           | 114484  | Disability Insurance Premiums              |
| Lincoln National Life Ins Co             | 101-420              | 101-420-4133-000 | 100.73           | 114485  | Life Insurance Premiums                    |
| Delta Dental of Minnesota                | 101-420              | 101-420-4134-000 | 1,058.38         | 114463  | Dental Insurance Premiums                  |
| Innovative Office Solutions LLC          | 101-420              | 101-420-4200-000 | 82.08            | 114476  | Toner notepads post-its office supplies    |
| Innovative Office Solutions LLC          | 101-420              | 101-420-4200-000 | 103.54           | 114476  | Paper batteries pens notebooks             |
| Innovative Office Solutions LLC          | 101-420              | 101-420-4211-000 | 13.12            | 114476  | Paper batteries pens notebooks             |
| LEAST Services/Counseling LLC            | 101-420              | 101-420-4300-000 | 900.00           | 114483  | Counseling Services                        |

May-21



**AP Checks by Account Number  
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| Vendor                                      | Fund/Dept | Account          | Amount           | Check # | Description   |
|---|-----------|------------------|------------------|---------|---|
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | -36.50           | 114448  | Uniform Allowance Credit - A. Ng                    |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 59.85            | 114448  | Uniform Allowance - N. Hamann                       |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 53.83            | 114448  | Uniform Allowance - A. Riehm                        |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 104.75           | 114448  | Uniform Allowance - N. Hamann                       |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 59.85            | 114448  | Uniform Allowance - V. Klosner                      |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 190.00           | 114448  | Uniform Allowance - M. DeMars                       |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 205.60           | 114448  | Uniform Allowance - A. Ng                           |
| Aspen Mills Inc.                            | 101-420   | 101-420-4370-000 | 849.00           | 114448  | Uniform Allowance - Dept Expense                    |
| Connexus Energy                             | 101-420   | 101-420-4381-000 | 30.35            | 114459  | Electric  |
| Xcel Energy                                 | 101-420   | 101-420-4381-000 | 3.77             | 114515  | Electric-Police                                     |
| Otter Lake Animal Care Center               | 101-420   | 101-420-4410-000 | 169.00           | 114497  | 3 Surrender Dogs                                    |
| Shred-it c/o Stericycle Inc.                | 101-420   | 101-420-4410-000 | 57.22            | 114507  | Document Destruction                                |
| Trans Union LLC                             | 101-420   | 101-420-4410-000 | 48.79            | 114512  | Background check - C. Heu                           |
| <b>101-420 Total</b>                        |           |                  | <b>24,039.69</b> |         |   |
| Medica                                      | 101-421   | 101-421-4131-000 | 1,313.91         | 114490  | Health Insurance Premiums                           |
| Lincoln National Life Ins Co                | 101-421   | 101-421-4133-000 | 51.17            | 114484  | Disability Insurance Premiums                       |
| Lincoln National Life Ins Co                | 101-421   | 101-421-4133-000 | 4.40             | 114485  | Life Insurance Premiums                             |
| Delta Dental of Minnesota                   | 101-421   | 101-421-4134-000 | 65.16            | 114463  | Dental Insurance Premiums                           |
| Innovative Office Solutions LLC             | 101-421   | 101-421-4200-000 | 272.57           | 114476  | Toner   |
| LEAST Services/Counseling LLC               | 101-421   | 101-421-4300-000 | 250.00           | 114483  | Counseling Services                                 |
| Finke Brian                                 | 101-421   | 101-421-4330-000 | 459.41           | 114469  | Tuition Reimbursement                               |
| Anoka County Fire Protection Council        | 101-421   | 101-421-4452-000 | 460.00           | 114442  | Annual Membership Dues                              |
| <b>101-421 Total</b>                        |           |                  | <b>2,876.62</b>  |         |   |
| Medica                                      | 101-422   | 101-422-4131-000 | 1,680.97         | 114490  | Health Insurance Premiums                           |
| Lincoln National Life Ins Co                | 101-422   | 101-422-4133-000 | 76.13            | 114484  | Disability Insurance Premiums                       |
| Lincoln National Life Ins Co                | 101-422   | 101-422-4133-000 | 7.87             | 114485  | Life Insurance Premiums                             |
| Delta Dental of Minnesota                   | 101-422   | 101-422-4134-000 | 89.88            | 114463  | Dental Insurance Premiums                           |
| Avon Business Forms & Promotions            | 101-422   | 101-422-4200-000 | 239.40           | 114449  | 500 Correction Notices                              |
| T-Mobile USA Inc                            | 101-422   | 101-422-4321-000 | 37.52            | 114511  | April Phone & Internet                              |
| Boonstra Jason                              | 101-422   | 101-422-4330-000 | 414.28           | 114450  | Lodging and Mileage Reimbursement                   |
| Boonstra Jason                              | 101-422   | 101-422-4330-000 | 428.92           | 114450  | Lodging and Mileage Reimbursement                   |
| Boonstra Jason                              | 101-422   | 101-422-4330-000 | 255.00           | 114450  | Soil Septic CE July Class                           |
| <b>101-422 Total</b>                        |           |                  | <b>3,229.97</b>  |         |   |
| Medica                                      | 101-430   | 101-430-4131-000 | 2,699.36         | 114490  | Health Insurance Premiums                           |
| Lincoln National Life Ins Co                | 101-430   | 101-430-4133-000 | 119.31           | 114484  | Disability Insurance Premiums                       |
| Lincoln National Life Ins Co                | 101-430   | 101-430-4133-000 | 14.06            | 114485  | Life Insurance Premiums                             |
| Delta Dental of Minnesota                   | 101-430   | 101-430-4134-000 | 191.01           | 114463  | Dental Insurance Premiums                           |
| CCP Industries                              | 101-430   | 101-430-4211-000 | 229.22           | 114452  | Gloves sunscreen ear plugs                          |
| Safe-Fast Inc.                              | 101-430   | 101-430-4211-000 | 103.20           | 114503  | Eyewear protection                                  |
| Stepp Manufacturing Co. Inc.                | 101-430   | 101-430-4211-000 | 38.00            | 114508  | Spirol pin and 100 lb gas spring                    |
| Stepp Manufacturing Co. Inc.                | 101-430   | 101-430-4211-000 | 42.49            | 114508  | 100 lb gas spring                                   |
| Menards - Forest Lake                       | 101-430   | 101-430-4223-000 | 18.87            | 114491  | Recycling Sign at Firestation #1                    |
| Menards - Forest Lake                       | 101-430   | 101-430-4223-000 | 20.29            | 114491  | Recycling Sign at Firestation #1                    |
| Menards - Forest Lake                       | 101-430   | 101-430-4223-000 | 195.67           | 114491  | Recycling Sign at Firestation #1                    |
| T-Mobile USA Inc                            | 101-430   | 101-430-4321-000 | 33.38            | 114511  | April Phone & Internet                              |
| Connexus Energy                             | 101-430   | 101-430-4385-000 | 1,671.75         | 114459  | Electric  |
| Xcel Energy                                 | 101-430   | 101-430-4385-000 | 3,924.34         | 114515  | Electric-Street Lights                              |
| Xcel Energy                                 | 101-430   | 101-430-4385-000 | 533.41           | 114515  | Electric-Street Lights                              |
| Anoka County Treasury Office                | 101-430   | 101-430-4410-000 | 221.72           | 114445  | Highway Signal Repair                               |
| Century Fence Company Inc.                  | 101-430   | 101-430-4410-000 | 9,214.38         | 114454  | Road Striping 4th Ave Lilac TCP 2nd Ave Ware Rd WSL |
| <b>101-430 Total</b>                        |           |                  | <b>19,270.46</b> |         |   |
| Medica                                      | 101-431   | 101-431-4131-000 | 1,084.08         | 114490  | Health Insurance Premiums                           |
| Lincoln National Life Ins Co                | 101-431   | 101-431-4133-000 | 42.83            | 114484  | Disability Insurance Premiums                       |
| Lincoln National Life Ins Co                | 101-431   | 101-431-4133-000 | 4.95             | 114485  | Life Insurance Premiums                             |
| Delta Dental of Minnesota                   | 101-431   | 101-431-4134-000 | 98.88            | 114463  | Dental Insurance Premiums                           |
| Aramark Uniform & Career Apparel Group Inc. | 101-431   | 101-431-4211-000 | 100.14           | 114447  | Shop Towels   |
| L.T.G. Power Equipment                      | 101-431   | 101-431-4211-000 | 69.04            | 114480  | Mower blades  |
| L.T.G. Power Equipment                      | 101-431   | 101-431-4211-000 | 138.08           | 114480  | Mower blades  |
| Safety-Kleen Systems Inc.                   | 101-431   | 101-431-4211-000 | 50.42            | 114504  | Solvent   |
| Mansfield Oil Company                       | 101-431   | 101-431-4212-000 | 2,627.61         | 114486  | Diesel Fuel   |
| Mansfield Oil Company                       | 101-431   | 101-431-4212-000 | 5,302.98         | 114486  | Gasoline  |



**AP Checks by Account Number  
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| Vendor                                      | Fund/Dept            | Account          | Amount           | Check # | Description                               |
|---|----------------------|------------------|------------------|---------|---|
| Emergency Automotive Technologies           | 101-431              | 101-431-4410-000 | 585.20           | 114465  | Install battery charger #619              |
|   | <b>101-431 Total</b> |                  | <b>10,104.21</b> |         |   |
| Image Printing & Graphics Inc               | 101-432              | 101-432-4200-000 | 63.00            | 114475  | Business Cards - M. Grochala P. Moonen    |
| Anoka County Treasury Office                | 101-432              | 101-432-4300-500 | 75.00            | 114446  | Site 115 June 2021 Cac Fiber              |
| Anoka County Treasury Office                | 101-432              | 101-432-4300-501 | 75.00            | 114446  | Site 116 June 2021 Cac Fiber              |
| Anoka County Treasury Office                | 101-432              | 101-432-4300-503 | 75.00            | 114446  | Site 117 June 2021 Cac Fiber              |
| TDS Metrocom MN                             | 101-432              | 101-432-4321-000 | 200.18           | 114510  | Phone Service                             |
| Comcast                                     | 101-432              | 101-432-4321-502 | 357.26           | 114458  | Phone & Internet                          |
| CenturyLink                                 | 101-432              | 101-432-4321-503 | 118.87           | 114455  | Phone - Fire Protection Equipment         |
| Connexus Energy                             | 101-432              | 101-432-4381-500 | 926.36           | 114459  | Electric                                  |
| Xcel Energy                                 | 101-432              | 101-432-4381-501 | 456.96           | 114515  | Electric-Fire Station #1                  |
| Xcel Energy                                 | 101-432              | 101-432-4381-502 | 793.86           | 114515  | Electric-Fire Station #2                  |
| Xcel Energy                                 | 101-432              | 101-432-4381-503 | 5,008.89         | 114515  | Electric-Civic Complex                    |
| CenterPoint Energy                          | 101-432              | 101-432-4383-500 | 59.50            | 114453  | Natural Gas-1187 Main Street              |
| CenterPoint Energy                          | 101-432              | 101-432-4383-500 | 63.25            | 114453  | Natural Gas-1189 Main Street              |
| CenterPoint Energy                          | 101-432              | 101-432-4383-500 | 39.49            | 114453  | Natural Gas-1189 Main Street              |
| CenterPoint Energy                          | 101-432              | 101-432-4383-501 | 113.28           | 114453  | Natural Gas-7741 Lake Drive               |
| CenterPoint Energy                          | 101-432              | 101-432-4383-502 | 334.32           | 114453  | Natural Gas-1710 Birch Street             |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-500 | 360.52           | 114441  | Trash & Recycling - 1189 Main Street      |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-500 | 62.71            | 114441  | Commingle Recycling 1189 Main Street      |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-501 | 146.63           | 114441  | Can Recycling Fire Station #1             |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-501 | 80.33            | 114441  | Trash & Recycling - 7741 Lake Drive       |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-502 | 148.74           | 114441  | Trash & Recycling - 1710 Birch Street     |
| Ace Solid Waste Inc.                        | 101-432              | 101-432-4384-503 | 434.80           | 114441  | Trash & Recycling - 640 Town Center Pkwy  |
| Republic Services #899                      | 101-432              | 101-432-4384-503 | 143.58           | 114501  | June Organics City Hall                   |
| Marsden Bldg Maintenance LLC                | 101-432              | 101-432-4410-500 | 1,044.60         | 114487  | Commerical Cleaning                       |
| Metro Sales Incorporated                    | 101-432              | 101-432-4410-500 | 82.22            | 114493  | Copier Maintenance Contract Ricoh/MP C307 |
| Marsden Bldg Maintenance LLC                | 101-432              | 101-432-4410-501 | 631.58           | 114487  | Commerical Cleaning                       |
| Aramark Uniform & Career Apparel Group Inc. | 101-432              | 101-432-4410-502 | 221.71           | 114447  | Mats                                      |
| Marsden Bldg Maintenance LLC                | 101-432              | 101-432-4410-502 | 691.82           | 114487  | Commerical Cleaning                       |
| Marsden Bldg Maintenance LLC                | 101-432              | 101-432-4410-503 | 3,856.00         | 114487  | Commerical Cleaning                       |
| Metro Sales Incorporated                    | 101-432              | 101-432-4410-503 | 210.19           | 114493  | Copier Maintenance Contract Ricoh/MP C307 |
|   | <b>101-432 Total</b> |                  | <b>16,875.65</b> |         |   |
| Medica                                      | 101-450              | 101-450-4131-000 | 1,453.75         | 114490  | Health Insurance Premiums                 |
| Lincoln National Life Ins Co                | 101-450              | 101-450-4133-000 | 97.02            | 114484  | Disability Insurance Premiums             |
| Lincoln National Life Ins Co                | 101-450              | 101-450-4133-000 | 11.13            | 114485  | Life Insurance Premiums                   |
| Delta Dental of Minnesota                   | 101-450              | 101-450-4134-000 | 177.52           | 114463  | Dental Insurance Premiums                 |
| Cross Nurseries Inc.                        | 101-450              | 101-450-4211-000 | 269.07           | 114460  | 2021 Tree Sale                            |
| Cross Nurseries Inc.                        | 101-450              | 101-450-4211-000 | 29.89            | 114460  | 2021 Tree Sale                            |
| Pioneer Manufacturing Company Inc.          | 101-450              | 101-450-4211-000 | 570.00           | 114498  | 5 gal brite stripe paint                  |
| T-Mobile USA Inc                            | 101-450              | 101-450-4321-000 | 18.42            | 114511  | April Phone & Internet                    |
| Connexus Energy                             | 101-450              | 101-450-4381-000 | 68.01            | 114459  | Electric                                  |
| Xcel Energy                                 | 101-450              | 101-450-4381-000 | 111.90           | 114515  | Electric-Parks                            |
| CenterPoint Energy                          | 101-450              | 101-450-4383-000 | 43.19            | 114453  | Natural Gas-1179 Main Street              |
| CenterPoint Energy                          | 101-450              | 101-450-4383-000 | 48.01            | 114453  | Natural Gas-6520 Pheasant Run             |
| Ace Solid Waste Inc.                        | 101-450              | 101-450-4384-000 | 207.91           | 114441  | Trash & Recycling - Sunrise Park          |
| Gerten Greenhouses & Garden Center Inc.     | 101-450              | 101-450-4410-000 | 131.30           | 114471  | Town Center Landscape                     |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - City Hall Park            |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 15.00            | 114479  | Toilet Rental - Sunset Oaks Park          |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 90.00            | 114479  | Toilet Rental - Sunrise Park              |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Clearwater Creek          |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Lino Park                 |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Marshan Park              |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Birch Park                |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Highland Meadows          |
| Jimmy's Johnnys                             | 101-450              | 101-450-4410-000 | 60.00            | 114479  | Toilet Rental - Behm's Park               |
| Northway Irrigation/Landscape               | 101-450              | 101-450-4410-000 | 123.75           | 114495  | Sunrise Park Start Up                     |
| Northway Irrigation/Landscape               | 101-450              | 101-450-4410-000 | 74.25            | 114495  | Town Center Project                       |
|   | <b>101-450 Total</b> |                  | <b>3,960.12</b>  |         |   |
| Medica                                      | 101-461              | 101-461-4131-000 | 201.91           | 114490  | Health Insurance Premiums                 |
| Lincoln National Life Ins Co                | 101-461              | 101-461-4133-000 | 8.19             | 114484  | Disability Insurance Premiums             |



**AP Checks by Account Number  
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| Vendor                                  | Fund/Dept            | Account          | Amount            | Check # | Description                                       |
|---|----------------------|------------------|-------------------|---------|---|
| Lincoln National Life Ins Co            | 101-461              | 101-461-4133-000 | 0.85              | 114485  | Life Insurance Premiums                           |
| Delta Dental of Minnesota               | 101-461              | 101-461-4134-000 | 16.85             | 114463  | Dental Insurance Premiums                         |
| T-Mobile USA Inc                        | 101-461              | 101-461-4321-000 | 10.94             | 114511  | April Phone & Internet                            |
|   | <b>101-461 Total</b> |                  | <b>238.74</b>     |         |   |
| Medica                                  | 101-462              | 101-462-4131-000 | 134.61            | 114490  | Health Insurance Premiums                         |
| Lincoln National Life Ins Co            | 101-462              | 101-462-4133-000 | 5.46              | 114484  | Disability Insurance Premiums                     |
| Lincoln National Life Ins Co            | 101-462              | 101-462-4133-000 | 0.56              | 114485  | Life Insurance Premiums                           |
| Delta Dental of Minnesota               | 101-462              | 101-462-4134-000 | 11.24             | 114463  | Dental Insurance Premiums                         |
| Davis Phillip                           | 101-462              | 101-462-4330-000 | 57.40             | 114462  | Mileage Reimbursement - Organic Site Tour         |
| Ace Solid Waste Inc.                    | 101-462              | 101-462-4410-000 | 94.66             | 114441  | Organic Recycling - Clearwater Creek              |
| Ace Solid Waste Inc.                    | 101-462              | 101-462-4410-000 | 236.21            | 114441  | Organic Recycling - Marshan Park                  |
| Ace Solid Waste Inc.                    | 101-462              | 101-462-4410-000 | 190.04            | 114441  | Organic Recycling - Birch Park                    |
| Ace Solid Waste Inc.                    | 101-462              | 101-462-4410-000 | 108.22            | 114441  | Organic Recycling - Lino Park                     |
|   | <b>101-462 Total</b> |                  | <b>838.40</b>     |         |   |
| Medica                                  | 101-463              | 101-463-4131-000 | 201.91            | 114490  | Health Insurance Premiums                         |
| Lincoln National Life Ins Co            | 101-463              | 101-463-4133-000 | 8.19              | 114484  | Disability Insurance Premiums                     |
| Lincoln National Life Ins Co            | 101-463              | 101-463-4133-000 | 0.84              | 114485  | Life Insurance Premiums                           |
| Delta Dental of Minnesota               | 101-463              | 101-463-4134-000 | 16.85             | 114463  | Dental Insurance Premiums                         |
| Gerten Greenhouses & Garden Center Inc. | 101-463              | 101-463-4211-000 | 513.00            | 114471  | Water absorption chemicals and tree watering bags |
|   | <b>101-463 Total</b> |                  | <b>740.79</b>     |         |   |
| CenturyLink                             | 202-451              | 202-451-4321-000 | 70.64             | 114456  | Phone - Fire Protection Equipment                 |
| Xcel Energy                             | 202-451              | 202-451-4381-000 | 3,226.20          | 114515  |   |
| Walters Recycling & Refuse              | 202-451              | 202-451-4384-000 | 161.94            | 114514  | Trash and Recycling                               |
| Marsden Bldg Maintenance LLC            | 202-451              | 202-451-4410-000 | 2,728.89          | 114487  | Commerical Cleaning                               |
| Marsden Bldg Maintenance LLC            | 202-451              | 202-451-4410-000 | 1,969.47          | 114487  | Commerical Cleaning                               |
|   | <b>202-451 Total</b> |                  | <b>8,157.14</b>   |         |   |
| Anoka County Highway Department         | 205-497              | 205-497-4211-000 | 50.00             | 114443  | Road Closure for BHD Parade                       |
|   | <b>205-497 Total</b> |                  | <b>50.00</b>      |         |   |
| Twin Cities Transport & Recovery        | 208-420              | 208-420-4300-000 | 85.00             | 114513  | ICR# 21107016 - Forfeiture                        |
|   | <b>208-420 Total</b> |                  | <b>85.00</b>      |         |   |
| Menards - Forest Lake                   | 401-432              | 401-432-5000-000 | -119.53           | 114491  | Return flooring and grout                         |
|   | <b>401-432 Total</b> |                  | <b>-119.53</b>    |         |   |
| SBRK Finance Holdings Inc               | 403-000              | 403-000-2520-000 | -179.00           | 114505  | HR Module Software                                |
| SBRK Finance Holdings Inc               | 403-000              | 403-000-2521-000 | 179.00            | 114505  | HR Module Software                                |
|   | <b>403-000 Total</b> |                  | <b>0.00</b>       |         |   |
| SBRK Finance Holdings Inc               | 403-402              | 403-402-4300-000 | 179.00            | 114505  | HR Module Software                                |
|   | <b>403-402 Total</b> |                  | <b>179.00</b>     |         |   |
| Dunaway Construction                    | 405-499              | 405-499-4300-120 | 844.10            | 114464  | Woods Edge Park - Final Payment                   |
|   | <b>405-499 Total</b> |                  | <b>844.10</b>     |         |   |
| HURH TCHAMONG                           | 406-000              | 406-000-2020-000 | 101.33            | 114474  | Refund Check 012838-000 6530 PHEASANT HILLS DR    |
|   | <b>406-000 Total</b> |                  | <b>101.33</b>     |         |   |
| Finance & Commerce Inc.                 | 421-499              | 421-499-4340-140 | 197.76            | 114468  | 2021 Street Maintenance Project                   |
| Press Publications Inc.                 | 421-499              | 421-499-4340-140 | 184.32            | 114499  | 2021 Street Maintenance Project Advertising       |
| T.A. Schifsky and Sons Inc.             | 421-499              | 421-499-4400-137 | 301,860.15        | 114509  | 2021 Street Improvement Projects                  |
|   | <b>421-499 Total</b> |                  | <b>302,242.23</b> |         |   |
| Braun Intertec                          | 422-499              | 422-499-4300-125 | 1,662.50          | 114451  | 2021 NE Drainage Area Improvements                |
| Red Rock Fire LLC                       | 422-499              | 422-499-4400-000 | 500.00            | 114500  | Wollan Park Prescribed Burn Consultation          |
| Red Rock Fire LLC                       | 422-499              | 422-499-4400-000 | 2,920.00          | 114500  | Wollan Park Prescribed Burn                       |
| Jacon LLC                               | 422-499              | 422-499-4400-125 | 172,356.60        | 114478  | 2021 NE Drainage Area Improvement                 |
|   | <b>422-499 Total</b> |                  | <b>177,439.10</b> |         |   |
| Landform                                | 484-499              | 484-499-4300-000 | 583.50            | 114481  | Zoning Ordinance and Map Update                   |
|   | <b>484-499 Total</b> |                  | <b>583.50</b>     |         |   |
| HURH TCHAMONG                           | 601-000              | 601-000-2020-000 | 664.28            | 114474  | Refund Check 012838-000 6530 PHEASANT HILLS DR    |
| HURH TCHAMONG                           | 601-000              | 601-000-2020-000 | 19.55             | 114474  | Refund Check 012838-000 6530 PHEASANT HILLS DR    |
| Schlichting Roger                       | 601-000              | 601-000-2110-000 | 3.38              | 114506  | Smart Irrigation Controller Refund                |
| Schlichting Roger                       | 601-000              | 601-000-3407-000 | 47.50             | 114506  | Smart Irrigation Controller Refund                |
|   | <b>601-000 Total</b> |                  | <b>734.71</b>     |         |   |
| Medica                                  | 601-494              | 601-494-4131-000 | 1,510.54          | 114490  | Health Insurance Premiums                         |
| Lincoln National Life Ins Co            | 601-494              | 601-494-4133-000 | 61.34             | 114484  | Disability Insurance Premiums                     |
| Lincoln National Life Ins Co            | 601-494              | 601-494-4133-000 | 7.29              | 114485  | Life Insurance Premiums                           |
| Delta Dental of Minnesota               | 601-494              | 601-494-4134-000 | 142.69            | 114463  | Dental Insurance Premiums                         |



**AP Checks by Account Number  
6/14/2021 City Council Meeting**

| Vendor                         | Fund/Dept            | Account          | Amount            | Check # | Description   |
|--------------------------------|----------------------|------------------|-------------------|---------|---|
| S&S Industrial Hardware Supply | 601-494              | 601-494-4211-000 | 364.70            | 114502  | Valve replacement bolts                                       |
| Safe-Fast Inc.                 | 601-494              | 601-494-4211-000 | 272.31            | 114503  | Safety glasses gloves ear plugs hard hats                     |
| Hawkins Inc.                   | 601-494              | 601-494-4222-000 | 6,029.84          | 114473  | Chlorine  |
| Hawkins Inc.                   | 601-494              | 601-494-4222-000 | 45.00             | 114473  | Chlorine  |
| Ferguson Waterworks #2518      | 601-494              | 601-494-4240-000 | 85.39             | 114466  | Pipe cutter   |
| City of Roseville              | 601-494              | 601-494-4310-000 | 729.00            | 114457  | June IT Services  |
| TDS Metrocom MN                | 601-494              | 601-494-4321-000 | 39.90             | 114510  | Phone Service   |
| T-Mobile USA Inc               | 601-494              | 601-494-4321-000 | 31.09             | 114511  | April Phone & Internet  |
| Connexus Energy                | 601-494              | 601-494-4381-000 | 2,698.53          | 114459  | Electric  |
| Xcel Energy                    | 601-494              | 601-494-4381-000 | 3,201.44          | 114515  | Electric-Water  |
| CenterPoint Energy             | 601-494              | 601-494-4383-000 | 41.83             | 114453  | Natural Gas-6786 Clearwater Creek                             |
| CenterPoint Energy             | 601-494              | 601-494-4383-000 | 17.06             | 114453  | Natural Gas-6774 Black Duck Drive                             |
| CenterPoint Energy             | 601-494              | 601-494-4383-000 | 70.71             | 114453  | Natural Gas-1180 Birch Street                                 |
| CenterPoint Energy             | 601-494              | 601-494-4383-000 | 40.39             | 114453  | Natural Gas-6482 Pheasant Run S                               |
| Gopher State One-Call          | 601-494              | 601-494-4410-000 | 508.95            | 114472  | May Tickets   |
| Image Printing & Graphics Inc  | 601-494              | 601-494-4410-000 | 149.48            | 114475  | UB Mail Prep and Statement printing                           |
| Instrumental Research Inc.     | 601-494              | 601-494-4410-000 | 190.00            | 114477  | April Water Testing   |
| T.A. Schifsky and Sons Inc.    | 601-494              | 601-494-4410-129 | 5,760.65          | 114509  | Pheasant Hills Water Main Repair - Final                      |
| L.T.G. Power Equipment         | 601-494              | 601-494-5000-000 | 4,024.50          | 114480  | Mower and bagger  |
|                                | <b>601-494 Total</b> |                  | <b>26,022.63</b>  |         |   |
| HURH TCHAMONG                  | 602-000              | 602-000-2020-000 | 564.25            | 114474  | Refund Check 012838-000 6530 PHEASANT HILLS DR                |
| HURH TCHAMONG                  | 602-000              | 602-000-2020-000 | 126.04            | 114474  | Refund Check 012838-000 6530 PHEASANT HILLS DR                |
|                                | <b>602-000 Total</b> |                  | <b>690.29</b>     |         |   |
| Medica                         | 602-495              | 602-495-4131-000 | 1,510.56          | 114490  | Health Insurance Premiums                                     |
| Lincoln National Life Ins Co   | 602-495              | 602-495-4133-000 | 61.34             | 114484  | Disability Insurance Premiums                                 |
| Lincoln National Life Ins Co   | 602-495              | 602-495-4133-000 | 7.34              | 114485  | Life Insurance Premiums                                       |
| Delta Dental of Minnesota      | 602-495              | 602-495-4134-000 | 142.69            | 114463  | Dental Insurance Premiums                                     |
| Safe-Fast Inc.                 | 602-495              | 602-495-4211-000 | 272.32            | 114503  | Safety glasses gloves ear plugs hard hats                     |
| Davids Hydro Vac Inc.          | 602-495              | 602-495-4300-000 | 3,100.50          | 114461  | Emergency call out for sewer back-up on Apollo Dr & Market Pl |
| City of Roseville              | 602-495              | 602-495-4310-000 | 729.00            | 114457  | June IT Services  |
| T-Mobile USA Inc               | 602-495              | 602-495-4321-000 | 31.09             | 114511  | April Phone & Internet  |
| Connexus Energy                | 602-495              | 602-495-4381-000 | 643.84            | 114459  | Electric  |
| Xcel Energy                    | 602-495              | 602-495-4381-000 | 1,930.44          | 114515  | Electric-Sewer  |
| CenterPoint Energy             | 602-495              | 602-495-4383-000 | 21.20             | 114453  | Natural Gas-2200 E. Cedar Street                              |
| CenterPoint Energy             | 602-495              | 602-495-4383-000 | 20.49             | 114453  | Natural Gas-6300 Laurene Ave                                  |
| CenterPoint Energy             | 602-495              | 602-495-4383-000 | 23.93             | 114453  | Natural Gas-6666 Black Duck Drive                             |
| CenterPoint Energy             | 602-495              | 602-495-4383-000 | 21.20             | 114453  | Natural Gas-1473 Snow Goose Trail                             |
| CenterPoint Energy             | 602-495              | 602-495-4383-000 | 21.23             | 114453  | Natural Gas-2028 Cypress Street                               |
| Gopher State One-Call          | 602-495              | 602-495-4410-000 | 508.95            | 114472  | May Tickets   |
| Image Printing & Graphics Inc  | 602-495              | 602-495-4410-000 | 149.48            | 114475  | UB Mail Prep and Statement printing                           |
| L.T.G. Power Equipment         | 602-495              | 602-495-5000-000 | 4,024.50          | 114480  | Mower and bagger  |
|                                | <b>602-495 Total</b> |                  | <b>13,220.10</b>  |         |   |
| Press Publications Inc.        | 801-000              | 801-000-2300-000 | 46.08             | 114499  | 426 Pine St Variance & CUP Amend Glamis Wire                  |
|                                | <b>801-000 Total</b> |                  | <b>46.08</b>      |         |   |
|                                | <b>Grand Total</b>   |                  | <b>746,098.31</b> |         |   |





Electronic Funds Transfer  
MN Statute 471.38 Subd. 3

Council Meeting June 14, 2021

Transfer In/(Out)

|  |              |
|--|--------------|
| 5/19/2021 Wire from 4M (Gen Acct)                | 700,000.00   |
| 5/28/2021 Payroll #11                            | (138,825.65) |
| 5/28/2021 Payroll #11 Federal Deposit            | (41,428.44)  |
| 5/28/2021 Payroll #11 PERA                       | (44,173.46)  |
| 5/28/2021 Payroll #11 State                      | (9,522.22)   |
| 5/28/2021 Payroll #11 Child Support              | (284.77)     |
| 5/28/2021 Payroll #11 H.S.A. Bank Pretax         | (3,173.18)   |
| 5/28/2021 Payroll #11 TASC Pretax                | (749.96)     |
| 5/28/2021 Payroll #11 ICMA 457 Def. Comp #301596 | (3,845.00)   |
| 5/28/2021 Payroll #11 ICMA Roth IRA #706155      | (855.75)     |
| 5/28/2021 Payroll #11 MSRS HCSP #98946-01        | (1,616.21)   |
| 5/28/2021 Payroll #11 MSRS Def. Comp #98945-01   | (3,458.00)   |
| 5/28/2021 Payroll #11 MSRS Roth IRA #98945-01    | (675.00)     |
| 6/1/2021 HSA Bank ER Contribution                | (5,999.85)   |
| 6/1/2021 HSA Bank ER Contribution - Schaaf       | (83.33)      |
| 6/4/2021 Council #06 Payroll                     | (3,304.93)   |
| 6/4/2021 Council #06 Federal Deposit             | (196.60)     |
| 6/4/2021 Council #06 PERA                        | (367.62)     |
| 6/4/2021 Council #06 State                       | (43.95)      |



# CITY COUNCIL WORK SESSION

## DRAFT

### CITY OF LINO LAKES MINUTES

**DATE** : May 24, 2021  
**TIME STARTED** : 6:00 p.m.  
**TIME ENDED** : 6:28 p.m.  
**MEMBERS PRESENT** : Council Member Stoesz, Lyden, Ruhland,  
Cavegn and Mayor Rafferty  
**MEMBERS ABSENT** : None

Staff members present: City Administrator Sarah Cotton; Director of Public Safety John Swenson; City Clerk Julie Bartell

**1. Police Division Staffing** – Public Safety Director Swenson reported on two requests relating to current staffing:

There is a sergeant that is currently out and that leaves the department short on supervision. He is asking permission to promote an evening police officer to a sergeant position until the regular sergeant returns to duty.

The department is engaged in a hiring process (currently running at 24 officers). Coming on board is one new officer that will bring strength to 25. A hiring process would bring two new officers, bringing it to 27. He is asking the council, if there is a third candidate that the department finds appropriate, may they hire that officer as well and bring the department to full strength of 28 (as of July 1) at an additional cost of \$12,000+. The sergeant temporary upgrade would have a cost but it can't be pinpointed because it isn't at that point (and it may never happen if the sergeant were to return before it is implemented). In any case, there would be no increase to the approved personnel budget for the department.

Councilmember Cavegn asked about the temporary upgrade. Is it an assumption that the temporary sergeant could become permanent without any council action? Director Swenson noted that it will not be a normal promotion process because of the temporary nature; if it were to become a permanent situation, that regular promotion process would occur and he expects there would be individuals interested that may not have wanted a temporary position.

Councilmember Stoesz received confirmation that the 28<sup>th</sup> position wouldn't create other expenses such as auto.

The council and Director Swenson discussed the hiring process and the current job market for police officers.

The council concurred in supporting staff's requests.

## CITY COUNCIL WORK SESSION

**DRAFT**

### **Not on Printed Agenda**

Mayor Rafferty remarked that it is an appropriate time to set up a performance review for the City Administrator. Ms. Cotton suggested that the review is normally held as a closed session after a council meeting so she'd ask the council to let her know of dates they wouldn't be available.

The meeting was adjourned at 6:28 p.m.

These minutes were considered, corrected and approved at the regular Council meeting held on June 14, 2021.

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Julianne Bartell, City Clerk

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Rob Rafferty, Mayor

# COUNCIL MINUTES

DRAFT

## LINO LAKES CITY COUNCIL REGULAR MEETING MINUTES

**DATE** : May 24, 2021  
**TIME STARTED** : 6:30 p.m.  
**TIME ENDED** : 6:50 p.m.  
**MEMBERS PRESENT** : Councilmember Stoesz, Lyden,  
Ruhland, Cavegn and Mayor Rafferty  
**MEMBERS ABSENT** :

Staff members present: City Administrator Sarah Cotton; Public Safety Director John Swenson;  
City Clerk Julie Bartell

**PUBLIC COMMENT** – Bernadine Skoglund, 7481 Lake Drive – provided photos from the  
Holiday station next to her home and asked if the City ordinance been revised? There is a truck  
parking in the lot overnight. She also noted a recent incident where a vehicle was attached to the  
guardrail at the back of the lot. She doesn't want this situation to get out of control so there are 18  
semi trucks parking there at all times. It is important that the management of the station be aware of  
City regulations and management tends to change every few years.

Mayor Rafferty told Ms. Skoglund that what she has reported will be investigated.

### **SETTING THE AGENDA**

The agenda was approved as presented.

### **CONSENT AGENDA**

Councilmember Lyden moved to approve the Consent Agenda, Items 1A through 1H as presented.  
Councilmember Ruhland seconded the motion. Motion carried on a voice vote.

| <b><u>ITEM</u></b> | <b><u>ACTION</u></b> |
|--------------------|----------------------|
|--------------------|----------------------|

#### **Consideration of Expenditures:**

|    |  |          |
|----|--|----------|
| A) | May 24, 2021 (Check No.114360 through 114435) in the<br>Amount of \$547,584.35                           | Approved |
| B) | Consider Approval of May 03, 2021 Work Session Minutes   | Approved |
| C) | Consider Approval of May 10, 2021 Council Meeting Minutes  | Approved |
| D) | Consider Approval of Resolution 21-44, Approving a Permit for<br>Consumer Firework Sales at Super Target | Approved |
| E) | Consider Approval of May 10, 2021 Board of Appeal Minutes  | Approved |
| F) | Consider Approval of May 10, 2021 Work Session Minutes   | Approved |
| G) | Consider Approval of Resolution 21-47, Approving a Special<br>Event Permit for Bill's Superette          | Approved |

## COUNCIL MINUTES

### DRAFT

- 42 H) Consider Approval of Resolution 21-48, Approving a Peddler  
43 License for Aptive Pest Control Approved

### 44 **FINANCE DEPARTMENT REPORT**

45 There was no report from the Finance Department.

### 46 **ADMINISTRATION DEPARTMENT REPORT**

47 There was no report from the Administration Department.

### 48 **PUBLIC SAFETY DEPARTMENT REPORT**

49 **4A) Consider Donation of Seized Property** – Public Safety Director Swenson explained that  
50 staff is requesting authority to donate certain seized property, an old radio antenna to be specific.  
51 The unit is no longer useful to the department and the only place they've found still utilizing this  
52 type of equipment is the Anoka County Radio Club. The club will handle gathering the unit and  
53 moving it to their desired location.

54 Councilmember Stoesz remarked that he has contacted the organization and learned that they will be  
55 participating in the Blue Heron Days event this year.

56 Councilmember Stoesz moved to approve the donation of property as recommended by staff.  
57 Councilmember Cavegn seconded the motion. Motion carried on a voice vote.

### 58 **PUBLIC SERVICES DEPARTMENT REPORT**

59 There was no report from the Public Services Department.

### 60 **COMMUNITY DEVELOPMENT REPORT**

61 **6A) Consider 1<sup>st</sup> Reading of Ordinance 04-21, Sale of Property, Lots 12 & 13, Carole Estates**  
62 **2nd Addition** – City Administrator Cotton reviewed the written staff report. The sale of property was  
63 discussed earlier (in a closed session) by the council. Through negotiations with the buyer the City has  
64 reached a proposal to sell the property. Contingencies were noted.

65 Councilmember Stoesz asked how this sale of property is being advertised. Administrator Cotton  
66 noted that there is no legal requirement for notification in this case.

67 Councilmember Ruhland asked if the property was listed for sale; Ms. Cotton remarked that she  
68 believes the buyer approached the City with their interest.

69 Councilmember Cavegn moved to approve the first reading of Ordinance No. 04-21 as presented.  
70 Motion carried on a voice vote.

### 71 **UNFINISHED BUSINESS**

72 Mayor Rafferty asked for an update on Blue Heron Days. Councilmember Stoesz reported on:  
73 receiving approval from Anoka County to close the road, the special event permit that will be  
74 completed and submitted, volunteers are coming together, and a check authorization will be before  
75 the council soon for a county fee. Administrator Cotton noted that there is some existing funding in  
76 the City budget that would cover that fee as well as other expenses related to such things as  
77 advertising. Mayor Rafferty asked Councilmember Stoesz to keep the council updated.

### 78 79 **NEW BUSINESS**

80 There was no New Business.

## COUNCIL MINUTES

DRAFT

### COMMUNITY EVENTS

There were no events announced.

### COMMUNITY CALENDAR

*Community Calendar – A Look Ahead*  
**May 24, 2021 through June 14, 2021**

|   |                   |                           |                         |
|---|-------------------|---------------------------|-------------------------|
| ✚ | Wednesday, May 26 | 6:30 pm, Zoom             | Environmental Board     |
| ✚ | Wednesday, June 2 | 6:30 pm, Council Chambers | Park Board              |
| ✚ | Thursday, June 3  | 8:00 am, Community Room   | EDAC                    |
| ✚ | Monday, June 7    | 5:00 pm, Council Chambers | Council Work Session    |
| ✚ | Wednesday, June 9 | 6:30 pm, Council Chambers | Planning & Zoning Board |
| ✚ | Monday, June 14   | 6:00 pm, Council Chambers | Council Work Session    |
| ✚ | Monday, June 14   | 6:30 pm, Council Chambers | City Council Meeting    |

### ADJOURN

There being no further business, Councilmember Ruhland moved to adjourn at 6:50 p.m.  
Councilmember Stoesz seconded the motion. Motion carried on a voice vote.

These minutes were considered and approved at the regular Council Meeting on June 14, 2021.

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Julianne Bartell, City Clerk

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Rob Rafferty, Mayor

**CITY COUNCIL  
CONSENT AGENDA ITEM 1D**

**STAFF ORIGINATOR:** Hannah Lynch, Finance Director

**MEETING DATE:** June 14, 2021

**TOPIC:** Consideration of Not Waiving Monetary Limits on Tort Liability per Minnesota Statute 466.04

**VOTE REQUIRED:** 3/5

**INTRODUCTION**

As a part of the annual insurance renewal process, the City Council is being asked by the League of Minnesota Cities Insurance Trust to update the Liability Coverage Waiver Form.

**BACKGROUND**

Each year, the City has the option of waiving its monetary limits on tort liability to the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

If the city does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the city purchases the optional excess liability coverage.

If the city does waive the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$2,000,000 on a single occurrence (under this option, the tort cap liability limits are waived to the extent of the city's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total which all claimants would be able to recover for a single occurrence to which the statutory limits apply would also be limited to \$2,000,000, regardless of the number of claimants.

If the city does waive the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

The city carries \$1,000,000 in excess liability coverage (\$1,000,000 per occurrence and annual limit).

The City of Lino Lakes has never waived its' monetary limits on tort liability.

**RECOMMENDATION**

The city does not wish to waive the monetary limits on municipal tort liability established by Minnesota Statute, Section 466.04.

**ATTACHMENTS**

Liability Coverage – Waiver Form

## **LIABILITY COVERAGE – WAIVER FORM**

**Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before the member's effective date of coverage. Return completed form to your underwriter or email to [psstech@lmc.org](mailto:psstech@lmc.org).**

*The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.*

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.*
- *If the member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.*
- *If the member waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.*

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.



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LMCIT Member Name:

*Check one:*

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).
- The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting: \_\_\_\_\_

Signature: \_\_\_\_\_ Position: \_\_\_\_\_

**CITY COUNCIL  
AGENDA ITEM 1E**

STAFF ORIGINATOR: Lisa Hogstad-Osterhues, Deputy City Clerk

MEETING DATE: June 14, 2021

TOPIC: Resolution No. 21-52, Approving an Application for a Temporary On-Sale Liquor License and Cabaret License for the Annual St. Joseph's Catholic Church August Festival

VOTE REQUIRED: 3/5

**INTRODUCTION**

St. Joseph Church is hosting its annual August Festival on Saturday, August 7<sup>th</sup> and Sunday, August 8<sup>th</sup>, 2021

**BACKGROUND**

As part of the festival, food and beverages including strong beer and wine will be served. Although temporary on-sale liquor licenses are issued by the Minnesota Department of Public Safety, local approval is required. Staff has verified that St. Joseph's Church is eligible under local ordinance for a temporary license.

The Church has also made application to acquire a cabaret license. Bands will be playing live music in the church parking lot on Saturday from 4:00 p.m. to 10:00 p.m. and Sunday from 11:00 to 5:00 p.m.

The applications and the certificate of liability Insurance have been submitted to cover all of the above events and is filed in the office of the City Clerk. The proper fees have been paid.

The Public Safety Department has reviewed the application and has signed off on the permit with the understanding that the applicants will continue to follow their instructions on safety. The applicant must have in place all necessary permissions for use of property involved in the event if private.

**RECOMMENDATIONS**

Approval of Resolution No. 21-52, Approving an Application for a Temporary On-Sale Liquor License and a Cabaret License for the Annual St. Joseph's Catholic Church August Festival.

**ATTACHMENTS**

Resolution 21-52

**CITY OF LINO LAKES  
RESOLUTION NO. 21-52**

**Approving Applications for a Temporary Liquor and Cabaret License to  
St. Joseph's Catholic Church for their Annual Fall Festival**

**WHEREAS**, St. Joseph's Catholic Church has made application for a temporary on-sale liquor and cabaret license for their annual Summer Festival to be held August 7<sup>th</sup> and 8<sup>th</sup>, 2021; and

**WHEREAS**, city staff has reviewed the applications submitted for festival events (temporary on-sale liquor and cabaret licenses) for concurrence with city regulations; and

**WHEREAS**, the Lino Lakes Public Safety Department has conducted a background check on the applicant and has found no reason to deny;

**WHEREAS**, St. Joseph's Catholic Church has paid the required license fees;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Lino Lakes, Minnesota:

That the City Council hereby approves a temporary on-sale liquor and cabaret license for the 2021 St. Joseph's Catholic Church Festival.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

**CLOSED COUNCIL SESSION**

**DRAFT**

**CITY OF LINO LAKES  
MINUTES  
CLOSED COUNCIL SESSION**

**DATE : May 24, 2021**  
**TIME STARTED : 5:34 p.m.**  
**TIME ENDED : 6:10 p.m.**  
**MEMBERS PRESENT : Council Members Cavegn, Lyden,  
Stoesz, Ruhland Mayor Rafferty**  
**MEMBERS ABSENT : none**

Staff present: City Administrator Sarah Cotton; Community Development Director Michael Grochala; City Attorney Jay Squires

Mayor Rafferty convened the meeting at 5:34 p.m. at Lino Lakes City Hall. Before the meeting was closed, Mayor Rafferty noted the purpose of the meeting. The meeting was closed as a session of the city council pursuant to the Open Meeting Law for the purpose of discussing the sale of land at Lake Drive and 77<sup>th</sup> Street.

The meeting was not recorded.

The meeting was adjourned at 6:04 p.m.

These minutes were considered at the regular Council meeting held on June 14, 2021.

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Julianne Bartell, City Clerk

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Rob Rafferty, Mayor

**CITY COUNCIL  
AGENDA ITEM 1G**

STAFF ORIGINATOR: Hannah Lynch, Finance Director

MEETING DATE: June 14, 2021

TOPIC: Accepting the American Rescue Plan Act Funds

VOTE REQUIRED: 3/5

**INTRODUCTION**

On May 10, 2021, the U.S. Department of the Treasury launched the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act (ARPA) of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis.

**BACKGROUND**

The City of Lino Lakes is estimated to receive a total of \$2.3 million in ARPA funds. The funds will come in two payments; one in the summer of 2021 and the second 12 months after the first payment.

The League of Minnesota Cities developed a model resolution to accept ARPA funds. There is not a specific requirement in the law that cities pass a resolution but it is a formal way to acknowledge that the city will be receiving the funds and grants staff the authority to take the necessary steps once the process is open through Minnesota Management and Budget.

**RECOMMENDATION**

Staff is recommending approval of Resolution No. 21-49.

**ATTACHMENTS**

Resolution 21-49

**CITY OF LINO LAKES  
RESOLUTION NO. 21-49**

**ACCEPTING THE CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS  
ESTABLISHED UNDER THE AMERICAN RESCUE PLAN ACT**

**WHEREAS**, since the first case of coronavirus disease 2019 (COVID-19) was discovered in the United States in January 2020, the disease has infected over 32 million and killed over 575,000 Americans (“Pandemic”). The disease has impacted every part of life: as social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs;

**WHEREAS**, as a result of the Pandemic cities have been called on to respond to the needs of their communities through the prevention, treatment, and vaccination of COVID-19.

**WHEREAS**, city revenues, businesses and nonprofits in the city have faced economic impacts due to the Pandemic.

**WHEREAS**, Congress adopted the American Rescue Plan Act in March 2021 (“ARPA”) which included \$65 billion in recovery funds for cities across the country.

**WHEREAS**, ARPA funds are intended to provide support to state, local, and tribal governments in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses.

**WHEREAS**, an estimated \$2,339,941.33 has been allocated to the City of Lino Lakes (“City”) pursuant to the ARPA (“Allocation”).

**WHEREAS**, the United States Department of Treasury has adopted guidance regarding the use of ARPA funds.

**WHEREAS**, the City, in response to the Pandemic, has had expenditures and anticipates future expenditures consistent with the Department of Treasury’s ARPA guidance.

**WHEREAS**, the State of Minnesota will distribute ARPA funds to the City because its population is less than 50,000.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LINO LAKES, MINNESOTA AS FOLLOWS:**

1. The City intends to collect its share of ARPA funds from the State of Minnesota to use in a manner consistent with the Department of Treasury’s guidance.

2. City staff, together with the Mayor and the City Attorney are hereby authorized to take any actions necessary to receive the City's share of ARPA funds from the State of Minnesota for expenses incurred because of the Pandemic.
3. City staff, together with the Mayor and the City Attorney are hereby authorized to make recommendations to the City Council for future expenditures that may be reimbursed with ARPA funds.

Adopted by the City Council of the City of Lino Lakes this \_\_\_\_ day of \_\_\_\_\_ 2021.

The motion for the adoption of the foregoing resolution was introduced by Councilmember \_\_\_\_\_ and was duly seconded by Councilmember \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

**CITY COUNCIL  
AGENDA ITEM 1H**

STAFF ORIGINATOR: Lisa Hogstad-Osterhues, Deputy City Clerk

MEETING DATE: June 14, 2021

TOPIC: Resolution No. 21-50 Approving the Renewal  
of Liquor, Wine and Beer Licenses

VOTE REQUIRED: 3/5

**BACKGROUND**

All liquor, wine and beer (3.2) licenses in the City of Lino Lakes expire on June 30, 2021. Staff has been working with license holders on meeting the requirements for renewal so as to allow the council to consider approval at this time. A majority of these licenses require additional approval by the Minnesota Department of Public Safety Alcohol and Gambling Division and they will be forwarded to the state if local approval is granted.

Attached is a list of the establishments that have submitted renewal applications.

Under city policy, applicants applying for license renewal are required to undergo a background investigation each year. The Lino Lakes Public Services Department performs the investigation and reports any information that would make applicants ineligible for license renewal. Each license is contingent upon the background investigation.

Licensees are also required to submit verification of liquor liability and workers' compensation insurance as well as pay appropriate fees. No license will be released until all requirements are met.

The city code requires that when the city council considers the issuance of a liquor license, opportunity shall be given to any person to be heard for or against the granting of the license.

**RECOMMENDATION**

Adopt Resolution 21-50 approving renewal of liquor, wine and beer licenses for the period of July 1, 2021 through June 30, 2022.

**ATTACHMENTS**

Resolution 21-50  
Exhibit A - 2021-2022 Liquor, Wine and Beer License Renewal List



**CITY OF LINO LAKES  
RESOLUTION NO. 21-50**

**Approving the Renewal of Liquor, Wine and Beer licenses for the  
2021/2022 licensing period**

**WHEREAS**, the licensing period for liquor, wine and beer licenses in the City of Lino Lakes is one year, commencing on July 1 and ending on June 30 the following year;

**WHEREAS**, the City Council is required to approve the renewal of liquor and wine licenses, in some cases, prior to State issuance of a license;

**WHEREAS**, City staff has reviewed the renewal applications that have been submitted and verified that local licensing regulations are met;

**WHEREAS**, the Lino Lakes Public Service Department has conducted the required background investigations for license renewals;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LINO LAKES, MINNESOTA:**

The City of Lino Lakes hereby approves the renewal of liquor, wine and beer licenses as set forth in **Exhibit A** that is hereby attached, with said approval contingent upon applicants meeting all city and state requirements for said licenses.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

# EXHIBIT A

## 2021-22 Liquor, Wine and Beer License Renewals

| <i><b>Applicant</b></i>  | <i><b>License Type</b></i>                                      |
|--|---|
| <b>American Legion Post 566</b><br><b>7731 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>   | On Sale Club<br>Sunday  |
| <b>KLVZ Corporation</b><br><b>d/b/a Eagle Liquor</b><br><b>617 Apollo Drive</b><br><b>Lino Lakes, MN 55014</b>   | Off Sale  |
| <b>C.A. Wagner, Inc.</b><br><b>**d/b/a The Tavern on Main</b><br><b>8001 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>                                       | Off Sale<br>On Sale<br>Sunday<br>*2 a.m.                        |
| <b>JP's Liquor, Wine and Beer</b><br><b>6501 Ware Road</b><br><b>Lino Lakes, MN 55014</b>  | Off Sale  |
| <b>Trapper's Bar &amp; Grill, LLC</b><br><b>d/b/a Trapper's</b><br><b>6810 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>                                     | Off Sale<br>On Sale<br>Sunday                                   |
| <b>Anoka County</b><br><b>d/b/a Chomonix Golf Course</b><br><b>700 Aqua Lane</b><br><b>Lino Lakes, MN 55014</b>  | On Sale<br>Sunday   |
| <b>Target Corporation - Store T-1448</b><br><b>749 Apollo Drive</b><br><b>Lino Lakes, MN 55014</b>   | Off Sale  |
| <b>Hammerheart, LLC</b><br><b>d/b/a: Hammerheart Brewing Co.</b><br><b>7785 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>                                    | Off-Sale Brewer<br>On-Sale Taproom Rm Off-Sale Growler & Sunday |
| <b>Cherokee Liquors, Inc.</b><br><b>d/b/a G-Will Liquors</b><br><b>8040 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>  | Off-Sale  |
| <b>Fiesta Cancun Mexican Grill &amp; Bar</b><br><b>7090 – 21<sup>st</sup> Avenue North</b><br><b>Lino Lakes, MN 55038</b>                                    | On Sale<br>Sunday   |
| <b>Don Julio Lino Lakes Inc.</b><br><b>d/b/a Don Julio Mexican Restaurant</b><br><b>701 Apollo Drive</b><br><b>Suite #130</b><br><b>Lino Lakes, MN 55014</b> | On Sale<br>Sunday   |
| <b>Myithar LLC</b><br><b>Chili Thai Cuisine</b><br><b>730 Apollo Drive, Suite 110</b><br><b>Lino Lakes, MN 55014</b>   | 3.2 On-Sale Wine  |

|  |                   |
|--|-------------------|
| <b>El Zocalito, LLC</b><br><b>El Zocala Grill &amp; Cantina</b><br><b>566 Lilac Street</b><br><b>Lino Lakes, MN 55014</b>      | On Sale<br>Sunday |
| <b>Campanelle Restaurant &amp; Bar</b><br><b>7114 Otter Lake Road, #150</b><br><b>Lino Lakes, MN 55028</b>                     | On Sale<br>Sunday |
| <b>Keep It Real LLC</b><br><b>Liquor Barrel – NO TOBACCO</b><br><b>7997 Lake Dr., Suite 120</b><br><b>Lino Lakes, MN 55014</b> | Off Sale          |
| <b>Casey's General Store #3935</b><br><b>Casey's Retail Company</b><br><b>7601 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>   | 3.2 Off Sale      |

**CITY COUNCIL  
AGENDA ITEM 11**

STAFF ORIGINATOR: Lisa Hogstad-Osterhues, Deputy City Clerk

MEETING DATE: June 14, 2021

TOPIC Consider Resolution No. 21-51, Approving  
2021-2022 Tobacco License Renewals

VOTE REQUIRED: Simple Majority (3/5 Vote Required)

**INTRODUCTION**

All tobacco licenses in the City of Lino Lakes expire on June 30, 2021. Staff has been working with the license holders to put in place all renewal requirements to allow for Council consideration at this time.

**BACKGROUND**

Attached is a list of the establishments that have submitted renewal applications. As indicated, the applicants have completed the necessary documentation and paid the fee that is required for the license.

The Lino Lakes Public Services Department performs the investigation and reports any information that would make applicants ineligible for license renewal. Each license is contingent upon the background investigation.

No license will be released until all requirements are met.

**RECOMMENDATION**

Adopt Resolution 21-51, approving renewal of tobacco licenses for the period of July 1, 2021 through June 30, 2022.

**ATTACHMENTS**

Resolution 21-51  
2021-2022 Tobacco License Renewal List

**CITY OF LINO LAKES  
RESOLUTION NO. 21-51**

**Approving Renewal of Tobacco Licenses for the 2021/2022 Licensing Period**

**WHEREAS**, the licensing period for tobacco licenses in the City of Lino Lakes is one year, commencing on July 1 and ending on June 30 the following year; and

**WHEREAS**, the City Council is required to approve the renewal of tobacco licenses; and

**WHEREAS**, city staff has reviewed the renewal applications that have been submitted and verified that licensing requirements are met; and

**WHEREAS**, the Public Safety Department has completed the required background investigations;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Lino Lakes, Minnesota:

The City of Lino Lakes hereby approves the renewal of tobacco licenses as set forth in **Exhibit A** that is attached to this resolution.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

## Exhibit A

### 2021-22 Tobacco License Renewal List

| Applicant   | License Type |
|---|--------------|
| <b>KLVZ Corporation<br/>d/b/a Eagle Liquor<br/>617 Apollo Drive<br/>Lino Lakes, MN 55014</b>        | Tobacco      |
| <b>JP's Liquor, Wine &amp; Beer<br/>6501 Ware Road<br/>Lino Lakes, MN 55014</b>                     | Tobacco      |
| <b>Holiday Stationstore #376<br/>7509 Lake Drive<br/>Lino Lakes, MN 55014</b>                       | Tobacco      |
| <b>KRO, d/b/a Lino Lakes One Stop<br/>6501 Ware Road, Suite 360<br/>Lino Lakes, MN 55014</b>        | Tobacco      |
| <b>Chomonix Golf Course<br/>700 Aqua Lane<br/>Lino Lakes, MN 55014</b>                              | Tobacco      |
| <b>TJ Lino Lakes<br/>d/b/a Corner Express<br/>7997 Lake Drive<br/>Lino Lakes, MN 55014</b>          | Tobacco      |
| <b>Cherokee Liquors, Inc.<br/>d/b/a G-Will Liquors<br/>8040 Lake Drive<br/>Lino Lakes, MN 55014</b> | Tobacco      |
| <b>Rademacher Co. Inc.<br/>d/b/a Bill's Superette<br/>8020 Lake Drive<br/>Lino Lakes, MN 55014</b>  | Tobacco      |
| <b>Lakes 1 Stop<br/>7090 21<sup>st</sup> Ave. No.<br/>Lino Lakes, MN 55038</b>                      | Tobacco      |
| <b>Lino Lakes Tobacco<br/>717 Apollo Drive, Suite 110<br/>Lino Lakes, MN 55014</b>                  | Tobacco      |
| <b>Keep It Real, LLC<br/>d/b/a Liquor Barrel<br/>7997 Lake Drive<br/>Lino Lakes, MN 55014</b>       | Tobacco      |
| <b>Casey's General Store #3935<br/>7601 Lake Drive<br/>Lino Lakes, MN 55014</b>                     | Tobacco      |

**CITY COUNCIL  
AGENDA ITEM 1J**

STAFF ORIGINATOR: Lisa Hogstad-Osterhues, Deputy City Clerk

MEETING DATE: June 14, 2021

TOPIC: Consider Approval of Resolution No. 21-53, Approving Enterprise and Individual Massage Renewal Licenses

VOTE REQUIRED: 3/5

**BACKGROUND**

The City of Lino Lakes has approved regulations that license the practice of massage therapy in the City.

At this time there are three massage businesses that have applied for enterprise and/or individual licensing and have met the requirements to be licensed. They are: Heather's Healing Hands, Allure Salon and Revitalize Therapeutic Massage.

Under city policy, applicants applying for the enterprise or individual massage licenses are required to undergo a background investigation. The Public Safety Department has conducted the background investigations and did not discover any disqualifying offenses that would prevent licensing.

Licensees are required to provide identification, to submit verification of proof of accreditation, work comp insurance if applicable as well as pay appropriate fees. No license will be released until all requirements are met.

**RECOMMENDATION**

Adopt Resolution 21-53 approving massage enterprise and individual licenses for a period of July 1, 2021 through June 30, 2022.

**ATTACHMENTS**

Resolution 21-53  
Exhibit A - 2022 Massage Enterprise and Individual License List

**CITY OF LINO LAKES  
RESOLUTION NO. 21-53**

**Approving Massage Enterprise and Individual Licenses**

**WHEREAS**, the City Council has recently approved regulations that license the practice of massage therapy in the City.

**WHEREAS**, the licensing period for Massage Enterprise and Individual Licenses in the City of Lino Lakes is one year, commencing on July 1 and ending on June 30 the following year;

**WHEREAS**, City staff has reviewed the applications that have been submitted and verified that local licensing regulations are met;

**WHEREAS**, the Lino Lakes Public Service Department has conducted the required background investigations for license renewals and has found no reason to deny;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LINO LAKES, MINNESOTA:**

The City of Lino Lakes hereby approves the massage enterprise and individual licenses on Attachment A with said approval contingent upon applicants meeting all city and state requirements for said licenses.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk



**Exhibit A**  
**2021/2022 Massage Enterprise and Individual Licenses List**

| <i><b>Applicant</b></i>  | <i><b>License Type</b></i>   |
|--|------------------------------|
| <b>Heather's Healing Hands</b><br><b>7094 Lake Drive</b><br><b>Lino Lakes, MN 55014</b>        | 1 Enterprise<br>2 Individual |
| <b>Allure Salon</b><br><b>6511 Ware Road</b><br><b>Lino Lakes, MN 55014</b>                    | 1 Enterprise<br>1 Individual |
| <b>Revitalize Therapeutic Massage</b><br><b>7771 Lake Drive</b><br><b>Lino Lakes, MN 55014</b> | 1 Enterprise<br>1 Individual |

**CITY COUNCIL  
AGENDA ITEM 1K**

STAFF ORIGINATOR: Katie Larsen, City Planner

MEETING DATE: June 14, 2021

TOPIC: Consider Resolution No. 21-58 Approving Open Space Easement for Watermark 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Additions

VOTE REQUIRED: 3/5

**INTRODUCTION**

Watermark is a 372 acre master planned residential community consisting of 692 single family lots and 172 townhome units totaling 864 housing units. The Open Space Easement is required per the Master Development Agreement. The Easement protects the parks, open space, wetlands etc. from any land disturbance that is not consistent with the Restoration and Management Plan.

**ANALYSIS**

Section 7.2 of the Watermark Master Development Agreement states the owner shall provide the City with a perpetual open space easement. Currently, a “blanket” easement is in place that covers all outlots in Watermark. As each such outlot is further subdivided, the blanket easement area is re-defined with a detailed open space easement.

This Open Space Easement covers the following outlots:

1. Outlots E, G, J, M and N, Watermark 1<sup>st</sup> Addition
2. Outlot A, Watermark 2<sup>nd</sup> Addition
3. Outlot A, Watermark 3<sup>rd</sup> Addition
4. Outlots A, B and D, Watermark 4<sup>th</sup> Addition

**RECOMMENDATION**

Staff recommends Council approval of Resolution No. 21-58 Open Space Easement Agreement as required by the Watermark Master Development Agreement.

**ATTACHMENTS**

1. Resolution No. 21-58
2. Open Space Easement Agreement

**CITY OF LINO LAKES  
RESOLUTION NO. 21-58**

**RESOLUTION APPROVING OPEN SPACE EASEMENT  
FOR WATERMARK 1<sup>ST</sup>, 2<sup>ND</sup>, 3<sup>RD</sup> AND 4<sup>TH</sup> ADDITIONS**

**WHEREAS**, on December 10, 2018 the City Council passed Resolution No. 18-144 approving the Watermark Master Development Agreement; and

**WHEREAS**, Section 7.2 of the Master Development Agreement requires an Open Space Easement; and

**WHEREAS**, this Open Space Easement covers the following outlots:

- Outlots E, G, J, M, and N, WATERMARK,
- Outlot A, WATERMARK 2<sup>nd</sup> ADDITION,
- Outlot A, WATERMARK 3<sup>rd</sup> ADDITION, and
- Outlots A, B, and D, WATERMARK 4<sup>th</sup> ADDITION, according to the recorded plats thereof.

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes hereby approves the Open Space Easement between US Home Corporation and the City of Lino Lakes and authorizes the Mayor and City Clerk to execute such agreement on behalf of the City.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

## OPEN SPACE EASEMENT AGREEMENT

THIS OPEN SPACE EASEMENT AGREEMENT ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2021, by and between U.S. Home Corporation, a Delaware corporation ("Grantor") and the City of Lino Lakes, a municipal corporation under the laws of Minnesota ("Grantee").

### Recitals

A. Grantor is the fee owner of the following described property in Anoka County, Minnesota (the "Property"):

Outlots E, G, J, M, and N, WATERMARK, Outlot A, WATERMARK 2<sup>nd</sup> ADDITION, Outlot A, WATERMARK 3<sup>rd</sup> ADDITION, and Outlots A, B, and D, WATERMARK 4<sup>th</sup> ADDITION, according to the recorded plats thereof.

B. Pursuant to Section 7.2 of that certain Master Development Agreement (the "Development Contract") by and between Grantor and Grantee, dated on or about the date hereof, Grantor is required to grant to Grantee an open space easement over portions of the Property.

C. Grantor desires to fulfill its obligations under the Development Contract with respect to the obligations set forth in Section 7.2 thereof, and therefore, for good and valuable consideration, Grantee and Grantor hereby agree on the terms and conditions set forth herein.

### Terms of Agreement

1. Grant of Open Space Easement. For good and valuable consideration, receipt of which is acknowledged by Grantor, the Grantor grants and conveys to the Grantee an open space easement (the "Easement") over the Property owned by Grantor described as follows ("Easement Area"):

A permanent easement for open space, access and management in accordance with the Parks and Open Space Plan set forth in **Exhibit D** of the Development Contract, and the Restoration and Management Plan set forth in **Exhibit F** of the Development Contract.

2. Scope of Easement; Confinement; Exceptions.

2.1 The easement includes the right of the Grantee, its contractors, agents, and employees to enter upon said Easement Area at all reasonable times for all purposes as set forth in the Development Contract, including but not limited to the right of Grantee to utilize the Easement Area in a manner consistent with **Exhibit D** of the Development Contract.

2.2 Notwithstanding anything to the contrary in this Agreement, the Easement granted herein (i) shall not encumber any portion of the Property that is intended to and ultimately does contain improvements, such as roads, trails, parks, sidewalks or other improvements, as authorized or contemplated by the Development Contract or any Development Agreement for separate phases of the Property, and (ii) shall not prohibit Grantor from grading or performing construction or development work or staging activities on portions of the Property authorized for such work pursuant to the Development Contract or any Development Agreement for separate phases of the Property.

3. Environmental Matters. Grantee undertakes no responsibility hereunder for any costs, expenses, damages, demands, obligations, including penalties and reasonable attorney's fees, or losses resulting from any claims, actions, suits or proceedings based upon a release of any hazardous substances, pollutants, or contaminants on or under the Easement Area occurring prior to the date of this instrument.

4. Binding Effect. The terms and conditions of this instrument shall run with the land and be binding on the Grantor, and their respective successors and assigns.

(The remainder of this page left blank intentionally.)

**SIGNATURES**

**GRANTOR**

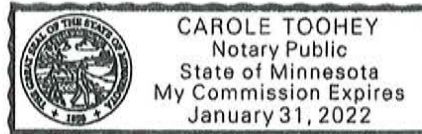
**U.S. HOME CORPORATION**

By: [Signature]  
Jon Aune  
Vice President

STATE OF MINNESOTA    )  
  ) SS  
COUNTY OF Hennepin    )

On this 4th day of June, 2021, before me, a Notary Public within and for said County, personally appeared Jon Aune, the Vice President of U.S. Home Corporation, a Delaware corporation, who executed the foregoing instrument on behalf of the corporation.

[Signature]  
Notary Public



**GRANTEE  
CITY OF LINO LAKES**

By: \_\_\_\_\_  
Mayor Rob Rafferty

Attest:

\_\_\_\_\_  
Julie Bartell, City Clerk

STATE OF MINNESOTA    )  
                                      ) SS  
COUNTY OF ANOKA                )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2021,  
by Rob Rafferty as Mayor of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA    )  
                                      ) SS  
COUNTY OF ANOKA                )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Julianne Bartell as City Clerk of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT DRAFTED BY:  
City of Lino Lakes  
600 Town Center Parkway  
Lino Lakes, MN 55014

**EXHIBIT A**

**DEPICTION OF ANTICIPATED CONFINED EASEMENT AREA**

[See following 1 page.]



CITY OF LIND LAKES  
COUNTY OF ANOKA  
SEC. 12 & 13, TWP. 31, RGE. 22

SEC. 12 & 13, TWP. 31, RGE. 22

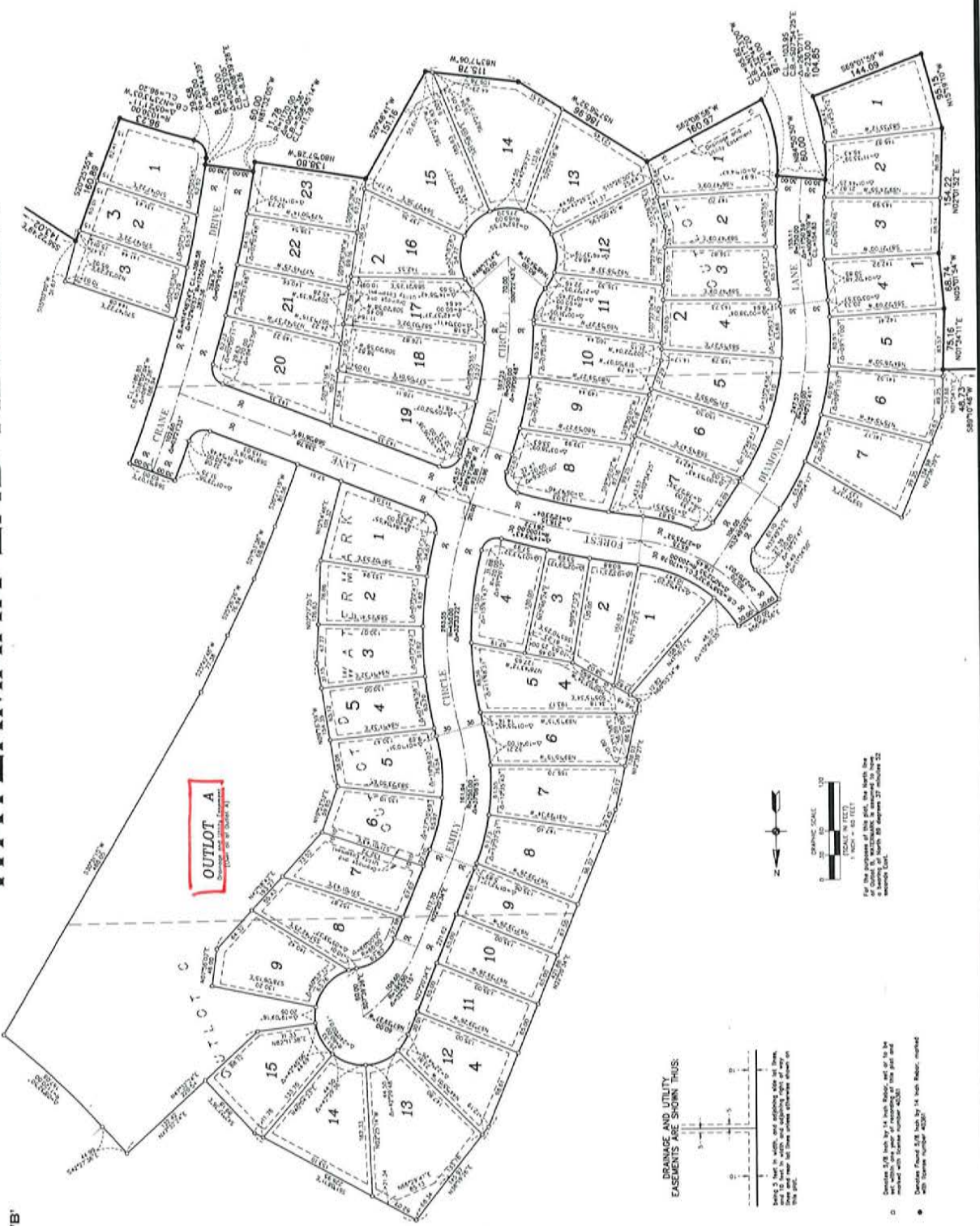


# WATERMARK 2ND ADDITION

CITY OF LINO LAKES  
COUNTY OF ANOKA  
SEC. 13, TWP. 31, RGE. 22

**Carlson  
McCain**  
ENVIRONMENTAL ENGINEERING SURVEYING

SHEET 3 OF 3 SHEETS



INSET 'B'

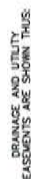
DRAINAGE AND UTILITY  
EASEMENTS ARE SHOWN THUS:



For this plat, the north arrow is pointing to North 88 degrees 22 minutes 22 seconds East.

- 1. Section 5.08 feet by 14 feet wide, set or to be set within one year of recording of this plat and marked with survey number 42021.
- 2. Section 5.08 feet by 14 feet wide, marked with survey number 42021.





DRAINAGE AND UTILITY  
EASEMENTS ARE SHOWN THUS:



(SCALE IN FEET)  
1 INCH = 50 FEET



CITY OF LINO LAKES  
COUNTY OF ANOKA  
SEC. 13, TWP. 31, RGE. 22



**CITY COUNCIL  
AGENDA ITEM 1L**

STAFF ORIGINATOR: Katie Larsen, City Planner

MEETING DATE: June 14, 2021

TOPIC: Consider Resolution No. 21-54 Extending the Recording Date for the Final Plat of Natures Refuge

VOTE REQUIRED: 3/5

**INTRODUCTION**

The developer, Preferred Builders, Inc., is requesting an additional 90 day extension for recording the final plat of Natures Refuge.

**BACKGROUND**

On September 14, 2020, the City Council passed Resolution No. 20-81 approving the final plat for Natures Refuge. Per Subdivision Ordinance Section 1001.059(3), the developer shall record the plat within 90 days after the date of approval, otherwise the approval of the final plat shall be considered void, unless the developer requests and receives an extension from the City Council. On December 14, 2020, the City Council passed Resolution No. 20-161 extending the recording date for the final plat to March 13, 2021. On March 22, 2021, Council approved Resolution No. 21-24 extending the recording date another 90 days to June 11, 2021.

Staff recently met with the developer and they are asking for another 90 day extension. They are proposing to buildout the development in 2 or 3 phases and are requesting additional time to put together a phasing plan.

An additional 90 day extension would make the new recording deadline September 12, 2021.

**RECOMMENDATION**

Staff recommends approval of Resolution No. 21-54 granting an additional 90 day extension to September 12, 2021 for recording the final plat and related documents for Natures Refuge.

**ATTACHMENTS**

1. Resolution No. 21-54



**CITY OF LINO LAKES  
RESOLUTION NO. 21-54**

**RESOLUTION EXTENDING THE RECORDING DATE FOR THE  
FINAL PLAT OF NATURES REFUGE**

**WHEREAS**, review and approvals of plats are governed by Minnesota Statutes and City of Lino Lakes ordinances; and

**WHEREAS**, the final plat for Natures Refuge was approved by the City Council on September 14, 2020 with Resolution No. 20-81; and

**WHEREAS**, the City's Subdivision Ordinance Section 1001.059(3) states the developer shall record the plat within 90 days after the date of approval, otherwise the approval of the final plat shall be considered void, unless the developer requests and receives an extension from the City Council; and

**WHEREAS**, on December 14, 2020, the City Council passed Resolution No. 20-161 extending the original recording date for the final plat of Natures Refuge to March 13, 2021; and

**WHEREAS**, on March 22, 2021, the City Council passed Resolution No. 21-24 extending the recording date again to June 11, 2021; and

**WHEREAS**, the developer, Preferred Builders, Inc. has requested another 90 day extension to record the final plat.

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes that the recording date deadline for the final plat and related documents for Natures Refuge has been extended to September 12, 2021.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

**CITY COUNCIL  
AGENDA ITEM 1M**

STAFF ORIGINATOR: Julie Bartell, City Clerk

MEETING DATE: June 14, 2021

TOPIC: Liquor License Fee Waiver

VOTE REQUIRED: 3/5

**BACKGROUND**

The City issues licenses for on-sale intoxicating beverages. The annual license period runs from July 1<sup>st</sup> through June 30<sup>th</sup>. Restaurants and bars in the City that hold these licenses have been greatly impacted by Governor Walz's mandated closures and regulations related to the COVID 19 virus emergency.

City staff has been looking at measures to provide relief to impacted establishments for the coming liquor license period. Many cities have approved or are considering liquor license fee waivers. The State of Minnesota has waived their 2 a.m. option and catering permit fees for liquor licenses for 2021.

In an effort to provide support to Lino Lakes' businesses, the council previously authorized the refund of four months of license fees as liquor license holders were unable to be open to the public. At this point, license holders have received a two month refund. The additional two month credit is approved to be applied on the 2021-2022 renewals.

At the June 7<sup>th</sup> work session, the City Council discussed and indicated support for a waiver of an additional 10 months for the 2021-2022 annual license period. The refund would apply only to On-Sale Liquor, On-Sale Wine, On-Sale Beer, On-Sale Club, On-Sale Taproom and Sunday Sales licenses.

Under recent American Rescue Plan Act guidance, the City may use its allocated funds to provide assistance to small businesses to mitigate financial hardship.

**RECOMMENDATION**

Consider of waiver of 10 months of liquor license fees for the 2021-2022 annual license period. The waiver would apply only to On-Sale Liquor, On-Sale Wine, On-Sale Beer, On-Sale Club, On-Sale Taproom and Sunday Sales licenses.

**ATTACHMENTS**

List of On-Sale Intoxicating Beverage Licenses/Fee Refunds



| <b>License Type</b>   | <b>Business Name</b>  | <b>Type of License</b> | <b>12 Month Fee for License</b> |              |
|---|-----------------------|------------------------|---------------------------------|--------------|
| Liquor  | American Legion       | On-Sale Club/Sunday    | \$300/\$200                     | \$500.00     |
| Liquor  | The Tavern on Main    | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | Trapper's Bar & Grill | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | Chomonix Golf Course  | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | Fiesta Cancun         | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | Don Julio             | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | El Zocala Grill       | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| Liquor  | Hammerheart           | TR On-Sale/Sunday      | \$500/\$200                     | \$700.00     |
| Liquor  | Chili Sushi & Thai    | Beer/Wine              | \$300/\$500                     | \$800.00     |
| Liquor  | Campanelle            | On-Sale/Sunday         | \$4,500/\$200                   | \$4,700.00   |
| <b>Total 2021 American Rescue Plan Proposed Reimbursement</b> |                       |                        |                                 | <b>34900</b> |

**CITY COUNCIL  
AGENDA ITEM 2A**

STAFF ORIGINATOR: Hannah Lynch, Finance Director

MEETING DATE: June 14, 2021

TOPIC: Consider Resolution No. 21-56, Awarding the Sale of \$1,815,000 General Obligation Street Reconstruction Bonds, Series 2021A

VOTE REQUIRED: 3/5

**INTRODUCTION**

The City of Lino Lakes has awarded bids and is undertaking a 2021 Street Improvement Project. As previously discussed, the street reconstruction portion of the project will be financed through the issuance of bonded debt.

**BACKGROUND**

On February 8, 2021, the City Council accepted bids and awarded a construction contract for the 2021 Street Improvement Project. The project includes street reconstruction and street rehabilitation. The street reconstruction portion includes a full depth reclamation, spot subgrade repairs, and culvert replacements in the following areas:

- 4th Avenue between Main Street and Pine Street
- Joyer Lane between Birch Street and Karth Road
- Karth Road between Joyer Lane and the cul-de-sac
- Talle Lane between Karth Road and Canfield Road
- Canfield Road between Talle Lane and Gaage Lane
- Gaage Lane between Canfield Road and Birch Street

In order to finance these improvements, the City planned to issue General Obligation Street Reconstruction Bonds. The street rehabilitation portion of the project will be funded from other sources.

On May 10, 2021, the City Council approved Resolution No. 21-43, providing for the issuance of approximately \$1,815,000 General Obligation Street Reconstruction Bonds, Series 2021A to finance the improvements noted above. The City has since issued its Official Statement and advertised for bids for this issue. Bids are scheduled to be received the morning of June 14 by the City's financial advisor, Baker Tilly. Terri Heaton of Baker Tilly will be in attendance to present the results of the bidding process. Approval of Resolution No. 21-56 awards sale of General Obligation Street Reconstruction Bonds, Series 2021A, in the proposed aggregate principal amount of \$1,815,000.

**RECOMMENDATION**

Staff is recommending approval of Resolution No. 21-56.

## **ATTACHMENTS**

Preliminary Official Statement  
Resolution No. 21-56

PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2021

**NEW ISSUE  
BANK QUALIFIED**

**S&P Rating: Requested**

*In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.*

**\$1,815,000\***

**City of Lino Lakes, Minnesota  
General Obligation Street Reconstruction Bonds, Series 2021A  
(the "Bonds")  
(Book Entry Only)**

**Dated Date: Date of Delivery**

**Interest Due: Each February 1 and August 1,  
commencing February 1, 2022**

The Bonds will mature February 1 in the years and amounts\* as follows:

|      |           |      |           |      |           |      |           |      |           |
|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|
| 2023 | \$175,000 | 2025 | \$175,000 | 2027 | \$180,000 | 2029 | \$185,000 | 2031 | \$190,000 |
| 2024 | \$175,000 | 2026 | \$180,000 | 2028 | \$180,000 | 2030 | \$185,000 | 2032 | \$190,000 |

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030 at a price of par plus accrued interest.

The Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. The proceeds of the Bonds will be used to finance costs of various street reconstruction projects as identified in the City's 2020-2024 Street Reconstruction Plan, approved on June 22, 2020.

Proposals shall be for not less than \$1,800,480 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about July 15, 2021.

**PROPOSALS RECEIVED: Monday, June 14, 2021 until 10:00 A.M., Central Time**  
**CONSIDERATION OF AWARD: Council meeting commencing at 6:30 P.M., Central Time on Monday, June 14, 2021**



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

\* Preliminary; subject to change.

# **CITY OF LINO LAKES, MINNESOTA**

## **CITY COUNCIL**

|                   |                |
|-------------------|----------------|
| Rob Rafferty      | Mayor          |
| Tony Cavegn       | Council Member |
| Christopher Lyden | Council Member |
| Michael Ruhland   | Council Member |
| Dale Stoesz       | Council Member |

## **CITY ADMINISTRATOR**

Sarah Cotton

## **FINANCE DIRECTOR**

Hannah Lynch

## **MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC  
Saint Paul, Minnesota

## **BOND COUNSEL**

Kennedy & Graven, Chartered  
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

**TERMS OF PROPOSAL**

**\$1,815,000\***

**CITY OF LINO LAKES, MINNESOTA**

**GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2021A**

**(BOOK ENTRY ONLY)**

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Lino Lakes, Minnesota (the “City”) on Monday, June 14, 2021 (the “Sale Date”) until 10:00 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

**SUBMISSION OF PROPOSALS**

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to [bondservice@bakertilly.com](mailto:bondservice@bakertilly.com) or by fax (651) 223-3046, and must be received prior to the Sale Time.

**OR**

(b) **Electronic Bidding.** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018  
Customer Support: (212) 849-5000

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\* *Preliminary; subject to change.*



## DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2022. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts\* as follows:

|      |           |      |           |      |           |      |           |      |           |
|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|
| 2023 | \$175,000 | 2025 | \$175,000 | 2027 | \$180,000 | 2029 | \$185,000 | 2031 | \$190,000 |
| 2024 | \$175,000 | 2026 | \$180,000 | 2028 | \$180,000 | 2030 | \$185,000 | 2032 | \$190,000 |

\* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

## BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

## OPTIONAL REDEMPTION

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds of the Bonds will be used to finance various street reconstruction projects as identified in the City's 2020-2024 Street Reconstruction Plan, approved on June 22, 2020.

## BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## BIDDING PARAMETERS

Proposals shall be for not less than \$1,800,480 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

#### GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$18,150 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

#### BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

## CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

## SETTLEMENT

On or about July 15, 2021, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

## CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

## OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email [bondservice@bakertilly.com](mailto:bondservice@bakertilly.com). The Preliminary Official Statement will also be made available at <https://connect.bakertilly.com/bond-sales-calendar>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated May 10, 2021

BY ORDER OF THE CITY COUNCIL

/s/ Julie Bartell  
City Clerk

## **OFFICIAL STATEMENT**

**\$1,815,000\***

**CITY OF LINO LAKES, MINNESOTA**

**GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2021A**

**(BOOK ENTRY ONLY)**

### **INTRODUCTORY STATEMENT**

#### **General**

This Official Statement contains certain information relating to the City of Lino Lakes, Minnesota (the “City”) and its issuance of \$1,815,000\* General Obligation Street Reconstruction Bonds, Series 2021A (the “Bonds”). The Bonds are general obligations of the City for which it pledges its full faith and credit and power to levy direct general ad valorem taxes.

Inquiries may be directed to Ms. Hannah Lynch, Finance Director, City of Lino Lakes, 600 Town Center Parkway, Lino Lakes, Minnesota 55014, by telephoning (651) 982-2405, or by emailing HLynch@linolakes.us. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bondservice@bakertilly.com.

#### **Potential Impacts Resulting from Coronavirus (COVID-19)**

On March 11, 2020, the World Health Organization proclaimed the novel strain of Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state, and local governments, including the City, continue efforts to contain and limit the spread of COVID-19, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the City and its ability to fund debt obligations, including the Bonds, in accordance with their terms. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City or its financial position.

As of the date of this Official Statement, the City has received CARES Act funding from the State of Minnesota in the amount of \$1,608,289 which has been allocated as follows: \$86,231 for budgeted personnel and services; \$53,522 for telework capabilities; \$1,356,659 for public health; \$33,666 for personal protective equipment (PPE); \$48,471 for payroll for public health and safety employees; and \$29,740 for other expenses.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as the same may be amended

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\* Preliminary; subject to change.

from time to time, and official interpretations thereof (the “Rule”), pursuant to the resolution awarding the sale of the Bonds (the “Resolution”), the City has entered into an undertaking (the “Undertaking”) for the benefit of holders including beneficial owners of the Bonds to provide certain financial information and operating data relating to the City to the Electronic Municipal Market Access system (“EMMA”) annually, and to provide notices of the occurrence of certain events enumerated in the Rule to EMMA or the Municipal Securities Rulemaking Board (the “MSRB”). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Undertaking to be executed and delivered at the time the Bonds are delivered in substantially the form attached hereto as Appendix II.

Except as noted below, the City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. In reviewing its past disclosure practices, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City’s audited financial statements would be filed “as soon as available.” Although not always filed “as soon as available,” the audited financial statements were filed within the required twelve (12) month timeframe as required in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds or under any provisions of the Resolution (although holders will have any other available remedy at law or in equity subject to certain limitations). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **THE BONDS**

### **General Description**

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2022. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book Entry System.” U.S. Bank National Association, Saint Paul, Minnesota will serve as Registrar for the Bonds, and the City will pay for registrar services.

### **Redemption Provisions**

Thirty days’ written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

### **Optional Redemption**

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption,

the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

### **Book Entry System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in

effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, specifically Section 475.58, subd. 3b, and the City's 2020-2024 Street Reconstruction Plan, which was approved by the City Council on June 22, 2020 (the "Plan"). The proceeds of the Bonds will be used to finance costs of various street reconstruction projects identified in the Plan.



## **SOURCES AND USES OF FUNDS**

The composition of the Bonds is estimated to be as follows:

|  |                    |
|--|--------------------|
| Sources of Funds:                          |                    |
| Principal Amount                           | <u>\$1,815,000</u> |
| Total Sources of Funds                     | \$1,815,000        |
| Uses of Funds:                             |                    |
| Deposit to Project Fund                    | \$1,750,000        |
| Costs of Issuance                          | 39,956             |
| Underwriter's Compensation                 | 14,520             |
| Deposit to Capitalized Interest (CIF) Fund | <u>10,524</u>      |
| Total Uses of Funds                        | \$1,815,000        |

## **SECURITY AND FINANCING**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City will make its first levy for the Bonds in 2021 for collection in 2022. Capitalized interest has been included in the par amount of the Bonds to make the February 1, 2022 interest payment due on the Bonds. Thereafter, each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

## **FUTURE FINANCING**

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

## **LITIGATION**

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

## **LEGALITY**

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

## **TAX EXEMPTION**

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Resolution, the interest on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Resolution may result in the inclusion of interest on the Bonds in gross income of the owners thereof for federal income tax purposes and in net taxable income of individuals, estates, and trusts for Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **Original Issue Premium**

All or certain maturities of the Bonds (the "Premium Bonds") may be sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of the Bonds over its stated redemption price at maturity constitutes a premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize the premium over the term of the Premium Bond using

constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

### **Original Issue Discount**

All or certain maturities of the Bonds (the "Discount Bonds") may be sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased at a price that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning such Discount Bonds.

### **BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **RATING**

Application for a rating of the Bonds has been made to S&P Global Ratings (“S&P”), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Bonds (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

### *Municipal Advisor Registration:*

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

### *Other Financial Industry Activities and Affiliations:*

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC (“BTIS”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority. BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC (“BTF”), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

### **CERTIFICATION**

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each document and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

## CITY PROPERTY VALUES

### Trend of Values<sup>(a)</sup>

| Assessment/<br>Collection<br>Year | Assessor's<br>Estimated<br>Market Value | Sales<br>Ratio <sup>(b)</sup> | Economic<br>Market Value <sup>(c)</sup> | Market Value<br>Homestead<br>Exclusion | Taxable<br>Market Value | Adjusted<br>Taxable Net<br>Tax Capacity |
|-----------------------------------|---|-------------------------------|---|--|-------------------------|---|
| 2020/21                           | \$2,540,177,800                         | N/A                           | N/A                                     | \$59,196,390                           | \$2,435,156,410         | \$27,800,937                            |
| 2019/20                           | 2,384,497,900                           | 94.0%                         | \$2,539,471,091                         | 45,109,714                             | 2,294,753,477           | 26,145,695                              |
| 2018/19                           | 2,183,201,500                           | 92.9                          | 2,348,967,021                           | 71,760,604                             | 2,082,803,803           | 23,969,208                              |
| 2017/18                           | 2,062,069,400                           | 94.0                          | 2,193,275,173                           | 74,831,995                             | 1,959,826,108           | 22,666,480                              |
| 2016/17                           | 1,912,116,700                           | 93.2                          | 2,050,592,347                           | 81,545,887                             | 1,808,417,118           | 20,973,767                              |

(a) For a description of the Minnesota property tax system, see Appendix III.

(b) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <http://www.revenue.state.mn.us/propertytax/Pages/statistics-emv.aspx> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

(c) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <http://www.revenue.state.mn.us/propertytax/Pages/statistics-emv.aspx> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Anoka County, Minnesota, April 2021, except as otherwise noted.

### 2020/21 Adjusted Taxable Net Tax Capacity: \$27,800,937\*

|  |                  |            |
|--|------------------|------------|
| Real Estate:                               |                  |            |
| Residential Homestead                      | \$20,103,968     | 75.9%      |
| Commercial/Industrial and Public Utility   | 3,709,253        | 14.0       |
| Residential Non-Homestead                  | 1,825,225        | 6.9        |
| Agricultural and Seasonal Recreational     | 322,788          | 1.2        |
| Personal Property                          | <u>530,211</u>   | <u>2.0</u> |
| 2020/21 Net Tax Capacity                   | \$26,491,445     | 100.0%     |
| Less: Captured Tax Increment               | (845,716)        |            |
| Contribution to Fiscal Disparities         | (1,537,086)      |            |
| Plus: Distribution from Fiscal Disparities | <u>3,692,294</u> |            |
| 2020/21 Adjusted Taxable Net Tax Capacity  | \$27,800,937     |            |

\* Excludes mobile home valuation of \$13,906.

## Ten of the Largest Taxpayers in the City

| <u>Taxpayer</u>              | <u>Type of Property</u> | <u>2020/21 Net Tax Capacity</u> |
|------------------------------|-------------------------|---------------------------------|
| AX Lino Lakes LP             | Commercial              | \$ 398,754                      |
| Biynah MN WI LLC             | Industrial              | 349,912                         |
| US Home                      | Residential             | 243,725                         |
| Target Corporation           | Retail                  | 239,248                         |
| Xcel Energy                  | Utility                 | 231,476                         |
| Minnegasco Inc.              | Utility                 | 176,296                         |
| Lino Lakes Assisted Living   | Residential             | 167,796                         |
| LLAH Limited Partnership     | Residential             | 144,733                         |
| Gargaro Properties Inc.      | Industrial              | 123,474                         |
| Tomas Commercial Real Estate | Industrial              | <u>104,240</u>                  |
| Total                        |                         | \$2,179,654*                    |

\* Represents 7.8% of the City's 2020/21 adjusted taxable net tax capacity.

## CITY INDEBTEDNESS

### Legal Debt Limit and Debt Margin\*

|   |                     |
|---|---------------------|
| Legal Debt Limit (3% of 2020/21 Estimated Market Value) | \$ 76,205,334       |
| Less: Outstanding Debt Subject to Limit                 | <u>(13,143,720)</u> |
| Legal Debt Margin as of July 15, 2021                   | \$ 63,061,614       |

\* The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

### General Obligation Debt Supported Solely by Taxes\*

| <u>Date of Issue</u> | <u>Original Amount</u> | <u>Purpose</u>                    | <u>Final Maturity</u> | <u>Est. Principal Outstanding As of 7-15-21</u> |
|----------------------|------------------------|-----------------------------------|-----------------------|---|
| 11-15-12             | \$1,580,000            | Improvements                      | 2-1-2024              | \$ 490,000                                      |
| 5-28-15              | 2,635,000              | Street Reconstruction             | 2-1-2031              | 1,870,000                                       |
| 1-16-16              | 294,525                | Capital Equipment                 | 2-1-2026              | 136,950   |
| 2-1-18               | 303,900                | Equipment Certificates            | 12-31-2021            | 100,000   |
| 12-19-18             | 4,950,000              | Street Reconstruction             | 2-1-2034              | 4,690,000                                       |
| 2-1-19               | 388,535                | Equipment Certificates            | 12-31-2022            | 262,535   |
| 1-1-2020             | 294,235                | Certificates of Indebtedness      | 12-31-2023            | 294,235   |
| 7-15-21              | 1,815,000              | Street Reconstruction (the Bonds) | 2-1-2032              | <u>1,815,000</u>                                |
| Total                |                        |                                   |                       | \$9,658,720                                     |

\* These issues are subject to the legal debt limit.

**General Obligation Special Assessment Debt**

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u>       | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 7-15-21</u> |
|--------------------------|----------------------------|----------------------|---------------------------|---|
| 7-15-13                  | \$ 615,000                 | Taxable Improvements | 2-1-2024                  | \$195,000   |
| 11-20-14                 | 1,510,000                  | Improvements         | 2-1-2026                  | <u>175,000</u>  |
| Total                    |                            |                      |                           | \$370,000   |

**General Obligation Tax Increment Debt**

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u> | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 7-15-21</u> |
|--------------------------|----------------------------|----------------|---------------------------|---|
| 7-15-07                  | \$4,215,000                | Tax Increment  | 2-1-2024                  | \$790,000   |

**General Obligation Tax Abatement Debt**

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u>          | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 7-15-21</u> |
|--------------------------|----------------------------|-------------------------|---------------------------|---|
| 5-28-15                  | \$460,000                  | Tax Abatement           | 2-1-2026                  | \$235,000   |
| 11-23-16                 | 1,600,000                  | Tax Abatement Refunding | 2-1-2023                  | <u>595,000</u>  |
| Total                    |                            |                         |                           | \$830,000   |

**General Obligation Utility Revenue Debt**

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u>                  | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 7-15-21</u> |
|--------------------------|----------------------------|---------------------------------|---------------------------|---|
| 11-20-14                 | \$1,135,000                | Water Revenue                   | 2-1-2025                  | \$ 475,000  |
| 11-23-16                 | 1,420,000                  | Water Utility Revenue           | 2-1-2027                  | 875,000   |
| 12-19-18                 | 1,670,000                  | Water and Sewer Utility Revenue | 2-1-2034                  | 1,520,000   |
| 12-19-18                 | 295,000                    | Water Utility Revenue           | 2-1-2029                  | 250,000   |
| 7-8-20                   | 4,330,000                  | Water Tower #3                  | 2-1-2035                  | <u>4,055,000</u>  |
| Total                    |                            |                                 |                           | \$7,175,000   |



## Lease Obligations\*

| <u>Date of Issue</u> | <u>Original Amount</u> | <u>Purpose</u> | <u>Final Maturity</u> | <u>Est. Principal Outstanding As of 7-15-21</u> |
|----------------------|------------------------|----------------|-----------------------|---|
| 6-18-15              | \$4,350,000            | Fire Station   | 4-1-2036              | \$3,485,000                                     |

\* *These bonds were issued by the Lino Lakes Economic Development Authority, Minnesota (the "Authority") and are payable from annual appropriation lease payments made by the City to the Authority pursuant to a lease agreement. This issue is subject to the legal debt limit.*

## Estimated Calendar Year Debt Service Payments Including the Bonds

| <u>Year</u>    | <u>G.O. Debt Supported<br/>Solely by Taxes</u> |   | <u>G.O. Special<br/>Assessment Debt</u> |                                 |
|----------------|--|---|---|---------------------------------|
|                | <u>Principal</u>                               | <u>Principal &amp; Interest<sup>(a)</sup></u> | <u>Principal</u>                        | <u>Principal &amp; Interest</u> |
| 2021 (at 7-15) | \$ 359,000                                     | \$ 489,632                                    | (Paid)                                  | \$ 5,729                        |
| 2022           | 859,360  | 1,113,105                                     | \$ 100,000                              | 109,851                         |
| 2023           | 929,885  | 1,159,533                                     | 100,000                                 | 106,604                         |
| 2024           | 855,475  | 1,061,463                                     | 100,000                                 | 103,286                         |
| 2025           | 670,000  | 855,968                                       | 35,000                                  | 36,208                          |
| 2026           | 685,000  | 851,978                                       | 35,000                                  | 35,402                          |
| 2027           | 755,000  | 898,926                                       |   |                                 |
| 2028           | 735,000  | 854,324                                       |   |                                 |
| 2029           | 760,000  | 857,541                                       |   |                                 |
| 2030           | 775,000  | 853,195                                       |   |                                 |
| 2031           | 800,000  | 857,268                                       |   |                                 |
| 2032           | 605,000  | 643,176                                       |   |                                 |
| 2033           | 430,000  | 452,657                                       |   |                                 |
| 2034           | <u>440,000</u>                                 | <u>447,700</u>                                |   |                                 |
| Total          | \$9,658,720 <sup>(b)</sup>                     | \$11,396,466                                  | \$370,000                               | \$397,080                       |

(a) *Includes estimated debt service on the Bonds.*

(b) *76.5% of this debt will be retired within ten years.*

**Estimated Calendar Year Debt Service Payments Including the Bonds  
(Continued)**

| <u>Year</u>    | <u>G.O. Tax<br/>Increment Debt</u> |                                     | <u>G.O. Tax<br/>Abatement Debt</u> |                                     |
|----------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                | <u>Principal</u>                   | <u>Principal<br/>&amp; Interest</u> | <u>Principal</u>                   | <u>Principal<br/>&amp; Interest</u> |
| 2021 (at 7-15) | (Paid)                             | \$ 16,263                           | (Paid)                             | \$ 6,730                            |
| 2022           | \$245,000                          | 272,504                             | \$335,000                          | 345,980                             |
| 2023           | 265,000                            | 282,016                             | 350,000                            | 355,763                             |
| 2024           | 280,000                            | 285,775                             | 45,000                             | 47,575                              |
| 2025           |                                    |                                     | 50,000                             | 51,625                              |
| 2026           |                                    |                                     | <u>50,000</u>                      | <u>50,563</u>                       |
| Total          | \$790,000                          | \$856,558                           | \$830,000                          | \$858,236                           |

| <u>Year</u>    | <u>G.O. Utility<br/>Revenue Debt</u> |                                     | <u>Lease Obligations</u>   |                                     |
|----------------|--------------------------------------|-------------------------------------|----------------------------|-------------------------------------|
|                | <u>Principal</u>                     | <u>Principal<br/>&amp; Interest</u> | <u>Principal</u>           | <u>Principal<br/>&amp; Interest</u> |
| 2021 (at 7-15) | (Paid)                               | \$ 110,821                          | (Paid)                     | \$ 58,394                           |
| 2022           | \$ 600,000                           | 811,760                             | \$ 185,000                 | 299,013                             |
| 2023           | 615,000                              | 806,608                             | 190,000                    | 298,388                             |
| 2024           | 640,000                              | 810,446                             | 200,000                    | 302,538                             |
| 2025           | 660,000                              | 809,206                             | 205,000                    | 301,463                             |
| 2026           | 550,000                              | 687,682                             | 210,000                    | 300,238                             |
| 2027           | 570,000                              | 677,881                             | 215,000                    | 298,863                             |
| 2028           | 440,000                              | 527,706                             | 220,000                    | 297,338                             |
| 2029           | 460,000                              | 529,757                             | 230,000                    | 300,588                             |
| 2030           | 435,000                              | 491,381                             | 235,000                    | 298,613                             |
| 2031           | 450,000                              | 496,147                             | 245,000                    | 301,106                             |
| 2032           | 460,000                              | 495,444                             | 250,000                    | 298,063                             |
| 2033           | 470,000                              | 494,338                             | 260,000                    | 298,800                             |
| 2034           | 480,000                              | 492,788                             | 270,000                    | 298,200                             |
| 2035           | 345,000                              | 348,450                             | 280,000                    | 297,200                             |
| 2036           |                                      |                                     | <u>290,000</u>             | <u>295,800</u>                      |
| Total          | \$7,175,000 <sup>(a)</sup>           | \$8,581,415                         | \$3,485,000 <sup>(b)</sup> | \$4,544,605                         |

<sup>(a)</sup> 76.0% of this debt will be retired within ten years.

<sup>(b)</sup> 61.3% of this debt will be retired within ten years.

## Overlapping Debt

| <u>Taxing Unit<sup>(a)</sup></u> | 2020/21                                      | Est. G.O. Debt<br><u>As of 7-15-21<sup>(b)</sup></u> | <u>Debt Applicable to<br/>Tax Capacity in City</u> |               |
|----------------------------------|--|--|--|---------------|
|                                  | <u>Adjusted Taxable<br/>Net Tax Capacity</u> |  | <u>Percent</u>                                     | <u>Amount</u> |
| Anoka County                     | \$ 453,476,406                               | \$ 52,995,000 <sup>(c)</sup>                         | 6.1%   | \$ 3,232,695  |
| ISD No. 12 (Centennial)          | 45,479,432                                   | 81,420,049   | 43.1   | 35,092,041    |
| ISD No. 624 (White Bear Lake)    | 103,793,266                                  | 299,000,000  | 3.1  | 9,269,000     |
| ISD No. 831 (Forest Lake)        | 70,566,281                                   | 156,965,000  | 7.1  | 11,144,515    |
| Metropolitan Council             | 4,576,186,304 <sup>(d)</sup>                 | 8,825,000 <sup>(e)</sup>                             | 0.6  | 52,950        |
| Metropolitan Transit             | 3,662,962,426 <sup>(d)</sup>                 | 187,200,000  | 0.8  | 1,497,600     |
| Total                            |  |  |  | \$60,288,801  |

<sup>(a)</sup> Only those units with outstanding general obligation debt are shown here.

<sup>(b)</sup> Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

<sup>(c)</sup> Includes certificates of participation.

<sup>(d)</sup> Valuation from 2019/20. 2020/2021 valuations are not yet available.

<sup>(e)</sup> Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

## Debt Ratios\*

|  | <u>G.O.<br/>Direct Debt</u> | <u>G.O. Direct &amp;<br/>Overlapping Debt</u> |
|--|-----------------------------|---|
| To 2020/21 Estimated Market Value (\$2,540,177,800)      | 0.60%                       | 2.97%   |
| Per Capita (21,995 – 2019 MN State Demographer Estimate) | \$688                       | \$3,429                                       |

\* Excludes general obligation utility revenue debt and includes lease obligations.

## CITY TAX RATES, LEVIES AND COLLECTIONS

### Tax Capacity Rates for a City Resident in Independent School District No. 12 (Centennial)

|                                  |                |                |                |                | <u>2020/21</u> |                          |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|
|                                  | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>2019/20</u> | <u>Total</u>   | <u>For<br/>Debt Only</u> |
| Anoka County <sup>(a)</sup>      | 37.273%        | 35.820%        | 34.908%        | 33.483%        | 31.469%        | 2.491%                   |
| City of Lino Lakes               | 45.140         | 42.826         | 41.817         | 39.870         | 40.109         | 6.874                    |
| ISD No. 12                       |                |                |                |                |                |                          |
| (Centennial) <sup>(b)</sup>      | 29.097         | 34.970         | 35.984         | 34.059         | 31.572         | 20.304                   |
| Special Districts <sup>(c)</sup> | <u>5.378</u>   | <u>5.172</u>   | <u>4.865</u>   | <u>4.643</u>   | <u>4.518</u>   | <u>1.681</u>             |
| Total                            | 116.888%       | 118.788%       | 117.574%       | 112.055%       | 107.668%       | 31.350%                  |

<sup>(a)</sup> Includes Anoka County Library and County/City Radio.

<sup>(b)</sup> Independent School District No. 12 (Centennial) also has a 2020/21 tax rate of 0.24786% spread on the market value of property in support of an excess operating levy.

<sup>(c)</sup> Special districts include Metropolitan Council, Metropolitan Transit District, Metropolitan Mosquito Control, Rice Creek Watershed, and Anoka County Railroad Authority.

NOTE: This table includes only net tax capacity based rates. Certain other tax rates are based on market value. See Appendix III.

## Tax Levies and Collections

| <u>Levy/Collect</u> | <u>Net<br/>Levy*</u> | <u>Collected During<br/>Collection Year</u> |                            | <u>Collected and/or Abated<br/>As of 12-31-20</u> |                |
|---------------------|----------------------|---|----------------------------|---|----------------|
|                     |                      | <u>Amount</u>                               | <u>Percent</u>             | <u>Amount</u>                                     | <u>Percent</u> |
| 2020/21             | \$11,138,354         |   | (In Process of Collection) |   |                |
| 2019/20             | 10,486,646           | \$10,389,799                                | 99.1%                      | \$10,393,485                                      | 99.1%          |
| 2018/19             | 10,050,225           | 9,969,413                                   | 99.2                       | 10,027,322  | 99.8           |
| 2017/18             | 9,771,791            | 9,724,860                                   | 99.5                       | 9,763,721   | 99.9           |
| 2016/17             | 9,486,823            | 9,447,023                                   | 99.6                       | 9,481,882   | 99.9           |

\* The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.

## FUNDS ON HAND As of March 31, 2021

|                            |                |
|----------------------------|----------------|
| General Fund               | \$ 7,572,458   |
| Special Revenue Funds      | 744,624        |
| Capital Project Funds      | 17,502,362     |
| Enterprise Fund            | 15,673,463     |
| Debt Service Funds         | 4,218,978      |
| Agency Funds               | <u>147,654</u> |
| Total Cash and Investments | \$45,859,539   |

## INVESTMENTS

As of March 31, 2021, the City had total investments of \$45,020,935, invested in the following manner:

|                              |                   | <u>Percent of<br/>Portfolio</u> |
|------------------------------|-------------------|---------------------------------|
| Checking/CDs/money market    | \$27,223,348      | 60.47%                          |
| U.S. treasuries and agencies | 3,541,852         | 7.87                            |
| Bonds                        | <u>14,255,735</u> | <u>31.66</u>                    |
| Total                        | \$45,020,935      | 100.00%                         |

In October 1997, the City adopted an investment policy that is in accordance with Minnesota Statutes, Chapter 118A. Some highlights of the City's investment policy are as follows:

1. The primary objective is the safety of the principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risks and interest rate risk.
  - a. Investments will be limited to those investments specified in Minnesota Statutes, Chapter 118A.

- b. Annually appointing the financial institutions, brokers/dealers, intermediaries and advisors.
  - c. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
  - d. Investing funds in primarily shorter-term securities.
- 2. The secondary objective is to have the portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- 3. The third objective is to attain a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.
- 4. The Director of Finance and his/her appointed employees in case of unavailability are authorized to manage the investment program. A system of internal controls shall be followed and shall be designed to prevent losses from theft or misuse to provide reasonable assurance that the objectives are met.
- 5. The Director of Finance will prepare an investment report monthly for the City Administrator.
- 6. All City Funds must be invested with financial institutions authorized to provide investment services per statute 118A.06, with representatives who are licensed and with institutions which have a minimum capital requirement of \$5 million and at least five years of operation.

## GENERAL INFORMATION CONCERNING THE CITY

The City is located in southeast Anoka County, approximately 20 miles north of the City of Saint Paul. The City is part of the Minneapolis/Saint Paul metropolitan area and covers an area of approximately 33 square miles (21,120 acres).

### Population

The City's population trend is shown below.

|                                    | <u>Population</u> | <u>Percent<br/>Change</u> |
|------------------------------------|-------------------|---------------------------|
| 2019 MN State Demographer Estimate | 21,995            | 8.8%                      |
| 2010 U.S. Census                   | 20,216            | 20.4                      |
| 2000 U.S. Census                   | 16,791            | 90.7                      |
| 1990 U.S. Census                   | 8,807             | 77.3                      |
| 1980 U.S. Census                   | 4,966             | --                        |

Sources: Minnesota State Demographic Center, [mn.gov/admin/demography](http://mn.gov/admin/demography) and United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past five years is as follows:

| <u>Data Year/<br/>Report Year</u> | <u>0-17</u> | <u>18-34</u> | <u>35-64</u> | <u>65 and Over</u> |
|-----------------------------------|-------------|--------------|--------------|--------------------|
| 2020/21                           | 5,073       | 5,574        | 9,610        | 2,571              |
| 2019/20                           | 5,076       | 5,426        | 9,686        | 2,331              |
| 2018/19                           | 5,075       | 5,274        | 9,761        | 2,132              |
| 2017/18                           | 5,049       | 5,071        | 9,709        | 1,942              |
| 2016/17                           | 5,113       | 4,957        | 9,805        | 1,772              |

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

## Transportation

Interstate 35E, Interstate 35W, and Minnesota Highway 49 traverse the community.

## Major Employers

| <u>Employer</u>                                 | <u>Product/Service</u>    | <u>Approximate<br/>Number<br/>of Employees</u> |
|---|---------------------------|--|
| State of Minnesota Correctional Facility        | Medium security prison    | 478  |
| Independent School District No. 12 (Centennial) | Public education          | 954*   |
| Target Corporation                              | Retail                    | 200  |
| Molin Concrete Products Co.                     | Concrete products         | 130  |
| Anoka County Juvenile Center                    | Juvenile detention center | 130  |
| Kohls   | Retail                    | 123  |
| Rehbein Transit Inc.                            | Bus transportation        | 121  |
| Distribution Alternatives                       | Warehousing/distribution  | 120  |
| City of Lino Lakes                              | Government                | 70*  |
| Northern Wholesale                              | Warehousing/distribution  | 61   |
| Star Equipment LTD                              | Mechanical/repair         | 51   |

\* Includes full- and part-time employees.

Sources: This does not purport to be a comprehensive list and is based on a May 2020 best efforts telephone survey of individual employers and the City's 2019 Comprehensive Annual Financial Report. Some employers do not respond to inquiries.

## Labor Force Data

|                            | Annual Average |             |             |             | March       |
|----------------------------|----------------|-------------|-------------|-------------|-------------|
|                            | <u>2017</u>    | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| Labor Force:               |                |             |             |             |             |
| Anoka County               | 195,304        | 196,586     | 198,938     | 196,510     | 193,513     |
| Minneapolis/Saint Paul MSA | 1,979,780      | 2,016,208   | 2,023,566   | 2,005,559   | 1,966,665   |
| State of Minnesota         | 3,050,764      | 3,059,402   | 3,092,889   | 3,094,701   | 3,003,073   |
| Unemployment Rate:         |                |             |             |             |             |
| Anoka County               | 3.3%           | 2.8%        | 3.1%        | 6.0%        | 4.4%        |
| Minneapolis/Saint Paul MSA | 3.3            | 2.7         | 3.0         | 6.1         | 4.3         |
| State of Minnesota         | 3.4            | 3.0         | 3.2         | 6.2         | 4.5         |

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2021 data are preliminary.

## Retail Sales and Effective Buying Income (EBI)

### City of Lino Lakes

| <u>Data Year/<br/>Report Year</u> | <u>Total Retail<br/>Sales (\$000)</u> | <u>Total<br/>EBI (\$000)</u> | <u>Median<br/>Household EBI</u> |
|-----------------------------------|---------------------------------------|------------------------------|---------------------------------|
| 2020/21                           | \$175,903                             | \$797,603                    | \$92,352                        |
| 2019/20                           | 179,281                               | 766,068                      | 88,594                          |
| 2018/19                           | 190,482                               | 747,718                      | 87,295                          |
| 2017/18                           | 257,154                               | 669,361                      | 84,273                          |
| 2016/17                           | 142,434                               | 643,078                      | 83,989                          |

### Anoka County

| <u>Data Year/<br/>Report Year</u> | <u>Total Retail<br/>Sales (\$000)</u> | <u>Total<br/>EBI (\$000)</u> | <u>Median<br/>Household EBI</u> |
|-----------------------------------|---------------------------------------|------------------------------|---------------------------------|
| 2020/21                           | \$5,494,771                           | \$10,430,701                 | \$71,173                        |
| 2019/20                           | 6,081,846                             | 10,914,936                   | 67,906                          |
| 2018/19                           | 5,776,881                             | 10,462,844                   | 66,813                          |
| 2017/18                           | 5,068,800                             | 9,874,841                    | 64,857                          |
| 2016/17                           | 4,857,435                             | 9,421,969                    | 62,169                          |

The 2020/21 Median Household EBI for the State of Minnesota was \$62,120. The 2020/21 Median Household EBI for the United States was \$56,093.

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

## Permits Issued by the City

| Year           | New Single<br>Family Residential |              | New<br>Commercial/Industrial |            | Total Value*<br>(All Permits) |
|----------------|----------------------------------|--------------|------------------------------|------------|-------------------------------|
|                | Number                           | Value        | Number                       | Value      |                               |
| 2021 (to 3-31) | 67                               | \$18,837,400 | 0                            | \$ 0       | \$20,681,484                  |
| 2020           | 163                              | 44,190,150   | 0                            | 0          | 51,686,279                    |
| 2019           | 114                              | 28,706,490   | 5                            | 2,917,800  | 42,723,699                    |
| 2018           | 160                              | 37,379,597   | 2                            | 2,828,860  | 51,853,544                    |
| 2017           | 133                              | 32,003,018   | 1                            | 844,771    | 55,799,312                    |
| 2016           | 100                              | 26,157,239   | 2                            | 13,241,334 | 54,291,475                    |
| 2015           | 47                               | 12,807,908   | 2                            | 6,196,000  | 27,324,068                    |
| 2014           | 33                               | 9,046,060    | 2                            | 1,111,000  | 13,812,706                    |
| 2013           | 30                               | 7,666,210    | 5                            | 4,505,422  | 18,337,053                    |
| 2012           | 26                               | 6,366,995    | 0                            | 0          | 10,751,626                    |

\* In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

Source: City of Lino Lakes.

## Recent Development

### Economic Development

Development activities have remained steady over the past four years. Residential new construction permits continue to exceed 100 annually, while commercial development is expanding to support the growing residential market. In 2020 the City approved a 37,000 square foot expansion to the Laborer's Training Facility and phase 1 approval of the Otter Crossing commercial development. Lennar Homes is currently building out its 864-unit Watermark residential development along the Interstate 35E corridor. An additional 91 lot development is planned for approval in Spring of 2021.

### Residential Development

The following table shows projected lot development in existing subdivisions for single-family homes:

| <u>Subdivision</u>                   | <u>As of March 2021</u> |                       |
|--------------------------------------|-------------------------|-----------------------|
|                                      | <u>Total Lots</u>       | <u>Lots Remaining</u> |
| Eastside Villas                      | 32                      | 22                    |
| Nadeau Acres                         | 35                      | 24                    |
| Saddle Club 4 <sup>th</sup> Addition | 8                       | 5                     |
| Watermark                            | 193                     | 25                    |
| Watermark 2 <sup>nd</sup> Addition   | 57                      | 30                    |
| Watermark 3 <sup>rd</sup> Addition   | 175                     | 139                   |



## Financial Institutions\*

City residents are served by First Resource Bank, which had total deposits of \$237,265,000 as of December 31, 2020. In addition, branch offices of Farmers & Merchants Savings Bank; Wells Fargo Bank, National Association; and U.S. Bank National Association are located throughout the City.

\* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, <https://www.fdic.gov/>.

## Health Care Services

The following is a summary of health care facilities located near the City:

| <u>Facility</u>                               | <u>Location</u>     | <u>No. of Beds</u>                       |
|---|---------------------|--|
| Mercy Hospital                                | City of Coon Rapids | 546 hospital beds<br>27 infant bassinets |
| Park River Estates Care Center                | City of Coon Rapids | 99 nursing home beds                     |
| Camilia Rose Care Center LLC                  | City of Coon Rapids | 80 nursing home beds                     |
| Birchwood Health Care Center                  | City of Forest Lake | 100 nursing home beds                    |
| St. John's Hospital – Health East Care System | City of Maplewood   | 184 hospital beds<br>44 infant bassinets |
| Ramsey County Care Center                     | City of Maplewood   | 142 nursing home beds                    |
| Maplewood Care Center                         | City of Maplewood   | 115 nursing home beds                    |
| Good Samaritan Society                        | City of Maplewood   | 71 nursing home beds                     |
| Fairview Lakes Medical Center                 | City of Wyoming     | 61 hospital beds<br>12 infant bassinets  |

Source: Minnesota Department of Health, <http://www.health.state.mn.us/>.

## Education

### Public Education

The following districts serve the residents of the City:

| <u>District</u>               | <u>Grades</u> | <u>2020/21<br/>Enrollment</u> |
|-------------------------------|---------------|-------------------------------|
| ISD No. 624 (White Bear Lake) | PK-12         | 8,705                         |
| ISD No. 12 (Centennial)       | PK-12         | 6,659                         |
| ISD No. 831 (Forest Lake)     | PK-12         | 5,914                         |

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us).

## Non-Public Education

City residents are also served by the following private schools:

| <u>School</u>             | <u>Grades</u> | <u>2020/21<br/>Enrollment</u> |
|---------------------------|---------------|-------------------------------|
| St. Peter                 | K-8           | 249                           |
| Liberty Classical Academy | K-12          | 248                           |
| Frassati Catholic Academy | K-8           | 243                           |
| Gentry Academy            | 5-12          | 264                           |
| Magnuson Christian        | K-8           | 105                           |
| White Bear Montessori     | K-4           | 33                            |

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us).

## **GOVERNMENTAL ORGANIZATION AND SERVICES**

### **Organization**

The City was incorporated as a village in 1955, became a statutory city on January 1, 1974, and is governed by a Home Rule Charter as adopted on January 12, 1982. The City is governed by a Mayor and four Council members. The Mayor is elected to a two-year term of office and Council members are elected to overlapping four-year terms.

The following individuals comprise the current City Council:

|                   |                | <u>Expiration of Term</u> |
|-------------------|----------------|---------------------------|
| Rob Rafferty      | Mayor          | December 31, 2021         |
| Tony Cavegn       | Council Member | December 31, 2021         |
| Christopher Lyden | Council Member | December 31, 2023         |
| Michael Ruhland   | Council Member | December 31, 2023         |
| Dale Stoesz       | Council Member | December 31, 2021         |

The City Administrator, Ms. Sarah Cotton, is the Chief Executive Officer of the City. Ms. Cotton has been with the City since August 2015. The City's Finance Director is Ms. Hannah Lynch, who has been with the City since October 2020. The City's Community Development Director is Mr. Michael Grochala, who has been with the City since June 2001.

The City has 69 regular full-time and 23 regular part-time employees.

### **Services**

Police protection is provided by 24 sworn police officers. Effective January 2016, fire protection is provided by the Lino Lakes Public Safety Fire Division, which is comprised of a Deputy Director of Fire Operations, cross-trained police officers, and paid-on-call firefighters. The City has a Public Protection Classification of 4/4Y as rated by ISO.

The City has established a Comprehensive Plan to direct all areas of growth within the City. The plan was adopted in 1973 and amended several times. The City's 2040 Plan Update was adopted in November of 2020.

Nineteen parks and playgrounds are maintained by the City and include ball fields, hockey and skating rinks, playground and picnic facilities, and 33 miles of trails. Anoka County also owns a 5,500-acre park and an 18-hole golf course within the City.

The City currently provides municipal sewer and water through the operation of six wells, two water towers, and 15 lift stations. Water Tower No. 3 is currently under construction. The City currently has 5,439 users of its sewer system and 5,175 users of its water system. The City has a policy that municipal water services will be extended only to sewer areas.

## **Labor Contracts**

The status of labor contracts in the City is as follows:

| <u>Bargaining Unit</u>  | <u>No. of Employees</u> | <u>Expiration Date of Current Contract</u> |
|-------------------------|-------------------------|--|
| LELS – Patrol           | 20                      | December 31, 2022                          |
| LELS – Sargent          | 5                       | December 31, 2022                          |
| 49ers – Public Works    | 16                      | December 31, 2022                          |
| AFSCME                  | <u>18</u>               | December 31, 2022                          |
| Subtotal                | 59                      |  |
| Non-unionized employees | <u>10</u>               |  |
| Total employees         | 69                      |  |

## **Employee Pensions**

All full-time and certain part-time employees of the City 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 cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by the PEPFF. The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

|      | <u>GERF</u> | <u>PEPFF</u> |
|------|-------------|--------------|
| 2019 | \$208,807   | \$452,731    |
| 2018 | 202,526     | 420,821      |
| 2017 | 192,510     | 416,665      |
| 2016 | 193,684     | 424,970      |
| 2015 | 182,102     | 393,551      |

### Lino Lakes Fire Division

Volunteer firefighters of the City's Public Safety Department – Fire Division are eligible for pension benefits through membership in the Statewide Volunteer Firefighter Retirement Plan (SFV), an agent multiple-employer, lump-sum defined benefit pension plan administered by PERA. The plan is established and administer in accordance with Minnesota Statutes, Chapter 353G. A member who has completed five or more years of service in the fire department shall at age 50 be entitled to a lump-sum benefit. Plan

provisions include a pro-rated vesting schedule that increase from 5 years at 40% through 20 years at 100%. State aids, investment earnings and City contributions fund the plan. The City's contributions to the SFV for the past four years are as follows\*:

|      | <u>City's<br/>Contributions</u> |
|------|---------------------------------|
| 2019 | \$ 0                            |
| 2018 | 64,869                          |
| 2017 | 58,800                          |
| 2016 | 44,394                          |

\* *The City created its fire department in 2016, therefore information prior to 2016 is unavailable.*

For more information regarding the liability of the City with respect to its employees, please reference "Note 7, Defined Benefit Pension Plans - PERA", "Note 8, Defined Benefit Pension Plans - Fire Division", and "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020 is not yet available.)

*Sources: City's Comprehensive Annual Financial Reports.*

#### GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past five years are as follows:

|      | <u>GERF</u>   |                                      | <u>PEPFF</u>  |                                      |
|------|---|--------------------------------------|---|--------------------------------------|
|      | <u>Proportionate<br/>Share of<br/>Pension Costs</u> | <u>Net<br/>Pension<br/>Liability</u> | <u>Proportionate<br/>Share of<br/>Pension Costs</u> | <u>Net<br/>Pension<br/>Liability</u> |
| 2019 | 0.0398%   | \$2,200,453                          | 0.2547%   | \$ 2,711,539                         |
| 2018 | 0.0381  | 2,113,632                            | 0.2426  | 2,585,866                            |
| 2017 | 0.0414  | 2,642,949                            | 0.2570  | 3,469,806                            |
| 2016 | 0.0387  | 3,142,248                            | 0.2590  | 10,394,121                           |
| 2015 | 0.0410  | 2,124,883                            | 0.2490  | 2,829,223                            |

For more information regarding GASB 68 with respect to the City, please reference "Note 7, Defined Benefit Pension Plans - PERA" and "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020 is not yet available.)

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

## Other Post-Employment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Post-Employment Benefits or “OPEB”). The implementation of GASB 75 required the restatement of the City’s beginning net position for the fiscal year ended December 31, 2016. Please see “Note 20, Change in Accounting Principle” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2019

The City provides benefits to eligible employees through the City’s health insurance plan. Active employees who retire from the City when over age 50 and with 20 years of service may continue coverage for both themselves and their eligible dependent(s) under the City’s health benefits program until age 65. Benefits and eligibility provisions are established by the City through its personnel manual and collective bargaining agreements with employee groups. The employee is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate.

As of January 1, 2019, participants of the plan consisted of:

|  |           |
|--|-----------|
| Active employees   | 42        |
| Inactive employees/beneficiaries<br>currently receiving benefits | <u>4</u>  |
| Total  | <u>46</u> |

The City’s net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. Components of the City’s OPEB liability and related ratios for the fiscal year ended December 31 are as follows:

|   | <u>2018</u>      | <u>2019</u>        |
|---|------------------|--------------------|
| Total fiduciary net position – beginning of year                    | \$746,540        | \$ 756,644         |
| Service cost  | 16,547           | 53,789             |
| Interest  | 21,355           | 10,893             |
| Changes of benefit terms  | 0                | 0                  |
| Differences between expected<br>and actual experience               | 0                | (245,168)          |
| Benefit payments  | <u>(27,798)</u>  | <u>(15,527)</u>    |
| Net changes   | <u>\$ 10,104</u> | <u>\$(196,013)</u> |
| Total fiduciary net position – end of year                          | <u>\$756,644</u> | <u>\$ 560,631</u>  |
| Covered Employee Payroll  | \$3,240,932      | \$3,379,110        |
| Total OPEB Liability as a Percentage<br>of Covered Employee Payroll | 23.3%            | 16.6%              |

For more information regarding the City’s OPEB plan with respect to its employees, please reference “Note 9, Post-Employment Benefits Other than Pensions (OPEB)” and “Required Supplementary Information” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, an excerpt of which is included as Appendix IV of this Official Statement. (The City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2020 is not yet available.)

Sources: City’s Comprehensive Annual Financial Reports.

## General Fund Budget Summary

|   | <u>2020 Budget</u>  | <u>2020 Actual</u>  | <u>2021 Budget</u>  |
|---|---------------------|---------------------|---------------------|
| Revenues:                               |                     |                     |                     |
| Taxes                                   | \$ 8,407,756        | \$ 8,342,664        | \$ 9,271,367        |
| Licenses and Permits                    | 932,346             | 972,451             | 943,019             |
| Intergovernmental                       | 616,459             | 617,816             | 631,523             |
| Special Assessments                     | 0                   | 0                   | 0                   |
| Charges for Services                    | 297,337             | 268,060             | 301,059             |
| Fines and Forfeits                      | 116,100             | 76,811              | 106,100             |
| Investment Earnings                     | 30,000              | 122,482             | 30,000              |
| Refunds and Reimbursements              | 42,082              | 29,501              | 35,000              |
| Miscellaneous                           | <u>173,090</u>      | <u>167,352</u>      | <u>179,500</u>      |
| Total Revenues                          | \$10,615,170        | \$10,597,137        | \$11,497,568        |
| Expenditures:                           |                     |                     |                     |
| General Government                      | \$ 2,090,169        | \$2,100,184         | \$2,091,489         |
| Public Safety                           | 5,135,174           | 4,737,089           | 5,443,612           |
| Public Services                         | 2,261,065           | 1,911,428           | 2,258,205           |
| Conservation of Natural Resources       | 202,850             | 160,886             | 213,269             |
| Community Development                   | 502,912             | 401,522             | 511,712             |
| Contingency                             | <u>75,000</u>       | <u>0</u>            | <u>75,000</u>       |
| Total Expenditures                      | \$10,267,170        | \$ 9,311,109        | \$10,593,287        |
| Revenues Over (Under) Expenditures      | \$ 348,000          | \$ 1,286,028        | \$ 904,281          |
| Other Financing Sources (Uses):         |                     |                     |                     |
| Transfers In                            | \$ 380,000          | \$ 380,000          | \$ 0                |
| Transfers Out                           | <u>(928,000)</u>    | <u>(931,500)</u>    | <u>(926,113)</u>    |
| Total Other Financing Sources (Uses)    | <u>\$ (548,000)</u> | <u>\$ (551,500)</u> | <u>\$ (926,113)</u> |
| Net Increase (Decrease) in Fund Balance | \$ (200,000)        | \$ 734,528          | \$ (21,832)         |
| Fund Balance – Beginning of Year        | <u>\$ 6,793,195</u> | <u>\$ 6,793,195</u> | <u>\$ 7,527,723</u> |
| Fund Balance – December 31              | <u>\$ 6,593,195</u> | <u>\$ 7,527,723</u> | <u>\$ 7,505,891</u> |

Source: The City.

## Major General Fund Revenue Sources

| <u>Revenue</u>       | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Taxes                | \$7,489,040 | \$7,037,596 | \$7,338,876 | \$8,146,307 | 8,160,572   |
| Licenses and Permits | 551,202     | 895,581     | 1,447,571   | 1,260,046   | 941,569     |
| Intergovernmental    | 649,611     | 654,447     | 667,520     | 651,993     | 645,289     |
| Charges for Services | 277,423     | 342,690     | 302,038     | 317,122     | 322,652     |
| Miscellaneous        | 168,952     | 221,034     | 266,387     | 201,956     | 190,279     |
| Fines and Forfeits   | 127,803     | 220,905     | 147,977     | 114,991     | 98,390      |

Sources: City's Comprehensive Annual Financial Reports.

## PROPOSED FORM OF LEGAL OPINION



Offices in  
 Minneapolis 150 South Fifth Street  
 Minneapolis, MN 55402  
 (612) 337-9300 telephone  
 (612) 337-9310 fax  
 Saint Paul www.kennedy-graven.com  
 St. Cloud Affirmative Action, Equal Opportunity Employer

\$ \_\_\_\_\_  
 City of Lino Lakes, Minnesota  
 General Obligation Street Reconstruction Bonds  
 Series 2021A

We have acted as bond counsel to the City of Lino Lakes, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Street Reconstruction Bonds, Series 2021A (the “Bonds”), originally dated July 15, 2021, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated July \_\_, 2021 at Minneapolis, Minnesota.



## CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
 City of Lino Lakes, Minnesota  
 General Obligation Street Reconstruction Bonds  
 Series 2021A

July \_\_, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Lino Lakes, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Street Reconstruction Bonds, Series 2021A (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Street Reconstruction Bonds, Series 2021A, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed Final Official Statement, dated June \_\_, 2021, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Lino Lakes, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means \_\_\_\_\_.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2020, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5.      Reporting of Material Events.

(a)      This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1.      Principal and interest payment delinquencies;
2.      Non-payment related defaults, if material;
3.      Unscheduled draws on debt service reserves reflecting financial difficulties;
4.      Unscheduled draws on credit enhancements reflecting financial difficulties;
5.      Substitution of credit or liquidity providers, or their failure to perform;
6.      Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7.      Modifications to rights of security holders, if material;
8.      Bond calls, if material, and tender offers;
9.      Defeasances;
10.     Release, substitution, or sale of property securing repayment of the securities, if material;
11.     Rating changes;
12.     Bankruptcy, insolvency, receivership or similar event of the obligated person;
13.     The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14.     Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15.     Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16.     Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b)      The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c)      Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer’s information.

Section 6.      EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7.      Termination of Reporting Obligation. The Issuer’s obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF LINO LAKES, MINNESOTA

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Mayor

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City Administrator

## SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

### **Property Valuations (Chapter 273, Minnesota Statutes)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

### **Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)**

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits (Chapter 273, Minnesota Statutes)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**Levies for General Obligation Debt  
(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)  
“Fiscal Disparities Law”**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as “Fiscal Disparities,” was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO  
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

| <u>Property Type</u>                             | <u>Local Tax<br/>Payable<br/>2016-2020</u> |
|--|--|
| <b>Residential Homestead (1a)</b>                |  |
| Up to \$500,000                                  | 1.00%                                      |
| Over \$500,000                                   | 1.25%                                      |
| <b>Residential Non-homestead</b>                 |  |
| Single Unit (4bb)                                |  |
| Up to \$500,000                                  | 1.00%                                      |
| Over \$500,000                                   | 1.25%                                      |
| 2-3 unit and undeveloped land (4b1)              | 1.25%                                      |
| <b>Market Rate Apartments</b>                    |  |
| Regular (4a)                                     | 1.25%                                      |
| Low-Income (4d)                                  |  |
| Up to \$150,000 <sup>(c)</sup>                   | 0.75%                                      |
| Over \$150,000 <sup>(c)</sup>                    | 0.25%                                      |
| <b>Commercial/Industrial/Public Utility (3a)</b> |  |
| Up to \$150,000                                  | 1.50% <sup>(a)</sup>                       |
| Over \$150,000                                   | 2.00% <sup>(a)</sup>                       |
| Electric Generation Machinery                    | 2.00%                                      |
| <b>Commercial Seasonal Residential</b>           |  |
| Homestead Resorts (1c)                           |  |
| Up to \$600,000                                  | 0.50%                                      |
| \$600,000 - \$2,300,000                          | 1.00%                                      |
| Over \$2,300,000                                 | 1.25% <sup>(a)</sup>                       |
| Seasonal Resorts (4c)                            |  |
| Up to \$500,000                                  | 1.00% <sup>(a)</sup>                       |
| Over \$500,000                                   | 1.25% <sup>(a)</sup>                       |
| <b>Non-Commercial (4c12)</b>                     |  |
| Up to \$500,000                                  | 1.00% <sup>(a)(b)</sup>                    |
| Over \$500,000                                   | 1.25% <sup>(a)(b)</sup>                    |
| <b>Disabled Homestead (1b)</b>                   |  |
| Up to \$50,000                                   | 0.45%                                      |
| <b>Agricultural Land &amp; Buildings</b>         |  |
| Homestead (2a)                                   |  |
| Up to \$500,000                                  | 1.00%                                      |
| Over \$500,000                                   | 1.25%                                      |
| Remainder of Farm                                |  |
| Up to \$1,880,000 <sup>(d)</sup>                 | 0.50% <sup>(b)</sup>                       |
| Over \$1,880,000 <sup>(d)</sup>                  | 1.00% <sup>(b)</sup>                       |
| Non-homestead (2b)                               | 1.00% <sup>(b)</sup>                       |

<sup>(a)</sup> State tax is applicable to these classifications.

<sup>(b)</sup> Exempt from referendum market value based taxes.

<sup>(c)</sup> Legislative increases, payable 2020. Historical valuations are: Payable 2019 - \$139,000; Payable 2018 - \$121,000; Payable 2017 - \$115,000; and Payable 2016 - \$106,000.

<sup>(d)</sup> Legislative increases, payable 2020. Historical valuations are: Payable 2019 - \$1,900,000; Payable 2018 - \$1,940,000; Payable 2017 - \$2,050,000; and Payable 2016 - \$2,140,000.

**NOTE:** For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).



**EXCERPT OF 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019. (The City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020 is not yet available.) The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's Comprehensive Annual Financial Report for the years ending 1996 through 2019 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lino Lakes, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the statistical section and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020, on our consideration of the City of Lino Lakes, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control over financial reporting and compliance.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lino Lakes, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$111,091,567 (net position). Of this amount, \$33,877,263 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$11,013,769.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,223,529, a decrease of \$3,031,672. Of this amount, \$6,650,462 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the general fund balance was \$6,793,195. Unassigned fund balance for the general fund was \$6,052,388, or 52% of total general fund expenditures and other financing uses.

Total outstanding debt decreased by \$2,426,540 during 2019. Certificates of indebtedness totaling \$388,535 were issued, while regularly scheduled principal payments were made during the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Management's Discussion and Analysis

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

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements are statements 1 and 2 of this report.

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

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

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

## Management's Discussion and Analysis

reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General Fund
- G.O. Improvement Note of 2009A – Debt Service Fund
- G.O. Improvement Bonds of 2016B – Debt Service Fund
- Area and Unit Charge – Capital Project Fund
- MSA Construction – Capital Project Fund
- 2018 Street Reconstruction – Capital Project Fund

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Statement 9.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented as Statements 18 through 26.

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$111,091,567 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$64,823,873, or 58%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Lino Lakes' Net Position

|                                   | Governmental Activities |                     | Business-Type Activities |                     | Totals               |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                   | 2019                    | 2018                | 2019                     | 2018                | 2019                 | 2018                 |
| <b>Assets:</b>                    |                         |                     |                          |                     |                      |                      |
| Current and other assets          | \$42,013,231            | \$41,949,582        | \$16,667,696             | \$16,003,964        | \$58,680,927         | \$57,953,546         |
| Capital assets                    | 49,859,684              | 44,102,567          | 36,390,820               | 32,709,079          | 86,250,504           | 76,811,646           |
| Total assets                      | <u>\$91,872,915</u>     | <u>\$86,052,149</u> | <u>\$53,058,516</u>      | <u>\$48,713,043</u> | <u>\$144,931,431</u> | <u>\$134,765,192</u> |
| Deferred outflows of resources    | <u>\$3,084,049</u>      | <u>\$4,305,683</u>  | <u>\$36,994</u>          | <u>\$61,906</u>     | <u>\$3,121,043</u>   | <u>\$4,367,589</u>   |
| <b>Liabilities:</b>               |                         |                     |                          |                     |                      |                      |
| Long-term liabilities outstanding | \$27,963,093            | \$30,443,714        | \$327,294                | \$312,016           | \$28,290,387         | \$30,755,730         |
| Other liabilities                 | 3,560,168               | 1,981,550           | 74,596                   | 87,787              | 3,634,764            | 2,069,337            |
| Total liabilities                 | <u>\$31,523,261</u>     | <u>\$32,425,264</u> | <u>\$401,890</u>         | <u>\$399,803</u>    | <u>\$31,925,151</u>  | <u>\$32,825,067</u>  |
| Deferred inflows of resources     | <u>\$4,970,184</u>      | <u>\$6,134,676</u>  | <u>\$65,572</u>          | <u>\$95,240</u>     | <u>\$5,035,756</u>   | <u>\$6,229,916</u>   |
| <b>Net position:</b>              |                         |                     |                          |                     |                      |                      |
| Net investment in capital assets  | \$28,433,053            | \$24,640,555        | \$36,390,820             | \$32,709,079        | \$64,823,873         | \$57,349,634         |
| Restricted                        | 12,390,431              | 10,579,817          | -                        | -                   | 12,390,431           | 10,579,817           |
| Unrestricted                      | 17,640,035              | 16,577,520          | 16,237,228               | 15,570,827          | 33,877,263           | 32,148,347           |
| Total net position                | <u>\$58,463,519</u>     | <u>\$51,797,892</u> | <u>\$52,628,048</u>      | <u>\$48,279,906</u> | <u>\$111,091,567</u> | <u>\$100,077,798</u> |

\$12,390,431 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$33,877,263) may be used to meet ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis

The City's net position increased by \$11,013,769 during 2019. Key elements of this increase are as follows:

City of Lino Lakes' Changes in Net Position

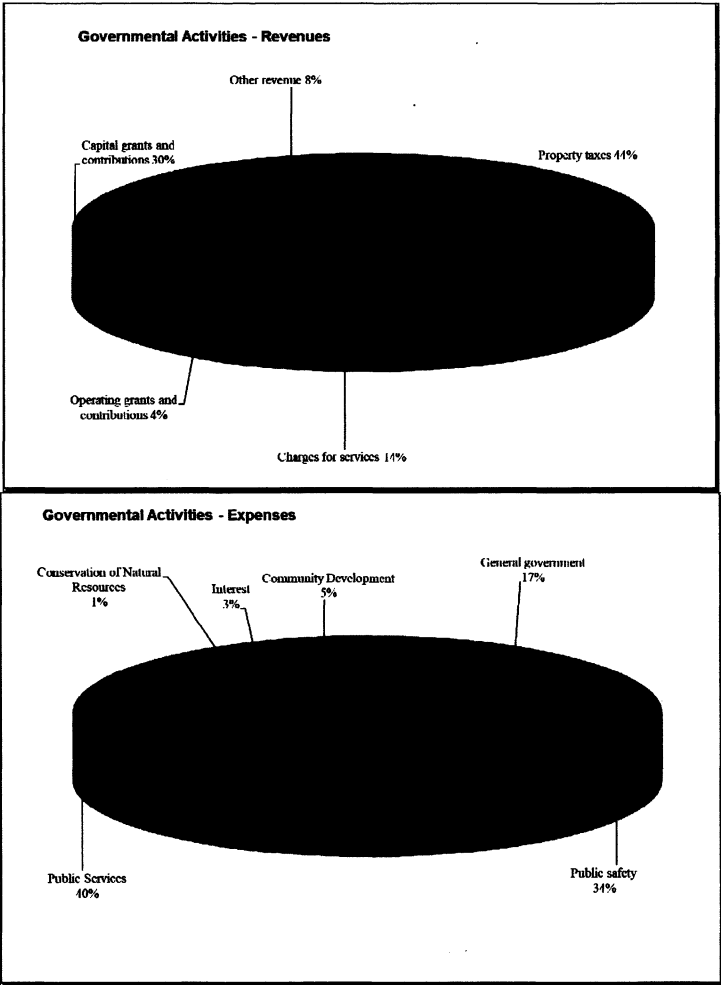
|  | Governmental Activities |              | Business-Type Activities |              | Totals        |               |
|--|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|  | 2019                    | 2018         | 2019                     | 2018         | 2019          | 2018          |
| Revenues:  |                         |              |                          |              |               |               |
| Program revenues:  |                         |              |                          |              |               |               |
| Charges for services   | \$3,141,500             | \$2,602,483  | \$2,943,723              | \$2,971,301  | \$6,085,223   | \$5,573,784   |
| Operating grants and contributions                           | 870,532                 | 861,429      | -                        | -            | 870,532       | 861,429       |
| Capital grants and contributions                             | 6,820,419               | 5,187,023    | 2,894,794                | 1,242,032    | 9,715,213     | 6,429,055     |
| General revenues:  |                         |              |                          |              |               |               |
| General property taxes                                       | 10,035,681              | 9,767,468    | -                        | -            | 10,035,681    | 9,767,468     |
| Tax increment  | 671,296                 | 462,223      | -                        | -            | 671,296       | 462,223       |
| Grants and contributions not restricted to specific programs | 38,926                  | 59,508       | -                        | -            | 38,926        | 59,508        |
| Unrestricted investment earnings                             | 1,029,944               | 369,485      | 523,554                  | 213,434      | 1,553,498     | 582,919       |
| Gain on disposal of capital assets                           | 68,472                  | 17,318       | -                        | -            | 68,472        | 17,318        |
| Total revenues   | 22,676,770              | 19,326,937   | 6,362,071                | 4,426,767    | 29,038,841    | 23,753,704    |
| Expenses:  |                         |              |                          |              |               |               |
| General government   | 2,466,130               | 2,345,386    | -                        | -            | 2,466,130     | 2,345,386     |
| Public safety  | 5,053,511               | 4,749,394    | -                        | -            | 5,053,511     | 4,749,394     |
| Public services  | 5,810,919               | 5,384,522    | -                        | -            | 5,810,919     | 5,384,522     |
| Conservation of natural resources                            | 183,982                 | 201,590      | -                        | -            | 183,982       | 201,590       |
| Community development  | 686,421                 | 576,794      | -                        | -            | 686,421       | 576,794       |
| Interest and fees on long-term debt                          | 498,587                 | 414,607      | -                        | -            | 498,587       | 414,607       |
| Water  | -                       | -            | 1,322,811                | 1,332,755    | 1,322,811     | 1,332,755     |
| Sewer  | -                       | -            | 2,002,711                | 1,964,471    | 2,002,711     | 1,964,471     |
| Total expenses   | 14,699,550              | 13,672,293   | 3,325,522                | 3,297,226    | 18,025,072    | 16,969,519    |
| Increase in net position before transfers                    | 7,977,220               | 5,654,644    | 3,036,549                | 1,129,541    | 11,013,769    | 6,784,185     |
| Transfers  | (1,311,593)             | (472,370)    | 1,311,593                | 472,370      | -             | -             |
| Change in net position                                       | 6,665,627               | 5,182,274    | 4,348,142                | 1,601,911    | 11,013,769    | 6,784,185     |
| Net position - January 1                                     | 51,797,892              | 46,615,618   | 48,279,906               | 46,677,995   | 100,077,798   | 93,293,613    |
| Net position - December 31                                   | \$58,463,519            | \$51,797,892 | \$52,628,048             | \$48,279,906 | \$111,091,567 | \$100,077,798 |

Governmental Activities

Governmental activities increased the City's net position by \$6,665,627 during 2019. Property tax levied to reduce debt, new assessment rolls, contributions of capital assets from private sources and increased investment earnings all contributed to the increase in 2019. This increase was partially offset by transfers out to business-type activities of \$1,311,593.

Management's Discussion and Analysis

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

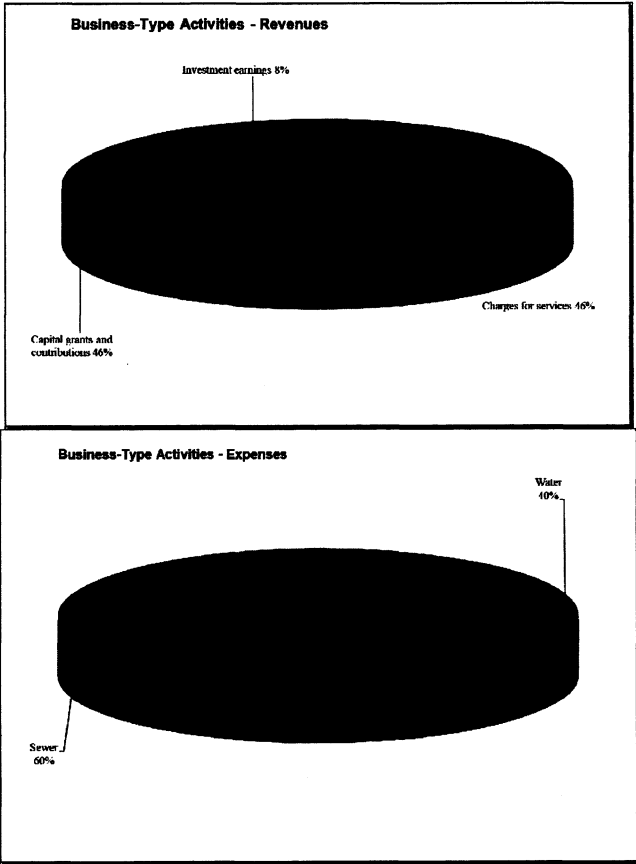


Management’s Discussion and Analysis

**Business-Type Activities**

Business-type activities increased the City’s net position by \$4,348,142 during 2019. The increase was due to contributions of capital assets from private sources, increased investment earnings, and a transfer in from governmental activities of \$1,311,593.

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



Management’s Discussion and Analysis

**Financial Analysis of the Government's Funds**

**Governmental Funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$30,223,529. Approximately 22% of this total amount (\$6,650,462) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$399,749 of fund balance is not in a spendable form, \$619,385 has been committed, \$19,672,706 has been assigned, and \$2,881,227 is unassigned.

The fund balance of the General Fund decreased by \$92,947 in 2019, while the City anticipated the use of \$375,645 of the general fund balance. Strong investment earnings and increased license and permit revenues resulted in favorable General Fund revenues for the year. Reduced expenditures, primarily for personal services through position vacancies, and favorable professional and contractual services spending helped to increase the year end fund balance.

The G.O. Improvement Note of 2009A fund was established to service the debt issued by Anoka County as the City’s financial commitment for the I-35E interchange project. The City prepaid the remaining balance of the note in 2017 using MSA funds. As deferred special assessments are received, MSA funds will be replenished. The fund began and ended the year with a fund balance of \$0, and transferred \$62,605 to the MSA Construction fund.

The G.O. Improvement Bonds of 2016B fund decreased by \$132,581. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. Future tax increment and land sale proceeds are expected to cover debt service and the interfund loan payable.

The Area and Unit Charge fund has a total fund balance of \$8,307,394, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$150,594 due primarily to the collection of prepaid special assessments and strong investment earnings. This increase was partially offset by feasibility and design expenditures incurred for Well #7.

The MSA Construction fund has a total fund balance of \$3,733,517, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year decreased by \$186,212 primarily due to transfers out for debt service payments.

# Management's Discussion and Analysis

The 2018 Street Reconstruction fund has a total fund balance of \$1,010,945. The fund balance decreased during the year by \$4,289,134 due to expending proceeds from the 2018 bond issuance for the West Shadow Lake Drive and LaMotte Area Street Reconstruction project.

The combined fund balance of other governmental funds increased by \$1,518,608 during 2019. Primary reasons for the increase include increased investment earnings, increased tax increment revenues, and increased development activities resulting in increased developer fee revenues (park dedication, seal coating, surface water management). Increases are partially offset by increased spending for park and trail improvements, Cedar Street Reconstruction improvements, and a transfer out for the Civic Complex roof replacement project.

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

The water fund has total net position at year-end of \$25,527,564, of which \$6,097,611 is unrestricted. The increase in net position of \$2,045,656 was primarily due to capital contributions and strong investment earnings, partially offset by a net operating loss and a transfer to the Pavement Management Fund for watermain system repairs associated with the 2019 Mill & Overlay project.

The sewer fund has total net position at year-end of \$27,100,484 of which \$10,139,617 is unrestricted. The increase in net position of \$2,302,486 was primarily due to capital contributions and strong investments earnings, partially offset by a net operating loss.

## **Budgetary Highlights**

### **General Fund**

The General Fund budget was amended during the year to reflect increased charges for services and municipal and police state aid and a slight decrease in revenues relative to building and licensing activities, fines and forfeitures, and refunds and reimbursements. In the budget was amended to account for a transfer in from the Municipal Buildings and Facilities Fund for the Civic Complex Roof Replacement project. The City also received \$711,854 of insurance proceeds associated with the damage to the Civic Complex roof. Changes to expenditure areas include decreased personal services due to personnel vacancies, a net decrease to professional and contracted services, a decrease in parts/supplies spending, increased capital outlay, increased expenditures associated with the Civic Complex Roof project, and transfers for the comprehensive plan and summer playground program temporary staff. The final amended expenditure budget was \$726,331 more than the original adopted budget.

Revenues were \$114,171 over budget for the year. General property tax, special assessments, and fines and forfeits were \$71,543 under budget; however, this variance was

# Management's Discussion and Analysis

more than offset by greater than anticipated license and permit revenues, intergovernmental revenue, charges for services, and investment earnings.

Expenditures came in under budget by \$168,830 due to many factors including lower than expected personal service costs from vacant positions and favorable professional and contracted service activity. Fuel costs were much higher than anticipated due to an increase in the average fuel price, as well as an increase in the number of snow events. Professional and contracted service activity in parks was much higher than anticipated due to costs associated with council initiated projects that were not originally planned for in 2019.

## **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounted to \$86,250,504 (net of accumulated depreciation), an increase of \$9,438,858 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure. The City completed land preparation activities for NorthPointe Park and trunk watermain and trail improvements along Lake Drive in 2019. The City has continued to work to complete trunk utility improvements at 49&J, drainage improvements in the NE Area of the City, Water Tower #3, Phase II of the controls automation upgrade at the Civic Complex, Woods Edge Park improvements, and street and utility improvements in the West Shadow Lake Drive and LaMotte areas. In addition, the City started Civic Complex card access system upgrades, Woods of Baldwin Park improvements, Apollo Drive Trail improvements, Pheasant Hills watermain improvements, Well House #1 Rehabilitation improvements, Cedar Street Reconstruction improvements, and the purchase and build-out of two public safety vehicles. Developer lead infrastructure improvements at various stages of completion include St Clair Estates, NorthPointe 6<sup>th</sup> and 7<sup>th</sup> Additions, Saddle Club 3<sup>rd</sup> Addition, Century Farms 7<sup>th</sup> Addition, Chavez Estates, Eastside Villas, and Watermark.

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

|                                | Governmental Activities |              | Business-Type Activities |              | Totals       |              |
|--------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
|                                | 2019                    | 2018         | 2019                     | 2018         | 2019         | 2018         |
| Land                           | \$3,532,930             | \$3,320,059  | \$ -                     | \$ -         | \$3,532,930  | \$3,320,059  |
| Wetland credits                | 170,421                 | 167,224      | -                        | -            | 170,421      | 167,224      |
| Construction in progress       | 10,094,933              | 3,595,457    | 6,123,837                | 1,623,032    | 16,218,770   | 5,218,489    |
| Buildings                      | 6,983,477               | 6,375,432    | 10,157                   | -            | 6,993,634    | 6,375,432    |
| Office equipment and furniture | 233,176                 | 270,711      | -                        | -            | 233,176      | 270,711      |
| Vehicles                       | 1,842,573               | 1,945,189    | -                        | -            | 1,842,573    | 1,945,189    |
| Machinery and shop equipment   | 1,087,529               | 1,226,246    | 139,603                  | 161,538      | 1,227,132    | 1,387,784    |
| Other equipment                | 835,192                 | 330,618      | -                        | -            | 835,192      | 330,618      |
| Infrastructure                 | 25,079,453              | 26,971,631   | 30,117,223               | 30,924,509   | 55,196,676   | 57,896,140   |
| Total                          | \$49,859,684            | \$44,202,567 | \$36,390,820             | \$32,709,079 | \$86,250,504 | \$76,911,646 |

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

## Management's Discussion and Analysis

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,977,314. Of this amount, \$18,489,535 comprises tax supported debt and \$2,855,000 is special assessment debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments or revenues pledged to the retirement of the debt. In addition, the City has a note payable to the City of Circle Pines for its share of the cost of capital equipment to be used by the North Metro Telecommunications Commission in the operation of a cable communications system in the amount of \$169,950.

### City of Lino Lakes' Outstanding Debt

|                               | Governmental Activities |                     | Business-Type Activities |            | Totals              |                     |
|-------------------------------|-------------------------|---------------------|--------------------------|------------|---------------------|---------------------|
|                               | 2019                    | 2018                | 2019                     | 2018       | 2019                | 2018                |
| General obligation bonds      | \$18,659,485            | \$20,051,025        | \$ -                     | \$ -       | \$18,659,485        | \$20,051,025        |
| G.O. special assessment bonds | 2,855,000               | 3,890,000           | -                        | -          | 2,855,000           | 3,890,000           |
| Bond premium                  | 462,829                 | 511,813             | -                        | -          | 462,829             | 511,813             |
| Total                         | <u>\$21,977,314</u>     | <u>\$24,452,838</u> | <u>\$0</u>               | <u>\$0</u> | <u>\$21,977,314</u> | <u>\$24,452,838</u> |

The City of Lino Lakes' total bonded debt decreased by \$2,426,540 during the current fiscal year. The issuance of \$388,535 of Certificates of Indebtedness to finance capital equipment purchases and scheduled principal payments of \$2,815,075 accounted for this change.

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

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



**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2019

|  | Primary Government      |                          | Total                |
|--|-------------------------|--------------------------|----------------------|
|  | Governmental Activities | Business-Type Activities |                      |
| <b>Assets:</b>                                   |                         |                          |                      |
| Cash and investments                             | \$33,274,770            | \$15,721,760             | \$48,996,530         |
| Accrued interest receivable                      | 140,376                 | -                        | 140,376              |
| Due from other governmental units                | 62,818                  | 2,238                    | 65,056               |
| Accounts receivable - net                        | 108,939                 | 324,995                  | 433,934              |
| Prepaid items                                    | 299,749                 | 37,097                   | 336,846              |
| Internal balances                                | (559,110)               | 559,110                  | -                    |
| Inventory  | -                       | 22,496                   | 22,496               |
| Taxes receivable                                 | 200,014                 | -                        | 200,014              |
| Special assessments receivable                   | 7,943,006               | -                        | 7,943,006            |
| Long-term note receivable                        | 225,000                 | -                        | 225,000              |
| Net pension asset                                | 317,669                 | -                        | 317,669              |
| Capital assets - nondepreciable                  | 13,798,284              | 6,123,837                | 19,922,121           |
| Capital assets - net of accumulated depreciation | 36,061,400              | 30,266,983               | 66,328,383           |
| <b>Total assets</b>                              | <b>91,872,915</b>       | <b>53,058,516</b>        | <b>144,931,431</b>   |
| <b>Deferred outflows of resources:</b>           |                         |                          |                      |
| Pension related                                  | 3,072,263               | 36,994                   | 3,109,257            |
| OPEB related                                     | 11,786                  | -                        | 11,786               |
| <b>Total deferred outflows of resources</b>      | <b>3,084,049</b>        | <b>36,994</b>            | <b>3,121,043</b>     |
| <b>Liabilities:</b>                              |                         |                          |                      |
| Accounts payable and other current liabilities   | 1,287,855               | 74,596                   | 1,362,451            |
| Deposits payable                                 | 2,139,839               | -                        | 2,139,839            |
| Accrued interest payable                         | 132,474                 | -                        | 132,474              |
| Other post employment benefits:                  |                         |                          |                      |
| Due within one year                              | 22,728                  | 262                      | 22,990               |
| Due in more than one year                        | 531,535                 | 6,106                    | 537,641              |
| Long-term liabilities:                           |                         |                          |                      |
| Due within one year                              | 3,333,866               | 38,596                   | 3,372,462            |
| Due in more than one year                        | 19,444,630              | 672                      | 19,445,302           |
| Net pension liability:                           |                         |                          |                      |
| Due in more than one year                        | 4,630,334               | 281,658                  | 4,911,992            |
| <b>Total liabilities</b>                         | <b>31,523,261</b>       | <b>401,890</b>           | <b>31,925,151</b>    |
| <b>Deferred inflows of resources:</b>            |                         |                          |                      |
| Pension related                                  | 4,691,103               | 65,572                   | 4,756,675            |
| OPEB related                                     | 279,081                 | -                        | 279,081              |
| <b>Total deferred inflows of resources</b>       | <b>4,970,184</b>        | <b>65,572</b>            | <b>5,035,756</b>     |
| <b>Net position:</b>                             |                         |                          |                      |
| Net investment in capital assets                 | 28,433,053              | 36,390,820               | 64,823,873           |
| Restricted for:                                  |                         |                          |                      |
| Debt service                                     | 9,900,523               | -                        | 9,900,523            |
| Tax increment purposes                           | 675,228                 | -                        | 675,228              |
| Park improvements                                | 900,326                 | -                        | 900,326              |
| Other purposes                                   | 914,354                 | -                        | 914,354              |
| Unrestricted                                     | 17,640,035              | 16,237,228               | 33,877,263           |
| <b>Total net position</b>                        | <b>\$58,463,519</b>     | <b>\$52,628,048</b>      | <b>\$111,091,567</b> |

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2019

| Functions/Programs  | Program Revenues    |                         | Program Revenues                         |  | Net (Expense) Revenue and<br>Changes in Net Position<br>Primary Government |                             |                      |
|---|---------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|   | Expenses            | Charges For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities   | Business-Type<br>Activities | Total                |
| Primary government:   |                     |                         |  |  |  |                             |                      |
| Governmental activities:  |                     |                         |  |  |  |                             |                      |
| General government  | \$2,466,130         | \$612,237               | \$5,667                                  | \$711,854                              | (\$1,136,372)  | \$ -                        | (\$1,136,372)        |
| Public safety   | 5,053,511           | 1,255,363               | 454,372                                  | -                                      | (3,343,776)  | -                           | (3,343,776)          |
| Public services   | 5,810,919           | 1,273,900               | 330,675                                  | 6,108,565                              | 1,902,221  | -                           | 1,902,221            |
| Conservation of natural resources                               | 183,982             | -                       | 79,818                                   | -                                      | (104,164)  | -                           | (104,164)            |
| Community development   | 686,421             | -                       | -  | -                                      | (686,421)  | -                           | (686,421)            |
| Interest and fees on long-term debt                             | 498,587             | -                       | -  | -                                      | (498,587)  | -                           | (498,587)            |
| Total governmental activities                                   | <u>14,699,550</u>   | <u>3,141,500</u>        | <u>870,532</u>                           | <u>6,820,419</u>                       | <u>(3,867,099)</u>   | <u>0</u>                    | <u>(3,867,099)</u>   |
| Business-type activities:                                       |                     |                         |  |  |  |                             |                      |
| Water   | 1,322,811           | 1,172,580               | -  | 1,291,185                              | -  | 1,140,954                   | 1,140,954            |
| Sewer   | 2,002,711           | 1,771,143               | -  | 1,603,609                              | -  | 1,372,041                   | 1,372,041            |
| Total business-type activities                                  | <u>3,325,522</u>    | <u>2,943,723</u>        | <u>0</u>                                 | <u>2,894,794</u>                       | <u>0</u>   | <u>2,512,995</u>            | <u>2,512,995</u>     |
| Total primary government  | <u>\$18,025,072</u> | <u>\$6,085,223</u>      | <u>\$870,532</u>                         | <u>\$9,715,213</u>                     | <u>(3,867,099)</u>   | <u>2,512,995</u>            | <u>(1,354,104)</u>   |
| General revenues:   |                     |                         |  |  |  |                             |                      |
| General property taxes  |                     |                         |  |  | 10,035,681   | -                           | 10,035,681           |
| Tax increment   |                     |                         |  |  | 671,296  | -                           | 671,296              |
| Grants and contributions not<br>restricted to specific programs |                     |                         |  |  | 38,926   | -                           | 38,926               |
| Unrestricted investment earnings                                |                     |                         |  |  | 1,029,944  | 523,554                     | 1,553,498            |
| Gain on disposal of capital assets                              |                     |                         |  |  | 68,472   | -                           | 68,472               |
| Transfers   |                     |                         |  |  | (1,311,593)  | 1,311,593                   | -                    |
| Total general revenues and transfers                            |                     |                         |  |  | <u>10,532,726</u>  | <u>1,835,147</u>            | <u>12,367,873</u>    |
| Change in net position  |                     |                         |  |  | 6,665,627  | 4,348,142                   | 11,013,769           |
| Net position - January 1  |                     |                         |  |  | 51,797,892   | 48,279,906                  | 100,077,798          |
| Net position - December 31                                      |                     |                         |  |  | <u>\$58,463,519</u>  | <u>\$52,628,048</u>         | <u>\$111,091,567</u> |

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

CITY OF LINO LAKES, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019

|   | General Fund       | 333 G.O.<br>Improvement<br>Note of 2009A | 342 G.O.<br>Improvement<br>Bonds of 2016B | 406 Area and<br>Unit Charge | 420 MSA<br>Construction | 485<br>2018 Street<br>Reconstruction | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|--|---|-----------------------------|-------------------------|--------------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>   |                    |  |   |                             |                         |                                      |                                |                                |
| Cash and investments  | \$8,686,525        | \$ -                                     | \$594,762                                 | \$8,301,414                 | \$3,732,788             | \$1,702,759                          | \$10,256,522                   | \$33,274,770                   |
| Accrued interest receivable   | 140,376            | -  | -   | -                           | -                       | -                                    | -                              | 140,376                        |
| Due from other governmental units   | 62,818             | -  | -   | -                           | -                       | -                                    | -                              | 62,818                         |
| Accounts receivable - net   | 62,494             | -  | -   | 22,102                      | -                       | -                                    | 24,343                         | 108,939                        |
| Prepaid items   | 296,907            | -  | -   | -                           | -                       | -                                    | 2,842                          | 299,749                        |
| Advances to other funds   | -                  | -  | -   | -                           | 729                     | -                                    | 85,224                         | 85,953                         |
| Taxes receivable:   |                    |  |   |                             |                         |                                      |                                |                                |
| Due from county   | 77,384             | -  | -   | -                           | -                       | -                                    | 17,668                         | 95,052                         |
| Delinquent  | 86,821             | -  | -   | -                           | -                       | -                                    | 18,141                         | 104,962                        |
| Special assessments receivable:   |                    |  |   |                             |                         |                                      |                                |                                |
| Due from county   | 523                | 729                                      | -   | 1,968                       | -                       | -                                    | 409                            | 3,629                          |
| Delinquent  | -                  | 560                                      | -   | 26,876                      | -                       | -                                    | 13,830                         | 41,266                         |
| Deferred  | -                  | 2,120,267                                | 2,994,379                                 | 1,863,394                   | -                       | -                                    | 920,071                        | 7,898,111                      |
| Interfund loan receivable   | -                  | -  | -   | -                           | -                       | -                                    | 3,117,897                      | 3,117,897                      |
| Long-term note receivable   | -                  | -  | -   | -                           | -                       | -                                    | 225,000                        | 225,000                        |
| <b>Total assets</b>   | <b>\$9,413,848</b> | <b>\$2,121,556</b>                       | <b>\$3,589,141</b>                        | <b>\$10,215,754</b>         | <b>\$3,733,517</b>      | <b>\$1,702,759</b>                   | <b>\$14,681,947</b>            | <b>\$45,458,522</b>            |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>      |                    |  |   |                             |                         |                                      |                                |                                |
| <b>Liabilities:</b>   |                    |  |   |                             |                         |                                      |                                |                                |
| Accounts payable  | \$146,186          | \$ -                                     | \$805                                     | \$18,090                    | \$ -                    | \$825                                | \$173,539                      | \$339,445                      |
| Salaries payable  | 183,508            | -  | -   | -                           | -                       | -                                    | -                              | 183,508                        |
| Due to other governmental units   | 60,927             | -  | -   | -                           | -                       | -                                    | 309                            | 61,236                         |
| Advances from other funds   | -                  | 729                                      | -   | -                           | -                       | -                                    | 85,224                         | 85,953                         |
| Contracts payable   | 3,372              | -  | -   | -                           | -                       | 690,989                              | 9,305                          | 703,666                        |
| Deposits payable  | 2,139,839          | -  | -   | -                           | -                       | -                                    | -                              | 2,139,839                      |
| Interfund loan payable  | -                  | -  | 2,876,643                                 | -                           | -                       | -                                    | 800,364                        | 3,677,007                      |
| <b>Total liabilities</b>  | <b>2,533,832</b>   | <b>729</b>                               | <b>2,877,448</b>                          | <b>18,090</b>               | <b>0</b>                | <b>691,814</b>                       | <b>1,068,741</b>               | <b>7,190,654</b>               |
| <b>Deferred inflows of resources:</b>                                     |                    |  |   |                             |                         |                                      |                                |                                |
| Unavailable revenue   | 86,821             | 2,120,827                                | 2,994,379                                 | 1,890,270                   | -                       | -                                    | 952,042                        | 8,044,339                      |
| <b>Fund balance:</b>  |                    |  |   |                             |                         |                                      |                                |                                |
| Nonspendable  | 296,907            | -  | -   | -                           | -                       | -                                    | 102,842                        | 399,749                        |
| Restricted  | -                  | -  | -   | -                           | -                       | 380,732                              | 6,269,730                      | 6,650,462                      |
| Committed   | 443,900            | -  | -   | -                           | -                       | -                                    | 175,485                        | 619,385                        |
| Assigned  | -                  | -  | -   | 8,307,394                   | 3,733,517               | 630,213                              | 7,001,582                      | 19,672,706                     |
| Unassigned  | 6,052,388          | -  | (2,282,686)                               | -                           | -                       | -                                    | (888,475)                      | 2,881,227                      |
| <b>Total fund balance</b>   | <b>6,793,195</b>   | <b>0</b>                                 | <b>(2,282,686)</b>                        | <b>8,307,394</b>            | <b>3,733,517</b>        | <b>1,010,945</b>                     | <b>12,661,164</b>              | <b>30,223,529</b>              |
| <b>Total liabilities, deferred inflows of resources, and fund balance</b> | <b>\$9,413,848</b> | <b>\$2,121,556</b>                       | <b>\$3,589,141</b>                        | <b>\$10,215,754</b>         | <b>\$3,733,517</b>      | <b>\$1,702,759</b>                   | <b>\$14,681,947</b>            | <b>\$45,458,522</b>            |

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

**CITY OF LINO LAKES, MINNESOTA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
December 31, 2019

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|   |              |
|---|--------------|
| Fund balance - total governmental funds (Statement 3) | \$30,223,529 |
|---|--------------|

Net position reported for governmental activities in the Statement of Net Position is different because:

Certain assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

|                   |            |
|-------------------|------------|
| Capital assets    | 49,859,684 |
| Net pension asset | 317,669    |

Other long-term assets are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds:

|   |           |
|---|-----------|
| Delinquent taxes receivable               | 104,962   |
| Delinquent special assessments receivable | 41,266    |
| Deferred special assessments receivable   | 7,898,111 |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

|                                |              |
|--------------------------------|--------------|
| Bonds and notes payable        | (21,514,485) |
| Unamortized bond premiums      | (476,139)    |
| Unamortized bond discounts     | 13,310       |
| Accrued interest payable       | (132,474)    |
| Compensated absences payable   | (801,182)    |
| Other post employment benefits | (554,263)    |
| Net pension liability          | (4,630,334)  |

Deferred outflows and inflows of resources related to pensions and OPEB are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. Balances at year end are:

|                                |             |
|--------------------------------|-------------|
| Deferred outflows of resources | 3,084,049   |
| Deferred inflows of resources  | (4,970,184) |

|   |                            |
|---|----------------------------|
| Net position of governmental activities (Statement 1) | <u><u>\$58,463,519</u></u> |
|---|----------------------------|

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2019

|  | General Fund | 333 G.O.<br>Improvement<br>Note of 2009A | 342 G.O.<br>Improvement<br>Bonds of 2016B | 406 Area and<br>Unit Charge | 420 MSA<br>Construction | 485<br>2018 Street<br>Reconstruction | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------|--|---|-----------------------------|-------------------------|--------------------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                       |              |  |   |                             |                         |                                      |                                |                                |
| General property taxes                 | \$8,160,572  | \$ -                                     | \$ -                                      | \$ -                        | \$ -                    | \$ -                                 | \$1,853,724                    | \$10,014,296                   |
| Tax increment                          | -            | -  | -   | -                           | -                       | -                                    | 671,296                        | 671,296                        |
| Licenses and permits                   | 941,569      | -  | -   | -                           | -                       | -                                    | -                              | 941,569                        |
| Intergovernmental                      | 645,289      | -  | -   | -                           | -                       | 43,100                               | -                              | 688,389                        |
| Special assessments                    | 751          | 62,605                                   | -   | 570,659                     | -                       | -                                    | 1,301,163                      | 1,935,178                      |
| Charges for services                   | 322,652      | -  | -   | 271,134                     | -                       | -                                    | 1,269,017                      | 1,862,803                      |
| Fines and forfeits                     | 98,390       | -  | -   | -                           | -                       | -                                    | 33,546                         | 131,936                        |
| Investment earnings                    | 159,482      | -  | 8,554                                     | 259,544                     | 134,682                 | 118,835                              | 348,847                        | 1,029,944                      |
| Miscellaneous                          | 190,279      | -  | -   | -                           | -                       | -                                    | 74,851                         | 265,130                        |
| Total revenues                         | 10,518,984   | 62,605                                   | 8,554                                     | 1,101,337                   | 134,682                 | 161,935                              | 5,552,444                      | 17,540,541                     |
| <b>Expenditures:</b>                   |              |  |   |                             |                         |                                      |                                |                                |
| Current:                               |              |  |   |                             |                         |                                      |                                |                                |
| General government                     | 1,988,237    | -  | -   | -                           | -                       | -                                    | 19,504                         | 2,007,741                      |
| Public safety                          | 4,683,296    | -  | -   | -                           | -                       | -                                    | 36,826                         | 4,720,122                      |
| Public services                        | 2,256,496    | -  | -   | 191,649                     | 447                     | -                                    | 1,090,032                      | 3,538,624                      |
| Conservation of natural resources      | 207,919      | -  | -   | -                           | -                       | -                                    | -                              | 207,919                        |
| Community development                  | 453,056      | -  | -   | -                           | -                       | -                                    | 227,363                        | 680,419                        |
| Capital outlay:                        |              |  |   |                             |                         |                                      |                                |                                |
| General government                     | 969,313      | -  | -   | -                           | -                       | -                                    | 83,417                         | 1,052,730                      |
| Public safety                          | 47,851       | -  | -   | -                           | -                       | -                                    | 96,853                         | 144,704                        |
| Public services                        | 30,544       | -  | -   | 178,353                     | 127,871                 | 4,451,069                            | 1,459,668                      | 6,247,505                      |
| Debt service:                          |              |  |   |                             |                         |                                      |                                |                                |
| Principal                              | -            | -  | 490,000                                   | -                           | -                       | -                                    | 2,325,075                      | 2,815,075                      |
| Interest and fiscal charges            | -            | -  | 17,585                                    | -                           | -                       | -                                    | 544,886                        | 562,471                        |
| Total expenditures                     | 10,636,712   | 0  | 507,585                                   | 370,002                     | 128,318                 | 4,451,069                            | 5,883,624                      | 21,977,310                     |
| Revenues over (under) expenditures     | (117,728)    | 62,605                                   | (499,031)                                 | 731,335                     | 6,364                   | (4,289,134)                          | (331,180)                      | (4,436,769)                    |
| <b>Other financing sources (uses):</b> |              |  |   |                             |                         |                                      |                                |                                |
| Insurancy recovery                     | 711,854      | -  | -   | -                           | -                       | -                                    | -                              | 711,854                        |
| Transfers in                           | 256,480      | -  | 366,450                                   | -                           | 62,605                  | -                                    | 2,092,128                      | 2,777,663                      |
| Transfers out                          | (943,553)    | (62,605)                                 | -   | (580,741)                   | (255,181)               | -                                    | (708,861)                      | (2,550,941)                    |
| Issuance of debt                       | -            | -  | -   | -                           | -                       | -                                    | 388,535                        | 388,535                        |
| Proceeds from sale of capital assets   | -            | -  | -   | -                           | -                       | -                                    | 77,986                         | 77,986                         |
| Total other financing sources (uses)   | 24,781       | (62,605)                                 | 366,450                                   | (580,741)                   | (192,576)               | 0                                    | 1,849,788                      | 1,405,097                      |
| Net change in fund balance             | (92,947)     | 0  | (132,581)                                 | 150,594                     | (186,212)               | (4,289,134)                          | 1,518,608                      | (3,031,672)                    |
| Fund balance - January 1               | 6,886,142    | -  | (2,150,105)                               | 8,156,800                   | 3,919,729               | 5,300,079                            | 11,142,556                     | 33,255,201                     |
| Fund balance - December 31             | \$6,793,195  | \$0                                      | (\$2,282,686)                             | \$8,307,394                 | \$3,733,517             | \$1,010,945                          | \$12,661,164                   | \$30,223,529                   |

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

**CITY OF LINO LAKES, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2019

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|   |               |
|---|---------------|
| Net change in fund balance - total governmental funds (Statement 5) | (\$3,031,672) |
|---|---------------|

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

|                |             |
|----------------|-------------|
| Capital outlay | 7,444,939   |
| Depreciation   | (2,988,915) |

Various other transactions involving capital assets increase (decrease) net position on the Statement of Activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:

|   |             |
|---|-------------|
| Contributions of infrastructure from private sources        | 2,845,725   |
| Contributions of infrastructure to business-type activities | (1,538,315) |
| Miscellaneous other differences related to capital assets   | (6,317)     |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

|   |           |
|---|-----------|
| Change in delinquent taxes receivable               | 21,385    |
| Change in delinquent special assessments receivable | (1,116)   |
| Change in deferred special assessments receivable   | 1,328,778 |

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas amounts are deferred and amortized over the life of the debt in the Statement of Activities.

|   |           |
|---|-----------|
| Bonds and notes issued                      | (388,535) |
| Repayment of principal                      | 2,815,075 |
| Amortization of bond premiums and discounts | 48,984    |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:

|   |          |
|---|----------|
| Change in accrued interest payable  | 14,900   |
| Change in compensated absences payable  | 12,690   |
| Change in OPEB liability and related deferred outflows and inflows of resources | (26,348) |

Pension expense in governmental funds is measured by current year employee contributions. Pension expense in the Statement of Activities is measured by the change in the net pension liability and related deferred inflows and outflows of resources. This is the amount by which pension expense (\$591,394) differed from pension contributions (\$705,763).

---

|         |
|---------|
| 114,369 |
|---------|

|   |                    |
|---|--------------------|
| Change in net position of governmental activities (Statement 2) | <u>\$6,665,627</u> |
|---|--------------------|

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2019

|   | Business-Type Activities - Enterprise Funds |              |              |
|---|---|--------------|--------------|
|   | 601 Water                                   | 602 Sewer    | Total        |
| <b>Assets:</b>                                      |   |              |              |
| Current assets:                                     |   |              |              |
| Cash and cash equivalents                           | \$6,171,792                                 | \$9,549,968  | \$15,721,760 |
| Due from other governmental units                   | -   | 2,238        | 2,238        |
| Accounts receivable - net                           | 121,112                                     | 203,883      | 324,995      |
| Prepaid items                                       | 14,034                                      | 23,063       | 37,097       |
| Inventory   | 22,496                                      | -            | 22,496       |
| Total current assets                                | 6,329,434                                   | 9,779,152    | 16,108,586   |
| Noncurrent assets:                                  |   |              |              |
| Interfund loan receivable                           | -   | 559,110      | 559,110      |
| Capital assets:                                     |   |              |              |
| Construction in progress                            | 3,098,608                                   | 3,025,229    | 6,123,837    |
| Equipment   | 97,620                                      | 294,916      | 392,536      |
| Water and sewer systems                             | 26,078,583                                  | 24,042,195   | 50,120,778   |
| Total capital assets                                | 29,274,811                                  | 27,362,340   | 56,637,151   |
| Less: Allowance for depreciation                    | (9,844,858)                                 | (10,401,473) | (20,246,331) |
| Net capital assets                                  | 19,429,953                                  | 16,960,867   | 36,390,820   |
| Total assets  | 25,759,387                                  | 27,299,129   | 53,058,516   |
| Deferred outflows of resources related to pensions  | 18,497                                      | 18,497       | 36,994       |
| Total assets and deferred outflows                  | 25,777,884                                  | 27,317,626   | 53,095,510   |
| <b>Liabilities:</b>                                 |   |              |              |
| Current liabilities:                                |   |              |              |
| Accounts payable                                    | 23,852                                      | 9,089        | 32,941       |
| Salaries payable                                    | 6,881                                       | 6,881        | 13,762       |
| Due to other governments                            | 9,582                                       | 3,404        | 12,986       |
| Other accrued liabilities                           | 13,572                                      | 1,335        | 14,907       |
| Compensated absences payable - current portion      | 19,298                                      | 19,298       | 38,596       |
| Other post employment benefits - current portion    | 131   | 131          | 262          |
| Total current liabilities                           | 73,316                                      | 40,138       | 113,454      |
| Noncurrent liabilities:                             |   |              |              |
| Compensated absences payable - noncurrent portion   | 336   | 336          | 672          |
| Other post employment benefits - noncurrent portion | 3,053                                       | 3,053        | 6,106        |
| Net pension liability                               | 140,829                                     | 140,829      | 281,658      |
| Total noncurrent liabilities                        | 144,218                                     | 144,218      | 288,436      |
| Total liabilities                                   | 217,534                                     | 184,356      | 401,890      |
| Deferred inflows of resources related to pensions   | 32,786                                      | 32,786       | 65,572       |
| Total liabilities and deferred inflows              | 250,320                                     | 217,142      | 467,462      |
| <b>Net position:</b>                                |   |              |              |
| Investment in capital assets                        | 19,429,953                                  | 16,960,867   | 36,390,820   |
| Unrestricted  | 6,097,611                                   | 10,139,617   | 16,237,228   |
| Total net position                                  | \$25,527,564                                | \$27,100,484 | \$52,628,048 |

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2019

|   | Business-Type Activities - Enterprise Funds |                            |                            |
|---|---|----------------------------|----------------------------|
|   | 601 Water                                   | 602 Sewer                  | Totals                     |
| Operating revenues:   |   |                            |                            |
| Charges for services  | \$1,100,675                                 | \$1,745,709                | \$2,846,384                |
| Hook-up charges   | 31,510                                      | 25,434                     | 56,944                     |
| Water meter sales   | 37,442                                      | -                          | 37,442                     |
| Other operating revenue   | 2,953                                       | -                          | 2,953                      |
| Total operating revenues  | <u>1,172,580</u>                            | <u>1,771,143</u>           | <u>2,943,723</u>           |
| Operating expenses:   |   |                            |                            |
| Personal services   | 297,355                                     | 305,645                    | 603,000                    |
| Materials and supplies  | 174,870                                     | 30,492                     | 205,362                    |
| Contractual services  | 128,800                                     | 122,540                    | 251,340                    |
| MCES sewer charges  | -   | 977,612                    | 977,612                    |
| Depreciation  | 603,559                                     | 495,816                    | 1,099,375                  |
| Utilities   | 97,224                                      | 44,927                     | 142,151                    |
| Other   | 18,968                                      | 25,679                     | 44,647                     |
| Total operating expenses  | <u>1,320,776</u>                            | <u>2,002,711</u>           | <u>3,323,487</u>           |
| Operating income (loss)   | <u>(148,196)</u>                            | <u>(231,568)</u>           | <u>(379,764)</u>           |
| Nonoperating revenues (expenses):   |   |                            |                            |
| Investment earnings   | 210,056                                     | 313,498                    | 523,554                    |
| Loss on sale of capital assets  | (2,035)                                     | -                          | (2,035)                    |
| Total nonoperating revenues (expenses)  | <u>208,021</u>                              | <u>313,498</u>             | <u>521,519</u>             |
| Income before contributions and transfers   | <u>59,825</u>                               | <u>81,930</u>              | <u>141,755</u>             |
| Contributions and transfers:  |   |                            |                            |
| Capital contributions from private sources  | 1,291,185                                   | 1,603,609                  | 2,894,794                  |
| Capital contributions from governmental activities  | 921,368                                     | 616,947                    | 1,538,315                  |
| Transfer out  | (226,722)                                   | -                          | (226,722)                  |
| Total contributions and transfers   | <u>1,985,831</u>                            | <u>2,220,556</u>           | <u>4,206,387</u>           |
| Change in net position  | 2,045,656                                   | 2,302,486                  | 4,348,142                  |
| Net position - January 1  | <u>23,481,908</u>                           | <u>24,797,998</u>          | <u>48,279,906</u>          |
| Net position - December 31  | <u><u>\$25,527,564</u></u>                  | <u><u>\$27,100,484</u></u> | <u><u>\$52,628,048</u></u> |
|   |   | Capital                    |                            |
|   |   | Contributions              | Transfers - Net            |
| Amounts reported above  |   | \$4,433,109                | (\$226,722)                |
| Amounts reported for business-type activities in the statement of activities are different because: |   |                            |                            |
| Transfer in of capital assets from governmental activities  |   | (1,538,315)                | 1,538,315                  |
| Amounts reported on the statement of activities   |   | <u><u>\$2,894,794</u></u>  | <u><u>\$1,311,593</u></u>  |

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



**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2019

|   | Business-Type Activities - Enterprise Funds |             |              |
|---|---|-------------|--------------|
|   | 601 Water                                   | 602 Sewer   | Totals       |
| Cash flows from operating activities:   |   |             |              |
| Receipts from customers and users   | \$1,201,873                                 | \$1,782,897 | \$2,984,770  |
| Payment to suppliers  | (393,323)                                   | (1,223,487) | (1,616,810)  |
| Payment to employees  | (292,094)                                   | (300,384)   | (592,478)    |
| Net cash flows provided by operating activities   | 516,456                                     | 259,026     | 775,482      |
| Cash flows from noncapital financing activities:  |   |             |              |
| Transfers out   | (226,722)                                   | -           | (226,722)    |
| Cash flows from capital and related financing activities:                                     |   |             |              |
| Acquisition of capital assets   | (350,042)                                   | -           | (350,042)    |
| Cash flows from investing activities:   |   |             |              |
| Investment earnings   | 210,056                                     | 313,498     | 523,554      |
| Net increase in cash and cash equivalents   | 149,748                                     | 572,524     | 722,272      |
| Cash and cash equivalents - January 1   | 6,022,044                                   | 8,977,444   | 14,999,488   |
| Cash and cash equivalents - December 31   | \$6,171,792                                 | \$9,549,968 | \$15,721,760 |
| Reconciliation of operating income to net cash provided by operating activities:              |   |             |              |
| Operating income (loss)   | (\$148,196)                                 | (\$231,568) | (\$379,764)  |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |   |             |              |
| Depreciation  | 603,559                                     | 495,816     | 1,099,375    |
| Changes in assets and liabilities:  |   |             |              |
| Decrease (increase) in due from other governmental units                                      | -   | (256)       | (256)        |
| Decrease (increase) in accounts receivable - net  | 29,293                                      | 12,010      | 41,303       |
| Decrease (increase) in prepaid items  | (125)                                       | 216         | 91           |
| Decrease (increase) in inventory  | 17,402                                      | -           | 17,402       |
| Decrease (increase) in deferred outflows of resources   | 12,456                                      | 12,456      | 24,912       |
| Increase (decrease) in payables   | (1,200)                                     | (21,824)    | (23,024)     |
| Increase (decrease) in other accrued liabilities  | 10,462                                      | (629)       | 9,833        |
| Increase (decrease) in compensated absences   | 3,195                                       | 3,195       | 6,390        |
| Increase (decrease) in other post employment benefits   | (1,113)                                     | (1,113)     | (2,226)      |
| Increase (decrease) in net pension liability  | 5,557                                       | 5,557       | 11,114       |
| Increase (decrease) in deferred inflows of resources  | (14,834)                                    | (14,834)    | (29,668)     |
| Total adjustments   | 664,652                                     | 490,594     | 1,155,246    |
| Net cash provided by operating activities   | \$516,456                                   | \$259,026   | \$775,482    |
| Noncash investing, capital and financing activities:  |   |             |              |
| Contributions of capital assets   | \$2,212,553                                 | \$2,220,556 | \$4,433,109  |

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

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. FINANCIAL REPORTING ENTITY**

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**COMPONENT UNITS**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial report as blended component units.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental funds:

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

*General Obligation Improvement Note of 20094 Fund* accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The note was used to finance improvement projects at the I-35E and County Road 14 interchange.

*General Obligation Improvement Bonds of 2016B Fund* accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

*Area and Unit Charge Fund* accounts for the collection of water and sewer unit charges to be used for debt payments and construction of governmental infrastructure.

*MSA Construction Fund* accounts for the financing of future reconstruction of state aid eligible streets.

*2018 Street Reconstruction Fund* accounts for street and utility improvements within the West Shadow Lake Drive and LaMotte neighborhoods.

The City reports the following major proprietary funds:

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *modified basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60

days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

#### D. BUDGETS

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

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

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

#### F. CASH AND INVESTMENTS

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

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Interest earnings are accrued at year-end.

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

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

#### G. PROPERTY TAX REVENUE RECOGNITION

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

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

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

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

#### H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

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

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

#### I. INVENTORY

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

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

#### J. PREPAID ITEMS

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

#### K. INTERFUND TRANSACTIONS

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

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

#### L. CAPITAL ASSETS

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

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 30 years for buildings, office furniture and equipment, vehicles, machine shop and equipment and other assets, and 15 to 50 years for infrastructure.

#### M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation, PTO (Personal Time Off), extended leave and sick pay benefits. All vacation pay and PTO and the portion of sick pay allowable as severance is accrued in the government-wide and proprietary fund financial statements. The current portion is calculated based on historical trends.

#### N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the related debt.

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

#### O. DEFINED BENEFIT PENSION PLANS

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

payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) that time. The City has two items that qualify for reporting in this category. Pension related deferred outflows of resources are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. OPEB related deferred outflows of resources are only reported in the governmental activities column of the government-wide Statement of Net Position as amounts applicable to business-type activities are immaterial.

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

#### Q. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

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

#### R. USE OF ESTIMATES

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

### Note 2 DEPOSITS AND INVESTMENTS

#### A. DEPOSITS

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

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The City has no additional deposit policies addressing custodial credit risk. At December 31, 2019, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

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

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

At December 31, 2019, the carrying amount of the City's deposits with financial institutions was \$4,768,651.

#### B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) State and local securities as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
  - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

At December 31, 2019, the City had the following investments and maturities:

| Investment Type                      | Rating    | Fair Value          | Investment Maturities (in Years) |                     |                    |
|--------------------------------------|-----------|---------------------|----------------------------------|---------------------|--------------------|
|                                      |           |                     | Less Than 1                      | 1 - 3               | 3 - 6              |
| Brokered certificates of deposit     | Not rated | \$22,924,803        | \$7,881,574                      | \$10,456,546        | \$4,586,683        |
| Municipal bonds                      | *         | 12,251,492          | 2,685,184                        | 5,973,762           | 3,592,546          |
| Federal Home Loan Mortgage Corp.     | AA+       | 1,499,855           | -                                | -                   | 1,499,855          |
| 4M fund                              | Not rated | 4,457,891           | 4,457,891                        | -                   | -                  |
| First American Gov't Obligation fund | AAAm      | 3,092,898           | 3,092,898                        | -                   | -                  |
| Total                                |           | <u>\$44,226,939</u> | <u>\$18,117,547</u>              | <u>\$16,430,308</u> | <u>\$9,679,084</u> |
| * AAA \$2,312,282; AA+ \$2,599,103   |           |                     | Total investments                |                     |                    |
| AA \$2,607,390; AA- \$1,974,259      |           |                     | Deposits                         |                     |                    |
| A+ \$2,144,214; A \$614,244          |           |                     | Petty cash                       |                     |                    |
|                                      |           |                     | Total cash and investments       |                     |                    |
|                                      |           |                     | <u>\$48,996,530</u>              |                     |                    |

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements at December 31, 2019:

| Investment Type                     | 12/31/2019          | Fair Value Measurement Using |                     |            |
|-------------------------------------|---------------------|------------------------------|---------------------|------------|
|                                     |                     | Level 1                      | Level 2             | Level 3    |
| Investments at fair value:          |                     |                              |                     |            |
| Brokered certificates of deposit    | \$22,924,803        | \$ -                         | \$22,924,803        | \$ -       |
| Municipal bonds                     | 12,251,492          | -                            | 12,251,492          | -          |
| Federal Home Loan Mortgage Corp.    | 1,499,855           | -                            | 1,499,855           | -          |
|                                     |                     | <u>\$0</u>                   | <u>\$36,676,150</u> | <u>\$0</u> |
| Investments not categorized:        |                     |                              |                     |            |
| 4M fund                             | 4,457,891           |                              |                     |            |
| First American Govt Obligation fund | 3,092,898           |                              |                     |            |
| Total investments                   | <u>\$44,226,939</u> |                              |                     |            |

The 4M fund is an external investment pool investment which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. It is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) of \$1 per share. The pool measures its investments at amortized cost in accordance with GASB Statement No. 79. The 4M Plus fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to penalty equal to 7 days interest on the amount withdrawn.

The First American Government Obligation money market fund is an external investment pool. The fund seeks to maintain a constant net asset value (NAV) of \$1 per share. The securities held by the

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

fund are valued on the basis of amortized cost. Shares may be redeemed without penalty on any business day.

**C. INVESTMENT RISKS**

**Custodial Credit Risk – Investments** – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy requires its brokers be licensed with the appropriate federal and state agencies. A minimum capital requirement of \$5,000,000 and at least five years of operation is mandatory. Investments in securities are held by the City's broker-dealers. The securities at each broker-dealer are insured \$500,000 through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts.

**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.

**Credit Risk** – 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.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2019, no individual investments exceeded 5% of the City's total investment portfolio.

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 3 RECEIVABLES**

Significant receivable balances not expected to be collected within one year of December 31, 2019 are as follows:

|                                 | Property<br>Taxes<br>Receivable | Special<br>Assessments<br>Receivable | Notes<br>Receivable | Total              |
|---------------------------------|---------------------------------|--------------------------------------|---------------------|--------------------|
| Major Funds:                    |                                 |                                      |                     |                    |
| General Fund                    | \$33,800                        | \$ -                                 | \$ -                | \$33,800           |
| G.O. Improvement Note of 2009A  | -                               | 2,095,200                            | -                   | 2,095,200          |
| G.O. Improvement Bonds of 2016B | -                               | 2,994,400                            | -                   | 2,994,400          |
| Area and Unit Charge            | -                               | 1,808,700                            | -                   | 1,808,700          |
| Nonmajor Funds                  | 7,100                           | 873,100                              | 225,000             | 1,105,200          |
| Total                           | <u>\$40,900</u>                 | <u>\$7,771,400</u>                   | <u>\$225,000</u>    | <u>\$8,037,300</u> |

**Note 4 UNAVAILABLE REVENUE**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds are as follows:

|                                 | Property<br>Taxes<br>Receivable | Special<br>Assessments<br>Receivable | Total              |
|---------------------------------|---------------------------------|--------------------------------------|--------------------|
| Major Funds:                    |                                 |                                      |                    |
| General Fund                    | \$86,821                        | \$ -                                 | \$86,821           |
| G.O. Improvement Note of 2009A  | -                               | 2,120,827                            | 2,120,827          |
| G.O. Improvement Bonds of 2016B | -                               | 2,994,379                            | 2,994,379          |
| Area and Unit Charge            | -                               | 1,890,270                            | 1,890,270          |
| Nonmajor Funds                  | 18,141                          | 933,901                              | 952,042            |
| Total                           | <u>\$104,962</u>                | <u>\$7,939,377</u>                   | <u>\$8,044,339</u> |

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

|   | Beginning<br>Balance | Increases          | Decreases          | Transfers            | Ending<br>Balance   |
|---|----------------------|--------------------|--------------------|----------------------|---------------------|
| Governmental activities:                      |                      |                    |                    |                      |                     |
| Capital assets, not being depreciated:        |                      |                    |                    |                      |                     |
| Land  | \$3,320,059          | \$212,871          | \$ -               | \$ -                 | \$3,532,930         |
| Wetland credits                               | 167,224              | 3,197              | -                  | -                    | 170,421             |
| Construction in progress                      | 3,595,457            | 8,418,607          | (380,816)          | (1,538,315)          | 10,094,933          |
| Total capital assets, not being depreciated   | <u>7,082,740</u>     | <u>8,634,675</u>   | <u>(380,816)</u>   | <u>(1,538,315)</u>   | <u>13,798,284</u>   |
| Capital assets, being depreciated:            |                      |                    |                    |                      |                     |
| Buildings                                     | 11,300,659           | 1,035,169          | -                  | -                    | 12,335,828          |
| Office equipment and furniture                | 861,550              | 23,258             | (170,958)          | -                    | 713,850             |
| Vehicles                                      | 4,556,854            | 218,796            | (158,206)          | -                    | 4,617,444           |
| Machinery and shop equipment                  | 2,707,945            | 262,778            | (401,864)          | -                    | 2,568,859           |
| Other equipment                               | 1,196,458            | 538,199            | (179,260)          | -                    | 1,555,397           |
| Infrastructure                                | 88,189,240           | 51,858             | -                  | -                    | 88,241,098          |
| Total capital assets, being depreciated       | <u>108,812,706</u>   | <u>2,130,058</u>   | <u>(910,288)</u>   | <u>0</u>             | <u>110,032,476</u>  |
| Less accumulated depreciation for:            |                      |                    |                    |                      |                     |
| Buildings                                     | 4,925,227            | 427,124            | -                  | -                    | 5,352,351           |
| Office equipment and furniture                | 590,839              | 60,511             | (170,676)          | -                    | 480,674             |
| Vehicles                                      | 2,611,665            | 321,412            | (158,206)          | -                    | 2,774,871           |
| Machinery and shop equipment                  | 1,581,699            | 202,207            | (302,576)          | -                    | 1,481,330           |
| Other equipment                               | 865,840              | 33,625             | (179,260)          | -                    | 720,205             |
| Infrastructure                                | 61,217,609           | 1,944,036          | -                  | -                    | 63,161,645          |
| Total accumulated depreciation                | <u>71,792,879</u>    | <u>2,988,915</u>   | <u>(810,718)</u>   | <u>0</u>             | <u>73,971,076</u>   |
| Total capital assets being depreciated - net  | <u>37,019,827</u>    | <u>(858,857)</u>   | <u>(99,570)</u>    | <u>0</u>             | <u>36,061,400</u>   |
| Governmental activities capital assets - net  | <u>\$44,102,567</u>  | <u>\$7,775,818</u> | <u>(\$480,386)</u> | <u>(\$1,538,315)</u> | <u>\$49,859,684</u> |
| Business-type activities:                     |                      |                    |                    |                      |                     |
| Capital assets, not being depreciated:        |                      |                    |                    |                      |                     |
| Construction in progress                      | \$1,623,032          | \$3,234,156        | (\$271,666)        | \$1,538,315          | \$6,123,837         |
| Capital assets, being depreciated:            |                      |                    |                    |                      |                     |
| Machinery and shop equipment                  | 488,663              | -                  | (96,127)           | -                    | 392,536             |
| Water and sewer systems                       | 49,838,432           | 282,346            | -                  | -                    | 50,120,778          |
| Total capital assets, being depreciated       | <u>50,327,095</u>    | <u>282,346</u>     | <u>(96,127)</u>    | <u>0</u>             | <u>50,513,314</u>   |
| Accumulated depreciation for:                 |                      |                    |                    |                      |                     |
| Machinery and shop equipment                  | 327,125              | 19,900             | (94,092)           | -                    | 252,933             |
| Water and sewer systems                       | 18,913,923           | 1,079,475          | -                  | -                    | 19,993,398          |
| Total accumulated depreciation                | <u>19,241,048</u>    | <u>1,099,375</u>   | <u>(94,092)</u>    | <u>0</u>             | <u>20,246,331</u>   |
| Total capital assets being depreciated - net  | <u>31,086,047</u>    | <u>(817,029)</u>   | <u>(2,035)</u>     | <u>0</u>             | <u>30,266,983</u>   |
| Business-type activities capital assets - net | <u>\$32,709,079</u>  | <u>\$2,417,127</u> | <u>(\$273,701)</u> | <u>\$1,538,315</u>   | <u>\$36,390,820</u> |



**CITY OF LINO LAKES, MINNESOTA**  
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Depreciation expense was charged to functions/programs of the City as follows:

|   |                    |
|---|--------------------|
| Governmental activities:                              |                    |
| General government                                    | \$452,015          |
| Public safety   | 303,536            |
| Public services                                       | 2,232,514          |
| Conservation of natural resources                     | 850                |
| Total depreciation expense - governmental activities  | <u>\$2,988,915</u> |
| Business-type activities:                             |                    |
| Water   | \$603,559          |
| Sewer   | 495,816            |
| Total depreciation expense - business-type activities | <u>\$1,099,375</u> |

**CITY OF LINO LAKES, MINNESOTA**  
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**Note 6 LONG-TERM DEBT**

The City issues general obligation bonds and certificates of indebtedness to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness at December 31, 2019 consisted of the following:

|  | Issue<br>Date | Final<br>Maturity<br>Date | Interest<br>Rate | Original<br>Issue   | Payable<br>12/31/19 |
|--|---------------|---------------------------|------------------|---------------------|---------------------|
| Governmental activities:                         |               |                           |                  |                     |                     |
| General Obligation Bonds:                        |               |                           |                  |                     |                     |
| G.O. TIF Bonds, Series 2007A                     | 07/15/07      | 02/01/24                  | 4.00% - 4.125%   | \$4,215,000         | \$1,235,000         |
| G.O. Refunding Bonds, Series 2012A               | 11/15/12      | 02/01/24                  | 1.00% - 2.00%    | 2,015,000           | 810,000             |
| G.O. Bonds, Series 2015A                         | 08/01/15      | 02/01/31                  | 2.00% - 3.00%    | 3,095,000           | 2,510,000           |
| EDA Lease Revenue Bonds, Series 2015B            | 10/01/15      | 04/01/36                  | 2.00% - 3.00%    | 4,350,000           | 3,840,000           |
| G.O. Utility Revenue Bonds, Series 2016A         | 11/23/16      | 02/01/27                  | 2.00%            | 1,420,000           | 1,155,000           |
| G.O. Tax Abatement Refunding Bonds, Series 2016C | 11/23/16      | 02/01/23                  | 1.00% - 1.50%    | 1,600,000           | 1,130,000           |
| G.O. Bonds, Series 2018A                         | 12/19/18      | 02/01/34                  | 3.00% - 5.00%    | 6,915,000           | 6,915,000           |
| Total General Obligation Bonds                   |               |                           |                  | <u>23,610,000</u>   | <u>17,595,000</u>   |
| Special Assessment Bonds:                        |               |                           |                  |                     |                     |
| G.O. Imp & Utility Revenue Bonds, Series 2010A   | 07/09/10      | 02/01/20                  | 2.00% - 3.00%    | 1,000,000           | 115,000             |
| G.O. Improvement Bonds, Series, 2013A            | 07/15/13      | 02/01/24                  | 1.25% - 4.00%    | 615,000             | 315,000             |
| G.O. Improvement Bonds, Series 2014A             | 11/20/14      | 02/01/26                  | 0.40% - 2.30%    | 2,645,000           | 1,420,000           |
| G.O. Improvement Refunding Bonds, Series 2016B   | 11/23/16      | 02/01/21                  | 0.875% - 1.50%   | 1,975,000           | 1,005,000           |
| Total Special Assessment Bonds                   |               |                           |                  | <u>6,235,000</u>    | <u>2,855,000</u>    |
| Direct Borrowings:                               |               |                           |                  |                     |                     |
| G.O. Certificates of Indebtedness, Series 2015   | 08/25/15      | 12/31/20                  | 1.50%            | 963,000             | 201,000             |
| G.O. Certificates of Indebtedness, Series 2017   | 03/01/17      | 12/31/20                  | 1.00%            | 311,000             | 105,000             |
| G.O. Certificates of Indebtedness, Series 2018   | 02/01/18      | 12/31/21                  | 1.00%            | 303,900             | 200,000             |
| G.O. Certificates of Indebtedness, Series 2019   | 02/01/19      | 12/31/22                  | 1.00%            | 388,535             | 388,535             |
| G.O. Capital Note, Series 2016A                  | 04/14/16      | 02/01/26                  | 2.00%            | 294,525             | 169,950             |
| Total Direct Borrowings                          |               |                           |                  | <u>2,260,960</u>    | <u>1,064,485</u>    |
| Unamortized bond premiums                        |               |                           |                  | 575,188             | 476,139             |
| Unamortized bond discounts                       |               |                           |                  | (38,362)            | (13,310)            |
| Compensated absences payable                     |               |                           |                  | N/A                 | 801,182             |
| Total Government Activities                      |               |                           |                  | <u>\$32,642,786</u> | <u>\$22,778,496</u> |
| Business-Type Activities:                        |               |                           |                  |                     |                     |
| Compensated absences payable                     |               |                           |                  | N/A                 | <u>\$39,268</u>     |

**CITY OF LINO LAKES, MINNESOTA**  
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**CHANGES IN LONG-TERM DEBT**

The following is a schedule of changes in City indebtedness for the year ended December 31, 2019:

|                               | Beginning<br>Balance | Additions | Deletions   | Ending<br>Balance | Due Within<br>One Year |
|-------------------------------|----------------------|-----------|-------------|-------------------|------------------------|
| Governmental Activities:      |                      |           |             |                   |                        |
| General obligation bonds      | \$18,780,000         | \$ -      | \$1,185,000 | \$17,595,000      | \$1,240,000            |
| Special assessment bonds      | 3,890,000            | -         | 1,035,000   | 2,855,000         | 1,050,000              |
| Direct borrowings             | 1,271,025            | 388,535   | 595,075     | 1,064,485         | 565,000                |
| Total bonds and notes payable | 23,941,025           | 388,535   | 2,815,075   | 21,514,485        | 2,855,000              |
| Unamortized bond premiums     | 527,800              | -         | 51,661      | 476,139           | -                      |
| Unamortized bond discounts    | (15,987)             | -         | (2,677)     | (13,310)          | -                      |
| Compensated absences payable  | 813,872              | 525,435   | 538,125     | 801,182           | 478,866                |
| Total governmental activities | \$25,266,710         | \$913,970 | \$3,402,184 | \$22,778,496      | \$3,333,866            |
| Business-Type Activities:     |                      |           |             |                   |                        |
| Compensated absences payable  | \$32,878             | \$42,194  | \$35,804    | \$39,268          | \$38,596               |

**DESCRIPTIONS OF LONG-TERM DEBT**

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

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

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

Certificates of Indebtedness – the certificates were issued to finance capital purchases in accordance with the City's Capital Equipment Replacement Schedule and will be repaid from ad valorem levies.

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

The City's agreements related to direct borrowings do not contain any significant events of default or termination events with finance-related consequences, other than a commitment to pledge future property tax and franchise fee revenues.

**CITY OF LINO LAKES, MINNESOTA**  
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**DEBT SERVICE REQUIREMENTS**

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

| Years Ending<br>December 31 | Bonded Debt  |             | Direct Borrowings |          |
|-----------------------------|--------------|-------------|-------------------|----------|
|                             | Principal    | Interest    | Principal         | Interest |
| 2020                        | \$2,290,000  | \$594,534   | \$565,000         | \$16,911 |
| 2021                        | 2,515,000    | 541,386     | 264,000           | 6,365    |
| 2022                        | 1,830,000    | 483,876     | 165,360           | 3,395    |
| 2023                        | 1,905,000    | 428,672     | 34,650            | 1,403    |
| 2024                        | 1,665,000    | 372,600     | 35,475            | 710      |
| 2025-2029                   | 5,250,000    | 1,273,754   | -                 | -        |
| 2030-2034                   | 4,425,000    | 484,200     | -                 | -        |
| 2035-2036                   | 570,000      | 23,000      | -                 | -        |
| Total                       | \$20,450,000 | \$4,202,022 | \$1,064,485       | \$28,784 |

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

**DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT**

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

The future scheduled tax levies are not shown as assets in the accompanying financial statements. Future scheduled tax levies for all bonds outstanding at December 31, 2019 totaled \$17,244,281.

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**REVENUE PLEDGED**

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

| Bond Issue                                  | Use of Proceeds                               | Revenue Pledged  |                | Remaining Principal and Interest | Current Year                |                          |
|---|---|--|----------------|----------------------------------|-----------------------------|--------------------------|
|   |   | Type   | Term of Pledge |                                  | Principal and Interest Paid | Pledged Revenue Received |
| Certificates of Indebtedness                | Equipment purchases                           | Ad valorem taxes   | 2016 - 2022    | \$912,989                        | \$578,365                   | \$604,408                |
| 2007A G.O. TIF Bonds                        | Infrastructure improvements                   | Tax increment, MSA funding via transfers                     | 2008 - 2023    | \$1,368,447                      | \$255,181                   | \$255,181                |
| 2010A Improvement and Utility Revenue Bonds | General and water infrastructure improvements | Special assessments, trunk utility charges                   | 2011 - 2019    | \$116,725                        | \$110,879                   | \$110,524                |
| 2012A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes, special assessments                        | 2013 - 2023    | \$840,843                        | \$243,445                   | \$179,211                |
| 2013A Improvement Bonds                     | Infrastructure improvements                   | Special assessments  | 2014 - 2023    | \$346,800                        | \$73,755                    | \$39,000                 |
| 2014A Improvement Bonds                     | Infrastructure improvements                   | Special assessments  | 2015 - 2025    | \$1,488,711                      | \$410,113                   | \$1,198                  |
| 2015A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes   | 2016 - 2030    | \$2,879,781                      | \$260,168                   | \$268,886                |
| 2015B EDA Lease Revenue Bonds               | Construction of a fire station                | Ad valorem taxes   | 2016 - 2035    | \$5,084,631                      | \$303,243                   | \$314,208                |
| 2016A Capital Note                          | Cable communications equipment                | Franchise fees   | 2016 - 2025    | \$180,279                        | \$38,029                    | \$38,028                 |
| 2016A Utility Revenue Bonds                 | Water infrastructure improvements             | Trunk utility charges via transfers                          | 2017 - 2026    | \$1,248,750                      | \$160,255                   | \$160,800                |
| 2016B Improvement Bonds                     | Infrastructure improvements                   | Special assessments, tax increment                           | 2017 - 2020    | \$1,019,693                      | \$507,585                   | \$366,450                |
| 2016C G.O. Tax Abatement Bonds              | Infrastructure improvements                   | Ad valorem taxes   | 2017 - 2022    | \$1,163,085                      | \$262,483                   | \$287,787                |
| 2018A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes, trunk utility charges, special assessments | 2019-2033      | \$9,094,557                      | \$174,045                   | \$835,787                |

**CITY OF LINO LAKES, MINNESOTA**  
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**Note 7 DEFINED BENEFIT PENSION PLANS – PERA**

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Fund (GERF)**

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Public Employees Police and Fire Fund (PEPFF)**

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

**1. GERF Benefits**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement

age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated bases from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2019; the City was required to contribute 7.5% for Coordinated Plan members. The City contributions to the GERF for the year ended December 31, 2019 were \$208,807. The City contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 10.8% of pay to 11.3% and employer rates increased from 16.2% to 16.95% on January 1, 2019. The City contributions to the PEPFF for the year ended December 31, 2019 were \$452,731. The City contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2019, the City reported a liability of \$2,200,453 for its proportionate share of GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$68,330. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0398%, which was an increase of 0.0017% from its proportionate share measured as of June 30, 2018.

|  |                    |
|--|--------------------|
| City's proportionate share of the net pension liability  | \$2,200,453        |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>68,330</u>      |
| Total  | <u>\$2,268,783</u> |

For the year ended December 31, 2019, the City recognized pension expense of \$258,464 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$5,117 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2019, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience     | \$61,578                          | \$ -                             |
| Changes in actuarial assumptions                                | -                                 | 174,770                          |
| Net collective between projected and actual investment earnings | -                                 | 224,356                          |
| Changes in proportion   | 124,187                           | 113,155                          |
| Contributions paid to PERA subsequent to the measurement date   | <u>103,255</u>                    | <u>-</u>                         |
| Total   | <u>\$289,020</u>                  | <u>\$512,281</u>                 |

**CITY OF LINO LAKES, MINNESOTA**  
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\$103,255 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31, | Pension<br>Expense |
|----------------------------|--------------------|
| 2020                       | (\$103,476)        |
| 2021                       | (208,887)          |
| 2022                       | (17,699)           |
| 2023                       | 3,546              |
| 2024                       | -                  |
| Thereafter                 | -                  |
|                            | <u>(\$326,516)</u> |

**2. PEPFF Pension Costs**

At December 31, 2019, the City reported a liability of \$2,711,539 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.2547%, which was a decrease of 0.0121% from its proportion measured as of June 30, 2018. The City also recognized \$34,384 for the year ended December 31, 2019 as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$406,851 for its proportionate share of the PEPFF's pension expense.

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At December 31, 2019, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience     | \$115,694                         | \$421,284                        |
| Changes in actuarial assumptions                                | 2,289,610                         | 3,079,016                        |
| Net collective between projected and actual investment earnings | -                                 | 564,922                          |
| Changes in proportion   | 138,350                           | 127,759                          |
| Contributions paid to PERA subsequent to the measurement date   | 234,728                           | -                                |
| Total   | <u>\$2,778,382</u>                | <u>\$4,192,981</u>               |

A total of \$234,728 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31, | Pension<br>Expense   |
|----------------------------|----------------------|
| 2020                       | (\$175,200)          |
| 2021                       | (382,258)            |
| 2022                       | (1,106,431)          |
| 2023                       | (8,694)              |
| 2024                       | 23,256               |
| Thereafter                 | -                    |
|                            | <u>(\$1,649,327)</u> |

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

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

|                              |                |
|------------------------------|----------------|
| Inflation                    | 2.50% per year |
| Active Member Payroll Growth | 3.25% per year |
| Investment Rate of Return    | 7.50%          |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disableds for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

**General Employees Fund**

**Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2017 to MP-2018.

**Changes in Plan Provisions:**

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**Police and Fire Fund**

- The mortality projection scale was changed from MP-2017 to MP-2018.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic equity      | 35.5%             | 5.10%                                  |
| International equity | 17.5%             | 5.30%                                  |
| Fixed Income         | 20.0%             | 0.75%                                  |
| Private markets      | 25.0%             | 5.90%                                  |
| Cash equivalents     | 2.0%              | 0.00%                                  |
| Totals               | 100%              |  |

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. PENSION LIABILITY SENSITIVITY**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

|  | 1% Decrease in<br>Discount Rate (6.5%) | Discount Rate (7.5%) | 1% Increase in<br>Discount Rate (8.5%) |
|--|--|----------------------|--|
| City's proportionate share of the<br>GERF net pension liability  | \$3,617,426                            | \$2,200,453          | \$1,030,460                            |
| City's proportionate share of the<br>PEPFF net pension liability | \$5,926,920                            | \$2,711,539          | \$52                                   |

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**I. PENSION EXPENSE**

Pension expense recognized by the City for the year ended December 31, 2019 is as follows:

|                            |                  |
|----------------------------|------------------|
| GERF                       | \$263,581        |
| PEPFF                      | 406,851          |
| Fire Pension Plan (Note 8) | 44,225           |
| Total                      | <u>\$714,657</u> |

**Note 8 DEFINED BENEFIT PENSION PLAN – FIRE DIVISION**

**A. PLAN DESCRIPTION**

The Lino Lakes Public Safety Department – Fire Division participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. At December 31, 2019 (measurement date), the plan covered 24 active firefighters and zero vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

## B. BENEFITS PROVIDED

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City of Lino Lakes. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

## C. CONTRIBUTIONS

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes, and voluntary City contributions. The State of Minnesota contributed \$121,630 in fire state aid to the plan for the year ended December 31, 2019. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2019 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable.

## D. PENSION COSTS

At December 31, 2019, the City reported a net pension asset of \$317,669 for the SVF plan. The net pension asset was measured as of December 31, 2019. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

|                                       | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net<br>Position<br>(b) | Net<br>Pension<br>Liability<br>(Asset)<br>(a-b) |
|---------------------------------------|--------------------------------------|---|---|
| Beginning balance December 31, 2018   | \$224,407                            | \$389,320                                   | (\$164,913)                                     |
| Changes for the year:                 |                                      |   |   |
| Service cost                          | 52,320                               | -   | 52,320  |
| Interest on pension liability         | 16,603                               | -   | 16,603  |
| Actuarial experience (gains) / losses | (22,680)                             | -   | (22,680)  |
| Projected investment earnings         | -                                    | 23,359                                      | (23,359)  |
| Contributions - employer              | -                                    | -   | -   |
| Contributions - State of MN           | -                                    | 121,630                                     | (121,630)                                       |
| Asset (gain) / loss                   | -                                    | 54,704                                      | (54,704)  |
| Benefit payouts                       | -                                    | -   | -   |
| PERA administrative fee               | -                                    | (694)                                       | 694   |
| Net changes                           | 46,243                               | 198,999                                     | (152,756)                                       |
| Balance end of year December 31, 2019 | \$270,650                            | \$588,319                                   | (\$317,669)                                     |

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$44,225.

At December 31, 2019, the City reported deferred inflows of resources from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between projected and actual investment earnings | \$ -                              | \$27,039                         |
| Differences between expected and actual economic experience | 41,856                            | 24,374                           |
| Total   | \$41,856                          | \$51,413                         |

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31, | Pension<br>Expense |
|----------------------------|--------------------|
| 2020                       | (\$291)            |
| 2021                       | 1,290              |
| 2022                       | 4,921              |
| 2023                       | (15,477)           |
| 2024                       | -                  |
| Thereafter                 | -                  |

## E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2019, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2019

## F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### G. PENSION LIABILITY SENSITIVITY

The following presents the City's net pension asset for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

|                   | 1% Decrease in<br>Discount Rate (5.0%) | Discount Rate (6.0%) | 1% Increase in<br>Discount Rate (7.0%) |
|-------------------|--|----------------------|--|
| Net pension asset | \$296,964                              | \$317,669            | \$337,322                              |

#### H. PLAN INVESTMENTS

##### 1. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

##### 2. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the SVF that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

| Asset Class          | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|----------------------|----------------------|---|
| Domestic Stocks      | 35%                  | 5.10%                                     |
| International Stocks | 15%                  | 5.30%                                     |
| Bonds                | 45%                  | 0.75%                                     |
| Cash                 | 5%                   | 0.00%                                     |
|                      | <u>100%</u>          |   |

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a

geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

##### 3. Description of Significant Investment Policy Changes During the Year

The SBI made no significant changes to their investment policy during fiscal year 2019 for the Volunteer Firefighter Fund.

#### I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position at June 30, 2019 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

#### Note 9 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

##### A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Notes 7 and 8, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

##### B. BENEFITS PROVIDED

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

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

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



**C. PARTICIPANTS**

As of the January 1, 2019 actuarial valuation, participants of the plan consisted of:

|   |           |
|---|-----------|
| Active employees  | 42        |
| Inactive employees or beneficiaries<br>currently receiving benefits | 4         |
| Total   | <u>46</u> |

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

The City's total OPEB liability of \$560,631 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019. Changes in the total OPEB liability during 2019 were:

|  |                  |
|--|------------------|
| Balance - beginning of year                        | \$756,644        |
| Changes for the year:                              |                  |
| Service cost                                       | 53,789           |
| Interest   | 10,893           |
| Changes of benefit terms                           | -                |
| Differences between expected and actual experience | (245,168)        |
| Changes in assumptions                             | -                |
| Benefit payments                                   | <u>(15,527)</u>  |
| Net changes  | <u>(196,013)</u> |
| Balance - end of year                              | <u>\$560,631</u> |

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

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |   |
|--|---|
| Inflation                                | 3.00%   |
| Salary increases                         | 3.00%   |
| Discount rate                            | 2.00%   |
| Investment rate of return                | 2.00%   |
| Healthcare cost trend rates              | -5.37% for 2019, 7% for 2020, decreasing 1% per year<br>to an ultimate rate of 3% for 2024 and beyond |
| Retirees' share of benefit-related costs | 100%  |

The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20 year AA rated municipal bond rate as of January 14, 2020, obtained from [www.finsbonds.com/market-yields](http://www.finsbonds.com/market-yields).

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality tables with Scale MP-2019. Based on past experience of the plan, 90% of future retirees are assumed to continue medical coverage until age 65. 25% of future police/fire retirees are assumed to select spousal coverage. No spousal coverage is assumed for other future retirees. 50% of police/fire employees are assumed to retire at age 55, the balance at age 65. 50% of other City employees are assumed to retire at age 62, the balance at age 65.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1%) or 1% higher (3%) than the current discount rate:

|                      | 1% Decrease<br>1% | Discount Rate<br>2% | 1% Increase<br>3% |
|----------------------|-------------------|---------------------|-------------------|
| Total OPEB liability | \$595,065         | \$560,631           | \$526,577         |

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6% decreasing to 2%) or 1% higher (8% decreasing to 4%) than the current healthcare cost trend rates:

|                      | 1% Decrease<br>(6% decreasing to 2%) | Healthcare Cost<br>Trend Rates<br>(7% decreasing to 3%) | 1% Increase<br>(8% decreasing to 4%) |
|----------------------|--------------------------------------|---|--------------------------------------|
| Total OPEB liability | \$499,408                            | \$560,631   | \$633,959                            |

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

For the year ended December 31, 2019, the City recognized \$39,649 of OPEB expense. At December 31, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected<br>and actual experience | <u>\$11,786</u>                   | <u>\$279,081</u>                 |

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>December 31, | OPEB<br>Expense    |
|----------------------------|--------------------|
| 2020                       | (\$25,033)         |
| 2021                       | (25,033)           |
| 2022                       | (25,033)           |
| 2023                       | (25,033)           |
| 2024                       | (25,033)           |
| Thereafter                 | (142,130)          |
|                            | <u>(\$267,295)</u> |

**Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. DEFICIT FUND BALANCES**

The City has deficit fund balances at December 31, 2019 as follows:

|                                 | Fund Balance<br>Deficit |
|---------------------------------|-------------------------|
| Major Funds:                    |                         |
| G.O. Improvement Bonds of 2016B | (\$2,282,686)           |
| Nonmajor Funds:                 |                         |
| G.O. Improvement Bonds of 2010A | (355)                   |
| Tax Increment Financing 1-11    | (800,286)               |
| Cedar Street Reconstruction     | (87,834)                |

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

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**B. EXPENDITURES IN EXCESS OF BUDGET**

The following is a listing of departments within the General Fund that exceeded budget appropriations:

|                                    | Final<br>Budget | Actual    | Overage |
|------------------------------------|-----------------|-----------|---------|
| General government:                |                 |           |         |
| Administration                     | \$511,388       | \$513,627 | \$2,239 |
| Legal consultants                  | 125,000         | 132,227   | 7,227   |
| Public services:                   |                 |           |         |
| Parks                              | 670,639         | 743,144   | 72,505  |
| Conservation of natural resources: |                 |           |         |
| Forestry                           | 61,897          | 71,280    | 9,383   |
| Community development:             |                 |           |         |
| Economic development               | 111,248         | 112,912   | 1,664   |

**Note 11 INTERFUND RECEIVABLES AND PAYABLES**

Short-term advances to funds that have insufficient cash balances are classified as advances to/from other funds. Long-term interfund loans are classified as interfund loan receivable/payable. A summary of interfund receivables and payables at December 31, 2019 is as follows:

|                                | Receivable      | Payable         |
|--------------------------------|-----------------|-----------------|
| Short-term advances:           |                 |                 |
| Major Funds:                   |                 |                 |
| G.O. Improvement Note of 2009A | \$ -            | \$729           |
| MSA Construction               | 729             | -               |
| Nonmajor Funds:                |                 |                 |
| Closed Bond Fund               | 85,224          | -               |
| Cedar Street Reconstruction    | -               | 85,224          |
|                                | <u>\$85,953</u> | <u>\$85,953</u> |

Long-term interfund loans:

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Major Funds:                    |                    |                    |
| G.O. Improvement Bonds of 2016B | \$ -               | \$2,876,643        |
| Sewer Fund                      | 559,110            | -                  |
| Nonmajor Funds:                 |                    |                    |
| Closed Bond Fund                | 800,364            | -                  |
| Building and Facilities         | 2,317,533          | -                  |
| Tax Increment Financing 1-11    | -                  | 800,364            |
|                                 | <u>\$3,677,007</u> | <u>\$3,677,007</u> |

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**Note 12 INTERFUND TRANSFERS**

Individual fund transfers for fiscal year 2019 are as follows:

|                                 | Transfer In        | Transfer Out       |
|---------------------------------|--------------------|--------------------|
| Major Funds:                    |                    |                    |
| General Fund                    | \$256,480          | \$943,553          |
| G.O. Improvement Note of 2009A  | -                  | 62,605             |
| G.O. Improvement Bonds of 2016B | 366,450            | -                  |
| Area and Unit Charge            | -                  | 580,741            |
| MSA Construction                | 62,605             | 255,181            |
| Water Fund                      | -                  | 226,722            |
| Nonmajor governmental funds     | 2,092,128          | 708,861            |
| Total                           | <u>\$2,777,663</u> | <u>\$2,777,663</u> |

During 2019, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments, to close debt service funds, and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

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**Note 13 FUND BALANCE**

At December 31, 2019, a summary of the governmental fund balance classifications is as follows:

|                                | General Fund       | G.O. Improvement Bonds of 2016B | Area and Unit Charge | MSA Construction   | 2018 Street Reconstruction | Other Governmental Funds | Total               |
|--------------------------------|--------------------|---------------------------------|----------------------|--------------------|----------------------------|--------------------------|---------------------|
| Nonspendable:                  |                    |                                 |                      |                    |                            |                          |                     |
| Prepaid items                  | \$296,907          | \$ -                            | \$ -                 | \$ -               | \$ -                       | \$2,842                  | \$299,749           |
| Corpus of permanent fund       | -                  | -                               | -                    | -                  | -                          | 100,000                  | 100,000             |
| Total nonspendable             | <u>296,907</u>     | <u>0</u>                        | <u>0</u>             | <u>0</u>           | <u>0</u>                   | <u>102,842</u>           | <u>399,749</u>      |
| Restricted for:                |                    |                                 |                      |                    |                            |                          |                     |
| Debt service                   | -                  | -                               | -                    | -                  | -                          | 4,187,934                | 4,187,934           |
| Capital improvements           | -                  | -                               | -                    | -                  | 380,732                    | 900,326                  | 1,281,058           |
| Economic development           | -                  | -                               | -                    | -                  | -                          | 225,000                  | 225,000             |
| Blue Heron Days                | -                  | -                               | -                    | -                  | -                          | 11,120                   | 11,120              |
| Narcotics and forfeiture funds | -                  | -                               | -                    | -                  | -                          | 204,648                  | 204,648             |
| K-9 Unit purposes              | -                  | -                               | -                    | -                  | -                          | 19,604                   | 19,604              |
| Tax increment purposes         | -                  | -                               | -                    | -                  | -                          | 675,228                  | 675,228             |
| Environmental purposes         | -                  | -                               | -                    | -                  | -                          | 45,870                   | 45,870              |
| Total restricted               | <u>0</u>           | <u>0</u>                        | <u>0</u>             | <u>0</u>           | <u>380,732</u>             | <u>6,269,730</u>         | <u>6,650,462</u>    |
| Committed for:                 |                    |                                 |                      |                    |                            |                          |                     |
| Future projects                | 443,900            | -                               | -                    | -                  | -                          | -                        | 443,900             |
| Recreation purposes            | -                  | -                               | -                    | -                  | -                          | 25,738                   | 25,738              |
| Economic development           | -                  | -                               | -                    | -                  | -                          | 9,714                    | 9,714               |
| Cable TV purposes              | -                  | -                               | -                    | -                  | -                          | 140,033                  | 140,033             |
| Total committed                | <u>443,900</u>     | <u>0</u>                        | <u>0</u>             | <u>0</u>           | <u>0</u>                   | <u>175,485</u>           | <u>619,385</u>      |
| Assigned for:                  |                    |                                 |                      |                    |                            |                          |                     |
| Capital improvements           | -                  | -                               | 8,307,394            | 3,733,517          | 630,213                    | 7,001,582                | 19,672,706          |
| Unassigned                     | <u>6,052,388</u>   | <u>(2,282,686)</u>              | <u>-</u>             | <u>-</u>           | <u>-</u>                   | <u>(888,475)</u>         | <u>2,881,227</u>    |
| Total fund balance             | <u>\$6,793,195</u> | <u>(\$2,282,686)</u>            | <u>\$8,307,394</u>   | <u>\$3,733,517</u> | <u>\$1,010,945</u>         | <u>\$12,661,164</u>      | <u>\$30,223,529</u> |

**Note 14 PROPERTY UNDER LEASE AGREEMENT**

The City entered into an agreement to lease space within its City Hall Complex, which at year end had a cost of \$4,744,742 and a net book value of \$1,488,852, to New Creations Child Care and Learning Center, LLC. The lease expires June 30, 2029, although the City has the option to terminate the lease with no less than 12 months notice any time after the 61<sup>st</sup> month of the lease. Approximate future minimum lease payments receivable under the operating lease are as follows:

| Year Ending<br>December 31, | Amount           |
|-----------------------------|------------------|
| 2020                        | \$82,653         |
| 2021                        | 85,120           |
| 2022                        | 87,679           |
| 2023                        | 90,329           |
| 2024                        | 93,025           |
| Thereafter                  | <u>454,022</u>   |
|                             | <u>\$892,828</u> |

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 15 TAX INCREMENT DISTRICTS**

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

The following table reflects values at December 31, 2019:

|                        | TIF 1-5<br>Cottage<br>Homesteads | TIF 1-10<br>Panattoni | TIF 1-11<br>Woods<br>Edge | TIF 1-12<br>Clearwater<br>Creek |
|------------------------|----------------------------------|-----------------------|---------------------------|---------------------------------|
| Authorizing law        | M.S. 469                         | M.S. 469              | M.S. 469                  | M.S. 469                        |
| Year established       | 1994                             | 2004                  | 2005                      | 2006                            |
| Final year of district | 2022                             | 2023                  | 2031                      | 2026                            |
| Net tax capacity:      |                                  |                       |                           |                                 |
| Original               | \$128                            | \$15,869              | \$21,032                  | \$21,416                        |
| Current (payable 2019) | 40,398                           | 243,818               | 224,749                   | 371,626                         |
| Captured - retained    | \$40,270                         | \$227,949             | \$203,717                 | \$350,210                       |

**Note 16 COMMITMENTS AND CONTINGENCIES**

**A. LITIGATION**

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance, of an immaterial amount, or, in the judgment of the City's management, remotely recoverable by plaintiffs.

**B. FEDERAL AND STATE FUNDS**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2019.

**C. COMMITTED CONTRACTS**

At December 31, 2019, the City had commitments of \$4,910,154 for uncompleted construction contracts. In addition, the City has entered into construction contracts during 2020 totaling \$2,467,839.

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 17 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 18 INSURANCE RECOVERY**

During 2019, the City received insurance proceeds in the amount of \$711,854 relating to storm damage. The insurance proceeds were expended during the year to replace the roof of the Civic Complex.

**Note 19 PRESENTATION OF DEPOSITS PAYABLE**

For the year ended December 31, 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*. Based on the guidance provided by GASB 84, the City's developer deposits no longer meet the definition of a fiduciary activity. Therefore, the amounts and activity previously reported in a fiduciary fund are now reported in the General Fund. This reclassification had no effect on beginning net position or fund balance.

**CITY OF LINO LAKES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**Note 20 RECENTLY ISSUED ACCOUNTING STANDARDS**

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

**Statement No. 87 Leases.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 91 Conduit Debt Obligations.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

**Statement No. 92 Omnibus 2020.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 93 Replacement of Interbank Offered Rates.** The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

**Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

**Note 21 SUBSEQUENT EVENTS AND UNCERTAINTIES**

The COVID-19 pandemic continues to cause rapidly changing disruptions worldwide. Management has evaluated these conditions and believes that it is not possible to reasonably estimate the financial impact, if any, of COVID-19 on the City's financial statements at December 31, 2019.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2019

|   | Budgeted Amounts |             | 2019 Actual | Variance with  |
|---|------------------|-------------|-------------|----------------|
|   | Original         | Final       | Amounts     | Final Budget - |
|   |                  |             |             | Positive       |
|   |                  |             |             | (Negative)     |
| Revenues:                                   |                  |             |             |                |
| General property taxes:                     |                  |             |             |                |
| Current and delinquent                      | \$8,228,124      | \$7,066,644 | \$7,058,562 | (\$8,082)      |
| Fiscal disparities                          | -                | 1,161,480   | 1,102,010   | (59,470)       |
| Total general property taxes                | 8,228,124        | 8,228,124   | 8,160,572   | (67,552)       |
| Licenses and permits:                       |                  |             |             |                |
| Business                                    | 137,600          | 137,285     | 145,822     | 8,537          |
| Non-business                                | 764,859          | 757,859     | 795,747     | 37,888         |
| Total licenses and permits                  | 902,459          | 895,144     | 941,569     | 46,425         |
| Intergovernmental:                          |                  |             |             |                |
| State:                                      |                  |             |             |                |
| Police state aid                            | 224,661          | 249,661     | 251,553     | 1,892          |
| OTS grant                                   | -                | -           | 22,033      | 22,033         |
| MSA maintenance                             | 250,000          | 255,000     | 255,335     | 335            |
| Other                                       | 14,000           | 45,185      | 45,350      | 165            |
| County solid waste grant                    | 88,445           | 88,445      | 71,018      | (17,427)       |
| Total intergovernmental                     | 577,106          | 638,291     | 645,289     | 6,998          |
| Special assessments                         | 4,000            | 4,000       | 751         | (3,249)        |
| Charges for services:                       |                  |             |             |                |
| General government                          | 18,477           | 35,677      | 43,213      | 7,536          |
| Engineering and planning fees               | 26,982           | 26,982      | 29,461      | 2,479          |
| Public safety                               | 200,800          | 190,800     | 181,858     | (8,942)        |
| Public services                             | 11,000           | 18,000      | 18,120      | 120            |
| Investment management charge to other funds | 50,000           | 50,000      | 50,000      | -              |
| Total charges for services                  | 307,259          | 321,459     | 322,652     | 1,193          |
| Fines and forfeits                          | 119,132          | 99,132      | 98,390      | (742)          |
| Investment earnings                         | 30,000           | 30,000      | 159,482     | 129,482        |
| Miscellaneous:                              |                  |             |             |                |
| Gas franchise fees                          | 50,000           | 55,000      | 58,706      | 3,706          |
| Building lease revenue                      | 107,463          | 107,463     | 107,963     | 500            |
| Refunds and reimbursements                  | 50,000           | 20,000      | 19,103      | (897)          |
| Donations                                   | 500              | 500         | 550         | 50             |
| Other                                       | 3,500            | 5,700       | 3,957       | (1,743)        |
| Total miscellaneous                         | 211,463          | 188,663     | 190,279     | 1,616          |
| Total revenues                              | 10,379,543       | 10,404,813  | 10,518,984  | 114,171        |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2019

|                              | Budgeted Amounts |         | 2019 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------|------------------|---------|------------------------|---|
|                              | Original         | Final   |                        |   |
| Expenditures:                |                  |         |                        |   |
| General government:          |                  |         |                        |   |
| Mayor and city council:      |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Personal services            | 41,841           | 41,841  | 41,133                 | 708   |
| Other services and charges   | 23,200           | 19,700  | 19,453                 | 247   |
| Contractual services         | 17,500           | 17,500  | 18,061                 | (561)   |
| Total mayor and city council | 82,541           | 79,041  | 78,647                 | 394   |
| Elections:                   |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Personal services            | 10,082           | 10,082  | 8,879                  | 1,203   |
| Supplies                     | 800              | 800     | 461                    | 339   |
| Other services and charges   | 2,000            | 2,000   | 1,518                  | 482   |
| Contractual services         | 500              | -       | 4,741                  | (4,741)   |
| Capital outlay               | 4,800            | 4,800   | -                      | 4,800   |
| Total elections              | 18,182           | 17,682  | 15,599                 | 2,083   |
| Administration:              |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Personal services            | 493,703          | 480,569 | 475,777                | 4,792   |
| Other services and charges   | 22,860           | 22,860  | 31,336                 | (8,476)   |
| Contractual services         | 7,959            | 7,959   | 6,514                  | 1,445   |
| Total administration         | 524,522          | 511,388 | 513,627                | (2,239)   |
| Finance:                     |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Personal services            | 348,805          | 348,805 | 350,195                | (1,390)   |
| Supplies                     | 1,000            | 1,000   | 202                    | 798   |
| Other services and charges   | 202,500          | 234,190 | 217,010                | 17,180  |
| Contractual services         | 106,167          | 106,167 | 106,999                | (832)   |
| Total finance                | 658,472          | 690,162 | 674,406                | 15,756  |
| Cable TV:                    |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Personal services            | 2,643            | 2,643   | 2,471                  | 172   |
| Legal consultants:           |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Contractual services         | 125,000          | 125,000 | 132,227                | (7,227)   |
| Engineering/planning:        |                  |         |                        |   |
| Current:                     |                  |         |                        |   |
| Contractual services         | 112,760          | 112,760 | 103,307                | 9,453   |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2019

|                                 | Budgeted Amounts |           | 2019 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---------------------------------|------------------|-----------|------------------------|---|
|                                 | Original         | Final     |                        |   |
| Expenditures: (continued)       |                  |           |                        |   |
| General government: (continued) |                  |           |                        |   |
| Charter commission:             |                  |           |                        |   |
| Current:                        |                  |           |                        |   |
| Other services and charges      | 2,500            | 1,000     | 325                    | 675   |
| Government buildings:           |                  |           |                        |   |
| Current:                        |                  |           |                        |   |
| Personal services               | 2,487            | 2,487     | 2,374                  | 113   |
| Supplies                        | 42,400           | 42,400    | 35,283                 | 7,117   |
| Other services and charges      | 380,245          | 380,245   | 354,684                | 25,561  |
| Contractual services            | 68,200           | 68,200    | 75,287                 | (7,087)   |
| Capital outlay                  | -                | 998,334   | 969,313                | 29,021  |
| Total government buildings      | 493,332          | 1,491,666 | 1,436,941              | 54,725  |
| Total general government        | 2,019,952        | 3,031,342 | 2,957,550              | 73,792  |
| Public safety:                  |                  |           |                        |   |
| Police:                         |                  |           |                        |   |
| Current:                        |                  |           |                        |   |
| Personal services               | 3,747,049        | 3,650,720 | 3,639,202              | 11,518  |
| Supplies                        | 36,025           | 36,025    | 30,710                 | 5,315   |
| Other services and charges      | 126,786          | 126,786   | 117,918                | 8,868   |
| Contractual services            | 41,450           | 41,450    | 39,087                 | 2,363   |
| Capital outlay                  | 24,802           | 24,802    | 18,087                 | 6,715   |
| Total police                    | 3,976,112        | 3,879,783 | 3,845,004              | 34,779  |
| Fire protection:                |                  |           |                        |   |
| Current:                        |                  |           |                        |   |
| Personal services               | 529,734          | 483,751   | 442,298                | 41,453  |
| Supplies                        | 25,650           | 23,312    | 15,502                 | 7,810   |
| Other services and charges      | 46,355           | 46,355    | 45,810                 | 545   |
| Contractual services            | 42,783           | 42,783    | 31,564                 | 11,219  |
| Capital outlay                  | 29,750           | 32,088    | 29,764                 | 2,324   |
| Total fire protection           | 674,272          | 628,289   | 564,938                | 63,351  |
| Building inspection:            |                  |           |                        |   |
| Current:                        |                  |           |                        |   |
| Personal services               | 331,033          | 331,033   | 307,747                | 23,286  |
| Supplies                        | 2,150            | 2,150     | 1,221                  | 929   |
| Other services and charges      | 11,240           | 11,240    | 9,997                  | 1,243   |
| Contractual services            | 3,325            | 3,325     | 2,240                  | 1,085   |
| Total building inspection       | 347,748          | 347,748   | 321,205                | 26,543  |
| Total public safety             | 4,998,132        | 4,855,820 | 4,731,147              | 124,673   |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2019**

|                            | Budgeted Amounts |           | 2019 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|----------------------------|------------------|-----------|------------------------|---|
|                            | Original         | Final     |                        |   |
| Expenditures: (continued)  |                  |           |                        |   |
| Public services:           |                  |           |                        |   |
| Streets:                   |                  |           |                        |   |
| Current:                   |                  |           |                        |   |
| Personal services          | 611,149          | 611,149   | 633,020                | (21,871)  |
| Supplies                   | 144,000          | 139,000   | 114,227                | 24,773  |
| Other services and charges | 110,600          | 100,600   | 80,955                 | 19,645  |
| Contractual services       | 88,000           | 88,000    | 106,711                | (18,711)  |
| Capital outlay             | 10,100           | 10,100    | 8,843                  | 1,257   |
| Total streets              | 963,849          | 948,849   | 943,756                | 5,093   |
| Fleet:                     |                  |           |                        |   |
| Current:                   |                  |           |                        |   |
| Personal services          | 127,684          | 127,684   | 132,370                | (4,686)   |
| Supplies                   | 168,000          | 158,000   | 165,017                | (7,017)   |
| Other services and charges | 82,273           | 82,273    | 94,496                 | (12,223)  |
| Contractual services       | 70,000           | 65,000    | 35,958                 | 29,042  |
| Capital outlay             | -                | 5,000     | 4,986                  | 14  |
| Total fleet                | 447,957          | 437,957   | 432,827                | 5,130   |
| Parks:                     |                  |           |                        |   |
| Current:                   |                  |           |                        |   |
| Personal services          | 493,104          | 493,104   | 493,422                | (318)   |
| Supplies                   | 43,000           | 49,185    | 56,219                 | (7,034)   |
| Other services and charges | 39,650           | 39,650    | 74,556                 | (34,906)  |
| Contractual services       | 73,700           | 73,700    | 112,127                | (38,427)  |
| Capital outlay             | 15,000           | 15,000    | 6,820                  | 8,180   |
| Total parks                | 664,454          | 670,639   | 743,144                | (72,505)  |
| Recreation:                |                  |           |                        |   |
| Current:                   |                  |           |                        |   |
| Personal services          | 169,509          | 146,364   | 138,541                | 7,823   |
| Supplies                   | 2,500            | 2,500     | 2,517                  | (17)  |
| Other services and charges | 17,800           | 17,800    | 16,060                 | 1,740   |
| Contractual services       | 500              | 500       | 300                    | 200   |
| Capital outlay             | 10,000           | 10,000    | 9,895                  | 105   |
| Total recreation           | 200,309          | 177,164   | 167,313                | 9,851   |
| Total public services      | 2,276,569        | 2,234,609 | 2,287,040              | (52,431)  |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2019**

|   | Budgeted Amounts |         | 2019 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------|---------|------------------------|---|
|   | Original         | Final   |                        |   |
| Expenditures: (continued)               |                  |         |                        |   |
| Conservation of natural resources:      |                  |         |                        |   |
| Forestry:                               |                  |         |                        |   |
| Current:                                |                  |         |                        |   |
| Personal services                       | 38,567           | 38,567  | 45,230                 | (6,663)   |
| Supplies                                | 2,950            | 2,950   | 1,943                  | 1,007   |
| Other services and charges              | 380              | 380     | 271                    | 109   |
| Contractual services                    | 20,000           | 20,000  | 23,836                 | (3,836)   |
| Total forestry                          | 61,897           | 61,897  | 71,280                 | (9,383)   |
| Environmental:                          |                  |         |                        |   |
| Current:                                |                  |         |                        |   |
| Personal services                       | 52,505           | 52,505  | 52,029                 | 476   |
| Supplies                                | 1,000            | 1,000   | 1,384                  | (384)   |
| Other services and charges              | 9,430            | 9,430   | 5,565                  | 3,865   |
| Contractual services                    | 1,100            | 1,100   | 1,169                  | (69)  |
| Total environmental                     | 64,035           | 64,035  | 60,147                 | 3,888   |
| Solid waste abatement:                  |                  |         |                        |   |
| Current:                                |                  |         |                        |   |
| Personal services                       | 55,525           | 55,525  | 52,424                 | 3,101   |
| Supplies                                | 3,000            | 3,000   | 1,458                  | 1,542   |
| Other services and charges              | 7,220            | 7,220   | 766                    | 6,454   |
| Contractual services                    | 22,700           | 22,700  | 21,844                 | 856   |
| Total solid waste abatement             | 88,445           | 88,445  | 76,492                 | 11,953  |
| Total conservation of natural resources | 214,377          | 214,377 | 207,919                | 6,458   |
| Community development:                  |                  |         |                        |   |
| Community development:                  |                  |         |                        |   |
| Current:                                |                  |         |                        |   |
| Personal services                       | 212,964          | 211,906 | 210,409                | 1,497   |
| Supplies                                | 100              | 100     | -                      | 100   |
| Other services and charges              | 7,900            | 7,900   | 5,017                  | 2,883   |
| Contractual services                    | 925              | 925     | 625                    | 300   |
| Total community development             | 221,889          | 220,831 | 216,051                | 4,780   |
| Economic development:                   |                  |         |                        |   |
| Current:                                |                  |         |                        |   |
| Personal services                       | 21,652           | 18,423  | 15,727                 | 2,696   |
| Other services and charges              | 88,600           | 92,100  | 96,490                 | (4,390)   |
| Contractual services                    | 725              | 725     | 695                    | 30  |
| Total economic development              | 110,977          | 111,248 | 112,912                | (1,664)   |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2019

|                                      | Budgeted Amounts   |                    | 2019 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|--------------------|------------------------|---|
|                                      | Original           | Final              |                        |   |
|                                      |                    |                    |                        |   |
| Expenditures: (continued)            |                    |                    |                        |   |
| Planning and zoning commission:      |                    |                    |                        |   |
| Current:                             |                    |                    |                        |   |
| Personal services                    | 107,970            | 107,970            | 108,059                | (89)  |
| Supplies                             | 200                | 200                | 186                    | 14  |
| Other services and charges           | 16,250             | 16,250             | 10,551                 | 5,699   |
| Contractual services                 | 38,000             | 13,000             | 5,297                  | 7,703   |
| Total planning and zoning commission | <u>162,420</u>     | <u>137,420</u>     | <u>124,093</u>         | <u>13,327</u>   |
| Total community development          | <u>495,286</u>     | <u>469,499</u>     | <u>453,056</u>         | <u>16,443</u>   |
| Other:                               |                    |                    |                        |   |
| Contingency                          | 75,000             | -                  | -                      | -   |
| Total expenditures                   | <u>10,079,316</u>  | <u>10,805,647</u>  | <u>10,636,712</u>      | <u>168,935</u>  |
| Revenues over (under) expenditures   | <u>300,227</u>     | <u>(400,834)</u>   | <u>(117,728)</u>       | <u>283,106</u>  |
| Other financing sources (uses):      |                    |                    |                        |   |
| Insurance recovery                   | -                  | 711,854            | 711,854                | -   |
| Transfers in                         | -                  | 256,480            | 256,480                | -   |
| Transfers out                        | <u>(895,000)</u>   | <u>(943,145)</u>   | <u>(943,553)</u>       | <u>(408)</u>  |
| Total other financing sources (uses) | <u>(895,000)</u>   | <u>25,189</u>      | <u>24,781</u>          | <u>(408)</u>  |
| Net change in fund balance           | <u>(\$594,773)</u> | <u>(\$375,645)</u> | <u>(92,947)</u>        | <u>\$282,698</u>  |
| Fund balance - January 1             |                    |                    | <u>6,886,142</u>       |   |
| Fund balance - December 31           |                    |                    | <u>\$6,793,195</u>     |   |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For The Last Ten Years

|  | 2019             | 2018             | 2017             |
|--|------------------|------------------|------------------|
| Total OPEB liability:  |                  |                  |                  |
| Service cost   | \$53,789         | \$16,547         | \$16,990         |
| Interest   | 10,893           | 21,355           | 22,542           |
| Changes of benefit terms   | -                | -                | -                |
| Differences between expected and actual experience               | (245,168)        | -                | (51,083)         |
| Changes in assumptions   | -                | -                | -                |
| Benefit payments   | <u>(15,527)</u>  | <u>(27,798)</u>  | <u>(31,536)</u>  |
| Net change in total OPEB liability                               | <u>(196,013)</u> | <u>10,104</u>    | <u>(43,087)</u>  |
| Total OPEB liability - beginning                                 | <u>756,644</u>   | <u>746,540</u>   | <u>789,627</u>   |
| Total OPEB liability - ending                                    | <u>\$560,631</u> | <u>\$756,644</u> | <u>\$746,540</u> |
| Covered-employee payroll   | \$3,379,110      | \$3,240,932      | \$3,499,836      |
| Total OPEB liability as a percentage of covered-employee payroll | 16.6%            | 23.3%            | 21.3%            |

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be added as they become available.

See accompanying notes to the required supplementary information.



**CITY OF LINO LAKES, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
GENERAL EMPLOYEES RETIREMENT FUND  
For The Last Ten Years

| Measurement Date June 30, | Fiscal Year Ending December 31, | City's Proportionate Share (Percentage) of the Net Pension Liability | City's Proportionate Share (Amount) of the Net Pension Liability (a) | State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b) | City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b) | Covered Payroll (c) | City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---------------------------------|--|--|--|---|---------------------|--|--|
| 2015                      | 2015                            | 0.0410%  | \$2,124,883  | \$ -   | \$2,124,883   | \$2,407,426         | 88.3%  | 78.2%  |
| 2016                      | 2016                            | 0.0387%  | 3,142,248  | 41,033   | 3,183,281   | 2,401,546           | 132.6%   | 68.9%  |
| 2017                      | 2017                            | 0.0414%  | 2,642,949  | 33,230   | 2,676,179   | 2,666,880           | 100.3%   | 75.9%  |
| 2018                      | 2018                            | 0.0381%  | 2,113,632  | 69,419   | 2,183,051   | 2,563,053           | 85.2%  | 79.5%  |
| 2019                      | 2019                            | 0.0398%  | 2,200,453  | 68,330   | 2,268,783   | 2,814,860           | 80.6%  | 80.2%  |

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

**CITY OF LINO LAKES, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND  
For The Last Ten Years

| Fiscal Year Ending December 31, | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (c) | Contributions as a Percentage of Covered Payroll (b/c) |
|---------------------------------|---------------------------------------|--|--|---------------------|--|
| 2015                            | \$182,102                             | \$182,102  | \$ -                                   | \$2,428,027         | 7.5%   |
| 2016                            | 193,684                               | 193,684  | -                                      | 2,582,452           | 7.5%   |
| 2017                            | 192,510                               | 192,510  | -                                      | 2,566,800           | 7.5%   |
| 2018                            | 202,526                               | 202,526  | -                                      | 2,700,347           | 7.5%   |
| 2019                            | 208,807                               | 208,807  | -                                      | 2,784,089           | 7.5%   |

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

See accompanying notes to the required supplementary information.

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -**  
**PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Last Ten Years**

| Measurement Date<br>June 30, | Fiscal Year Ending<br>December 31, | Proportion (Percentage) of the Net Pension Liability | Proportionate Share (Amount) of the Net Pension Liability (a) | Covered Payroll (b) | Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------------------------------|------------------------------------|--|---|---------------------|---|--|
| 2015                         | 2015                               | 0.2490%  | \$2,829,223   | \$2,284,973         | 123.8%  | 86.6%  |
| 2016                         | 2016                               | 0.2590%  | 10,394,121  | 2,495,778           | 416.5%  | 63.9%  |
| 2017                         | 2017                               | 0.2570%  | 3,469,806   | 2,643,314           | 131.3%  | 85.4%  |
| 2018                         | 2018                               | 0.2426%  | 2,585,866   | 2,556,951           | 101.1%  | 88.8%  |
| 2019                         | 2019                               | 0.2547%  | 2,711,539   | 2,689,536           | 100.8%  | 89.3%  |

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

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Last Ten Years**

| Fiscal Year Ending<br>December 31, | Statutorily Required Contribution<br>(a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess)<br>(a-b) | Covered Payroll<br>(c) | Contributions as a Percentage of Covered Payroll (b/c) |
|------------------------------------|--|--|---|------------------------|--|
| 2015                               | \$393,551                                | \$393,551  | \$ -                                      | \$2,429,327            | 16.20%   |
| 2016                               | 424,970                                  | 424,970  | -   | 2,623,271              | 16.20%   |
| 2017                               | 416,665                                  | 416,665  | -   | 2,572,006              | 16.20%   |
| 2018                               | 420,821                                  | 420,821  | -   | 2,597,660              | 16.20%   |
| 2019                               | 452,731                                  | 452,731  | -   | 2,670,979              | 16.95%   |

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

See accompanying notes to the required supplementary information.

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -**  
**LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**  
**For The Last Ten Years**

| Fiscal year ending and measurement date                                    | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|--|-------------------|-------------------|-------------------|
| Total pension liability:   |                   |                   |                   |
| Service cost   | \$52,320          | \$48,182          | \$47,952          |
| Interest on pension liability  | 16,603            | 8,754             | 6,191             |
| Changes of benefit terms   | -                 | -                 | -                 |
| Differences between expected and actual experience                         | (22,680)          | 69,760            | (11,672)          |
| Changes of assumptions   | -                 | -                 | -                 |
| Benefit payments, including refunds of employee contributions              | -                 | -                 | -                 |
| Net change in total pension liability                                      | 46,243            | 126,696           | 42,471            |
| Total pension liability - beginning  | 224,407           | 97,711            | 55,240            |
| Total pension liability - ending (a)                                       | \$270,650         | \$224,407         | \$97,711          |
| Plan fiduciary net position:   |                   |                   |                   |
| Contributions - employer   | \$ -              | \$ -              | \$ -              |
| Contributions - State of Minnesota   | 121,630           | 118,144           | 113,797           |
| Contributions - other  | -                 | 64,869            | 58,800            |
| Net investment income  | 78,063            | (18,696)          | 9,153             |
| Benefit payments, including refunds of employee contributions              | -                 | -                 | -                 |
| Administrative expense   | (694)             | (702)             | (572)             |
| Net change in plan fiduciary net position                                  | 198,999           | 163,615           | 181,178           |
| Plan fiduciary net position - beginning                                    | 389,320           | 225,705           | 44,527            |
| Plan fiduciary net position - ending (b)                                   | \$588,319         | \$389,320         | \$225,705         |
| Net pension liability/(asset) - ending (a) - (b)                           | (\$317,669)       | (\$164,913)       | (\$127,994)       |
| Plan fiduciary net position as a percentage of the total pension liability | 217%              | 173%              | 231%              |
| Covered payroll  | N/A               | N/A               | N/A               |
| Net pension liability as a percentage of covered employee payroll          | N/A               | N/A               | N/A               |

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. Additional years will be reported as they become available.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**  
**For The Last Ten Years**

| Fiscal Year Ending December 31, | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (c) | Contributions as a Percentage of Covered-Employee Payroll (b/c) |
|---------------------------------|---------------------------------------|--|--|---------------------|---|
| 2016                            | \$ -                                  | \$44,394   | (\$44,394)                             | N/A                 | N/A   |
| 2017                            | -                                     | -  | -                                      | N/A                 | N/A   |
| 2018                            | -                                     | -  | -                                      | N/A                 | N/A   |
| 2019                            | -                                     | -  | -                                      | N/A                 | N/A   |

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

See accompanying notes to the required supplementary information.

**Note A LEGAL COMPLIANCE – BUDGETS**

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

**Note B OPEB INFORMATION**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

**Note C PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes in Actuarial Assumptions:

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

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**PERA – Public Employees Police and Fire Fund**

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2019

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- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Single Employer – Fire Division**

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

**City of Lino Lakes, Minnesota**  
**\$1,815,000\* General Obligation Street Reconstruction Bonds, Series 2021A**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (which may not be less than \$1,800,480) plus accrued interest, if any, to the date of delivery.

| <u>Year</u> | <u>Interest Rate (%)</u> | <u>Yield (%)</u> | <u>Dollar Price</u> | <u>Year</u> | <u>Interest Rate (%)</u> | <u>Yield (%)</u> | <u>Dollar Price</u> |
|-------------|--------------------------|------------------|---------------------|-------------|--------------------------|------------------|---------------------|
| 2023        | _____ %                  | _____ %          | _____ %             | 2028        | _____ %                  | _____ %          | _____ %             |
| 2024        | _____ %                  | _____ %          | _____ %             | 2029        | _____ %                  | _____ %          | _____ %             |
| 2025        | _____ %                  | _____ %          | _____ %             | 2030        | _____ %                  | _____ %          | _____ %             |
| 2026        | _____ %                  | _____ %          | _____ %             | 2031        | _____ %                  | _____ %          | _____ %             |
| 2027        | _____ %                  | _____ %          | _____ %             | 2032        | _____ %                  | _____ %          | _____ %             |

**Designation of Term Maturities**

Years of Term Maturities \_\_\_\_\_

In making this offer on the sale date of June 14, 2021 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated May 26, 2021 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ \_\_\_\_\_

TRUE INTEREST RATE: \_\_\_\_\_ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from \_\_\_\_\_.

Account Members

\_\_\_\_\_  
Account Manager

By: \_\_\_\_\_

Phone: \_\_\_\_\_

.....  
The foregoing proposal has been accepted by the City.

Attest: \_\_\_\_\_

Date: \_\_\_\_\_

\* Preliminary; subject to change.

Extract of Minutes of Meeting  
of the City Council of the  
City of Lino Lakes, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lino Lakes, Minnesota, was duly held in the City Hall in said City on Monday, June 14, 2021, commencing at 6:30 p.m.

The following members were present:

and the following were absent:

\* \* \*

\* \* \*

\* \* \*

The Mayor announced that the next order of business was consideration of the proposals that had been received for the purchase of the City's General Obligation Street Reconstruction Bonds, Series 2021A, to be issued in the original aggregate principal amount of \$1,815,000.

The City Administrator presented a tabulation of the proposals that had been received in the manner specified in the Official Terms of Proposal for the Bonds. The proposals were as set forth in EXHIBIT A attached hereto.

After due consideration of the proposals, Member \_\_\_\_\_ then introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

**RESOLUTION NO. 21-56**

**A RESOLUTION AWARDING THE SALE OF GENERAL  
OBLIGATION STREET RECONSTRUCTION BONDS,  
SERIES 2021A, IN THE ORIGINAL AGGREGATE PRINCIPAL  
AMOUNT OF \$1,815,000; FIXING THEIR FORM AND  
SPECIFICATIONS; DIRECTING THEIR EXECUTION AND  
DELIVERY; AND PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED By the City Council (the “City Council”) of the City of Lino Lakes, Anoka County, Minnesota (the “City”), as follows:

Section 1.       Sale of Bonds.

1.01    Authorization for Sale of Bonds. Pursuant to a resolution adopted by the City Council of the City on May 10, 2021 (the “Authorizing Resolution”), the City authorized the sale of its General Obligation Street Reconstruction Bonds, Series 2021A (the “Bonds”), to finance certain street reconstruction projects (the “Street Reconstruction”) within the City included in the five-year street reconstruction plan adopted by the City Council on June 22, 2020 (the “Plan”), including, among other projects, reconstruction of 4<sup>th</sup> Avenue (Main to Pine), Karth Road, Joyer Lane, Talle Lane, Canfield Road, and Gaage Lane in the City (the “Street Reconstruction”), pursuant to Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b (the “Act”).

1.02.   Award to the Purchaser and Interest Rates. The proposal of \_\_\_\_\_ (the “Purchaser”) to purchase the Bonds of the City is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$ \_\_\_\_\_ (the par amount of the Bonds of \$1,815,000, [plus original issue premium of \$ \_\_\_\_\_,] [less original issue discount of \$ \_\_\_\_\_], less an underwriter’s discount of \$ \_\_\_\_\_), plus accrued interest, if any, for Bonds bearing interest as follows:

| <u>Year</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Interest Rate</u> |
|-------------|----------------------|-------------|----------------------|
| 2023        | %                    | 2028        | %                    |
| 2024        |                      | 2029        |                      |
| 2025        |                      | 2030        |                      |
| 2026        |                      | 2031        |                      |
| 2027        |                      | 2032        |                      |

True interest cost: \_\_\_\_\_ %

1.03.   Purchase Contract. The sum of \$ \_\_\_\_\_, being the amount proposed by the Purchaser in excess of \$1,800,480, shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City’s municipal advisor. The Finance Director is directed to deposit the good faith check or deposit of the Purchaser, pending completion of the sale of the Bonds, and to return the good faith deposits of the unsuccessful proposers. The Mayor and City Administrator are directed to execute a contract with the Purchaser on behalf of the City.



1.04. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act, in the total principal amount of \$1,815,000, originally dated July 15, 2021, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1 upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2023        | \$            | 2028        | \$            |
| 2024        |               | 2029        |               |
| 2025        |               | 2030        |               |
| 2026        |               | 2031        |               |
| 2027        |               | 2032        |               |

1.05. Optional Redemption. The City may elect on February 1, 2029, and on any day thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[1.06. Mandatory Redemption; Term Bonds. **TO BE COMPLETED IF TERM BONDS ARE REQUESTED:** The Bonds maturing on February 1, 20\_\_\_, February 1, 20\_\_\_, and February 1, 20\_\_\_ shall hereinafter be referred to collectively as the "Term Bonds." The principal amount of the Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bonds credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine. The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:]

Sinking Fund Installment Date

February 1, 20\_\_\_ Term Bond

Principal Amount

\_\_\_\_\_  
\* *Maturity*

February 1, 20\_\_\_ Term Bond

Principal Amount

\_\_\_\_\_  
\* *Maturity*

February 1, 20\_\_\_ Term Bond

Principal Amount

\_\_\_\_\_  
\* *Maturity*

Section 2.       Registration and Payment.

2.01.   Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02.   Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication; or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2022, to the registered owners of record thereof as of the close of business on the fifteenth day immediately preceding each interest payment date, whether or not such day is a business day.

2.03.   Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a)    Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred, or exchanged.

(b)    Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c)    Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner’s attorney in writing.

(d)    Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e)    Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f)    Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon

the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees, and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen, or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost, the Registrar will deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints U.S. Bank National Association, Saint Paul, Minnesota, as the initial Registrar. The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Finance Director must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication, and Delivery. The Bonds will be prepared under the direction of the Finance Director and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that those signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is

conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed, and authenticated, the Finance Director will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3.        Form of Bond.

3.01.    Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form attached hereto as EXHIBIT B.

3.02.    Approving Legal Opinion. The City Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4.        Payment; Security; Funds; Pledges; and Covenants.

4.01.    Debt Service Fund. The Bonds will be payable from the General Obligation Street Reconstruction Bonds, Series 2021A Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. Ad valorem taxes (the “Taxes”) herein levied for the Street Reconstruction are hereby pledged to the Debt Service Fund. There is appropriated to the Debt Service Fund (i) capitalized interest financed from Bond proceeds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

4.02.    Construction Fund. The City hereby creates the General Obligation Street Reconstruction Bonds, Series 2021A Construction Fund (the “Construction Fund”). Proceeds of the Bonds, less the appropriations made in Section 4.01 hereof, together with any other funds appropriated for the Street Reconstruction and Taxes collected during the construction of the Street Reconstruction, will be deposited in the Construction Fund to be used solely to defray expenses of the Street Reconstruction. When the Street Reconstruction is completed and the cost thereof paid, the Construction Fund is to be closed and subsequent collections of Taxes for the Street Reconstruction are to be deposited in the Debt Service Fund.

4.03.    General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit, and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.04.    Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Bonds, there is levied a direct annual irrevocable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Debt Service Fund above provided and will be in the years and amounts as attached hereto as EXHIBIT C.

4.05.    Certification to Manager of Property Records and Taxation as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds.

The tax levy herein provided for the Bonds is irrevocable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the Manager of Property Records and Taxation of Anoka County, Minnesota (the "Manager of Property Records and Taxation") the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the Manager of Property Records and Taxation will thereupon reduce the levy collectible during such year by the amount so certified.

4.06. Filing of Resolution. The City Administrator is authorized and directed to file a certified copy of this resolution with the Manager of Property Records and Taxation and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits, and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Administrator, and the Finance Director are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, the City Administrator, and the Finance Director are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Administrator, and the Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature of the Mayor, the City Administrator, the Finance Director, and/or the City Clerk to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

Section 6. Tax Covenants.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under

the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. No Rebate Required.

(a) The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued in calendar year 2021) exceed the small-issuer exception amount of \$5,000,000.

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the City finds, determines and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities of the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;

(b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds, which will be issued by the City (and all subordinate entities of the City) during calendar year 2021 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2021 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

6.06. Reimbursement. The City has or may have incurred certain expenditures with respect to the Street Reconstruction that were financed temporarily from other sources but are expected to be reimbursed with proceeds of the Bonds. The City hereby declares its intent to reimburse certain costs of the Street Reconstruction from proceeds of the Bonds (the “Declaration”). This Declaration is intended to constitute a declaration of official intent for purposes of the Section 1.150-2 of the Treasury Regulations promulgated under the Code.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.03 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar, and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Administrator will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Administrator and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all the Bonds, and all interest thereon, have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

**EXHIBIT A**  
**PROPOSALS**

**EXHIBIT B**  
**FORM OF BOND**

No. R-\_\_\_\_\_ UNITED STATES OF AMERICA \$\_\_\_\_\_  
STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF LINO LAKES

**GENERAL OBLIGATION STREET RECONSTRUCTION BOND**  
**SERIES 2021A**

| <u>Rate</u> | <u>Maturity</u>  | <u>Date of<br/>Original Issue</u> | <u>CUSIP</u> |
|-------------|------------------|-----------------------------------|--------------|
|             | February 1, 20__ | July 15, 2021                     |              |

Registered Owner: CEDE & CO.

The City of Lino Lakes, Minnesota, a duly organized and existing municipal corporation in Anoka County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns the principal sum of \$\_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing February 1, 2022, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by U.S. Bank National Association, Saint Paul, Minnesota, as Registrar, Paying Agent, Transfer Agent, and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2029, and on any date thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such order as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$1,815,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on June 14, 2021 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in financing certain street reconstruction in the City, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b. The principal hereof and interest hereon are payable from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby

conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof.

The City Council has designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee, or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory, or charter limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Lino Lakes, Anoka County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: July 15, 2021

**CITY OF LINO LAKES, MINNESOTA**

\_\_\_\_\_  
(Facsimile)  
Mayor

\_\_\_\_\_  
(Facsimile)  
City Administrator

## CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

### U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Authorized Representative

---

### ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT

\_\_\_\_\_  
(Cust) Custodian (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to Minors  
Act, State of \_\_\_\_\_

JT TEN -- as joint tenants with right of  
survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

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### ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee

program” as may be determined by the Registrar in addition to, or in substitution for, STEMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

\_\_\_\_\_

\_\_\_\_\_

#### **PROVISIONS AS TO REGISTRATION**

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of  
Officer of Registrar

\_\_\_\_\_

Cede & Co.  
Federal ID #13-2555119

\_\_\_\_\_

**EXHIBIT C**  
**TAX LEVY SCHEDULE**

| <u>YEAR *</u> | <u>TAX LEVY</u> |
|---------------|-----------------|
| 2022          |                 |
| 2023          |                 |
| 2024          |                 |
| 2025          |                 |
| 2026          |                 |
| 2027          |                 |
| 2028          |                 |
| 2029          |                 |
| 2030          |                 |
| 2031          |                 |

*\* Year tax levy collected.*

STATE OF MINNESOTA     )  
                                      )  
COUNTY OF ANOKA        ) SS.  
                                      )  
CITY OF LINO LAKES        )

I, the undersigned, being the duly qualified and acting City Clerk of the City of Lino Lakes, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on Monday, June 14, 2021, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s General Obligation Street Reconstruction Bonds, Series 2021A, in the original aggregate principal amount of \$1,815,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

(SEAL)

---

City Clerk  
City of Lino Lakes, Minnesota



**CITY COUNCIL  
AGENDA ITEM 2B**

STAFF ORIGINATOR: Hannah Lynch, Finance Director

MEETING DATE: June 14, 2021

TOPIC: Accept 2020 Annual Audit Report

VOTE REQUIRED: 3/5

**BACKGROUND**

Andy Hering of Redpath and Company was in attendance at the June 7, 2021 City Council Work Session and provided a comprehensive overview of the City's 2020 Annual Financial Report. In addition, he presented the auditor's management analysis and answered any questions the Council had regarding the financial condition of the City.

The 2020 annual audit was undertaken earlier this year, with field work being completed in late April/early May. The auditors review all financial transactions and the financial reports of the City over the previous year for their fairness in presentation and for full disclosure of all material aspects of the City's financial condition. This review is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The auditors concluded that the City's financial statements for 2020 presented fairly, in all material respects, the financial position of the City as of December 31, 2020. The auditors also issue their reports on the City's legal compliance with certain laws, regulations, contracts, etc., our internal control structure, and management issues.

It should be noted that the City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its 2019 Comprehensive Annual Financial Report. The city has received this award each year since 1995. We believe that the report issued for 2020 continues to uphold the high standards of reporting excellence that this prestigious award represents.

**RECOMMENDATION**

Staff recommends the City Council formally, by motion, accept the 2020 Annual Audit Report.

**ATTACHMENTS**

2020 Comprehensive Annual Financial Report  
2020 Other Audit Reports

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

**FOR THE YEAR ENDED  
December 31, 2020**

**Prepared By: Finance Department  
Hannah Lynch, Director of Finance**

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## **INTRODUCTORY SECTION**



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May 28, 2021

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, 2020.

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

The City of Lino Lakes' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2020, 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, 2020, 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.

**600 Town Center Parkway, Lino Lakes, MN 55014  
Phone: 651-982-2400 • Fax: 651-982-2499**

## 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 22,410. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 33.6% 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 and for overseeing the day-to-day operations of the city. The City council is elected at-large on a non-partisan basis, with council members serving four-year terms and the mayor serving a two-year term. Elections are held every two years with two council seats and the mayor being up for election each election cycle.

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

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All divisions are required to submit appropriations requests to the City administrator for review and consolidation into a proposed budget. The City administrator is responsible for submitting the proposed annual budget to the City Council in August of each year. The city council is required to hold a public hearing on the proposed budget and to adopt by resolution a final budget and certify it no later than December 30. The budget amounts cannot increase beyond the estimated receipts except to the extent that actual receipts exceed the estimate. Division directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. Budget-to-actual comparisons for the general fund and the recreation program fund, the only funds for which an annual budget has been adopted, are provided in Statements 10 and 26, 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.** Infrastructure investments made by the City in the late 2000's and early 2010's in anticipation of a strengthening economy, are leading to continued residential, commercial and industrial growth. Completion of the 35E/CSAH 14 interchange has spurred residential, commercial and industrial development along this corridor. The City's largest residential development, the 864 lot Watermark project, is currently under construction in the northeast quadrant. The City's largest industrial user, Distribution Alternatives, expanded into a 402,000 square foot building in 2016. Commercial interest continues to grow with the expansion of the Main Street Shoppes and the new Otter Crossing development in the northeast quadrant.

The 35E corridor also gained additional attention through a partnership with Anoka and Washington County's, neighboring cities and Connexus Energy, the Minnesota Technology Corridor. Over a 1,000

## Factors Affecting Financial Condition (Continued)

acres are available along the corridor with strong transportation, fiber and utility infrastructure to serve the growing data and tech fields.

Citywide development activities continued to increase in 2020. Residential permit activity for new home construction surpassed 100 for the fifth consecutive year. Overall construction activity exceeded \$50 million in new valuation. This trend is expected to continue as national builder, Lennar Homes, continues construction in Watermark. Additionally, a 200-unit senior living community is planned for construction in 2021.

**Long-term financial planning.** The City's current five-year capital plan identifies street and utility improvements totaling \$60,374,692 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, water and sewer operating funds, and general fund tax levies. This plan is in the process of being revised to reflect the anticipated activity through the year 2025. In addition, the city's five-year financial plan includes funding projections for operations and operating impacts for a five-year period.

## 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, 2019. This marks the twenty-fifth 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 2020 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the Certificate program.

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

Respectfully submitted,



Hannah Lynch  
Director of Finance

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lino Lakes  
Minnesota**

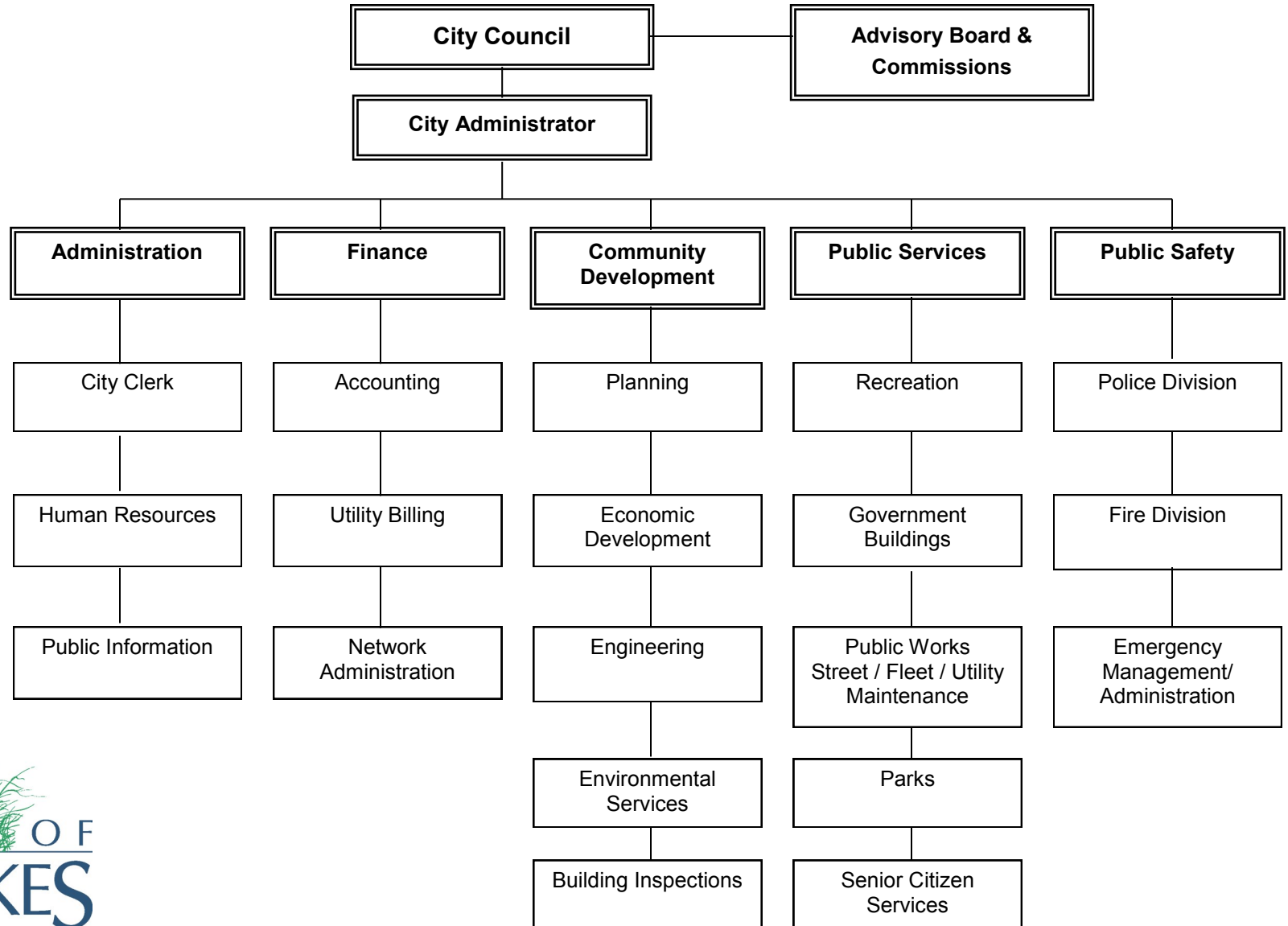
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# City of Lino Lakes Organizational Chart



**CITY OF LINO LAKES, MINNESOTA****PRINCIPAL CITY OFFICIALS**

December 31, 2020

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|                       |                   | <u>Term Expires</u> |
|-----------------------|-------------------|---------------------|
| Mayor:                | Rob Rafferty      | December 31, 2021   |
| Councilmembers:       | Dale Stoesz       | December 31, 2021   |
|                       | Tony Cavegn       | December 31, 2021   |
|                       | Chris Lyden       | December 31, 2023   |
|                       | Michael Ruhland   | December 31, 2023   |
| City Administrator:   | Sarah Cotton      | Appointed           |
| Directors:            |                   |                     |
| Community Development | Michael Grochala  | Appointed           |
| Finance               | Hannah Lynch      | Appointed           |
| Public Safety         | John Swenson      | Appointed           |
| Public Services       | Richard DeGardner | Appointed           |



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lino Lakes, Minnesota's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the City of Lino Lakes, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control over financial reporting and compliance.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2021

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Lino Lakes, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$123,513,590 (net position). Of this amount, \$34,740,882 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$12,422,023.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,120,124, an increase of \$1,896,595. Of this amount, \$8,206,540 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the general fund balance was \$7,527,722. Unassigned fund balance for the general fund was \$6,787,498, or 66% of total general fund expenditures and other financing uses.

Total outstanding debt decreased by \$1,769,235 during 2020. General Obligation Bonds and Certificates of Indebtedness totaling \$4,624,235 were issued, while regularly scheduled principal payments were made during the year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



## Management's Discussion and Analysis

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

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements are statements 1 and 2 of this report.

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

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

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

## Management's Discussion and Analysis

governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General Fund
- G.O. Improvement Note of 2009A – Debt Service Fund
- G.O. Improvement Bonds of 2016B – Debt Service Fund
- Area and Unit Charge – Capital Project Fund
- MSA Construction – Capital Project Fund
- 2018 Street Reconstruction – Capital Project Fund

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

The City adopts an annual appropriated budget for its General Fund and its Program Recreation special revenue fund. Budgetary comparison schedules are presented as statements 10 and 26.

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following statement 9.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented as statements 18 through 25.

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$123,513,590 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$75,326,505, or 61%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### **City of Lino Lakes' Net Position**

|                                   | Governmental Activities |                     | Business-Type Activities |                     | Totals               |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                   | 2020                    | 2019                | 2020                     | 2019                | 2020                 | 2019                 |
| Assets:                           |                         |                     |                          |                     |                      |                      |
| Current and other assets          | \$44,476,092            | \$42,013,231        | \$16,571,768             | \$16,667,696        | \$61,047,860         | \$58,680,927         |
| Capital assets                    | 55,151,912              | 49,859,684          | 43,366,197               | 36,390,820          | 98,518,109           | 86,250,504           |
| Total assets                      | <u>\$99,628,004</u>     | <u>\$91,872,915</u> | <u>\$59,937,965</u>      | <u>\$53,058,516</u> | <u>\$159,565,969</u> | <u>\$144,931,431</u> |
| Deferred outflows of resources    | <u>\$1,995,741</u>      | <u>\$3,084,049</u>  | <u>\$31,725</u>          | <u>\$36,994</u>     | <u>\$2,027,466</u>   | <u>\$3,121,043</u>   |
| Liabilities:                      |                         |                     |                          |                     |                      |                      |
| Long-term liabilities outstanding | \$30,637,047            | \$27,963,093        | \$398,988                | \$327,294           | \$31,036,035         | \$28,290,387         |
| Other liabilities                 | 3,722,743               | 3,560,168           | 123,285                  | 74,596              | 3,846,028            | 3,634,764            |
| Total liabilities                 | <u>\$34,359,790</u>     | <u>\$31,523,261</u> | <u>\$522,273</u>         | <u>\$401,890</u>    | <u>\$34,882,063</u>  | <u>\$31,925,151</u>  |
| Deferred inflows of resources     | <u>\$3,170,706</u>      | <u>\$4,970,184</u>  | <u>\$27,076</u>          | <u>\$65,572</u>     | <u>\$3,197,782</u>   | <u>\$5,035,756</u>   |
| Net position:                     |                         |                     |                          |                     |                      |                      |
| Net investment in capital assets  | \$31,960,308            | \$28,433,053        | \$43,366,197             | \$36,390,820        | \$75,326,505         | \$64,823,873         |
| Restricted                        | 13,446,203              | 12,390,431          | -                        | -                   | 13,446,203           | 12,390,431           |
| Unrestricted                      | 18,686,738              | 17,640,035          | 16,054,144               | 16,237,228          | 34,740,882           | 33,877,263           |
| Total net position                | <u>\$64,093,249</u>     | <u>\$58,463,519</u> | <u>\$59,420,341</u>      | <u>\$52,628,048</u> | <u>\$123,513,590</u> | <u>\$111,091,567</u> |

\$13,446,203 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$34,740,882) may be used to meet ongoing obligations to citizens and creditors.

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

## Management's Discussion and Analysis

The City's net position increased by \$12,422,023 during 2020. Key elements of this increase are as follows:

### City of Lino Lakes' Changes in Net Position

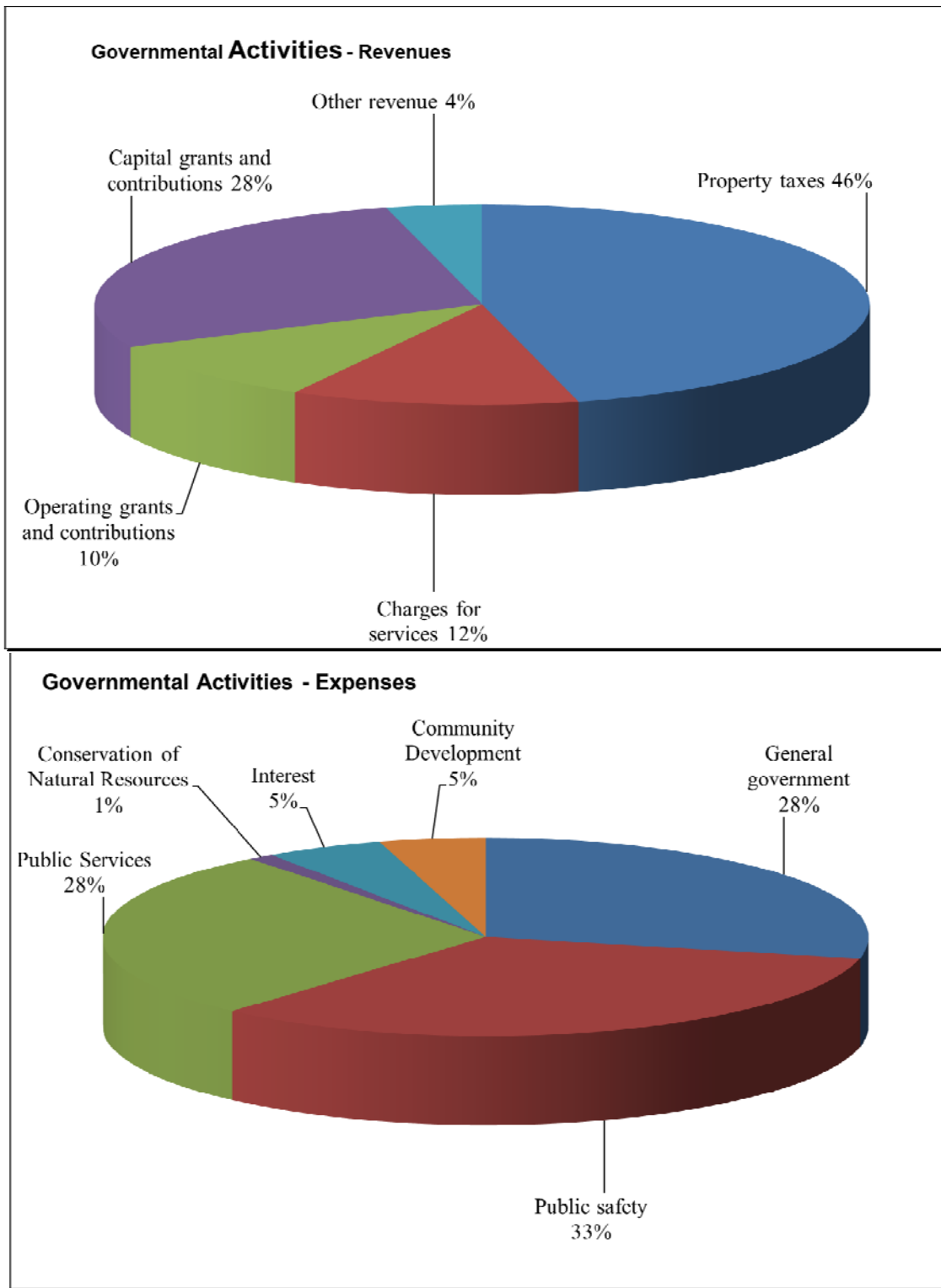
|  | Governmental Activities |              | Business-Type Activities |              | Totals        |               |
|--|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|  | 2020                    | 2019         | 2020                     | 2019         | 2020          | 2019          |
| Revenues:  |                         |              |                          |              |               |               |
| Program revenues:  |                         |              |                          |              |               |               |
| Charges for services   | \$2,929,965             | \$3,141,500  | \$3,144,790              | \$2,943,723  | \$6,074,755   | \$6,085,223   |
| Operating grants and contributions                           | 2,470,024               | 870,532      | 42,152                   | -            | 2,512,176     | 870,532       |
| Capital grants and contributions                             | 6,894,207               | 6,820,419    | 2,887,266                | 2,894,794    | 9,781,473     | 9,715,213     |
| General revenues:  |                         |              |                          |              |               |               |
| General property taxes                                       | 10,492,131              | 10,035,681   | -                        | -            | 10,492,131    | 10,035,681    |
| Tax increment  | 766,912                 | 671,296      | -                        | -            | 766,912       | 671,296       |
| Grants and contributions not restricted to specific programs | 47,188                  | 38,926       | -                        | -            | 47,188        | 38,926        |
| Unrestricted investment earnings                             | 684,384                 | 1,029,944    | 383,963                  | 523,554      | 1,068,347     | 1,553,498     |
| Gain on disposal of capital assets                           | 150,041                 | 68,472       | -                        | -            | 150,041       | 68,472        |
| Total revenues   | 24,434,852              | 22,676,770   | 6,458,171                | 6,362,071    | 30,893,023    | 29,038,841    |
| Expenses:  |                         |              |                          |              |               |               |
| General government   | 4,197,819               | 2,466,130    | -                        | -            | 4,197,819     | 2,466,130     |
| Public safety  | 4,867,134               | 5,053,511    | -                        | -            | 4,867,134     | 5,053,511     |
| Public services  | 4,118,477               | 5,810,919    | -                        | -            | 4,118,477     | 5,810,919     |
| Conservation of natural resources                            | 161,556                 | 183,982      | -                        | -            | 161,556       | 183,982       |
| Community development  | 660,660                 | 686,421      | -                        | -            | 660,660       | 686,421       |
| Interest and fees on long-term debt                          | 733,207                 | 498,587      | -                        | -            | 733,207       | 498,587       |
| Water  | -                       | -            | 1,532,282                | 1,322,811    | 1,532,282     | 1,322,811     |
| Sewer  | -                       | -            | 2,199,865                | 2,002,711    | 2,199,865     | 2,002,711     |
| Total expenses   | 14,738,853              | 14,699,550   | 3,732,147                | 3,325,522    | 18,471,000    | 18,025,072    |
| Increase in net position before transfers                    | 9,695,999               | 7,977,220    | 2,726,024                | 3,036,549    | 12,422,023    | 11,013,769    |
| Transfers  | (4,066,269)             | (1,311,593)  | 4,066,269                | 1,311,593    | -             | -             |
| Change in net position                                       | 5,629,730               | 6,665,627    | 6,792,293                | 4,348,142    | 12,422,023    | 11,013,769    |
| Net position - January 1                                     | 58,463,519              | 51,797,892   | 52,628,048               | 48,279,906   | 111,091,567   | 100,077,798   |
| Net position - December 31                                   | \$64,093,249            | \$58,463,519 | \$59,420,341             | \$52,628,048 | \$123,513,590 | \$111,091,567 |

### Governmental Activities

Governmental activities increased the City's net position by \$5,629,730 during 2020. Contributions of capital assets from private sources, coronavirus relief grant funds, and property taxes levied to reduce debt all contributed to the increase in 2020. This increase was partially offset by transfers out to business-type activities of \$4,066,269.

## Management's Discussion and Analysis

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

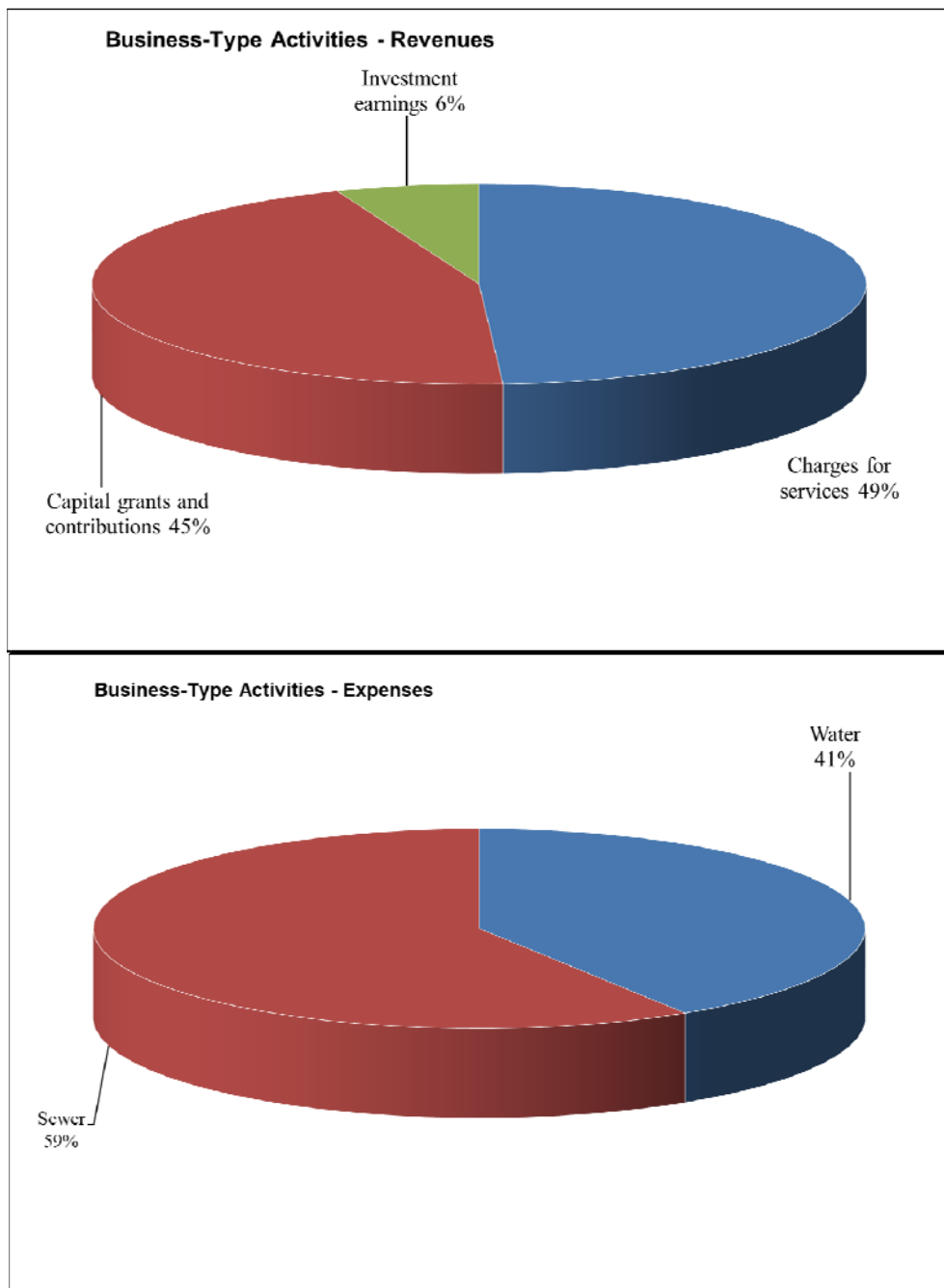


## Management's Discussion and Analysis

### **Business-Type Activities**

Business-type activities increased the City's net position by \$6,792,293 during 2020. The increase was due to contributions of capital assets from private sources and a transfer in from governmental activities of \$4,066,269.

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



## Management's Discussion and Analysis

### **Financial Analysis of the Government's Funds**

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,120,124. Approximately 26% of this total amount (\$8,206,540) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$417,300 of fund balance is not in a spendable form, \$895,047 has been committed, \$18,943,415 has been assigned, and \$3,657,822 is unassigned.

The fund balance of the General Fund increased by \$734,527 in 2020, while the City anticipated the use of \$200,000 of the general fund balance. Strong investment earnings and increased license and permit revenues resulted in favorable General Fund revenues for the year. Reduced expenditures, primarily for personal services through position vacancies, and favorable professional and contractual services spending helped to increase the year end fund balance.

The G.O. Improvement Note of 2009A fund was established to service the debt issued by Anoka County as the City's financial commitment for the I-35E interchange project. The City prepaid the remaining balance of the note in 2017 using MSA funds. As deferred special assessments are received, MSA funds will be replenished. The fund began and ended the year with a fund balance of \$0, and transferred \$37,355 to the MSA Construction fund.

The G.O. Improvement Bonds of 2016B fund decreased by \$41,983. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. Future tax increment and land sale proceeds are expected to cover debt service and the interfund loan payable.

The Area and Unit Charge fund has a total fund balance of \$9,659,265, all of which is assigned for financing capital improvements. The fund balance during the current year increased by \$1,351,871 due primarily to strong investment earnings and the issuance of General Obligation Bonds to fund the construction of Water Tower #3. Construction will be completed in 2021.

The MSA Construction fund has a total fund balance of \$3,083,911, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year decreased by \$649,606 primarily due to transfers out for debt service payments and street and trail improvement projects.

## Management's Discussion and Analysis

The 2018 Street Reconstruction fund has a total fund balance of \$0. The fund balance decreased during the year by \$1,010,945 due to the completion of the West Shadow Lake Drive and LaMotte Area Street Reconstruction project.

The combined fund balance of other governmental funds increased by \$1,512,731 during 2020. Primary reasons for the increase include West Shadow Lake Drive and LaMotte Area Street Reconstruction funds available at the end of the project for debt service payments on the 2018A bonds and increased development activities resulting in increased developer fee revenues (park dedication, seal coating, surface water management).

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

The water fund has total net position at year-end of \$30,858,612, of which \$5,810,154 is unrestricted. The increase in net position of \$5,331,048 was primarily due to capital contributions and strong investment earnings, partially offset by a net operating loss and a transfer to the Pavement Management Fund for watermain system repairs associated with the 2020 Street Rehabilitation project.

The sewer fund has total net position at year-end of \$28,561,729 of which \$10,243,990 is unrestricted. The increase in net position of \$1,461,245 was primarily due to capital contributions and strong investments earnings, partially offset by a net operating loss.

### **Budgetary Highlights**

#### **General Fund**

There were amendments to the original budget in 2020. The revenue budget was decreased by \$174,758 to total \$10,440,412, and the expenditure budget was decreased by \$543,258 to total \$9,723,912. Other financing uses were increased \$3,500 to total \$551,500. Net changes to the budget resulted in a budgeted surplus of \$165,000.

Revenues were \$156,727 over budget for the year. General property taxes and fines and forfeits were \$69,382 under budget; however, this variance was more than offset by greater than anticipated license and permit revenues, intergovernmental revenue, charges for services, and investment earnings.

Expenditures came in under budget by \$413,420 primarily due to vacant positions and favorable professional and contracted service activity. Fuel costs were also much lower than anticipated due to the decrease in the average fuel price.



## Management's Discussion and Analysis

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

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$98,518,109 (net of accumulated depreciation), an increase of \$12,267,605 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure.

The City completed Phase II of the controls automation upgrade at the Civic Complex, Woods Edge Park improvements, street and utility improvements in the West Shadow Lake Drive and LaMotte areas, Pheasant Hills watermain improvements, Cedar Street Reconstruction improvements, and the build-out of two public safety vehicles. The City has continued to work to complete trunk utility improvements at 49&J, drainage improvements in the NE Area of the City, Water Tower #3, and Well House #1 Rehabilitation improvements. In addition, the City started Birth Street Watermain improvements and 2021 Street Reconstruction.

Developer lead infrastructure improvements at various stages of completion include St Clair Estates, NorthPointe 6<sup>th</sup> and 7<sup>th</sup> Additions, Saddle Club 3<sup>rd</sup> Addition, Century Farms 7<sup>th</sup> Addition, Chavez Estates, Eastside Villas, Watermark 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> additions, and Naduea Acres.

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

|                                | Governmental Activities |                     | Business-Type Activities |                     | Totals              |                     |
|--------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                | 2020                    | 2019                | 2020                     | 2019                | 2020                | 2019                |
| Land                           | \$3,532,930             | \$3,532,930         | \$ -                     | \$ -                | \$3,532,930         | \$3,532,930         |
| Wetland credits                | 93,876                  | 170,421             | -                        | -                   | 93,876              | 170,421             |
| Construction in progress       | 8,036,003               | 10,094,933          | 10,336,586               | 6,123,837           | 18,372,589          | 16,218,770          |
| Buildings                      | 7,619,238               | 6,983,477           | -                        | -                   | 7,619,238           | 6,983,477           |
| Office equipment and furniture | 312,288                 | 233,176             | -                        | -                   | 312,288             | 233,176             |
| Vehicles                       | 1,961,862               | 1,842,573           | -                        | -                   | 1,961,862           | 1,842,573           |
| Machinery and shop equipment   | 1,070,655               | 1,087,529           | 257,047                  | 139,603             | 1,327,702           | 1,227,132           |
| Other equipment                | 1,002,034               | 835,192             | -                        | -                   | 1,002,034           | 835,192             |
| Infrastructure                 | 31,523,026              | 25,079,453          | 32,772,564               | 30,127,380          | 64,295,590          | 55,206,833          |
| Total                          | <u>\$55,151,912</u>     | <u>\$49,859,684</u> | <u>\$43,366,197</u>      | <u>\$36,390,820</u> | <u>\$98,518,109</u> | <u>\$86,250,504</u> |

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

## Management's Discussion and Analysis

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,132,152. Of this amount, \$21,341,770 comprises tax supported debt and \$1,805,000 is special assessment debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments or revenues pledged to the retirement of the debt. In addition, the City has a note payable to the City of Circle Pines for its share of the cost of capital equipment to be used by the North Metro Telecommunications Commission in the operation of a cable communications system in the amount of \$136,950.

### City of Lino Lakes' Outstanding Debt

|                               | Governmental Activities |                     | Business-Type Activities |            | Totals              |                     |
|-------------------------------|-------------------------|---------------------|--------------------------|------------|---------------------|---------------------|
|                               | 2020                    | 2019                | 2020                     | 2019       | 2020                | 2019                |
| General obligation bonds      | \$21,478,720            | \$18,659,485        | \$ -                     | \$ -       | \$21,478,720        | \$18,659,485        |
| G.O. special assessment bonds | 1,805,000               | 2,855,000           | -                        | -          | 1,805,000           | 2,855,000           |
| Bond premium                  | 848,432                 | 462,829             | -                        | -          | 848,432             | 462,829             |
| Total                         | <u>\$24,132,152</u>     | <u>\$21,977,314</u> | <u>\$0</u>               | <u>\$0</u> | <u>\$24,132,152</u> | <u>\$21,977,314</u> |

The City of Lino Lakes' total bonded debt increased by \$1,769,235 during the current fiscal year. The issuance of General Obligation Bonds and Certificates of Indebtedness totaling \$4,624,235 to finance the construction of Water Tower #3 and capital equipment purchases combined with the scheduled principal payments of \$2,855,000 accounted for this change.

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

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

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## **BASIC FINANCIAL STATEMENTS**

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## CITY OF LINO LAKES, MINNESOTA

## STATEMENT OF NET POSITION

December 31, 2020

Statement 1

|  | Primary Government |               |
|--|--------------------|---------------|
|  | Governmental       | Business-Type |
|  | Activities         | Activities    |
|  |                    | Total         |
| Assets:  |                    |               |
| Cash and investments                             | \$35,151,477       | \$15,505,153  |
| Accrued interest receivable                      | 167,976            | -             |
| Due from other governmental units                | 76,002             | 32,485        |
| Accounts receivable - net                        | 61,140             | 336,717       |
| Prepaid items                                    | 317,300            | 117,440       |
| Internal balances                                | (559,110)          | 559,110       |
| Inventory  | -                  | 20,863        |
| Taxes receivable                                 | 457,579            | -             |
| Special assessments receivable                   | 8,244,181          | -             |
| Net pension asset                                | 559,547            | -             |
| Capital assets - nondepreciable                  | 11,662,809         | 10,336,586    |
| Capital assets - net of accumulated depreciation | 43,489,103         | 33,029,611    |
| Total assets                                     | 99,628,004         | 59,937,965    |
| Deferred outflows of resources:                  |                    |               |
| Pension related                                  | 1,985,052          | 31,725        |
| OPEB related                                     | 10,689             | -             |
| Total deferred outflows of resources             | 1,995,741          | 31,725        |
| Liabilities:                                     |                    |               |
| Accounts payable and other current liabilities   | 1,263,656          | 123,285       |
| Deposits payable                                 | 2,172,668          | -             |
| Accrued interest payable                         | 286,419            | -             |
| Other post employment benefits:                  |                    |               |
| Due in more than one year                        | 606,506            | 6,968         |
| Long-term liabilities:                           |                    |               |
| Due within one year                              | 3,594,132          | 31,072        |
| Due in more than one year                        | 21,357,275         | 10,766        |
| Net pension liability:                           |                    |               |
| Due in more than one year                        | 5,079,134          | 350,182       |
| Total liabilities                                | 34,359,790         | 522,273       |
| Deferred inflows of resources:                   |                    |               |
| Pension related                                  | 2,917,755          | 27,076        |
| OPEB related                                     | 252,951            | -             |
| Total deferred inflows of resources              | 3,170,706          | 27,076        |
| Net position:                                    |                    |               |
| Net investment in capital assets                 | 31,960,308         | 43,366,197    |
| Restricted for:                                  |                    |               |
| Debt service                                     | 10,510,225         | -             |
| Tax increment purposes                           | 740,979            | -             |
| Park improvements                                | 1,327,036          | -             |
| Other purposes                                   | 867,963            | -             |
| Unrestricted                                     | 18,686,738         | 16,054,144    |
| Total net position                               | \$64,093,249       | \$59,420,341  |

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

**CITY OF LINO LAKES, MINNESOTA****STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2020

| <u>Functions/Programs</u>           | <u>Expenses</u>            | <u>Program Revenues</u>         |
|-------------------------------------|----------------------------|---------------------------------|
|                                     |                            | <u>Charges For<br/>Services</u> |
| Primary government:                 |                            |                                 |
| Governmental activities:            |                            |                                 |
| General government                  | \$4,197,819                | \$587,888                       |
| Public safety                       | 4,867,134                  | 1,235,829                       |
| Public services                     | 4,118,477                  | 1,106,248                       |
| Conservation of natural resources   | 161,556                    | -                               |
| Community development               | 660,660                    | -                               |
| Interest and fees on long-term debt | 733,207                    | -                               |
| Total governmental activities       | <u>14,738,853</u>          | <u>2,929,965</u>                |
| Business-type activities:           |                            |                                 |
| Water                               | 1,532,282                  | 1,341,559                       |
| Sewer                               | 2,199,865                  | 1,803,231                       |
| Total business-type activities      | <u>3,732,147</u>           | <u>3,144,790</u>                |
| Total primary government            | <u><u>\$18,471,000</u></u> | <u><u>\$6,074,755</u></u>       |

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

| Program Revenues  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |               |
|---|--|--|-----------------------------|---------------|
| Operating<br>Grants and<br>Contributions                        | Capital<br>Grants and<br>Contributions | Primary Government                                   |                             |               |
|   |  | Governmental<br>Activities                           | Business-Type<br>Activities | Total         |
| \$1,625,816   | \$ -                                   | (\$1,984,115)  | \$ -                        | (\$1,984,115) |
| 482,885   | -                                      | (3,148,420)  | -                           | (3,148,420)   |
| 274,021   | 6,894,207                              | 4,155,999  | -                           | 4,155,999     |
| 71,302  | -                                      | (90,254)   | -                           | (90,254)      |
| 16,000  | -                                      | (644,660)  | -                           | (644,660)     |
| -   | -                                      | (733,207)  | -                           | (733,207)     |
| 2,470,024   | 6,894,207                              | (2,444,657)  | 0                           | (2,444,657)   |
| 42,152  | 1,516,637                              | -  | 1,368,066                   | 1,368,066     |
| -   | 1,370,629                              | -  | 973,995                     | 973,995       |
| 42,152  | 2,887,266                              | 0  | 2,342,061                   | 2,342,061     |
| \$2,512,176   | \$9,781,473                            | (2,444,657)  | 2,342,061                   | (102,596)     |
| General revenues:   |  |  |                             |               |
| General property taxes  |  | 10,492,131   | -                           | 10,492,131    |
| Tax increment   |  | 766,912  | -                           | 766,912       |
| Grants and contributions not<br>restricted to specific programs |  | 47,188   | -                           | 47,188        |
| Unrestricted investment earnings                                |  | 684,384  | 383,963                     | 1,068,347     |
| Gain on disposal of capital assets                              |  | 150,041  | -                           | 150,041       |
| Transfers   |  | (4,066,269)  | 4,066,269                   | -             |
| Total general revenues and transfers                            |  | 8,074,387  | 4,450,232                   | 12,524,619    |
| Change in net position  |  | 5,629,730  | 6,792,293                   | 12,422,023    |
| Net position - January 1  |  | 58,463,519   | 52,628,048                  | 111,091,567   |
| Net position - December 31                                      |  | \$64,093,249   | \$59,420,341                | \$123,513,590 |

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



**CITY OF LINO LAKES, MINNESOTA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

December 31, 2020

|   | General Fund        | 333 G.O.<br>Improvement<br>Note of 2009A |
|---|---------------------|--|
| <b>Assets</b>   |                     |  |
| Cash and investments  | \$9,496,886         | \$ -                                     |
| Accrued interest receivable   | 167,976             | -  |
| Due from other governmental units   | 59,417              | -  |
| Accounts receivable - net   | 37,606              | -  |
| Prepaid items   | 315,224             | -  |
| Advances to other funds   | -                   | -  |
| Taxes receivable:   |                     |  |
| Due from county   | 290,917             | -  |
| Delinquent  | 131,631             | -  |
| Special assessments receivable:   |                     |  |
| Due from county   | -                   | -  |
| Delinquent  | -                   | 280                                      |
| Deferred  | 169                 | 2,164,522                                |
| Interfund loan receivable   | -                   | -  |
| <b>Total assets</b>   | <b>\$10,499,826</b> | <b>\$2,164,802</b>                       |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>      |                     |  |
| <b>Liabilities:</b>   |                     |  |
| Accounts payable  | \$313,147           | \$ -                                     |
| Salaries payable  | 290,014             | -  |
| Due to other governmental units   | 64,475              | -  |
| Advances from other funds   | -                   | -  |
| Retainage payable   | -                   | -  |
| Deposits payable  | 2,172,668           | -  |
| Interfund loan payable  | -                   | -  |
| <b>Total liabilities</b>  | <b>2,840,304</b>    | <b>0</b>                                 |
| <b>Deferred inflows of resources:</b>                                     |                     |  |
| Unavailable revenue   | 131,800             | 2,164,802                                |
| <b>Fund balance:</b>  |                     |  |
| Nonspendable  | 315,224             | -  |
| Restricted  | -                   | -  |
| Committed   | 425,000             | -  |
| Assigned  | -                   | -  |
| Unassigned  | 6,787,498           | -  |
| <b>Total fund balance</b>   | <b>7,527,722</b>    | <b>0</b>                                 |
| <b>Total liabilities, deferred inflows of resources, and fund balance</b> | <b>\$10,499,826</b> | <b>\$2,164,802</b>                       |

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

Statement 3

| 342 G.O.<br>Improvement<br>Bonds of 2016B | 406 Area and<br>Unit Charge | 420 MSA<br>Construction | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------------|-------------------------|--------------------------------|--------------------------------|
| \$395,982                                 | \$9,996,253                 | \$3,084,523             | \$12,177,833                   | \$35,151,477                   |
| -   | -                           | -                       | -                              | 167,976                        |
| -   | -                           | -                       | 16,585                         | 76,002                         |
| -   | 18,595                      | -                       | 4,939                          | 61,140                         |
| -   | -                           | -                       | 2,076                          | 317,300                        |
| 156,310                                   | -                           | -                       | 683,093                        | 839,403                        |
| -   | -                           | -                       | 35,031                         | 325,948                        |
| -   | -                           | -                       | -                              | 131,631                        |
| -   | 9,986                       | -                       | 5,729                          | 15,715                         |
| -   | 15,957                      | -                       | 7,736                          | 23,973                         |
| 2,994,379                                 | 2,161,029                   | -                       | 884,394                        | 8,204,493                      |
| -   | -                           | -                       | 2,317,533                      | 2,317,533                      |
| <u>\$3,546,671</u>                        | <u>\$12,201,820</u>         | <u>\$3,084,523</u>      | <u>\$16,134,949</u>            | <u>\$47,632,591</u>            |
| \$318                                     | \$180,281                   | \$612                   | \$228,677                      | \$723,035                      |
| -   | -                           | -                       | -                              | 290,014                        |
| -   | -                           | -                       | -                              | 64,475                         |
| -   | -                           | -                       | 839,403                        | 839,403                        |
| -   | 185,288                     | -                       | 844                            | 186,132                        |
| -   | -                           | -                       | -                              | 2,172,668                      |
| 2,876,643                                 | -                           | -                       | -                              | 2,876,643                      |
| <u>2,876,961</u>                          | <u>365,569</u>              | <u>612</u>              | <u>1,068,924</u>               | <u>7,152,370</u>               |
| <u>2,994,379</u>                          | <u>2,176,986</u>            | <u>-</u>                | <u>892,130</u>                 | <u>8,360,097</u>               |
| -   | -                           | -                       | 102,076                        | 417,300                        |
| -   | 803,598                     | -                       | 7,402,942                      | 8,206,540                      |
| -   | -                           | -                       | 470,047                        | 895,047                        |
| -   | 8,855,667                   | 3,083,911               | 7,003,837                      | 18,943,415                     |
| (2,324,669)                               | -                           | -                       | (805,007)                      | 3,657,822                      |
| <u>(2,324,669)</u>                        | <u>9,659,265</u>            | <u>3,083,911</u>        | <u>14,173,895</u>              | <u>32,120,124</u>              |
| <u>\$3,546,671</u>                        | <u>\$12,201,820</u>         | <u>\$3,084,523</u>      | <u>\$16,134,949</u>            | <u>\$47,632,591</u>            |

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

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**CITY OF LINO LAKES, MINNESOTA****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2020****Statement 4**

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|   |                            |
|---|----------------------------|
| Fund balance - total governmental funds (Statement 3)   | \$32,120,124               |
| Net position reported for governmental activities in the Statement of Net Position is different because:  |                            |
| Certain assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.   |                            |
| Capital assets  | 55,151,912                 |
| Net pension asset   | 559,547                    |
| Other long-term assets are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds:  |                            |
| Delinquent taxes receivable   | 131,631                    |
| Delinquent special assessments receivable   | 23,973                     |
| Deferred special assessments receivable   | 8,204,493                  |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:  |                            |
| Bonds and notes payable   | (23,283,720)               |
| Unamortized bond premiums   | (859,061)                  |
| Unamortized bond discounts  | 10,629                     |
| Accrued interest payable  | (286,419)                  |
| Compensated absences payable  | (819,255)                  |
| Other post employment benefits  | (606,506)                  |
| Net pension liability   | (5,079,134)                |
| Deferred outflows and inflows of resources related to pensions and OPEB are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. Balances at year end are: |                            |
| Deferred outflows of resources  | 1,995,741                  |
| Deferred inflows of resources   | (3,170,706)                |
| Net position of governmental activities (Statement 1)   | <u><u>\$64,093,249</u></u> |

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2020**

|                                      | General Fund | 333 G.O.<br>Improvement<br>Note of 2009A | 342 G.O.<br>Improvement<br>Bonds of 2016B |
|--------------------------------------|--------------|--|---|
| Revenues:                            |              |  |   |
| General property taxes               | \$8,342,663  | \$ -                                     | \$ -                                      |
| Tax increment                        | -            | -  | -   |
| Licenses and permits                 | 972,450      | -  | -   |
| Special assessments                  | -            | 37,355                                   | -   |
| Intergovernmental                    | 642,220      | -  | -   |
| Charges for services                 | 248,882      | -  | -   |
| Fines and forfeits                   | 76,811       | -  | -   |
| Investment earnings                  | 122,482      | -  | 3,801                                     |
| Miscellaneous                        | 191,631      | -  | -   |
| Total revenues                       | 10,597,139   | 37,355                                   | 3,801                                     |
| Expenditures:                        |              |  |   |
| Current:                             |              |  |   |
| General government                   | 2,100,186    | -  | -   |
| Public safety                        | 4,722,890    | -  | -   |
| Public services                      | 1,907,420    | -  | -   |
| Conservation of natural resources    | 160,884      | -  | -   |
| Community development                | 401,523      | -  | -   |
| Capital outlay:                      |              |  |   |
| General government                   | -            | -  | -   |
| Public safety                        | 14,199       | -  | -   |
| Public services                      | 4,010        | -  | -   |
| Debt service:                        |              |  |   |
| Principal                            | -            | -  | 495,000                                   |
| Interest and fiscal charges          | -            | -  | 11,186                                    |
| Total expenditures                   | 9,311,112    | 0  | 506,186                                   |
| Revenues over (under) expenditures   | 1,286,027    | 37,355                                   | (502,385)                                 |
| Other financing sources (uses):      |              |  |   |
| Transfers in                         | 380,000      | -  | 460,402                                   |
| Transfers out                        | (931,500)    | (37,355)                                 | -   |
| Issuance of debt                     | -            | -  | -   |
| Premium on issuance of debt          | -            | -  | -   |
| Proceeds from sale of capital assets | -            | -  | -   |
| Total other financing sources (uses) | (551,500)    | (37,355)                                 | 460,402                                   |
| Net change in fund balance           | 734,527      | 0  | (41,983)                                  |
| Fund balance - January 1             | 6,793,195    | -  | (2,282,686)                               |
| Fund balance - December 31           | \$7,527,722  | \$0                                      | (\$2,324,669)                             |

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

| 406 Area and<br>Unit Charge | 420 MSA<br>Construction | 485<br>2018 Street<br>Reconstruction | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-------------------------|--------------------------------------|--------------------------------|--------------------------------|
| \$ -                        | \$ -                    | \$ -                                 | \$2,122,799                    | \$10,465,462                   |
| -                           | -                       | -                                    | 766,912                        | 766,912                        |
| -                           | -                       | -                                    | -                              | 972,450                        |
| 760,536                     | -                       | -                                    | 189,162                        | 987,053                        |
| -                           | -                       | 87,000                               | 1,868,524                      | 2,597,744                      |
| 338,526                     | -                       | -                                    | 1,022,219                      | 1,609,627                      |
| -                           | -                       | -                                    | 83,468                         | 160,279                        |
| 214,257                     | 84,789                  | -                                    | 259,055                        | 684,384                        |
| -                           | -                       | -                                    | 54,968                         | 246,599                        |
| 1,313,319                   | 84,789                  | 87,000                               | 6,367,107                      | 18,490,510                     |
| -                           | -                       | -                                    | 1,312,414                      | 3,412,600                      |
| -                           | -                       | -                                    | 21,283                         | 4,744,173                      |
| 155,979                     | 8,912                   | -                                    | 1,011,055                      | 3,083,366                      |
| -                           | -                       | -                                    | -                              | 160,884                        |
| -                           | -                       | -                                    | 263,882                        | 665,405                        |
| -                           | -                       | -                                    | 405,310                        | 405,310                        |
| -                           | -                       | -                                    | 136,291                        | 150,490                        |
| 3,988,609                   | -                       | 438,853                              | 1,400,169                      | 5,831,641                      |
| -                           | -                       | -                                    | 2,360,000                      | 2,855,000                      |
| -                           | -                       | -                                    | 618,096                        | 629,282                        |
| 4,144,588                   | 8,912                   | 438,853                              | 7,528,500                      | 21,938,151                     |
| (2,831,269)                 | 75,877                  | (351,853)                            | (1,161,393)                    | (3,447,641)                    |
| 15,295                      | 37,355                  | -                                    | 3,229,737                      | 4,122,789                      |
| (597,778)                   | (762,838)               | (659,092)                            | (1,090,690)                    | (4,079,253)                    |
| 4,330,000                   | -                       | -                                    | 294,235                        | 4,624,235                      |
| 435,623                     | -                       | -                                    | -                              | 435,623                        |
| -                           | -                       | -                                    | 240,842                        | 240,842                        |
| 4,183,140                   | (725,483)               | (659,092)                            | 2,674,124                      | 5,344,236                      |
| 1,351,871                   | (649,606)               | (1,010,945)                          | 1,512,731                      | 1,896,595                      |
| 8,307,394                   | 3,733,517               | 1,010,945                            | 12,661,164                     | 30,223,529                     |
| \$9,659,265                 | \$3,083,911             | \$0                                  | \$14,173,895                   | \$32,120,124                   |

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

**CITY OF LINO LAKES, MINNESOTA**
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2020**
**Statement 6**


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Net change in fund balance - total governmental funds (Statement 5) \$1,896,595

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

|                                  |             |
|----------------------------------|-------------|
| Current expenditures capitalized | 921,489     |
| Capital outlay                   | 6,387,441   |
| Depreciation                     | (3,114,147) |

Various other transactions involving capital assets increase (decrease) net position on the Statement of Activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:

|   |             |
|---|-------------|
| Contributions of infrastructure from private sources        | 5,298,050   |
| Contributions of infrastructure to business-type activities | (4,109,805) |
| Miscellaneous other differences related to capital assets   | (90,800)    |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

|   |          |
|---|----------|
| Change in delinquent taxes receivable               | 26,669   |
| Change in delinquent special assessments receivable | (17,293) |
| Change in deferred special assessments receivable   | 306,382  |

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas amounts are deferred and amortized over the life of the debt in the Statement of Activities.

|  |             |
|--|-------------|
| Bonds and notes issued, including bond premium | (5,059,858) |
| Repayment of principal                         | 2,855,000   |
| Amortization of bond premiums and discounts    | 50,020      |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:

|   |           |
|---|-----------|
| Change in accrued interest payable  | (153,945) |
| Change in compensated absences payable  | (18,073)  |
| Change in OPEB liability and related deferred outflows and inflows of resources | (27,210)  |

Pension expense in governmental funds is measured by current year employee contributions. Pension expense in the Statement of Activities is measured by the change in the net pension liability and related deferred inflows and outflows of resources. This is the amount by which pension expense (\$148,170) differed from pension contributions (\$627,385).

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479,215

Change in net position of governmental activities (Statement 2)

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\$5,629,730


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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2020

**Statement 7**

|   | Business-Type Activities - Enterprise Funds |              |              |
|---|---|--------------|--------------|
|   | 601 Water                                   | 602 Sewer    | Total        |
| <b>Assets:</b>                                      |   |              |              |
| Current assets:                                     |   |              |              |
| Cash and cash equivalents                           | \$5,895,566                                 | \$9,609,587  | \$15,505,153 |
| Due from other governmental units                   | 29,991                                      | 2,494        | 32,485       |
| Accounts receivable - net                           | 138,452                                     | 198,265      | 336,717      |
| Prepaid items                                       | 12,839                                      | 104,601      | 117,440      |
| Inventory   | 20,863                                      | -            | 20,863       |
| Total current assets                                | 6,097,711                                   | 9,914,947    | 16,012,658   |
| Noncurrent assets:                                  |   |              |              |
| Interfund loan receivable                           | -   | 559,110      | 559,110      |
| Capital assets:                                     |   |              |              |
| Construction in progress                            | 7,453,016                                   | 2,883,570    | 10,336,586   |
| Equipment   | 103,896                                     | 446,657      | 550,553      |
| Water and sewer systems                             | 27,940,244                                  | 25,908,535   | 53,848,779   |
| Total capital assets                                | 35,497,156                                  | 29,238,762   | 64,735,918   |
| Less: Allowance for depreciation                    | (10,448,698)                                | (10,921,023) | (21,369,721) |
| Net capital assets                                  | 25,048,458                                  | 18,317,739   | 43,366,197   |
| Total assets  | 31,146,169                                  | 28,791,796   | 59,937,965   |
| Deferred outflows of resources related to pensions  | 15,756                                      | 15,969       | 31,725       |
| <b>Liabilities:</b>                                 |   |              |              |
| Current liabilities:                                |   |              |              |
| Accounts payable                                    | 33,089                                      | 17,504       | 50,593       |
| Salaries payable                                    | 10,301                                      | 10,301       | 20,602       |
| Due to other governments                            | 13,301                                      | 3,253        | 16,554       |
| Other accrued liabilities                           | 34,856                                      | 680          | 35,536       |
| Compensated absences payable - current portion      | 15,536                                      | 15,536       | 31,072       |
| Total current liabilities                           | 107,083                                     | 47,274       | 154,357      |
| Noncurrent liabilities:                             |   |              |              |
| Compensated absences payable - noncurrent portion   | 5,383                                       | 5,383        | 10,766       |
| Other post employment benefits - noncurrent portion | 3,484                                       | 3,484        | 6,968        |
| Net pension liability                               | 173,916                                     | 176,266      | 350,182      |
| Total noncurrent liabilities                        | 182,783                                     | 185,133      | 367,916      |
| Total liabilities                                   | 289,866                                     | 232,407      | 522,273      |
| Deferred inflows of resources related to pensions   | 13,447                                      | 13,629       | 27,076       |
| <b>Net position:</b>                                |   |              |              |
| Investment in capital assets                        | 25,048,458                                  | 18,317,739   | 43,366,197   |
| Unrestricted  | 5,810,154                                   | 10,243,990   | 16,054,144   |
| Total net position                                  | \$30,858,612                                | \$28,561,729 | \$59,420,341 |

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



**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2020

**Statement 8**

|   | Business-Type Activities - Enterprise Funds |                       |                 |
|---|---|-----------------------|-----------------|
|   | 601 Water                                   | 602 Sewer             | Totals          |
| Operating revenues:   |   |                       |                 |
| Charges for services  | \$1,225,474                                 | \$1,768,044           | \$2,993,518     |
| Hook-up charges   | 43,260                                      | 35,187                | 78,447          |
| Water meter sales   | 72,825                                      | -                     | 72,825          |
| Total operating revenues  | 1,341,559                                   | 1,803,231             | 3,144,790       |
| Operating expenses:   |   |                       |                 |
| Personal services   | 307,712                                     | 316,088               | 623,800         |
| Materials and supplies  | 290,275                                     | 33,244                | 323,519         |
| Contractual services  | 210,109                                     | 230,420               | 440,529         |
| MCES sewer charges  | -   | 1,035,391             | 1,035,391       |
| Depreciation  | 616,893                                     | 512,771               | 1,129,664       |
| Utilities   | 85,248                                      | 47,168                | 132,416         |
| Other   | 22,045                                      | 24,783                | 46,828          |
| Total operating expenses  | 1,532,282                                   | 2,199,865             | 3,732,147       |
| Operating income (loss)   | (190,723)                                   | (396,634)             | (587,357)       |
| Nonoperating revenues (expenses):   |   |                       |                 |
| Investment earnings   | 149,623                                     | 234,340               | 383,963         |
| Intergovernmental revenue   | 42,152                                      | -                     | 42,152          |
| Total nonoperating revenues (expenses)  | 191,775                                     | 234,340               | 426,115         |
| Income before contributions and transfers   | 1,052                                       | (162,294)             | (161,242)       |
| Contributions and transfers:  |   |                       |                 |
| Capital contributions from private sources  | 1,516,637                                   | 1,370,629             | 2,887,266       |
| Capital contributions from governmental activities  | 3,940,716                                   | 169,089               | 4,109,805       |
| Transfer in   | -   | 83,821                | 83,821          |
| Transfer out  | (127,357)                                   | -                     | (127,357)       |
| Total contributions and transfers   | 5,329,996                                   | 1,623,539             | 6,953,535       |
| Change in net position  | 5,331,048                                   | 1,461,245             | 6,792,293       |
| Net position - January 1  | 25,527,564                                  | 27,100,484            | 52,628,048      |
| Net position - December 31  | \$30,858,612                                | \$28,561,729          | \$59,420,341    |
|   |   | Capital Contributions | Transfers - Net |
| Amounts reported above  |   | \$6,997,071           | (\$43,536)      |
| Amounts reported for business-type activities in the statement of activities are different because: |   |                       |                 |
| Transfer in of capital assets from governmental activities  |   | (4,109,805)           | 4,109,805       |
| Amounts reported on the statement of activities   |   | \$2,887,266           | \$4,066,269     |

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

**CITY OF LINO LAKES, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2020

**Statement 9**

|   | Business-Type Activities - Enterprise Funds |             |              |
|---|---|-------------|--------------|
|   | 601 Water                                   | 602 Sewer   | Totals       |
| Cash flows from operating activities:   |   |             |              |
| Receipts from customers and users   | \$1,324,219                                 | \$1,808,593 | \$3,132,812  |
| Payment to suppliers  | (567,189)                                   | (1,441,515) | (2,008,704)  |
| Payment to employees  | (289,638)                                   | (295,695)   | (585,333)    |
| Net cash flows provided by operating activities   | 467,392                                     | 71,383      | 538,775      |
| Cash flows from noncapital financing activities:  |   |             |              |
| Intergovernmental revenue   | 12,161                                      | -           | 12,161       |
| Transfers in  | -   | 83,821      | 83,821       |
| Transfers out   | (127,357)                                   | -           | (127,357)    |
| Net cash flows provided by noncapital financing activities                                    | (115,196)                                   | 83,821      | (31,375)     |
| Cash flows from capital and related financing activities:                                     |   |             |              |
| Acquisition of capital assets   | (778,045)                                   | (329,925)   | (1,107,970)  |
| Cash flows from investing activities:   |   |             |              |
| Investment earnings   | 149,623                                     | 234,340     | 383,963      |
| Net increase in cash and cash equivalents   | (276,226)                                   | 59,619      | (216,607)    |
| Cash and cash equivalents - January 1   | 6,171,792                                   | 9,549,968   | 15,721,760   |
| Cash and cash equivalents - December 31   | \$5,895,566                                 | \$9,609,587 | \$15,505,153 |
| Reconciliation of operating income to net cash provided by operating activities:              |   |             |              |
| Operating income (loss)   | (\$190,723)                                 | (\$396,634) | (\$587,357)  |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |   |             |              |
| Depreciation  | 616,893                                     | 512,771     | 1,129,664    |
| Changes in assets and liabilities:  |   |             |              |
| Decrease (increase) in due from other governmental units                                      | -   | (256)       | (256)        |
| Decrease (increase) in accounts receivable - net  | (17,340)                                    | 5,618       | (11,722)     |
| Decrease (increase) in prepaid items  | 1,195                                       | (81,538)    | (80,343)     |
| Decrease (increase) in inventory  | 1,633                                       | -           | 1,633        |
| Decrease (increase) in deferred outflows of resources   | 2,741                                       | 2,528       | 5,269        |
| Increase (decrease) in payables   | 16,376                                      | 11,684      | 28,060       |
| Increase (decrease) in other accrued liabilities  | 21,284                                      | (655)       | 20,629       |
| Increase (decrease) in compensated absences   | 1,285                                       | 1,285       | 2,570        |
| Increase (decrease) in other post employment benefits   | 300   | 300         | 600          |
| Increase (decrease) in net pension liability  | 33,087                                      | 35,437      | 68,524       |
| Increase (decrease) in deferred inflows of resources  | (19,339)                                    | (19,157)    | (38,496)     |
| Total adjustments   | 658,115                                     | 468,017     | 1,126,132    |
| Net cash provided by operating activities   | \$467,392                                   | \$71,383    | \$538,775    |
| Noncash investing, capital and financing activities:  |   |             |              |
| Contributions of capital assets   | \$5,457,353                                 | \$1,539,718 | \$6,997,071  |

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

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**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. FINANCIAL REPORTING ENTITY**

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**COMPONENT UNITS**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial report as blended component units.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

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

The City reports the following major governmental funds:

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

*General Obligation Improvement Note of 2009A Fund* accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt. The note was used to finance improvement projects at the I-35E and County Road 14 interchange.

*General Obligation Improvement Bonds of 2016B Fund* accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

*Area and Unit Charge Fund* accounts for the collection of water and sewer unit charges to be used for debt payments and construction of governmental infrastructure.

*MSA Construction Fund* accounts for the financing of future reconstruction of state aid eligible streets.

*2018 Street Reconstruction Fund* accounts for street and utility improvements within the West Shadow Lake Drive and LaMotte neighborhoods.

The City reports the following major proprietary funds:

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

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

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

#### **D. BUDGETS**

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

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

#### **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 expended by each department based upon detailed budget estimates for individual expenditure accounts.

4. The City Administrator is authorized to transfer appropriations within any department budget. Additional interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed periodically by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the department level unless approved by the City Council. Therefore, the legal level of budgetary control is at the department level (i.e. administration, community development, public safety, public services, and other).
9. The City Council may authorize transfers of budgeted amounts between City funds.

#### **F. CASH AND INVESTMENTS**

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

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Interest earnings are accrued at year-end.

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

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

## **G. PROPERTY TAX REVENUE RECOGNITION**

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

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

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

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

## **H. SPECIAL ASSESSMENT REVENUE RECOGNITION**

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

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

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



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

**I. INVENTORY**

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

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

**J. PREPAID ITEMS**

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

**K. INTERFUND TRANSACTIONS**

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

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

**L. CAPITAL ASSETS**

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

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 30 years for buildings, office furniture and equipment, vehicles, machine shop and equipment and other assets, and 15 to 50 years for infrastructure.

**M. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation, PTO (Personal Time Off), extended leave and sick pay benefits. All vacation pay and PTO and the portion of sick pay allowable as severance is accrued in the government-wide and proprietary fund financial statements. The current portion is calculated based on historical trends.

**N. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the related debt.

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

**O. DEFINED BENEFIT PENSION PLANS**

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

## **P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until that time. The City has two items that qualify for reporting in this category. Pension related deferred outflows of resources are reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. OPEB related deferred outflows of resources are only reported in the governmental activities column of the government-wide Statement of Net Position as amounts applicable to business-type activities are immaterial.

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

## **Q. FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

*Unassigned* - is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

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

**R. USE OF ESTIMATES**

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

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

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

Minnesota Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. Minnesota Statue 118A.03 identifies allowable forms of collateral.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no additional deposit policies addressing custodial credit risk.

At December 31, 2020, the bank balance of the City's deposits with financial institutions was \$5,357,631 and the carrying amount was \$4,978,958. All deposits were covered by federal depository insurance or by collateral pledge and held in the City's name.

**CITY OF LINO LAKES, MINNESOTA**  
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**B. INVESTMENTS**

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

At December 31, 2020, the City had the following investments and maturities:

| Investment Type                      | Rating    | Fair Value          | Investment Maturities (in Years) |                     |                     |
|--------------------------------------|-----------|---------------------|----------------------------------|---------------------|---------------------|
|                                      |           |                     | Less Than 1                      | 1 - 3               | 3 - 6               |
| Brokered certificates of deposit     | Not rated | \$19,875,392        | \$7,390,586                      | \$8,981,633         | \$3,503,173         |
| Municipal bonds                      | *         | 13,545,411          | 4,103,061                        | 4,921,394           | 4,520,956           |
| Federal Agency Securities            | AA+       | 2,249,988           | -                                | 1,750,098           | 499,890             |
| 4M fund                              | Not rated | 9,499,944           | 9,499,944                        | -                   | -                   |
| First American Gov't Obligation fund | AAAm      | 505,997             | 505,997                          | -                   | -                   |
| Total                                |           | <u>\$45,676,732</u> | <u>\$21,499,588</u>              | <u>\$15,653,125</u> | <u>\$8,524,019</u>  |
| * AAA \$2,853,030; AA+ \$2,464,096   |           |                     | Total investments                |                     | \$45,676,732        |
| AA1 \$485,516; AA2 \$746,304         |           |                     | Deposits                         |                     | 4,978,958           |
| AA3 \$488,021; AA \$4,044,333        |           |                     | Petty cash                       |                     | 940                 |
| AA- \$1,236,968; A+ \$616,055        |           |                     | Total cash and investments       |                     | <u>\$50,656,630</u> |
| A \$611,088                          |           |                     |                                  |                     |                     |

Ratings per Moody's or S&P

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements at December 31, 2020:

| Investment Type                      | 12/31/2020   | Fair Value Measurement Using |                     |            |
|--------------------------------------|--------------|------------------------------|---------------------|------------|
|                                      |              | Level 1                      | Level 2             | Level 3    |
| Investments at fair value:           |              |                              |                     |            |
| Brokered certificates of deposit     | \$19,875,392 | \$ -                         | \$19,875,392        | \$ -       |
| Municipal bonds                      | 13,545,411   | -                            | 13,545,411          | -          |
| Federal Home Loan Mortgage Corp.     | 2,249,988    | -                            | 2,249,988           | -          |
|                                      |              | <u>\$0</u>                   | <u>\$35,670,791</u> | <u>\$0</u> |
| Investments not categorized:         |              |                              |                     |            |
| 4M fund                              | 9,499,944    |                              |                     |            |
| First American Gov't Obligation fund | 505,997      |                              |                     |            |
| Total investments                    | \$45,676,732 |                              |                     |            |

The 4M fund is an external investment pool investment which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. It is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio

weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) of \$1 per share. The pool measures its investments at amortized cost in accordance with GASB Statement No. 79. The 4M Plus fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to penalty equal to 7 days interest on the amount withdrawn.

The First American Government Obligation money market fund is an external investment pool. The fund seeks to maintain a constant net asset value (NAV) of \$1 per share. The securities held by the fund are valued on the basis of amortized cost. Shares may be redeemed without penalty on any business day.

### **C. INVESTMENT RISKS**

**Custodial Credit Risk – Investments** – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy requires its brokers be licensed with the appropriate federal and state agencies. A minimum capital requirement of \$5,000,000 and at least five years of operation is mandatory. Investments in securities are held by the City's broker-dealers. The securities at each broker-dealer are insured \$500,000 through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts.

**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.

**Credit Risk** – 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.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2020, no individual investments exceeded 5% of the City's total investment portfolio.

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**Note 3 RECEIVABLES**

Significant receivable balances not expected to be collected within one year of December 31, 2020 are as follows:

|                                 | Property<br>Taxes<br>Receivable | Special<br>Assessments<br>Receivable | Total              |
|---------------------------------|---------------------------------|--------------------------------------|--------------------|
| Major Funds:                    |                                 |                                      |                    |
| General Fund                    | \$53,000                        | \$ -                                 | \$53,000           |
| G.O. Improvement Note of 2009A  | -                               | 2,138,400                            | 2,138,400          |
| G.O. Improvement Bonds of 2016B | -                               | 2,994,400                            | 2,994,400          |
| Area and Unit Charge            | -                               | 2,055,000                            | 2,055,000          |
| Nonmajor Funds                  | -                               | 811,900                              | 811,900            |
| Total                           | <u>\$53,000</u>                 | <u>\$7,999,700</u>                   | <u>\$8,052,700</u> |

**Note 4 UNAVAILABLE REVENUE**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds are as follows:

|                                 | Property<br>Taxes<br>Receivable | Special<br>Assessments<br>Receivable | Total              |
|---------------------------------|---------------------------------|--------------------------------------|--------------------|
| Major Funds:                    |                                 |                                      |                    |
| General Fund                    | \$131,631                       | \$169                                | \$131,800          |
| G.O. Improvement Note of 2009A  | -                               | 2,164,802                            | 2,164,802          |
| G.O. Improvement Bonds of 2016B | -                               | 2,994,379                            | 2,994,379          |
| Area and Unit Charge            | -                               | 2,176,986                            | 2,176,986          |
| Nonmajor Funds                  | -                               | 892,130                              | 892,130            |
| Total                           | <u>\$131,631</u>                | <u>\$8,228,466</u>                   | <u>\$8,360,097</u> |

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**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

|   | Beginning<br>Balance | Increases    | Decreases     | Transfers     | Ending<br>Balance |
|---|----------------------|--------------|---------------|---------------|-------------------|
| <b>Governmental activities:</b>               |                      |              |               |               |                   |
| Capital assets, not being depreciated:        |                      |              |               |               |                   |
| Land  | \$3,532,930          | \$ -         | \$ -          | \$ -          | \$3,532,930       |
| Wetland credits                               | 170,421              | -            | (76,545)      | -             | 93,876            |
| Construction in progress                      | 10,094,933           | 6,257,268    | (4,206,393)   | (4,109,805)   | 8,036,003         |
| Total capital assets, not being depreciated   | 13,798,284           | 6,257,268    | (4,282,938)   | (4,109,805)   | 11,662,809        |
| Capital assets, being depreciated:            |                      |              |               |               |                   |
| Buildings                                     | 12,335,828           | 1,127,365    | -             | -             | 13,463,193        |
| Office equipment and furniture                | 713,850              | 143,325      | (27,004)      | -             | 830,171           |
| Vehicles                                      | 4,617,444            | 440,743      | (147,864)     | -             | 4,910,323         |
| Machinery and shop equipment                  | 2,568,859            | 252,534      | (66,813)      | -             | 2,754,580         |
| Other equipment                               | 1,555,397            | 226,733      | -             | -             | 1,782,130         |
| Infrastructure                                | 88,241,098           | 8,430,785    | (397,991)     | -             | 96,273,892        |
| Total capital assets, being depreciated       | 110,032,476          | 10,621,485   | (639,672)     | 0             | 120,014,289       |
| Less accumulated depreciation for:            |                      |              |               |               |                   |
| Buildings                                     | 5,352,351            | 491,604      | -             | -             | 5,843,955         |
| Office equipment and furniture                | 480,674              | 51,616       | (14,407)      | -             | 517,883           |
| Vehicles                                      | 2,774,871            | 316,575      | (142,985)     | -             | 2,948,461         |
| Machinery and shop equipment                  | 1,481,330            | 207,249      | (4,654)       | -             | 1,683,925         |
| Other equipment                               | 720,205              | 59,891       | -             | -             | 780,096           |
| Infrastructure                                | 63,161,645           | 1,987,212    | (397,991)     | -             | 64,750,866        |
| Total accumulated depreciation                | 73,971,076           | 3,114,147    | (560,037)     | 0             | 76,525,186        |
| Total capital assets being depreciated - net  | 36,061,400           | 7,507,338    | (79,635)      | 0             | 43,489,103        |
| Governmental activities capital assets - net  | \$49,859,684         | \$13,764,606 | (\$4,362,573) | (\$4,109,805) | \$55,151,912      |
|   |                      |              |               |               |                   |
|   | Beginning<br>Balance | Increases    | Decreases     | Transfers     | Ending<br>Balance |
| <b>Business-type activities:</b>              |                      |              |               |               |                   |
| Capital assets, not being depreciated:        |                      |              |               |               |                   |
| Construction in progress                      | \$6,123,837          | \$3,498,369  | (\$3,324,633) | \$4,039,013   | \$10,336,586      |
| Capital assets, being depreciated:            |                      |              |               |               |                   |
| Machinery and shop equipment                  | 392,536              | 165,016      | (6,999)       | -             | 550,553           |
| Water and sewer systems                       | 50,120,778           | 3,657,209    | -             | 70,792        | 53,848,779        |
| Total capital assets, being depreciated       | 50,513,314           | 3,822,225    | (6,999)       | 70,792        | 54,399,332        |
| Accumulated depreciation for:                 |                      |              |               |               |                   |
| Machinery and shop equipment                  | 252,933              | 46,848       | (6,274)       | -             | 293,507           |
| Water and sewer systems                       | 19,993,398           | 1,082,816    | -             | -             | 21,076,214        |
| Total accumulated depreciation                | 20,246,331           | 1,129,664    | (6,274)       | 0             | 21,369,721        |
| Total capital assets being depreciated - net  | 30,266,983           | 2,692,561    | (725)         | 70,792        | 33,029,611        |
| Business-type activities capital assets - net | \$36,390,820         | \$6,190,930  | (\$3,325,358) | \$4,109,805   | \$43,366,197      |



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

|   |                    |
|---|--------------------|
| Governmental activities:                              |                    |
| General government                                    | \$520,292          |
| Public safety   | 288,272            |
| Public services                                       | 2,304,733          |
| Conservation of natural resources                     | 850                |
| Total depreciation expense - governmental activities  | <u>\$3,114,147</u> |
| Business-type activities:                             |                    |
| Water   | \$616,893          |
| Sewer   | 512,771            |
| Total depreciation expense - business-type activities | <u>\$1,129,664</u> |

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**Note 6 LONG-TERM DEBT**

The City issues general obligation bonds and certificates of indebtedness to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness at December 31, 2020 consisted of the following:

|  | Issue<br>Date | Final<br>Maturity<br>Date | Interest<br>Rate | Original<br>Issue   | Payable<br>12/31/2020 |
|--|---------------|---------------------------|------------------|---------------------|-----------------------|
| Governmental activities:                         |               |                           |                  |                     |                       |
| General Obligation Bonds:                        |               |                           |                  |                     |                       |
| G.O. TIF Bonds, Series 2007A                     | 07/15/07      | 02/01/24                  | 4.00% - 4.125%   | \$4,215,000         | \$1,020,000           |
| G.O. Refunding Bonds, Series 2012A               | 11/15/12      | 02/01/24                  | 1.00% - 2.00%    | 2,015,000           | 650,000               |
| G.O. Bonds, Series 2015A                         | 08/01/15      | 02/01/31                  | 2.00% - 3.00%    | 3,095,000           | 2,310,000             |
| EDA Lease Revenue Bonds, Series 2015B            | 10/01/15      | 04/01/36                  | 2.00% - 3.00%    | 4,350,000           | 3,665,000             |
| G.O. Utility Revenue Bonds, Series 2016A         | 11/23/16      | 02/01/27                  | 2.00%            | 1,420,000           | 1,015,000             |
| G.O. Tax Abatement Refunding Bonds, Series 2016C | 11/23/16      | 02/01/23                  | 1.00% - 1.50%    | 1,600,000           | 870,000               |
| G.O. Bonds, Series 2018A                         | 12/19/18      | 02/01/34                  | 3.00% - 5.00%    | 6,915,000           | 6,825,000             |
| G.O. Utility Revenue Bonds, Series 2020A         | 07/08/20      | 02/01/35                  | 2.00% - 4.00%    | 4,330,000           | 4,330,000             |
| Total General Obligation Bonds                   |               |                           |                  | <u>27,940,000</u>   | <u>20,685,000</u>     |
| Special Assessment Bonds:                        |               |                           |                  |                     |                       |
| G.O. Improvement Bonds, Series, 2013A            | 07/15/13      | 02/01/24                  | 1.25% - 4.00%    | 615,000             | 255,000               |
| G.O. Improvement Bonds, Series 2014A             | 11/20/14      | 02/01/26                  | 0.40% - 2.30%    | 2,645,000           | 1,040,000             |
| G.O. Improvement Refunding Bonds, Series 2016B   | 11/23/16      | 02/01/21                  | 0.875% - 1.50%   | 1,975,000           | 510,000               |
| Total Special Assessment Bonds                   |               |                           |                  | <u>5,235,000</u>    | <u>1,805,000</u>      |
| Direct Borrowings:                               |               |                           |                  |                     |                       |
| G.O. Certificates of Indebtedness, Series 2018   | 02/01/18      | 12/31/21                  | 1.00%            | 303,900             | 100,000               |
| G.O. Certificates of Indebtedness, Series 2019   | 02/01/19      | 12/31/22                  | 1.00%            | 388,535             | 262,535               |
| G.O. Capital Note, Series 2016A                  | 04/14/16      | 02/01/26                  | 2.00%            | 294,525             | 136,950               |
| G.O. Certificates of Indebtness 2020A            | 01/01/20      | 12/31/23                  | 1.00%            | 294,235             | 294,235               |
| Total Direct Borrowings                          |               |                           |                  | <u>1,281,195</u>    | <u>793,720</u>        |
| Unamortized bond premiums                        |               |                           |                  | 1,010,812           | 859,061               |
| Unamortized bond discounts                       |               |                           |                  | (38,362)            | (10,629)              |
| Compensated absences payable                     |               |                           |                  | N/A                 | 819,255               |
| Total Government Activities                      |               |                           |                  | <u>\$35,428,645</u> | <u>\$24,951,407</u>   |
| Business-Type Activities:                        |               |                           |                  |                     |                       |
| Compensated absences payable                     |               |                           |                  | N/A                 | \$41,838              |

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**CHANGES IN LONG-TERM DEBT**

The following is a schedule of changes in City indebtedness for the year ended December 31, 2020:

|                               | Beginning<br>Balance | Additions          | Deletions          | Ending<br>Balance   | Due Within<br>One Year |
|-------------------------------|----------------------|--------------------|--------------------|---------------------|------------------------|
| Governmental Activities:      |                      |                    |                    |                     |                        |
| General obligation bonds      | \$17,595,000         | \$4,330,000        | \$1,240,000        | \$20,685,000        | \$1,830,000            |
| Special assessment bonds      | 2,855,000            | -                  | 1,050,000          | 1,805,000           | 960,000                |
| Direct borrowings             | 1,064,485            | 294,235            | 565,000            | 793,720             | 359,000                |
| Total bonds and notes payable | 21,514,485           | 4,624,235          | 2,855,000          | 23,283,720          | 3,149,000              |
| Unamortized bond premiums     | 476,139              | 435,623            | 52,701             | 859,061             | -                      |
| Unamortized bond discounts    | (13,310)             | -                  | (2,681)            | (10,629)            | -                      |
| Compensated absences payable  | 801,182              | 491,322            | 473,249            | 819,255             | 445,132                |
| Total governmental activities | <u>\$22,778,496</u>  | <u>\$5,551,180</u> | <u>\$3,378,269</u> | <u>\$24,951,407</u> | <u>\$3,594,132</u>     |
| Business-Type Activities:     |                      |                    |                    |                     |                        |
| Compensated absences payable  | <u>\$39,268</u>      | <u>\$33,331</u>    | <u>\$30,761</u>    | <u>\$41,838</u>     | <u>\$31,072</u>        |

**DESCRIPTIONS OF LONG-TERM DEBT**

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

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

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

Certificates of Indebtedness – the certificates were issued to finance capital purchases in accordance with the City's Capital Equipment Replacement Schedule and will be repaid from ad valorem levies.

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

The City's agreements related to direct borrowings do not contain any significant events of default or termination events with finance-related consequences, other than a commitment to pledge future property tax and franchise fee revenues.

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**DEBT SERVICE REQUIREMENTS**

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

| <u>Years Ending<br/>December 31</u> | <u>Bonded Debt</u>  |                    | <u>Direct Borrowings</u> |                 |
|-------------------------------------|---------------------|--------------------|--------------------------|-----------------|
|                                     | <u>Principal</u>    | <u>Interest</u>    | <u>Principal</u>         | <u>Interest</u> |
| 2021                                | \$2,790,000         | \$678,447          | \$359,000                | \$12,250        |
| 2022                                | 2,060,000           | 602,276            | 264,360                  | 5,387           |
| 2023                                | 2,140,000           | 537,772            | 134,885                  | 2,405           |
| 2024                                | 1,910,000           | 472,100            | 35,475                   | 710             |
| 2025                                | 1,445,000           | 417,895            | -                        | -               |
| 2026-2030                           | 6,450,000           | 1,386,009          | -                        | -               |
| 2031-2035                           | 5,405,000           | 430,350            | -                        | -               |
| 2036-2040                           | 290,000             | 5,800              | -                        | -               |
| Total                               | <u>\$22,490,000</u> | <u>\$4,530,649</u> | <u>\$793,720</u>         | <u>\$20,751</u> |

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

**DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT**

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

**CITY OF LINO LAKES, MINNESOTA**  
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**REVENUE PLEDGED**

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

| Bond Issue                                  | Use of Proceeds                               | Revenue Pledged  |                | Remaining Principal and Interest | Current Year                |                          |
|---|---|--|----------------|----------------------------------|-----------------------------|--------------------------|
|   |   | Type   | Term of Pledge |                                  | Principal and Interest Paid | Pledged Revenue Received |
| Certificates of Indebtedness                | Equipment purchases                           | Ad valorem taxes   | 2017 - 2023    | \$670,591                        | \$545,512                   | \$572,788                |
| 2007A G.O. TIF Bonds                        | Infrastructure improvements                   | Tax increment, MSA funding via transfers                     | 2008 - 2024    | \$1,107,421                      | \$261,026                   | \$261,844                |
| 2010A Improvement and Utility Revenue Bonds | General and water infrastructure improvements | Special assessments, trunk utility charges                   | 2011 - 2020    | \$ -                             | \$116,725                   | \$120,180                |
| 2012A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes, special assessments                        | 2013 - 2024    | \$670,323                        | \$170,520                   | \$178,080                |
| 2013A Improvement Bonds                     | Infrastructure improvements                   | Special assessments  | 2014 - 2024    | \$275,700                        | \$71,100                    | \$39,000                 |
| 2014A Improvement Bonds                     | Infrastructure improvements                   | Special assessments  | 2015 - 2026    | \$1,086,924                      | \$401,788                   | \$346                    |
| 2015A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes   | 2016 - 2031    | \$2,624,469                      | \$255,313                   | \$271,228                |
| 2015B EDA Lease Revenue Bonds               | Construction of a fire station                | Ad valorem taxes   | 2016 - 2036    | \$4,785,694                      | \$298,938                   | \$317,297                |
| 2016A Capital Note                          | Cable communications equipment                | Franchise fees   | 2016 - 2024    | \$143,880                        | \$36,399                    | \$38,219                 |
| 2016A Utility Revenue Bonds                 | Water infrastructure improvements             | Trunk utility charges via transfers                          | 2017 - 2027    | \$1,087,050                      | \$161,700                   | \$163,100                |
| 2016B Improvement Bonds                     | Infrastructure improvements                   | Special assessments, tax increment                           | 2017 - 2020    | \$513,825                        | \$505,868                   | \$460,402                |
| 2016C G.O. Tax Abatement Bonds              | Infrastructure improvements                   | Ad valorem taxes   | 2017 - 2023    | \$889,315                        | \$273,770                   | \$308,570                |
| 2018A G.O. Bonds                            | Infrastructure improvements                   | Ad valorem taxes, trunk utility charges, special assessments | 2019-2034      | \$8,726,767                      | \$367,788                   | \$1,321,860              |
| 2020A G.O. Utility Revenue Bonds            | Infrastructure improvements                   | Trunk utility charges via transfers                          | 2021-2036      | \$5,253,161                      | \$ -                        | \$ -                     |

**Note 7    DEFINED BENEFIT PENSION PLANS – PERA**

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for

individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. PEPFF Benefits**

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. CONTRIBUTIONS**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. GERS Contributions**

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2020 were \$206,802. The City's contributions were equal to the required contributions as set by state statute.

**2. PEPFF Contributions**

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the PEPFF for the year ended December 31, 2020 were \$451,396. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

**1. GERS Pension Costs**

At December 31, 2020, the City reported a liability of \$2,350,219 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$72,457. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions

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received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0392% at the end of the measurement period and 0.0398% for the beginning of the period.

For the year ended December 31, 2020, the City recognized pension expense of \$102,103 for its proportionate share of the GERP's pension expense. In addition, the City recognized an additional \$6,306 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERP.

At December 31, 2020, the City reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and<br>actual economic experience     | \$21,421                          | \$8,892                          |
| Changes in actuarial assumptions                                   | -                                 | 86,935                           |
| Net collective between projected and<br>actual investment earnings | 41,155                            | -                                |
| Changes in proportion  | 50,094                            | 85,889                           |
| Contributions paid to PERA<br>subsequent to the measurement date   | 100,249                           | -                                |
| Total  | <u>\$212,919</u>                  | <u>\$181,716</u>                 |

The \$100,249 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31, | Pension<br>Expense |
|----------------------------|--------------------|
| 2021                       | (177,080)          |
| 2022                       | 14,825             |
| 2023                       | 36,427             |
| 2024                       | 56,782             |
| 2025                       | -                  |
| Thereafter                 | -                  |
|                            | <u>(\$69,046)</u>  |

2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$3,079,098 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll



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paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2336% at the end of the measurement period and 0.2547% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to PEPFF during the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$261,457 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$22,317 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$21,024 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and<br>actual economic experience     | \$134,107                         | \$129,208                        |
| Changes in actuarial assumptions                                   | 911,794                           | 1,834,535                        |
| Net collective between projected and<br>actual investment earnings | 118,257                           | -                                |
| Changes in proportion  | 382,320                           | 648,287                          |
| Contributions paid to PERA<br>subsequent to the measurement date   | 229,475                           | -                                |
| Total  | <u>\$1,775,953</u>                | <u>\$2,612,030</u>               |

The \$229,475 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

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| Year Ended<br>December 31, | Pension<br>Expense   |
|----------------------------|----------------------|
| 2021                       | (276,783)            |
| 2022                       | (826,720)            |
| 2023                       | (40,472)             |
| 2024                       | 113,360              |
| 2025                       | (34,937)             |
| Thereafter                 | -                    |
|                            | <u>(\$1,065,552)</u> |

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

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

|                              |                |
|------------------------------|----------------|
| Inflation                    | 2.50% per year |
| Active Member Payroll Growth | 3.25% per year |
| Investment Rate of Return    | 7.50%          |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for GERP and 1.0% per year for PEPFF.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERP was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100%

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Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class                          | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|--------------------------------------|----------------------|---|
| Domestic Stocks                      | 35.5%                | 5.10%                                     |
| International Stocks                 | 17.5%                | 5.30%                                     |
| Bonds (Fixed Income)                 | 20.0%                | 0.75%                                     |
| Alternative Assets (Private Markets) | 25.0%                | 5.90%                                     |
| Cash                                 | 2.0%                 | 0.00%                                     |
| Totals                               | 100%                 |   |

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## **G. PENSION LIABILITY SENSITIVITY**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

|   | <u>1% Decrease in<br/>Discount Rate (6.5%)</u> | <u>Discount Rate (7.5%)</u> | <u>1% Increase in<br/>Discount Rate (8.5%)</u> |
|---|--|-----------------------------|--|
| Proportionate share of the<br>GERF net pension liability  | \$3,766,586                                    | \$2,350,219                 | \$1,181,830                                    |
| Proportionate share of the<br>PEPFF net pension liability | \$6,137,085                                    | \$3,079,098                 | \$549,149                                      |

## **H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

## **I. PENSION EXPENSE**

Pension expense recognized by the City for the year ended December 31, 2020 is as follows:

|                            |                  |
|----------------------------|------------------|
| GERF                       | \$108,409        |
| PEPFF                      | 283,774          |
| Fire Pension Plan (Note 8) | <u>2,592</u>     |
| Total                      | <u>\$394,775</u> |

## **Note 8 DEFINED BENEFIT PENSION PLAN – FIRE DIVISION**

### **A. PLAN DESCRIPTION**

The Lino Lakes Public Safety Department – Fire Division participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. At December 31, 2020 (measurement date), the plan covered 20 active firefighters and zero vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

### **B. BENEFITS PROVIDED**

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City of Lino Lakes. Members are eligible for a lump-sum retirement

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benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**C. CONTRIBUTIONS**

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes, and voluntary City contributions. The State of Minnesota contributed \$130,846 in fire state aid to the plan for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2020 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable.

**D. PENSION COSTS**

At December 31, 2020, the City reported a net pension asset of \$559,547 for the SVF plan. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

|                                       | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net<br>Position<br>(b) | Net<br>Pension<br>Liability<br>(Asset)<br>(a-b) |
|---------------------------------------|--------------------------------------|---|---|
| Beginning balance December 31, 2019   | \$270,650                            | \$588,319                                   | (\$317,669)                                     |
| Changes for the year:                 |                                      |   |   |
| Service cost                          | 46,865                               | -   | 46,865  |
| Interest on pension liability         | 19,051                               | -   | 19,051  |
| Actuarial experience (gains) / losses | (81,734)                             | -   | (81,734)  |
| Projected investment earnings         | -                                    | 35,299                                      | (35,299)  |
| Contributions - employer              | -                                    | -   | -   |
| Contributions - State of MN           | -                                    | 130,846                                     | (130,846)                                       |
| Asset (gain) / loss                   | -                                    | 60,661                                      | (60,661)  |
| Benefit payouts                       | -                                    | -   | -   |
| PERA administrative fee               | -                                    | (746)                                       | 746   |
| Net changes                           | (15,818)                             | 226,060                                     | (241,878)                                       |
| Balance end of year December 31, 2020 | \$254,832                            | \$814,379                                   | (\$559,547)                                     |

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2020, the City recognized pension expense of \$2,592.

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At December 31, 2020, the City reported deferred inflows of resources from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between projected and actual investment earnings | \$ -                                      | \$69,754                                 |
| Differences between expected and actual economic experience | <u>27,904</u>                             | <u>81,331</u>                            |
| Total   | <u>\$27,904</u>                           | <u>\$151,085</u>                         |

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended<br/>December 31,</u> | <u>Pension<br/>Expense</u> |
|------------------------------------|----------------------------|
| 2021                               | (27,188)                   |
| 2022                               | (23,558)                   |
| 2023                               | (43,956)                   |
| 2024                               | (28,479)                   |
| 2025                               | -                          |
| Thereafter                         | -                          |

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability at December 31, 2020, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2020

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## **G. PENSION LIABILITY SENSITIVITY**

The following presents the City's net pension asset for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

|                   | 1% Decrease in<br>Discount Rate (5.0%) | Discount Rate (6.0%) | 1% Increase in<br>Discount Rate (7.0%) |
|-------------------|--|----------------------|--|
| Net pension asset | \$540,430                              | \$559,547            | \$577,643                              |

## **H. PLAN INVESTMENTS**

### **1. Investment Policy**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

### **2. Asset Allocation**

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the SVF that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

| Asset Class          | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|----------------------|----------------------|---|
| Domestic Stocks      | 35%                  | 5.10%                                     |
| International Stocks | 15%                  | 5.30%                                     |
| Bonds                | 45%                  | 0.75%                                     |
| Cash                 | 5%                   | 0.00%                                     |
|                      | <u>100%</u>          |   |

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

3. Description of Significant Investment Policy Changes During the Year

The SBI made no significant changes to their investment policy during fiscal year 2020 for the Volunteer Firefighter Fund.

**I. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about the SVF plan's fiduciary net position at June 30, 2020 is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**Note 9 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. PLAN DESCRIPTION**

In addition to providing the pension benefits described in Notes 7 and 8, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

**B. BENEFITS PROVIDED**

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

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

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



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**C. PARTICIPANTS**

As of the January 1, 2019 actuarial valuation, participants of the plan consisted of:

|   |           |
|---|-----------|
| Active employees  | 42        |
| Inactive employees or beneficiaries<br>currently receiving benefits | 4         |
| Total   | <u>46</u> |

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

The City's total OPEB liability of \$613,474 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2019. Changes in the total OPEB liability during 2020 were:

|  |                  |
|--|------------------|
| Balance - beginning of year                        | \$560,631        |
| Changes for the year:                              |                  |
| Service cost                                       | 63,577           |
| Interest   | 12,256           |
| Changes of benefit terms                           | -                |
| Differences between expected and actual experience | -                |
| Changes in assumptions                             | -                |
| Benefit payments                                   | <u>(22,990)</u>  |
| Net changes  | <u>52,843</u>    |
| Balance - end of year                              | <u>\$613,474</u> |

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

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Inflation                                | 3.00%  |
| Salary increases                         | 3.00%  |
| Discount rate                            | 2.00%  |
| Investment rate of return                | 2.00%  |
| Healthcare cost trend rates              | 7% for 2020, decreasing 1% per year<br>to an ultimate rate of 3% for 2024 and beyond |
| Retirees' share of benefit-related costs | 100%   |

The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

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Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20 year AA rated municipal bond rate as of January 14, 2020, obtained from [www.fmsbonds.com/market-yields](http://www.fmsbonds.com/market-yields).

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality tables with Scale MP-2019. Based on past experience of the plan, 90% of future retirees are assumed to continue medical coverage until age 65. 25% of future police/fire retirees are assumed to select spousal coverage. No spousal coverage is assumed for other future retirees. 50% of police/fire employees are assumed to retire at age 55, the balance at age 65. 50% of other City employees are assumed to retire at age 62, the balance at age 65.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1%) or 1% higher (3%) than the current discount rate:

|                      | 1% Decrease<br>1% | Discount Rate<br>2% | 1% Increase<br>3% |
|----------------------|-------------------|---------------------|-------------------|
| Total OPEB liability | \$647,908         | \$613,474           | \$579,420         |

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6% decreasing to 2%) or 1% higher (8% decreasing to 4%) than the current healthcare cost trend rates:

|                      | 1% Decrease<br>(6% decreasing to 2%) | Healthcare Cost<br>Trend Rates<br>(7% decreasing to 3%) | 1% Increase<br>(8% decreasing to 4%) |
|----------------------|--------------------------------------|---|--------------------------------------|
| Total OPEB liability | \$552,251                            | \$613,474   | \$686,802                            |

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

For the year ended December 31, 2020, the City recognized \$50,800 of OPEB expense. At December 31, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected<br>and actual experience | \$10,689                          | \$252,951                        |

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>December 31, | OPEB<br>Expense    |
|----------------------------|--------------------|
| 2021                       | (25,033)           |
| 2022                       | (25,033)           |
| 2023                       | (25,033)           |
| 2024                       | (25,033)           |
| 2025                       | (25,033)           |
| Thereafter                 | (117,097)          |
|                            | <u>(\$242,262)</u> |

**Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. DEFICIT FUND BALANCES**

The City has deficit fund balances at December 31, 2020 as follows:

|                                     | Fund Balance<br>Deficit |
|-------------------------------------|-------------------------|
| Major Funds:                        |                         |
| G.O. Improvement Bonds of 2016B     | (\$2,324,669)           |
| Nonmajor Funds:                     |                         |
| G.O. Utility Revenue Bonds of 2020A | (318)                   |
| Tax Increment Financing 1-11        | (804,689)               |

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

**B. EXPENDITURES IN EXCESS OF BUDGET**

The following is a listing of departments within the General Fund that exceeded budget appropriations:

|                     | Final<br>Budget | Actual   | Overage |
|---------------------|-----------------|----------|---------|
| General government: |                 |          |         |
| Elections           | \$53,950        | \$54,003 | \$53    |
| Public safety:      |                 |          |         |
| Building inspection | 343,560         | 348,427  | 4,867   |

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**Note 11 INTERFUND RECEIVABLES AND PAYABLES**

Short-term advances to funds that have insufficient cash balances are classified as advances to/from other funds. Long-term interfund loans are classified as interfund loan receivable/payable. A summary of interfund receivables and payables at December 31, 2020 is as follows:

|                                 | <u>Receivable</u>  | <u>Payable</u>     |
|---------------------------------|--------------------|--------------------|
| Short-term advances:            |                    |                    |
| Major Funds:                    |                    |                    |
| G.O. Improvement Bonds of 2016B | \$156,310          | \$ -               |
| Nonmajor Funds:                 |                    |                    |
| Closed Bond Fund                | 683,093            | -                  |
| Tax Increment Financing 1-11    | -                  | 839,403            |
|                                 | <u>\$839,403</u>   | <u>\$839,403</u>   |
| Long-term interfund loans:      |                    |                    |
| Major Funds:                    |                    |                    |
| G.O. Improvement Bonds of 2016B | \$ -               | \$2,876,643        |
| Sewer Fund                      | 559,110            | -                  |
| Nonmajor Funds:                 |                    |                    |
| Building and Facilities         | 2,317,533          | -                  |
|                                 | <u>\$2,876,643</u> | <u>\$2,876,643</u> |

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**Note 12 INTERFUND TRANSFERS**

Individual fund transfers for fiscal year 2020 are as follows:

|                                 | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------------|--------------------|---------------------|
| Major Funds:                    |                    |                     |
| General Fund                    | \$380,000          | \$931,500           |
| G.O. Improvement Note of 2009A  | -                  | 37,355              |
| G.O. Improvement Bonds of 2016B | 460,402            | -                   |
| Area and Unit Charge            | 15,295             | 597,778             |
| MSA Construction                | 37,355             | 762,838             |
| 2018 Street Construction        | -                  | 659,092             |
| Water Fund                      | -                  | 127,357             |
| Sewer Fund                      | 83,821             | -                   |
| Nonmajor governmental funds     | <u>3,229,737</u>   | <u>1,090,690</u>    |
| Total                           | <u>\$4,206,610</u> | <u>\$4,206,610</u>  |

During 2020, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's capital improvement plan. Transfers were also made to provide resources for debt service payments, to close debt service and capital project funds, and to allocate financial resources to funds that received benefit from services provided by another fund. These transfers are routine and consistent with past practices.

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**Note 13 FUND BALANCE**

At December 31, 2020, a summary of the governmental fund balance classifications is as follows:

|                                | General<br>Fund    | G.O.<br>Improvement<br>Bonds of 2016B | Area and<br>Unit Charge | MSA<br>Construction | Other<br>Governmental<br>Funds | Total               |
|--------------------------------|--------------------|---------------------------------------|-------------------------|---------------------|--------------------------------|---------------------|
| Nonspendable:                  |                    |                                       |                         |                     |                                |                     |
| Prepaid items                  | \$315,224          | \$ -                                  | \$ -                    | \$ -                | \$2,076                        | \$317,300           |
| Corpus of permanent fund       | -                  | -                                     | -                       | -                   | 100,000                        | 100,000             |
| Total nonspendable             | <u>315,224</u>     | <u>0</u>                              | <u>0</u>                | <u>0</u>            | <u>102,076</u>                 | <u>417,300</u>      |
| Restricted for:                |                    |                                       |                         |                     |                                |                     |
| Debt service                   | -                  | -                                     | -                       | -                   | 5,003,330                      | 5,003,330           |
| Capital improvements           | -                  | -                                     | 803,598                 | -                   | 1,327,036                      | 2,130,634           |
| Blue Heron Days                | -                  | -                                     | -                       | -                   | 13,171                         | 13,171              |
| Narcotics and forfeiture funds | -                  | -                                     | -                       | -                   | 248,347                        | 248,347             |
| K-9 Unit purposes              | -                  | -                                     | -                       | -                   | 22,110                         | 22,110              |
| Tax increment purposes         | -                  | -                                     | -                       | -                   | 740,979                        | 740,979             |
| Environmental purposes         | -                  | -                                     | -                       | -                   | 47,969                         | 47,969              |
| Total restricted               | <u>0</u>           | <u>0</u>                              | <u>803,598</u>          | <u>0</u>            | <u>7,402,942</u>               | <u>8,206,540</u>    |
| Committed for:                 |                    |                                       |                         |                     |                                |                     |
| Future projects                | 425,000            | -                                     | -                       | -                   | -                              | 425,000             |
| Economic development           | -                  | -                                     | -                       | -                   | 238,500                        | 238,500             |
| Cable TV purposes              | -                  | -                                     | -                       | -                   | 209,070                        | 209,070             |
| Recreation purposes            | -                  | -                                     | -                       | -                   | 22,477                         | 22,477              |
| Total committed                | <u>425,000</u>     | <u>0</u>                              | <u>0</u>                | <u>0</u>            | <u>470,047</u>                 | <u>895,047</u>      |
| Assigned for:                  |                    |                                       |                         |                     |                                |                     |
| Capital improvements           | -                  | -                                     | 8,855,667               | 3,083,911           | 7,003,837                      | 18,943,415          |
| Unassigned                     | <u>6,787,498</u>   | <u>(2,324,669)</u>                    | <u>-</u>                | <u>-</u>            | <u>(805,007)</u>               | <u>3,657,822</u>    |
| Total fund balance             | <u>\$7,527,722</u> | <u>(\$2,324,669)</u>                  | <u>\$9,659,265</u>      | <u>\$3,083,911</u>  | <u>\$14,173,895</u>            | <u>\$32,120,124</u> |

**Note 14 PROPERTY UNDER LEASE AGREEMENT**

The City entered into an agreement to lease space within its City Hall Complex, which at year end had a cost of \$4,744,742 and a net book value of \$1,330,693, to New Creations Child Care and Learning Center, LLC. The lease expires June 30, 2029, although the City has the option to terminate the lease with no less than 12 months notice any time after the 61<sup>st</sup> month of the lease. Approximate future minimum lease payments receivable under the operating lease are as follows:

| Year Ending<br>December 31, | Amount           |
|-----------------------------|------------------|
| 2021                        | 85,120           |
| 2022                        | 87,679           |
| 2023                        | 90,329           |
| 2024                        | 93,025           |
| 2025                        | 95,812           |
| Thereafter                  | <u>358,210</u>   |
|                             | <u>\$810,175</u> |

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**Note 15 TAX INCREMENT DISTRICTS**

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

The following table reflects values at December 31, 2020:

|                         | TIF 1-5<br>Cottage<br>Homesteads | TIF 1-10<br>Panattoni | TIF 1-11<br>Woods<br>Edge | TIF 1-12<br>Clearwater<br>Creek |
|-------------------------|----------------------------------|-----------------------|---------------------------|---------------------------------|
|                         | M.S. 469                         | M.S. 469              | M.S. 469                  | M.S. 469                        |
| Authorizing law         |                                  |                       |                           |                                 |
| Year established        | 1994                             | 2004                  | 2005                      | 2017                            |
| Final year of district  | 2022                             | 2023                  | 2031                      | 2026                            |
| Net tax capacity:       |                                  |                       |                           |                                 |
| Original                | \$128                            | \$15,869              | \$21,032                  | \$21,416                        |
| Current (payable 2019)* | 40,398                           | 243,818               | 224,749                   | 371,626                         |
| Captured - retained     | \$40,270                         | \$227,949             | \$203,717                 | \$350,210                       |

\*Numbers for pay-year 2020 are not available

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low to moderate income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

TIF District 1-12 has an outstanding pay-as-you-go revenue note. Tax Increment Revenue Note Series 2017 was issued in the principal sum of \$1,200,000. The note is not a general obligation of the City and is payable solely from available tax increments. Accordingly, the note is not reflected in the financial statements of the City. Principal payments are due August 1<sup>st</sup> and February 1<sup>st</sup> and are equal to 80% of the Tax Increment revenues collected in the preceding six months. Current year payments on the note totaled \$204,186 and the outstanding balance at December 31, 2020 was \$781,637.

**Note 16 COMMITMENTS AND CONTINGENCIES**

**A. LITIGATION**

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance, of an immaterial amount, or, in the judgment of the City's management, remotely recoverable by plaintiffs.

**B. FEDERAL AND STATE FUNDS**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

**C. COMMITTED CONTRACTS**

At December 31, 2020, the City had commitments of \$1,477,019 for uncompleted construction contracts.

**Note 17 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 18 RECENTLY ISSUED ACCOUNTING STANDARDS**

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

**Statement No. 87 *Leases*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 91 *Conduit Debt Obligations*.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

**Statement No. 92 *Omnibus 2020*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 93 *Replacement of Interbank Offered Rates*.** The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

**Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 96 *Subscription – Based Information Technology Arrangements*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

**Note 19 SUBSEQUENT EVENTS**

On January 4, 2021 the Lino Lakes YMCA notified the City that they are unable to develop a sustainable operating model that abides by the terms of their Development Agreement. The YMCA's development agreement requires that if the YMCA facility is not operated as a recreational facility, the title of the facility will revert back to the City. This clause resulted in the YMCA's conveyance of its Lino Lakes facility to the City of Lino Lakes effective March 1, 2021.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|   | Budgeted Amounts |             | 2020 Actual | Variance with  |
|---|------------------|-------------|-------------|----------------|
|   | Original         | Final       | Amounts     | Final Budget - |
|   |                  |             |             | Positive       |
|   |                  |             |             | (Negative)     |
| Revenues:                                   |                  |             |             |                |
| General property taxes:                     |                  |             |             |                |
| Current and delinquent                      | \$8,403,756      | \$8,403,756 | \$8,342,085 | (\$61,671)     |
| Penalties and interest                      | 4,000            | 4,000       | 578         | (3,422)        |
| Total general property taxes                | 8,407,756        | 8,407,756   | 8,342,663   | (65,093)       |
| Licenses and permits:                       |                  |             |             |                |
| Business                                    | 144,233          | 99,233      | 94,758      | (4,475)        |
| Non-business                                | 788,113          | 788,113     | 877,692     | 89,579         |
| Total licenses and permits                  | 932,346          | 887,346     | 972,450     | 85,104         |
| Intergovernmental:                          |                  |             |             |                |
| State:                                      |                  |             |             |                |
| Police state aid                            | 255,000          | 263,500     | 263,430     | (70)           |
| OTS grant                                   | -                | -           | 24,403      | 24,403         |
| MSA maintenance                             | 255,000          | 272,000     | 272,021     | 21             |
| Other                                       | 28,000           | 18,000      | 19,864      | 1,864          |
| County solid waste grant                    | 78,459           | 59,459      | 62,502      | 3,043          |
| Total intergovernmental                     | 616,459          | 612,959     | 642,220     | 29,261         |
| Charges for services:                       |                  |             |             |                |
| General government                          | 20,788           | 20,788      | 37,457      | 16,669         |
| Engineering and planning fees               | 28,999           | 28,999      | 33,354      | 4,355          |
| Public safety                               | 190,800          | 120,800     | 114,438     | (6,362)        |
| Public services                             | 10,750           | 10,750      | 13,633      | 2,883          |
| Investment management charge to other funds | 50,000           | 50,000      | 50,000      | -              |
| Total charges for services                  | 301,337          | 231,337     | 248,882     | 17,545         |
| Fines and forfeits                          | 116,100          | 81,100      | 76,811      | (4,289)        |
| Investment earnings                         | 30,000           | 30,000      | 122,482     | 92,482         |
| Miscellaneous:                              |                  |             |             |                |
| Gas franchise fees                          | 55,000           | 55,000      | 50,142      | (4,858)        |
| Building lease revenue                      | 110,090          | 110,090     | 110,384     | 294            |
| Refunds and reimbursements                  | 42,082           | 20,824      | 29,501      | 8,677          |
| Donations                                   | 500              | 500         | -           | (500)          |
| Other                                       | 3,500            | 3,500       | 1,604       | (1,896)        |
| Total miscellaneous                         | 211,172          | 189,914     | 191,631     | 1,717          |
| Total revenues                              | 10,615,170       | 10,440,412  | 10,597,139  | 156,727        |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|                              | Budgeted Amounts |         | 2020 Actual | Variance with  |
|------------------------------|------------------|---------|-------------|----------------|
|                              | Original         | Final   | Amounts     | Final Budget - |
|                              |                  |         |             | Positive       |
|                              |                  |         |             | (Negative)     |
| Expenditures:                |                  |         |             |                |
| General government:          |                  |         |             |                |
| Mayor and city council:      |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Personal services            | 49,098           | 49,098  | 45,569      | 3,529          |
| Other services and charges   | 18,700           | 18,700  | 16,703      | 1,997          |
| Contractual services         | 23,000           | 23,000  | 20,299      | 2,701          |
| Total mayor and city council | 90,798           | 90,798  | 82,571      | 8,227          |
| Elections:                   |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Personal services            | 43,250           | 46,750  | 46,691      | 59             |
| Supplies                     | 1,600            | 1,600   | 1,104       | 496            |
| Other services and charges   | 800              | 800     | 483         | 317            |
| Contractual services         | -                | -       | 1,048       | (1,048)        |
| Capital outlay               | 4,800            | 4,800   | 4,677       | 123            |
| Total elections              | 50,450           | 53,950  | 54,003      | (53)           |
| Administration:              |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Personal services            | 509,894          | 545,894 | 533,573     | 12,321         |
| Supplies                     | -                | -       | 24          | (24)           |
| Other services and charges   | 25,860           | 70,860  | 77,992      | (7,132)        |
| Contractual services         | 10,539           | 10,539  | 13,891      | (3,352)        |
| Total administration         | 546,293          | 627,293 | 625,480     | 1,813          |
| Finance:                     |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Personal services            | 330,468          | 272,468 | 269,674     | 2,794          |
| Supplies                     | 1,000            | 1,000   | 467         | 533            |
| Other services and charges   | 240,955          | 253,955 | 250,198     | 3,757          |
| Contractual services         | 106,167          | 106,167 | 109,851     | (3,684)        |
| Total finance                | 678,590          | 633,590 | 630,190     | 3,400          |
| Cable TV:                    |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Personal services            | 2,658            | 2,658   | 649         | 2,009          |
| Contractual services         | -                | -       | 620         | (620)          |
| Total cable tv               | 2,658            | 2,658   | 1,269       | 1,389          |
| Legal consultants:           |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Contractual services         | 130,000          | 130,000 | 119,360     | 10,640         |
| Engineering/planning:        |                  |         |             |                |
| Current:                     |                  |         |             |                |
| Contractual services         | 111,160          | 111,160 | 110,152     | 1,008          |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|                                 | Budgeted Amounts |           | 2020 Actual | Variance with  |
|---------------------------------|------------------|-----------|-------------|----------------|
|                                 | Original         | Final     | Amounts     | Final Budget - |
|                                 |                  |           |             | Positive       |
|                                 |                  |           |             | (Negative)     |
| Expenditures: (continued)       |                  |           |             |                |
| General government: (continued) |                  |           |             |                |
| Charter commission:             |                  |           |             |                |
| Current:                        |                  |           |             |                |
| Other services and charges      | 2,500            | 2,500     | 148         | 2,352          |
| Government buildings:           |                  |           |             |                |
| Current:                        |                  |           |             |                |
| Personal services               | 2,511            | 2,511     | 2,813       | (302)          |
| Supplies                        | 42,400           | 42,400    | 45,202      | (2,802)        |
| Other services and charges      | 361,609          | 361,609   | 348,626     | 12,983         |
| Contractual services            | 71,200           | 71,200    | 80,372      | (9,172)        |
| Total government buildings      | 477,720          | 477,720   | 477,013     | 707            |
| Total general government        | 2,090,169        | 2,129,669 | 2,100,186   | 30,103         |
| Public safety:                  |                  |           |             |                |
| Police:                         |                  |           |             |                |
| Current:                        |                  |           |             |                |
| Personal services               | 3,882,523        | 3,698,523 | 3,648,356   | 50,167         |
| Supplies                        | 39,125           | 39,125    | 33,249      | 5,876          |
| Other services and charges      | 142,819          | 142,819   | 133,542     | 9,277          |
| Contractual services            | 45,713           | 45,713    | 44,751      | 962            |
| Capital outlay                  | 32,317           | 32,317    | 14,199      | 18,118         |
| Total police                    | 4,142,497        | 3,958,497 | 3,874,097   | 84,400         |
| Fire protection:                |                  |           |             |                |
| Current:                        |                  |           |             |                |
| Personal services               | 516,907          | 440,407   | 418,996     | 21,411         |
| Supplies                        | 26,200           | 26,200    | 17,710      | 8,490          |
| Other services and charges      | 52,980           | 52,980    | 41,371      | 11,609         |
| Contractual services            | 44,030           | 44,030    | 36,488      | 7,542          |
| Total fire protection           | 640,117          | 563,617   | 514,565     | 49,052         |
| Building inspection:            |                  |           |             |                |
| Current:                        |                  |           |             |                |
| Personal services               | 334,345          | 315,269   | 324,427     | (9,158)        |
| Supplies                        | 3,650            | 3,650     | 3,701       | (51)           |
| Other services and charges      | 11,240           | 11,240    | 9,293       | 1,947          |
| Contractual services            | 3,325            | 13,401    | 11,006      | 2,395          |
| Total building inspection       | 352,560          | 343,560   | 348,427     | (4,867)        |
| Total public safety             | 5,135,174        | 4,865,674 | 4,737,089   | 128,585        |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|                            | Budgeted Amounts |           | 2020 Actual | Variance with  |
|----------------------------|------------------|-----------|-------------|----------------|
|                            | Original         | Final     | Amounts     | Final Budget - |
|                            |                  |           |             | Positive       |
|                            |                  |           |             | (Negative)     |
| Expenditures: (continued)  |                  |           |             |                |
| Public services:           |                  |           |             |                |
| Streets:                   |                  |           |             |                |
| Current:                   |                  |           |             |                |
| Personal services          | 632,990          | 632,990   | 566,310     | 66,680         |
| Supplies                   | 140,000          | 125,000   | 118,259     | 6,741          |
| Other services and charges | 110,600          | 110,600   | 95,152      | 15,448         |
| Contractual services       | 84,500           | 84,500    | 67,907      | 16,593         |
| Total streets              | 968,090          | 953,090   | 847,628     | 105,462        |
| Fleet:                     |                  |           |             |                |
| Current:                   |                  |           |             |                |
| Personal services          | 131,227          | 131,227   | 133,243     | (2,016)        |
| Supplies                   | 183,000          | 183,000   | 133,108     | 49,892         |
| Other services and charges | 84,273           | 64,273    | 58,080      | 6,193          |
| Contractual services       | 67,000           | 47,000    | 52,027      | (5,027)        |
| Capital outlay             | 5,000            | 5,000     | 4,010       | 990            |
| Total fleet                | 470,500          | 430,500   | 380,468     | 50,032         |
| Parks:                     |                  |           |             |                |
| Current:                   |                  |           |             |                |
| Personal services          | 524,687          | 489,621   | 465,633     | 23,988         |
| Supplies                   | 33,000           | 23,000    | 16,204      | 6,796          |
| Other services and charges | 45,550           | 65,550    | 58,881      | 6,669          |
| Contractual services       | 43,700           | 43,700    | 41,461      | 2,239          |
| Total parks                | 646,937          | 621,871   | 582,179     | 39,692         |
| Recreation:                |                  |           |             |                |
| Current:                   |                  |           |             |                |
| Personal services          | 155,938          | 102,093   | 96,560      | 5,533          |
| Supplies                   | 2,500            | -         | -           | -              |
| Other services and charges | 16,800           | 5,050     | 4,295       | 755            |
| Contractual services       | 300              | 300       | 300         | -              |
| Total recreation           | 175,538          | 107,443   | 101,155     | 6,288          |
| Total public services      | 2,261,065        | 2,112,904 | 1,911,430   | 201,474        |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|   | Budgeted Amounts |         | 2020 Actual | Variance with  |
|---|------------------|---------|-------------|----------------|
|   | Original         | Final   | Amounts     | Final Budget - |
|   |                  |         |             | Positive       |
|   |                  |         |             | (Negative)     |
| Expenditures: (continued)               |                  |         |             |                |
| Conservation of natural resources:      |                  |         |             |                |
| Forestry:                               |                  |         |             |                |
| Current:                                |                  |         |             |                |
| Personal services                       | 37,802           | 37,802  | 34,887      | 2,915          |
| Supplies                                | 2,950            | 2,950   | 3,230       | (280)          |
| Other services and charges              | 380              | 380     | 229         | 151            |
| Contractual services                    | 20,000           | 20,000  | 20,307      | (307)          |
| Total forestry                          | 61,132           | 61,132  | 58,653      | 2,479          |
| Environmental:                          |                  |         |             |                |
| Current:                                |                  |         |             |                |
| Personal services                       | 51,729           | 44,732  | 41,167      | 3,565          |
| Supplies                                | 1,000            | 1,000   | 1,046       | (46)           |
| Other services and charges              | 9,430            | 9,430   | 3,882       | 5,548          |
| Contractual services                    | 1,100            | 1,100   | 1,044       | 56             |
| Total environmental                     | 63,259           | 56,262  | 47,139      | 9,123          |
| Solid waste abatement:                  |                  |         |             |                |
| Current:                                |                  |         |             |                |
| Personal services                       | 47,439           | 37,739  | 34,606      | 3,133          |
| Supplies                                | 1,100            | 1,100   | 628         | 472            |
| Other services and charges              | 7,220            | 7,220   | 5,298       | 1,922          |
| Contractual services                    | 22,700           | 13,400  | 14,560      | (1,160)        |
| Total solid waste abatement             | 78,459           | 59,459  | 55,092      | 4,367          |
| Total conservation of natural resources | 202,850          | 176,853 | 160,884     | 15,969         |
| Community development:                  |                  |         |             |                |
| Community development:                  |                  |         |             |                |
| Current:                                |                  |         |             |                |
| Personal services                       | 220,948          | 220,948 | 198,808     | 22,140         |
| Supplies                                | 100              | 100     | 48          | 52             |
| Other services and charges              | 7,900            | 7,900   | 3,646       | 4,254          |
| Contractual services                    | 925              | 925     | 702         | 223            |
| Total community development             | 229,873          | 229,873 | 203,204     | 26,669         |
| Economic development:                   |                  |         |             |                |
| Current:                                |                  |         |             |                |
| Personal services                       | 21,219           | 11,219  | 9,948       | 1,271          |
| Other services and charges              | 14,040           | 21,040  | 20,519      | 521            |
| Contractual services                    | 73,225           | 37,125  | 36,777      | 348            |
| Total economic development              | 108,484          | 69,384  | 67,244      | 2,140          |

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020

**Statement 10**  
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|                                      | Budgeted Amounts |           | 2020 Actual | Variance with  |
|--------------------------------------|------------------|-----------|-------------|----------------|
|                                      | Original         | Final     | Amounts     | Final Budget - |
|                                      |                  |           |             | Positive       |
|                                      |                  |           |             | (Negative)     |
| Expenditures: (continued)            |                  |           |             |                |
| Planning and zoning commission:      |                  |           |             |                |
| Current:                             |                  |           |             |                |
| Personal services                    | 110,105          | 110,105   | 111,058     | (953)          |
| Supplies                             | 200              | 200       | -           | 200            |
| Other services and charges           | 16,250           | 16,250    | 10,361      | 5,889          |
| Contractual services                 | 38,000           | 13,000    | 9,656       | 3,344          |
| Total planning and zoning commission | 164,555          | 139,555   | 131,075     | 8,480          |
| Total community development          | 502,912          | 438,812   | 401,523     | 37,289         |
| Other:                               |                  |           |             |                |
| Contingency                          | 75,000           | -         | -           | -              |
| Total expenditures                   | 10,267,170       | 9,723,912 | 9,311,112   | 413,420        |
| Revenues over (under) expenditures   | 348,000          | 716,500   | 1,286,027   | 570,147        |
| Other financing sources (uses):      |                  |           |             |                |
| Transfers in                         | 380,000          | 380,000   | 380,000     | -              |
| Transfers out                        | (928,000)        | (931,500) | (931,500)   | -              |
| Total other financing sources (uses) | (548,000)        | (551,500) | (551,500)   | 0              |
| Net change in fund balance           | (\$200,000)      | \$165,000 | 734,527     | \$570,147      |
| Fund balance - January 1             |                  |           | 6,793,195   |                |
| Fund balance - December 31           |                  |           | \$7,527,722 |                |

See accompanying notes to the required supplementary information.



## CITY OF LINO LAKES, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION

## Statement 11

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

For The Last Ten Years

|  | 2020        | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|-------------|
| Total OPEB liability:  |             |             |             |             |
| Service cost   | \$63,577    | \$53,789    | \$16,547    | \$16,990    |
| Interest   | 12,256      | 10,893      | 21,355      | 22,542      |
| Changes of benefit terms   | -           | -           | -           | -           |
| Differences between expected and actual experience               | -           | (245,168)   | -           | (51,083)    |
| Changes in assumptions   | -           | -           | -           | -           |
| Benefit payments   | (22,990)    | (15,527)    | (27,798)    | (31,536)    |
| Net change in total OPEB liability                               | 52,843      | (196,013)   | 10,104      | (43,087)    |
| Total OPEB liability - beginning                                 | 560,631     | 756,644     | 746,540     | 789,627     |
| Total OPEB liability - ending                                    | \$613,474   | \$560,631   | \$756,644   | \$746,540   |
| Covered-employee payroll   | \$3,496,085 | \$3,379,110 | \$3,240,932 | \$3,499,836 |
| Total OPEB liability as a percentage of covered-employee payroll | 17.5%       | 16.6%       | 23.3%       | 21.3%       |

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be added as they become available.

**CITY OF LINO LAKES, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 12**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -

GENERAL EMPLOYEES RETIREMENT FUND

For The Last Ten Years

| Measurement<br>Date<br>June 30, | Fiscal Year<br>Ending<br>December 31, | City's<br>Proportionate<br>Share<br>(Percentage) of<br>the Net Pension<br>Liability | City's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability (a) | State's<br>Proportionate<br>Share<br>(Amount)<br>of the Net<br>Pension<br>Liability<br>Associated<br>with City (b) | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>and the State's<br>Proportionate<br>Share of the Net<br>Pension Liability<br>Associated with<br>City (a+b) | Covered<br>Payroll (c) | City's<br>Proportionate<br>Share of the<br>Net<br>Pension<br>Liability<br>as a<br>Percentage<br>of its<br>Covered<br>Payroll ((a+b)/c) | Plan<br>Fiduciary<br>Net<br>Position<br>as a<br>Percentage<br>of the<br>Total<br>Pension<br>Liability |
|---------------------------------|---------------------------------------|---|---|--|---|------------------------|--|---|
| 2015                            | 2015                                  | 0.0410%   | \$2,124,883   | \$ -   | \$2,124,883   | \$2,407,426            | 88.3%  | 78.2%   |
| 2016                            | 2016                                  | 0.0387%   | 3,142,248   | 41,033   | 3,183,281   | 2,401,546              | 132.6%   | 68.9%   |
| 2017                            | 2017                                  | 0.0414%   | 2,642,949   | 33,230   | 2,676,179   | 2,666,880              | 100.3%   | 75.9%   |
| 2018                            | 2018                                  | 0.0381%   | 2,113,632   | 69,419   | 2,183,051   | 2,563,053              | 85.2%  | 79.5%   |
| 2019                            | 2019                                  | 0.0398%   | 2,200,453   | 68,330   | 2,268,783   | 2,814,860              | 80.6%  | 80.2%   |
| 2020                            | 2020                                  | 0.0392%   | 2,350,219   | 72,457   | 2,422,676   | 2,797,444              | 86.6%  | 79.1%   |

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

**CITY OF LINO LAKES, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 13****SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND**

For The Last Ten Years

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| Fiscal Year<br>Ending<br>December 31, | Statutorily<br>Required<br>Contribution<br>(a) | Contributions in<br>Relation to the<br>Statutorily Required<br>Contribution (b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Covered<br>Payroll<br>(c) | Contributions as a<br>Percentage of<br>Covered<br>Payroll (b/c) |
|---------------------------------------|--|---|---|---------------------------|---|
| 2015                                  | \$182,102                                      | \$182,102   | \$ -  | \$2,428,027               | 7.5%  |
| 2016                                  | 193,684  | 193,684   | -   | 2,582,452                 | 7.5%  |
| 2017                                  | 192,510  | 192,510   | -   | 2,566,800                 | 7.5%  |
| 2018                                  | 202,526  | 202,526   | -   | 2,700,347                 | 7.5%  |
| 2019                                  | 208,807  | 208,807   | -   | 2,784,089                 | 7.5%  |
| 2020                                  | 206,802  | 206,802   | -   | 2,757,351                 | 7.5%  |

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

See accompanying notes to the required supplementary information.

**CITY OF LINO LAKES, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 14****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Last Ten Years

| Measurement<br>Date<br>June 30, | Fiscal Year<br>Ending<br>December 31, | Proportion<br>(Percentage) of<br>the Net Pension<br>Liability | Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability (a) | Covered<br>Payroll (b) | Proportionate Share<br>of the Net Pension<br>Liability as a<br>Percentage of its<br>Covered<br>Payroll (a/b) | Plan Fiduciary<br>Net Position as<br>a Percentage<br>of the Total<br>Pension Liability |
|---------------------------------|---------------------------------------|---|---|------------------------|--|--|
| 2015                            | 2015                                  | 0.2490%   | \$2,829,223   | \$2,284,973            | 123.8%   | 86.6%  |
| 2016                            | 2016                                  | 0.2590%   | 10,394,121  | 2,495,778              | 416.5%   | 63.9%  |
| 2017                            | 2017                                  | 0.2570%   | 3,469,806   | 2,643,314              | 131.3%   | 85.4%  |
| 2018                            | 2018                                  | 0.2426%   | 2,585,866   | 2,556,951              | 101.1%   | 88.8%  |
| 2019                            | 2019                                  | 0.2547%   | 2,711,539   | 2,689,536              | 100.8%   | 89.3%  |
| 2020                            | 2020                                  | 0.2336%   | 3,079,098   | 2,638,619              | 116.7%   | 87.2%  |

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

**CITY OF LINO LAKES, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 15****SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Last Ten Years

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| Fiscal Year<br>Ending<br>December 31, | Statutorily<br>Required<br>Contribution<br>(a) | Contributions in<br>Relation to the<br>Statutorily Required<br>Contribution (b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Covered<br>Payroll<br>(c) | Contributions as a<br>Percentage of<br>Covered<br>Payroll (b/c) |
|---------------------------------------|--|---|---|---------------------------|---|
| 2015                                  | \$393,551                                      | \$393,551   | \$ -  | \$2,429,327               | 16.20%  |
| 2016                                  | 424,970  | 424,970   | -   | 2,623,271                 | 16.20%  |
| 2017                                  | 416,665  | 416,665   | -   | 2,572,006                 | 16.20%  |
| 2018                                  | 420,821  | 420,821   | -   | 2,597,660                 | 16.20%  |
| 2019                                  | 452,731  | 452,731   | -   | 2,670,979                 | 16.95%  |
| 2020                                  | 444,711  | 444,711   | -   | 2,512,491                 | 17.70%  |

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

See accompanying notes to the required supplementary information.

## CITY OF LINO LAKES, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION

## Statement 16

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

## LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Last Ten Years

| Fiscal year ending and measurement date                                    | December 31, 2020  | December 31, 2019  | December 31, 2018  | December 31, 2017  |
|--|--------------------|--------------------|--------------------|--------------------|
| Total pension liability:   |                    |                    |                    |                    |
| Service cost   | \$46,865           | \$52,320           | \$48,182           | \$47,952           |
| Interest on pension liability  | 19,051             | 16,603             | 8,754              | 6,191              |
| Changes of benefit terms   | -                  | -                  | -                  | -                  |
| Differences between expected and actual experience                         | (81,734)           | (22,680)           | 69,760             | (11,672)           |
| Changes of assumptions   | -                  | -                  | -                  | -                  |
| Benefit payments, including refunds of employee contributions              | -                  | -                  | -                  | -                  |
| Net change in total pension liability                                      | (15,818)           | 46,243             | 126,696            | 42,471             |
| Total pension liability - beginning  | 270,650            | 224,407            | 97,711             | 55,240             |
| Total pension liability - ending (a)                                       | <u>\$254,832</u>   | <u>\$270,650</u>   | <u>\$224,407</u>   | <u>\$97,711</u>    |
| Plan fiduciary net position:   |                    |                    |                    |                    |
| Contributions - employer   | \$ -               | \$ -               | \$ -               | \$ -               |
| Contributions - State of Minnesota   | 130,846            | 121,630            | 118,144            | 113,797            |
| Contributions - other  | -                  | -                  | 64,869             | 58,800             |
| Net investment income  | 95,960             | 78,063             | (18,696)           | 9,153              |
| Benefit payments, including refunds of employee contributions              | -                  | -                  | -                  | -                  |
| Administrative expense   | (746)              | (694)              | (702)              | (572)              |
| Net change in plan fiduciary net position                                  | 226,060            | 198,999            | 163,615            | 181,178            |
| Plan fiduciary net position - beginning                                    | 588,319            | 389,320            | 225,705            | 44,527             |
| Plan fiduciary net position - ending (b)                                   | <u>\$814,379</u>   | <u>\$588,319</u>   | <u>\$389,320</u>   | <u>\$225,705</u>   |
| Net pension liability/(asset) - ending (a) - (b)                           | <u>(\$559,547)</u> | <u>(\$317,669)</u> | <u>(\$164,913)</u> | <u>(\$127,994)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 320%               | 217%               | 173%               | 231%               |
| Covered payroll  | N/A                | N/A                | N/A                | N/A                |
| Net pension liability as a percentage of covered employee payroll          | N/A                | N/A                | N/A                | N/A                |

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. Additional years will be reported as they become available.

**CITY OF LINO LAKES, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 17****SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION**

For The Last Ten Years

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| Fiscal Year<br>Ending<br>December 31, | Statutorily<br>Required<br>Contribution<br>(a) | Contributions in<br>Relation to the<br>Statutorily Required<br>Contribution (b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Covered<br>Payroll<br>(c) | Contributions as a<br>Percentage of<br>Covered-Employee<br>Payroll (b/c) |
|---------------------------------------|--|---|---|---------------------------|--|
|                                       |  |   |   |                           |  |
| 2016                                  | \$ -   | \$44,394  | (\$44,394)                                      | N/A                       | N/A  |
| 2017                                  | -  | -   | -   | N/A                       | N/A  |
| 2018                                  | -  | -   | -   | N/A                       | N/A  |
| 2019                                  | -  | -   | -   | N/A                       | N/A  |
| 2020                                  | -  | -   | -   | N/A                       | N/A  |

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

The City created its own fire department in 2016. Therefore, information prior to 2016 is not available. available  
Additional years will be reported as they become

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2019

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**Note A    LEGAL COMPLIANCE – BUDGETS**

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

**Note B    OPEB INFORMATION**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The previous actuarial valuation included a liability for benefits provided to the beneficiary of a deceased employee. As of the most recent actuarial valuation date, the beneficiary was not enrolled in the City's plan, but has been assigned a 20% probability of returning to the plan.

**Note C    PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.



**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2019

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- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes in Actuarial Assumptions:

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

2016 Changes in Actuarial Assumptions:

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

**PERA – Public Employees Police and Fire Fund**

2020 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.

**CITY OF LINO LAKES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2019

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- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

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

**Single Employer – Fire Division**

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

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**COMBINING AND INDIVIDUAL NONMAJOR  
FUND FINANCIAL STATEMENTS AND SCHEDULES**

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### SPECIAL REVENUE FUNDS

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

### DEBT SERVICE FUNDS

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

### CAPITAL PROJECT FUNDS

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

### PERMANENT FUNDS

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

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

**CITY OF LINO LAKES, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2020

**Statement 18**

|   | Special<br>Revenue | Debt<br>Service    | Capital<br>Project | Permanent<br>Fund<br>Environment &<br>Stewardship<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------|--------------------|--------------------|---|--|
| <b>Assets</b>   |                    |                    |                    |   |  |
| Cash and investments  | \$750,910          | \$5,003,913        | \$6,264,591        | \$158,419   | \$12,177,833                               |
| Due from other governments  | -                  | -                  | 16,585             | -   | 16,585                                     |
| Accounts receivable - net   | 3,084              | -                  | 1,855              | -   | 4,939                                      |
| Prepaid items   | 2,076              | -                  | -                  | -   | 2,076                                      |
| Advances to other funds   | -                  | -                  | 683,093            | -   | 683,093                                    |
| Taxes receivable:   |                    |                    |                    |   |  |
| Due from county   | -                  | -                  | 35,031             | -   | 35,031                                     |
| Special assessments receivable:   |                    |                    |                    |   |  |
| Due from county   | -                  | 2,279              | 3,450              | -   | 5,729                                      |
| Delinquent  | -                  | -                  | 7,736              | -   | 7,736                                      |
| Deferred  | -                  | 634,133            | 250,261            | -   | 884,394                                    |
| Interfund loan receivable   | -                  | -                  | 2,317,533          | -   | 2,317,533                                  |
| <b>Total assets</b>   | <b>\$756,070</b>   | <b>\$5,640,325</b> | <b>\$9,580,135</b> | <b>\$158,419</b>  | <b>\$16,134,949</b>                        |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>           |                    |                    |                    |   |  |
| <b>Liabilities:</b>   |                    |                    |                    |   |  |
| Accounts payable  | \$319              | \$3,180            | \$214,728          | \$10,450  | \$228,677                                  |
| Advances from other funds   | -                  | -                  | 839,403            | -   | 839,403                                    |
| Retainage payable   | -                  | -                  | 844                | -   | 844  |
| <b>Total liabilities</b>  | <b>319</b>         | <b>3,180</b>       | <b>1,054,975</b>   | <b>10,450</b>   | <b>1,068,924</b>                           |
| <b>Deferred inflows of resources:</b>   |                    |                    |                    |   |  |
| Unavailable revenue   | -                  | 634,133            | 257,997            | -   | 892,130                                    |
| <b>Fund balance:</b>  |                    |                    |                    |   |  |
| Nonspendable  | 2,076              | -                  | -                  | 100,000   | 102,076                                    |
| Restricted  | 283,628            | 5,003,330          | 2,068,015          | 47,969  | 7,402,942                                  |
| Committed   | 470,047            | -                  | -                  | -   | 470,047                                    |
| Assigned  | -                  | -                  | 7,003,837          | -   | 7,003,837                                  |
| Unassigned  | -                  | (318)              | (804,689)          | -   | (805,007)                                  |
| <b>Total fund balance</b>   | <b>755,751</b>     | <b>5,003,012</b>   | <b>8,267,163</b>   | <b>147,969</b>  | <b>14,173,895</b>                          |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balance</b> | <b>\$756,070</b>   | <b>\$5,640,325</b> | <b>\$9,580,135</b> | <b>\$158,419</b>  | <b>\$16,134,949</b>                        |

**CITY OF LINO LAKES, MINNESOTA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**
**CHANGES IN FUND BALANCE**
**NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2020

**Statement 19**

|                                      | Special<br>Revenue | Debt<br>Service | Capital<br>Project | Permanent<br>Fund<br>Environment &<br>Stewardship<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------------------------|--------------------|-----------------|--------------------|---|--|
| Revenues:                            |                    |                 |                    |   |  |
| General property taxes               | \$ -               | \$2,122,799     | \$ -               | \$ -  | \$2,122,799                                |
| Tax increment                        | -                  | -               | 766,912            | -   | 766,912                                    |
| Special assessments                  | -                  | 119,630         | 69,532             | -   | 189,162                                    |
| Intergovernmental                    | 1,619,509          | -               | 249,015            | -   | 1,868,524                                  |
| Charges for services                 | 65,831             | -               | 956,388            | -   | 1,022,219                                  |
| Fines and forfeits                   | 83,468             | -               | -                  | -   | 83,468                                     |
| Investment earnings                  | 16,530             | 75,200          | 163,576            | 3,749   | 259,055                                    |
| Miscellaneous                        | 7,747              | 38,219          | 202                | 8,800   | 54,968                                     |
| Total revenues                       | 1,793,085          | 2,355,848       | 2,205,625          | 12,549  | 6,367,107                                  |
| Expenditures:                        |                    |                 |                    |   |  |
| Current:                             |                    |                 |                    |   |  |
| General government                   | 1,260,698          | -               | 51,716             | -   | 1,312,414                                  |
| Public safety                        | 21,283             | -               | -                  | -   | 21,283                                     |
| Public services                      | 6,969              | -               | 993,636            | 10,450  | 1,011,055                                  |
| Community development                | -                  | -               | 263,882            | -   | 263,882                                    |
| Capital outlay:                      |                    |                 |                    |   |  |
| General government                   | 358,811            | -               | 46,499             | -   | 405,310                                    |
| Public safety                        | 28,272             | -               | 108,019            | -   | 136,291                                    |
| Public services                      | -                  | -               | 1,400,169          | -   | 1,400,169                                  |
| Debt service:                        |                    |                 |                    |   |  |
| Principal                            | -                  | 2,360,000       | -                  | -   | 2,360,000                                  |
| Interest and fiscal charges          | -                  | 618,096         | -                  | -   | 618,096                                    |
| Total expenditures                   | 1,676,033          | 2,978,096       | 2,863,921          | 10,450  | 7,528,500                                  |
| Revenues over (under) expenditures   | 117,052            | (622,248)       | (658,296)          | 2,099   | (1,161,393)                                |
| Other financing sources (uses):      |                    |                 |                    |   |  |
| Transfers in                         | -                  | 1,437,681       | 1,792,056          | -   | 3,229,737                                  |
| Transfers out                        | -                  | -               | (1,090,690)        | -   | (1,090,690)                                |
| Issuance of debt                     | -                  | -               | 294,235            | -   | 294,235                                    |
| Proceeds from sale of capital assets | -                  | -               | 240,842            | -   | 240,842                                    |
| Total other financing sources (uses) | 0                  | 1,437,681       | 1,236,443          | 0   | 2,674,124                                  |
| Net change in fund balance           | 117,052            | 815,433         | 578,147            | 2,099   | 1,512,731                                  |
| Fund balance - January 1             | 638,699            | 4,187,579       | 7,689,016          | 145,870   | 12,661,164                                 |
| Fund balance - December 31           | \$755,751          | \$5,003,012     | \$8,267,163        | \$147,969   | \$14,173,895                               |



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## SPECIAL REVENUE FUNDS

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

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

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

Cable TV and Communications Fund – established to account for activities relating to Cable TV and Communications.

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

Federal Forfeitures - Justice – established to account for activities associated with the receipt and use of equitable sharing paid from the U.S. Department of Justice Asset Forfeiture Fund.

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

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

Other Forfeitures – established to account for activities associated with the receipt and use of other forfeitures.

Federal Forfeitures - Treasury – established to account for activities associated with the receipt and use of equitable sharing paid from the U.S. Department of Treasury Forfeiture Fund.

K-9 Unit – accounts for donations received by the City which are restricted for K-9 Unit purposes.

Coronavirus Relief Funds – accounts for CARES funds received by the City.

**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2020

|                                    | 201<br>Program<br>Recreation | 203<br>Economic<br>Development<br>Authority | 204 Cable<br>TV and<br>Communications<br>Fund | 205 Blue<br>Heron Days |
|------------------------------------|------------------------------|---|---|------------------------|
| Assets                             |                              |   |   |                        |
| Cash and investments               | \$19,935                     | \$238,500                                   | \$209,070                                     | \$12,729               |
| Accounts receivable - net          | 2,642                        | -   | -   | 442                    |
| Prepaid items                      | 1,778                        | -   | -   | 298                    |
| Total assets                       | <u>\$24,355</u>              | <u>\$238,500</u>                            | <u>\$209,070</u>                              | <u>\$13,469</u>        |
| Liabilities and Fund Balance       |                              |   |   |                        |
| Liabilities:                       |                              |   |   |                        |
| Accounts payable                   | \$100                        | \$ -  | \$ -  | \$ -                   |
| Total liabilities                  | <u>100</u>                   | <u>-</u>                                    | <u>-</u>                                      | <u>-</u>               |
| Fund balance:                      |                              |   |   |                        |
| Nonspendable                       | 1,778                        | -   | -   | 298                    |
| Restricted                         | -                            | -   | -   | 13,171                 |
| Committed                          | 22,477                       | 238,500                                     | 209,070                                       | -                      |
| Total fund balance                 | <u>24,255</u>                | <u>238,500</u>                              | <u>209,070</u>                                | <u>13,469</u>          |
| Total liabilities and fund balance | <u>\$24,355</u>              | <u>\$238,500</u>                            | <u>\$209,070</u>                              | <u>\$13,469</u>        |

| 206<br>Federal<br>Forfeitures -<br>Justice | 207 State<br>Narcotics<br>Forfeitures | 208 DUI<br>Forfeitures | 209 Other<br>Forfeitures | 210<br>Federal<br>Forfeitures -<br>Treasury | 211 K-9<br>Unit | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|--|---------------------------------------|------------------------|--------------------------|---|-----------------|--|
| \$14,073                                   | \$75,698                              | \$68,479               | \$1,568                  | \$88,529                                    | \$22,329        | \$750,910  |
| -  | -                                     | -                      | -                        | -   | -               | 3,084  |
| -  | -                                     | -                      | -                        | -   | -               | 2,076  |
| <u>\$14,073</u>                            | <u>\$75,698</u>                       | <u>\$68,479</u>        | <u>\$1,568</u>           | <u>\$88,529</u>                             | <u>\$22,329</u> | <u>\$756,070</u>                                 |
| \$ -                                       | \$ -                                  | \$ -                   | \$ -                     | \$ -  | \$219           | \$319  |
| -  | -                                     | -                      | -                        | -   | 219             | 319  |
| -  | -                                     | -                      | -                        | -   | -               | 2,076  |
| 14,073                                     | 75,698                                | 68,479                 | 1,568                    | 88,529                                      | 22,110          | 283,628  |
| -  | -                                     | -                      | -                        | -   | -               | 470,047  |
| <u>14,073</u>                              | <u>75,698</u>                         | <u>68,479</u>          | <u>1,568</u>             | <u>88,529</u>                               | <u>22,110</u>   | <u>755,751</u>                                   |
| <u>\$14,073</u>                            | <u>\$75,698</u>                       | <u>\$68,479</u>        | <u>\$1,568</u>           | <u>\$88,529</u>                             | <u>\$22,329</u> | <u>\$756,070</u>                                 |

**CITY OF LINO LAKES, MINNESOTA**  
SUBCOMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2020

|                                    | 201<br>Program<br>Recreation | 203<br>Economic<br>Development<br>Authority | 204 Cable<br>TV and<br>Communications<br>Fund | 205 Blue<br>Heron Days |
|------------------------------------|------------------------------|---|---|------------------------|
| Revenues:                          |                              |   |   |                        |
| Intergovernmental                  | \$ -                         | \$ -  | \$ -  | \$ -                   |
| Charges for services               | 1,672                        | -   | 64,159  | -                      |
| Fines and forfeits                 | -                            | -   | -   | -                      |
| Investment earnings                | 806                          | 3,786                                       | 4,878   | 515                    |
| Miscellaneous                      | -                            | -   | -   | 2,000                  |
| Total revenues                     | <u>2,478</u>                 | <u>3,786</u>                                | <u>69,037</u>                                 | <u>2,515</u>           |
| Expenditures:                      |                              |   |   |                        |
| Current:                           |                              |   |   |                        |
| General government                 | -                            | -   | -   | -                      |
| Public safety                      | -                            | -   | -   | -                      |
| Public services                    | 6,508                        | -   | -   | 461                    |
| Capital outlay:                    |                              |   |   |                        |
| General government                 | -                            | -   | -   | -                      |
| Public safety                      | -                            | -   | -   | -                      |
| Total expenditures                 | <u>6,508</u>                 | <u>0</u>                                    | <u>0</u>                                      | <u>461</u>             |
| Revenues over (under) expenditures | (4,030)                      | 3,786                                       | 69,037  | 2,054                  |
| Fund balance - January 1           | <u>28,285</u>                | <u>234,714</u>                              | <u>140,033</u>                                | <u>11,415</u>          |
| Fund balance - December 31         | <u><u>\$24,255</u></u>       | <u><u>\$238,500</u></u>                     | <u><u>\$209,070</u></u>                       | <u><u>\$13,469</u></u> |

| 206<br>Federal<br>Forfeitures -<br>Justice | 207 State<br>Narcotics<br>Forfeitures | 208 DUI<br>Forfeitures | 209 Other<br>Forfeitures | 210<br>Federal<br>Forfeitures -<br>Treasury | 211 K-9<br>Unit | 212<br>Coronavirus<br>Relief Funds | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|--|---------------------------------------|------------------------|--------------------------|---|-----------------|------------------------------------|--|
| -  | \$ -                                  | \$ -                   | \$ -                     | \$ -  | \$ -            | \$1,619,509                        | \$1,619,509                                      |
| -  | -                                     | -                      | -                        | -   | -               | -                                  | 65,831   |
| 11,338                                     | 59,115                                | 12,550                 | 465                      | -   | -               | -                                  | 83,468   |
| 286  | 1,813                                 | 1,698                  | 41                       | 2,152                                       | 555             | -                                  | 16,530   |
| -  | -                                     | -                      | -                        | -   | 5,747           | -                                  | 7,747  |
| 11,624                                     | 60,928                                | 14,248                 | 506                      | 2,152                                       | 6,302           | 1,619,509                          | 1,793,085  |
| -  | -                                     | -                      | -                        | -   | -               | 1,260,698                          | 1,260,698  |
| 1,944                                      | 15,013                                | 2,637                  | 502                      | -   | 1,187           | -                                  | 21,283   |
| -  | -                                     | -                      | -                        | -   | -               | -                                  | 6,969  |
| -  | -                                     | -                      | -                        | -   | -               | 358,811                            | 358,811  |
| 15,198                                     | -                                     | 10,465                 | -                        | -   | 2,609           | -                                  | 28,272   |
| 17,142                                     | 15,013                                | 13,102                 | 502                      | 0   | 3,796           | 1,619,509                          | 1,676,033  |
| (5,518)                                    | 45,915                                | 1,146                  | 4                        | 2,152                                       | 2,506           | 0                                  | 117,052  |
| 19,591                                     | 29,783                                | 67,333                 | 1,564                    | 86,377                                      | 19,604          | -                                  | 638,699  |
| \$14,073                                   | \$75,698                              | \$68,479               | \$1,568                  | \$88,529                                    | \$22,110        | \$0                                | \$755,751  |

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### DEBT SERVICE FUNDS

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

General Debt Bonds – are repaid primarily from property taxes.

Improvement Bonds and Notes – 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 Note – this note was issued to finance cable communications equipment and will be repaid from revenues derived from franchise fees.



**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2020

|  | 315<br>Certificates<br>of Indebtedness | 332 G.O.<br>TIF<br>Bonds<br>of 2007A | 335 G.O.<br>Bonds<br>of 2012A | 336 G.O.<br>Improvement<br>Bonds<br>of 2013A | 337 G.O.<br>Improvement<br>Bonds<br>of 2014A |
|--|--|--------------------------------------|-------------------------------|--|--|
| Assets   |  |                                      |                               |  |  |
| Cash and investments   | \$291,473                              | \$150,014                            | \$214,199                     | \$394,144                                    | \$673,531                                    |
| Special assessments receivable:                                    |  |                                      |                               |  |  |
| Due from county  | -                                      | -                                    | -                             | -  | -  |
| Deferred   | -                                      | -                                    | -                             | 197,951                                      | -  |
| Total assets   | <u>\$291,473</u>                       | <u>\$150,014</u>                     | <u>\$214,199</u>              | <u>\$592,095</u>                             | <u>\$673,531</u>                             |
| Liabilities, Deferred Inflows of Resources, and Fund Balance       |  |                                      |                               |  |  |
| Liabilities:   |  |                                      |                               |  |  |
| Accounts payable   | \$ -                                   | \$318                                | \$318                         | \$318  | \$318  |
| Deferred inflows of resources:                                     |  |                                      |                               |  |  |
| Unavailable revenue  | -                                      | -                                    | -                             | 197,951                                      | -  |
| Fund balance:  |  |                                      |                               |  |  |
| Restricted   | 291,473                                | 149,696                              | 213,881                       | 393,826                                      | 673,213                                      |
| Unassigned   | -                                      | -                                    | -                             | -  | -  |
| Total fund balance   | <u>291,473</u>                         | <u>149,696</u>                       | <u>213,881</u>                | <u>393,826</u>                               | <u>673,213</u>                               |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$291,473</u>                       | <u>\$150,014</u>                     | <u>\$214,199</u>              | <u>\$592,095</u>                             | <u>\$673,531</u>                             |

| 338 G.O.<br>Bonds<br>of 2015A | 339 EDA<br>Lease<br>Revenue<br>Bonds<br>of 2015B | 340 G.O.<br>Capital<br>Note<br>of 2016A | 341 G.O.<br>Utility<br>Revenue<br>Bonds<br>of 2016A | 343 G.O.<br>Tax<br>Abatement<br>Bonds<br>of 2016C | 344 G.O.<br>Bonds<br>of 2018A | 345 G.O.<br>Utility Revenue<br>Bonds<br>of 2020A | Total<br>Nonmajor<br>Debt<br>Service<br>Funds |
|-------------------------------|--|---|---|---|-------------------------------|--|---|
| \$644,885                     | \$321,054  | \$1,600                                 | \$270,474   | \$410,362   | \$1,632,177                   | \$ -   | \$5,003,913                                   |
| -                             | -  | -                                       | -   | -   | 2,279                         | -  | 2,279   |
| -                             | -  | -                                       | -   | -   | 436,182                       | -  | 634,133                                       |
| <u>\$644,885</u>              | <u>\$321,054</u>                                 | <u>\$1,600</u>                          | <u>\$270,474</u>                                    | <u>\$410,362</u>                                  | <u>\$2,070,638</u>            | <u>\$0</u>                                       | <u>\$5,640,325</u>                            |
| <br>                          |  |   |   |   |                               |  |   |
| <u>\$318</u>                  | <u>\$318</u>                                     | <u>\$ -</u>                             | <u>\$318</u>  | <u>\$318</u>                                      | <u>\$318</u>                  | <u>\$318</u>                                     | <u>\$3,180</u>                                |
| <br>                          |  |   |   |   |                               |  |   |
| <u>-</u>                      | <u>-</u>   | <u>-</u>                                | <u>-</u>  | <u>-</u>  | <u>436,182</u>                | <u>-</u>   | <u>634,133</u>                                |
| <br>                          |  |   |   |   |                               |  |   |
| 644,567                       | 320,736  | 1,600                                   | 270,156   | 410,044   | 1,634,138                     | -  | 5,003,330                                     |
| -                             | -  | -                                       | -   | -   | -                             | (318)  | (318)   |
| <u>644,567</u>                | <u>320,736</u>                                   | <u>1,600</u>                            | <u>270,156</u>                                      | <u>410,044</u>                                    | <u>1,634,138</u>              | <u>(318)</u>                                     | <u>5,003,012</u>                              |
| <br>                          |  |   |   |   |                               |  |   |
| <u>\$644,885</u>              | <u>\$321,054</u>                                 | <u>\$1,600</u>                          | <u>\$270,474</u>                                    | <u>\$410,362</u>                                  | <u>\$2,070,638</u>            | <u>\$0</u>                                       | <u>\$5,640,325</u>                            |

**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For The Year Ended December 31, 2020**

|                                      | 315<br>Certificates of<br>Indebtedness | 332 G.O.<br>TIF<br>Bonds<br>of 2007A | 334 G.O.<br>Improvement<br>and Utility<br>Bonds<br>of 2010A | 335 G.O.<br>Bonds<br>of 2012A | 336 G.O.<br>Improvement<br>Bonds<br>of 2013A | 337 G.O.<br>Improvement<br>Bonds<br>of 2014A |
|--------------------------------------|--|--------------------------------------|---|-------------------------------|--|--|
| Revenues:                            |  |                                      |   |                               |  |  |
| General property taxes               | \$572,788                              | \$ -                                 | \$ -  | \$178,080                     | \$ -   | \$ -   |
| Special assessments                  | -                                      | -                                    | -   | -                             | 39,000                                       | 346  |
| Investment earnings                  | 9,261                                  | -                                    | -   | 2,369                         | 9,051  | 14,025                                       |
| Miscellaneous                        | -                                      | -                                    | -   | -                             | -  | -  |
| Total revenues                       | <u>582,049</u>                         | <u>0</u>                             | <u>0</u>  | <u>180,449</u>                | <u>48,051</u>                                | <u>14,371</u>                                |
| Expenditures:                        |  |                                      |   |                               |  |  |
| Debt service:                        |  |                                      |   |                               |  |  |
| Principal                            | 532,000                                | 215,000                              | 115,000   | 160,000                       | 60,000                                       | 380,000                                      |
| Interest and fiscal charges          | 13,512                                 | 46,844                               | 4,825   | 11,338                        | 11,918                                       | 22,606                                       |
| Total expenditures                   | <u>545,512</u>                         | <u>261,844</u>                       | <u>119,825</u>  | <u>171,338</u>                | <u>71,918</u>                                | <u>402,606</u>                               |
| Revenues over (under) expenditures   | <u>36,537</u>                          | <u>(261,844)</u>                     | <u>(119,825)</u>  | <u>9,111</u>                  | <u>(23,867)</u>                              | <u>(388,235)</u>                             |
| Other financing sources (uses):      |  |                                      |   |                               |  |  |
| Transfers in                         | -                                      | 261,844                              | 120,180   | -                             | -  | 132,817                                      |
| Total other financing sources (uses) | <u>0</u>                               | <u>261,844</u>                       | <u>120,180</u>  | <u>0</u>                      | <u>0</u>                                     | <u>132,817</u>                               |
| Net change in fund balance           | 36,537                                 | 0                                    | 355   | 9,111                         | (23,867)                                     | (255,418)                                    |
| Fund balance - January 1             | <u>254,936</u>                         | <u>149,696</u>                       | <u>(355)</u>  | <u>204,770</u>                | <u>417,693</u>                               | <u>928,631</u>                               |
| Fund balance - December 31           | <u>\$291,473</u>                       | <u>\$149,696</u>                     | <u>\$0</u>  | <u>\$213,881</u>              | <u>\$393,826</u>                             | <u>\$673,213</u>                             |

| 338 G.O.<br>Bonds<br>of 2015A | 339 EDA<br>Lease<br>Revenue<br>Bonds<br>of 2015B | 340 G.O.<br>Capital<br>Note<br>of 2016A | 341 G.O.<br>Utility<br>Revenue<br>Bonds<br>of 2016A | 343 G.O.<br>Tax<br>Abatement<br>Bonds<br>of 2016C | 344 G.O.<br>Bonds<br>of 2018A | 345 G.O.<br>Bonds<br>of 2020A | Total<br>Nonmajor<br>Debt<br>Service<br>Funds |
|-------------------------------|--|---|---|---|-------------------------------|-------------------------------|---|
| \$271,228                     | \$317,297  | \$ -                                    | \$ -  | \$301,570   | \$481,836                     | \$ -                          | \$2,122,799                                   |
| -                             | -  | -                                       | -   | -   | 80,284                        | -                             | 119,630                                       |
| 11,608                        | 5,105  | 406                                     | 3,245   | 5,108   | 15,022                        | -                             | 75,200  |
| -                             | -  | 38,219                                  | -   | -   | -                             | -                             | 38,219  |
| 282,836                       | 322,402  | 38,625                                  | 3,245   | 306,678   | 577,142                       | 0                             | 2,355,848                                     |
| 200,000                       | 175,000  | 33,000                                  | 140,000   | 260,000   | 90,000                        | -                             | 2,360,000                                     |
| 59,498                        | 127,806  | 5,219                                   | 22,018  | 14,088  | 278,106                       | 318                           | 618,096                                       |
| 259,498                       | 302,806  | 38,219                                  | 162,018   | 274,088   | 368,106                       | 318                           | 2,978,096                                     |
| 23,338                        | 19,596   | 406                                     | (158,773)   | 32,590  | 209,036                       | (318)                         | (622,248)                                     |
| -                             | -  | -                                       | 163,100   | -   | 759,740                       | -                             | 1,437,681                                     |
| 0                             | 0  | 0                                       | 163,100   | 0   | 759,740                       | 0                             | 1,437,681                                     |
| 23,338                        | 19,596   | 406                                     | 4,327   | 32,590  | 968,776                       | (318)                         | 815,433                                       |
| 621,229                       | 301,140  | 1,194                                   | 265,829   | 377,454   | 665,362                       | -                             | 4,187,579                                     |
| \$644,567                     | \$320,736  | \$1,600                                 | \$270,156   | \$410,044   | \$1,634,138                   | (\$318)                       | \$5,003,012                                   |

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## CAPITAL PROJECT FUNDS

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

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

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

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

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

Dedicated Parks – to account for the receipts and use of monies collected from park dedication fees.

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

Pavement Management – to account for money received from levies, assessments, and developer charges for future street maintenance projects.

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

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

Surface Water Maintenance – to account for surface water maintenance activities.

Park and Trail Improvements – to account for park and trail improvement activities.

2040 Comp Plan Update – this fund accounts for the financing sources received and expenditures incurred to update the City's 2040 Comprehensive Plan.

Cedar Street Reconstruction – this fund accounts for the activities relating to the construction of roadway improvements on East Cedar Street & Elmcrest Avenue North.

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**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2020

**Statement 24**  
**Page 1 of 2**

|   | 301 Closed<br>Bond Fund | 401 Building<br>and Facilities | 402 Capital<br>Equipment<br>Revolving | 403 Office<br>Equipment<br>Revolving | 405<br>Dedicated<br>Parks |
|---|-------------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------|
| <b>Assets</b>   |                         |                                |                                       |                                      |                           |
| Cash and investments  | \$ -                    | \$217,039                      | \$613,188                             | \$58,860                             | \$1,327,880               |
| Due from other governments  | -                       | -                              | -                                     | -                                    | -                         |
| Accounts receivable - net   | -                       | 1,855                          | -                                     | -                                    | -                         |
| Advances to other funds   | 683,093                 | -                              | -                                     | -                                    | -                         |
| Taxes receivable:   |                         |                                |                                       |                                      |                           |
| Due from county   | -                       | -                              | -                                     | -                                    | -                         |
| Special assessments receivable:   |                         |                                |                                       |                                      |                           |
| Due from county   | 1,369                   | -                              | -                                     | -                                    | -                         |
| Delinquent  | 4,801                   | -                              | -                                     | -                                    | -                         |
| Deferred  | 7,309                   | -                              | -                                     | -                                    | -                         |
| Interfund loan receivable   | -                       | 2,317,533                      | -                                     | -                                    | -                         |
| <b>Total assets</b>   | <b>\$696,572</b>        | <b>\$2,536,427</b>             | <b>\$613,188</b>                      | <b>\$58,860</b>                      | <b>\$1,327,880</b>        |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>       |                         |                                |                                       |                                      |                           |
| <b>Liabilities:</b>   |                         |                                |                                       |                                      |                           |
| Accounts payable  | \$ -                    | \$2,500                        | \$32,532                              | \$ -                                 | \$ -                      |
| Advances from other funds   | -                       | -                              | -                                     | -                                    | -                         |
| Retainage payable   | -                       | -                              | -                                     | -                                    | 844                       |
| <b>Total liabilities</b>  | <b>0</b>                | <b>2,500</b>                   | <b>32,532</b>                         | <b>0</b>                             | <b>844</b>                |
| <b>Deferred inflows of resources:</b>                                     |                         |                                |                                       |                                      |                           |
| Unavailable revenue   | 12,110                  | -                              | -                                     | -                                    | -                         |
| <b>Fund balance:</b>  |                         |                                |                                       |                                      |                           |
| Restricted  | -                       | -                              | -                                     | -                                    | 1,327,036                 |
| Assigned  | 684,462                 | 2,533,927                      | 580,656                               | 58,860                               | -                         |
| Unassigned  | -                       | -                              | -                                     | -                                    | -                         |
| <b>Total fund balance</b>   | <b>684,462</b>          | <b>2,533,927</b>               | <b>580,656</b>                        | <b>58,860</b>                        | <b>1,327,036</b>          |
| <b>Total liabilities, deferred inflows of resources, and fund balance</b> | <b>\$696,572</b>        | <b>\$2,536,427</b>             | <b>\$613,188</b>                      | <b>\$58,860</b>                      | <b>\$1,327,880</b>        |



**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2020

|   | 411 Tax<br>Increment<br>Financing 1-5 | 417 Tax<br>Increment<br>Financing 1-10 | 418 Tax<br>Increment<br>Financing 1-11 | 419 Tax<br>Increment<br>Financing 1-12 | 421<br>Pavement<br>Management |
|---|---------------------------------------|--|--|--|-------------------------------|
| <b>Assets</b>   |                                       |  |  |  |                               |
| Cash and investments  | \$405,626                             | \$201,829                              | \$ -                                   | \$235,110                              | \$541,085                     |
| Due from other governments  | -                                     | -                                      | -                                      | -                                      | -                             |
| Accounts receivable - net   | -                                     | -                                      | -                                      | -                                      | -                             |
| Advances to other funds   | -                                     | -                                      | -                                      | -                                      | -                             |
| Taxes receivable:   |                                       |  |  |  |                               |
| Due from county   | -                                     | -                                      | 34,970                                 | 61                                     | -                             |
| Special assessments receivable:   |                                       |  |  |  |                               |
| Due from county   | -                                     | -                                      | -                                      | -                                      | -                             |
| Delinquent  | -                                     | -                                      | -                                      | -                                      | -                             |
| Deferred  | -                                     | -                                      | -                                      | -                                      | -                             |
| Interfund loan receivable   | -                                     | -                                      | -                                      | -                                      | -                             |
| <b>Total assets</b>   | <b>\$405,626</b>                      | <b>\$201,829</b>                       | <b>\$34,970</b>                        | <b>\$235,171</b>                       | <b>\$541,085</b>              |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>           |                                       |  |  |  |                               |
| <b>Liabilities:</b>   |                                       |  |  |  |                               |
| Accounts payable  | \$ -                                  | \$ -                                   | \$256                                  | \$101,647                              | \$42,680                      |
| Advances from other funds   | -                                     | -                                      | 839,403                                | -                                      | -                             |
| Contracts payable   | -                                     | -                                      | -                                      | -                                      | -                             |
| <b>Total liabilities</b>  | <b>0</b>                              | <b>0</b>                               | <b>839,659</b>                         | <b>101,647</b>                         | <b>42,680</b>                 |
| <b>Deferred inflows of resources:</b>   |                                       |  |  |  |                               |
| Unavailable revenue   | -                                     | -                                      | -                                      | -                                      | -                             |
| <b>Fund balance:</b>  |                                       |  |  |  |                               |
| Restricted  | 405,626                               | 201,829                                | -                                      | 133,524                                | -                             |
| Assigned  | -                                     | -                                      | -                                      | -                                      | 498,405                       |
| Unassigned  | -                                     | -                                      | (804,689)                              | -                                      | -                             |
| <b>Total fund balance</b>   | <b>405,626</b>                        | <b>201,829</b>                         | <b>(804,689)</b>                       | <b>133,524</b>                         | <b>498,405</b>                |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balance</b> | <b>\$405,626</b>                      | <b>\$201,829</b>                       | <b>\$34,970</b>                        | <b>\$235,171</b>                       | <b>\$541,085</b>              |

| 422 Surface<br>Water<br>Management | 423 Street<br>Reconstruction | 424 Surface<br>Water<br>Maintenance | 425<br>Park and Trail<br>Improvements | 484<br>Comp Plan<br>Update | 486<br>Cedar Street<br>Reconstruction | Total<br>Nonmajor<br>Capital<br>Project Funds |
|------------------------------------|------------------------------|-------------------------------------|---------------------------------------|----------------------------|---------------------------------------|---|
| \$1,550,300                        | \$557,958                    | \$259,489                           | \$269,604                             | \$23,369                   | \$3,254                               | \$6,264,591                                   |
| -                                  | -                            | -                                   | -                                     | 16,000                     | 585                                   | 16,585  |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 1,855   |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 683,093                                       |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 35,031  |
| 1,659                              | 422                          | -                                   | -                                     | -                          | -                                     | 3,450   |
| 2,935                              | -                            | -                                   | -                                     | -                          | -                                     | 7,736   |
| 192,038                            | 50,914                       | -                                   | -                                     | -                          | -                                     | 250,261                                       |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 2,317,533                                     |
| <u>\$1,746,932</u>                 | <u>\$609,294</u>             | <u>\$259,489</u>                    | <u>\$269,604</u>                      | <u>\$39,369</u>            | <u>\$3,839</u>                        | <u>\$9,580,135</u>                            |
| \$4,227                            | \$ -                         | \$27,026                            | \$ -                                  | \$21                       | \$3,839                               | \$214,728                                     |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 839,403                                       |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 844   |
| <u>4,227</u>                       | <u>0</u>                     | <u>27,026</u>                       | <u>0</u>                              | <u>21</u>                  | <u>3,839</u>                          | <u>1,054,975</u>                              |
| <u>194,973</u>                     | <u>50,914</u>                | <u>-</u>                            | <u>-</u>                              | <u>-</u>                   | <u>-</u>                              | <u>257,997</u>                                |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | 2,068,015                                     |
| 1,547,732                          | 558,380                      | 232,463                             | 269,604                               | 39,348                     | -                                     | 7,003,837                                     |
| -                                  | -                            | -                                   | -                                     | -                          | -                                     | (804,689)                                     |
| <u>1,547,732</u>                   | <u>558,380</u>               | <u>232,463</u>                      | <u>269,604</u>                        | <u>39,348</u>              | <u>0</u>                              | <u>8,267,163</u>                              |
| <u>\$1,746,932</u>                 | <u>\$609,294</u>             | <u>\$259,489</u>                    | <u>\$269,604</u>                      | <u>\$39,369</u>            | <u>\$3,839</u>                        | <u>\$9,580,135</u>                            |

**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For The Year Ended December 31, 2020

|                                      | 301 Closed<br>Bond Fund | 401 Building<br>and Facilities | 402 Capital<br>Equipment<br>Revolving | 403 Office<br>Equipment<br>Revolving | 405<br>Dedicated<br>Parks |
|--------------------------------------|-------------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------|
| Revenues:                            |                         |                                |                                       |                                      |                           |
| Tax increment                        | \$ -                    | \$ -                           | \$ -                                  | \$ -                                 | \$ -                      |
| Special assessments                  | 12,620                  | -                              | -                                     | -                                    | -                         |
| Intergovernmental                    | -                       | -                              | -                                     | -                                    | -                         |
| Charges for services                 | -                       | 204,173                        | -                                     | -                                    | 557,500                   |
| Investment earnings                  | 15,863                  | 3,636                          | 19,056                                | 1,582                                | 25,046                    |
| Miscellaneous                        | -                       | -                              | -                                     | -                                    | 202                       |
| Total revenues                       | <u>28,483</u>           | <u>207,809</u>                 | <u>19,056</u>                         | <u>1,582</u>                         | <u>582,748</u>            |
| Expenditures:                        |                         |                                |                                       |                                      |                           |
| Current:                             |                         |                                |                                       |                                      |                           |
| General government                   | 3,903                   | 34,945                         | -                                     | 12,868                               | -                         |
| Public services                      | -                       | -                              | -                                     | -                                    | 13,570                    |
| Community development                | -                       | -                              | -                                     | -                                    | -                         |
| Capital outlay:                      |                         |                                |                                       |                                      |                           |
| General government                   | -                       | 46,499                         | -                                     | -                                    | -                         |
| Public safety                        | -                       | -                              | 104,903                               | 3,116                                | -                         |
| Public services                      | -                       | -                              | 261,688                               | -                                    | 142,468                   |
| Total expenditures                   | <u>3,903</u>            | <u>81,444</u>                  | <u>366,591</u>                        | <u>15,984</u>                        | <u>156,038</u>            |
| Revenues over (under) expenditures   | <u>24,580</u>           | <u>126,365</u>                 | <u>(347,535)</u>                      | <u>(14,402)</u>                      | <u>426,710</u>            |
| Other financing sources (uses):      |                         |                                |                                       |                                      |                           |
| Transfers in                         | -                       | -                              | -                                     | 25,000                               | -                         |
| Transfers out                        | (382,789)               | -                              | -                                     | -                                    | -                         |
| Issuance of debt                     | -                       | -                              | 294,235                               | -                                    | -                         |
| Proceeds from sale of capital assets | -                       | -                              | 15,365                                | -                                    | -                         |
| Total other financing sources (uses) | <u>(382,789)</u>        | <u>0</u>                       | <u>309,600</u>                        | <u>25,000</u>                        | <u>0</u>                  |
| Net change in fund balance           | (358,209)               | 126,365                        | (37,935)                              | 10,598                               | 426,710                   |
| Fund balance - January 1             | <u>1,042,671</u>        | <u>2,407,562</u>               | <u>618,591</u>                        | <u>48,262</u>                        | <u>900,326</u>            |
| Fund balance - December 31           | <u>\$684,462</u>        | <u>\$2,533,927</u>             | <u>\$580,656</u>                      | <u>\$58,860</u>                      | <u>\$1,327,036</u>        |

| 411 Tax<br>Increment<br>Financing 1-5 | 417 Tax<br>Increment<br>Financing 1-10 | 418 Tax<br>Increment<br>Financing 1-11 | 419 Tax<br>Increment<br>Financing 1-12 | 421<br>Pavement<br>Management | 422 Surface<br>Water<br>Management | 423 Street<br>Reconstruction |
|---------------------------------------|--|--|--|-------------------------------|------------------------------------|------------------------------|
| \$51,006                              | \$170,339                              | \$290,062                              | \$255,505                              | \$ -                          | \$ -                               | \$ -                         |
| -                                     | -                                      | -                                      | -                                      | -                             | 44,478                             | 12,434                       |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | 36,630                        | 158,085                            | -                            |
| 9,822                                 | 5,821                                  | -                                      | 3,076                                  | 17,674                        | 31,229                             | 14,632                       |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| 60,828                                | 176,160                                | 290,062                                | 258,581                                | 54,304                        | 233,792                            | 27,066                       |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | 846,047                       | 9,076                              | -                            |
| 52,732                                | 1,590                                  | 4,403                                  | 205,157                                | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | 51,863                        | 24,360                             | -                            |
| 52,732                                | 1,590                                  | 4,403                                  | 205,157                                | 897,910                       | 33,436                             | 0                            |
| 8,096                                 | 174,570                                | 285,659                                | 53,424                                 | (843,606)                     | 200,356                            | 27,066                       |
| -                                     | -                                      | -                                      | -                                      | 870,563                       | -                                  | -                            |
| -                                     | (170,339)                              | (290,062)                              | -                                      | -                             | -                                  | (247,500)                    |
| -                                     | -                                      | -                                      | -                                      | -                             | -                                  | -                            |
| -                                     | -                                      | -                                      | -                                      | -                             | 225,477                            | -                            |
| 0                                     | (170,339)                              | (290,062)                              | 0                                      | 870,563                       | 225,477                            | (247,500)                    |
| 8,096                                 | 4,231                                  | (4,403)                                | 53,424                                 | 26,957                        | 425,833                            | (220,434)                    |
| 397,530                               | 197,598                                | (800,286)                              | 80,100                                 | 471,448                       | 1,121,899                          | 778,814                      |
| \$405,626                             | \$201,829                              | (\$804,689)                            | \$133,524                              | \$498,405                     | \$1,547,732                        | \$558,380                    |

**CITY OF LINO LAKES, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For The Year Ended December 31, 2020

**Statement 25**  
**Page 2 of 2**

|                                      | 424 Surface<br>Water<br>Maintenance | 425<br>Park and Trail<br>Improvements | 484 2040<br>Comp Plan<br>Update | 486<br>Cedar Street<br>Reconstruction | Total<br>Nonmajor<br>Capital<br>Project Funds |
|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|---|
| Revenues:                            |                                     |                                       |                                 |                                       |   |
| Tax increment                        | \$ -                                | \$ -                                  | \$ -                            | \$ -                                  | \$766,912                                     |
| Special assessments                  | -                                   | -                                     | -                               | -                                     | 69,532  |
| Intergovernmental                    | -                                   | -                                     | 16,000                          | 233,015                               | 249,015                                       |
| Charges for services                 | -                                   | -                                     | -                               | -                                     | 956,388                                       |
| Investment earnings                  | 7,001                               | 9,012                                 | 126                             | -                                     | 163,576                                       |
| Miscellaneous                        | -                                   | -                                     | -                               | -                                     | 202   |
| Total revenues                       | <u>7,001</u>                        | <u>9,012</u>                          | <u>16,126</u>                   | <u>233,015</u>                        | <u>2,205,625</u>                              |
| Expenditures:                        |                                     |                                       |                                 |                                       |   |
| Current:                             |                                     |                                       |                                 |                                       |   |
| General government                   | -                                   | -                                     | -                               | -                                     | 51,716  |
| Public services                      | 84,556                              | 30,000                                | 10,387                          | -                                     | 993,636                                       |
| Community development                | -                                   | -                                     | -                               | -                                     | 263,882                                       |
| Capital outlay:                      |                                     |                                       |                                 |                                       |   |
| General government                   | -                                   | -                                     | -                               | -                                     | 46,499  |
| Public safety                        | -                                   | -                                     | -                               | -                                     | 108,019                                       |
| Public services                      | -                                   | 148,116                               | -                               | 771,674                               | 1,400,169                                     |
| Total expenditures                   | <u>84,556</u>                       | <u>178,116</u>                        | <u>10,387</u>                   | <u>771,674</u>                        | <u>2,863,921</u>                              |
| Revenues over (under) expenditures   | <u>(77,555)</u>                     | <u>(169,104)</u>                      | <u>5,739</u>                    | <u>(538,659)</u>                      | <u>(658,296)</u>                              |
| Other financing sources (uses):      |                                     |                                       |                                 |                                       |   |
| Transfers in                         | 130,000                             | 115,000                               | 25,000                          | 626,493                               | 1,792,056                                     |
| Transfers out                        | -                                   | -                                     | -                               | -                                     | (1,090,690)                                   |
| Issuance of debt                     | -                                   | -                                     | -                               | -                                     | 294,235                                       |
| Proceeds from sale of capital assets | -                                   | -                                     | -                               | -                                     | 240,842                                       |
| Total other financing sources (uses) | <u>130,000</u>                      | <u>115,000</u>                        | <u>25,000</u>                   | <u>626,493</u>                        | <u>1,236,443</u>                              |
| Net change in fund balance           | 52,445                              | (54,104)                              | 30,739                          | 87,834                                | 578,147                                       |
| Fund balance - January 1             | <u>180,018</u>                      | <u>323,708</u>                        | <u>8,609</u>                    | <u>(87,834)</u>                       | <u>7,689,016</u>                              |
| Fund balance - December 31           | <u>\$232,463</u>                    | <u>\$269,604</u>                      | <u>\$39,348</u>                 | <u>\$0</u>                            | <u>\$8,267,163</u>                            |

**CITY OF LINO LAKES, MINNESOTA****SPECIAL REVENUE FUND - PROGRAM RECREATION****Statement 26****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended December 31, 2020

|                                    | Budgeted Amounts |                  | 2020 Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|------------------|------------------|------------------------|---|
|                                    | Original         | Final            |                        |   |
| Revenues:                          |                  |                  |                        |   |
| Charges for services               | \$77,690         | \$77,690         | \$1,672                | (\$76,018)  |
| Investment earnings                | -                | -                | 806                    | 806   |
| Total revenues                     | <u>77,690</u>    | <u>77,690</u>    | <u>2,478</u>           | <u>(75,212)</u>   |
| Expenditures:                      |                  |                  |                        |   |
| Public services:                   |                  |                  |                        |   |
| Current:                           |                  |                  |                        |   |
| Personal services                  | 52,653           | 52,653           | 1,072                  | 51,581  |
| Supplies                           | 17,170           | 17,170           | 4,873                  | 12,297  |
| Contractual services               | 12,656           | 12,656           | 563                    | 12,093  |
| Total expenditures                 | <u>82,479</u>    | <u>82,479</u>    | <u>6,508</u>           | <u>75,971</u>   |
| Revenues over (under) expenditures | <u>(4,789)</u>   | <u>(4,789)</u>   | <u>(4,030)</u>         | <u>759</u>  |
| Other financing sources (uses):    |                  |                  |                        |   |
| Transfers in                       | <u>11,500</u>    | <u>-</u>         | <u>-</u>               | <u>-</u>  |
| Net change in fund balance         | <u>\$6,711</u>   | <u>(\$4,789)</u> | <u>(4,030)</u>         | <u>\$759</u>  |
| Fund balance - January 1           |                  |                  | <u>28,285</u>          |   |
| Fund balance - December 31         |                  |                  | <u>\$24,255</u>        |   |

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## **STATISTICAL SECTION (UNAUDITED)**



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## STATISTICAL SECTION (UNAUDITED)

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

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

**CITY OF LINO LAKES, MINNESOTA****NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

|   | 2011                | 2012                | 2013                | 2014                |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental activities:                    |                     |                     |                     |                     |
| Net investment in capital assets            | \$24,600,103        | \$22,166,342        | \$22,241,821        | \$19,540,807        |
| Restricted                                  | 11,598,803          | 11,595,112          | 11,000,033          | 8,666,357           |
| Unrestricted                                | 13,463,210          | 17,639,038          | 16,849,636          | 20,527,704          |
| Total governmental activities net position  | <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            | \$29,216,866        | \$28,798,095        | \$28,423,284        | \$27,556,022        |
| Unrestricted                                | 11,201,362          | 12,102,013          | 12,999,182          | 13,888,278          |
| Total business-type activities net position | <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            | \$53,816,969        | \$50,964,437        | \$50,665,105        | \$47,096,829        |
| Restricted                                  | 11,598,803          | 11,595,112          | 11,000,033          | 8,666,357           |
| Unrestricted                                | 24,664,572          | 29,741,051          | 29,848,818          | 34,415,982          |
| Total primary government net position       | <u>\$90,080,344</u> | <u>\$92,300,600</u> | <u>\$91,513,956</u> | <u>\$90,179,168</u> |

GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

GASB 75 was implemented in 2017. Net position was restated for 2016 to reflect the reporting of the OPEB liability and OPEB related deferred inflows of resources. Net position for years prior to 2016 was not restated.

Table 1

| 2015                | 2016                | 2017                | 2018                 | 2019                 | 2020                 |
|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| \$18,230,746        | \$18,597,344        | \$22,868,259        | \$24,640,555         | \$28,433,053         | \$31,960,308         |
| 8,635,293           | 13,342,852          | 11,730,147          | 10,579,817           | 12,390,431           | 13,446,203           |
| 13,888,120          | 10,187,254          | 12,017,212          | 16,577,520           | 17,640,035           | 18,686,238           |
| <u>\$40,754,159</u> | <u>\$42,127,450</u> | <u>\$46,615,618</u> | <u>\$51,797,892</u>  | <u>\$58,463,519</u>  | <u>\$64,092,749</u>  |
| \$29,127,829        | \$31,860,610        | \$31,831,950        | \$32,709,079         | \$36,390,820         | \$43,366,197         |
| 14,672,630          | 13,863,447          | 14,846,045          | 15,570,827           | 16,237,228           | 16,054,144           |
| <u>\$43,800,459</u> | <u>\$45,724,057</u> | <u>\$46,677,995</u> | <u>\$48,279,906</u>  | <u>\$52,628,048</u>  | <u>\$59,420,341</u>  |
| \$47,358,575        | \$50,457,954        | \$54,700,209        | \$57,349,634         | \$64,823,873         | \$75,326,505         |
| 8,635,293           | 13,342,852          | 11,730,147          | 10,579,817           | 12,390,431           | 13,446,203           |
| 28,560,750          | 24,050,701          | 26,863,257          | 32,148,347           | 33,877,263           | 34,740,382           |
| <u>\$84,554,618</u> | <u>\$87,851,507</u> | <u>\$93,293,613</u> | <u>\$100,077,798</u> | <u>\$111,091,567</u> | <u>\$123,513,090</u> |

**CITY OF LINO LAKES, MINNESOTA**  
**CHANGES IN NET POSITION**  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

|  | 2011                | 2012                | 2013                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                                |                     |                     |                     |                     |
| Governmental activities:                       |                     |                     |                     |                     |
| General government                             | \$1,990,137         | \$1,883,961         | \$1,566,388         | \$2,036,550         |
| Public safety                                  | 4,019,101           | 4,046,415           | 3,950,197           | 4,107,759           |
| Public services                                | 9,329,451           | 6,795,150           | 5,376,671           | 5,880,030           |
| Conservation of natural resources              | 139,544             | 184,051             | 141,204             | 159,649             |
| Community development                          | 617,747             | 430,121             | 404,726             | 407,448             |
| Interest and fees on long-term debt            | 927,535             | 837,755             | 951,842             | 618,680             |
| Total governmental activities expenses         | <u>17,023,515</u>   | <u>14,177,453</u>   | <u>12,391,028</u>   | <u>13,210,116</u>   |
| Business-type activities:                      |                     |                     |                     |                     |
| Water  | 966,643             | 949,121             | 927,800             | 965,641             |
| Sewer  | 1,638,063           | 1,527,637           | 1,584,395           | 1,628,258           |
| Total business-type activities expenses        | <u>2,604,706</u>    | <u>2,476,758</u>    | <u>2,512,195</u>    | <u>2,593,899</u>    |
| Total primary government expenses              | <u>\$19,628,221</u> | <u>\$16,654,211</u> | <u>\$14,903,223</u> | <u>\$15,804,015</u> |
| <b>Program revenues</b>                        |                     |                     |                     |                     |
| Governmental activities:                       |                     |                     |                     |                     |
| Charges for services:                          |                     |                     |                     |                     |
| General government                             | \$103,687           | \$129,151           | \$93,118            | \$103,072           |
| Public safety                                  | 713,985             | 642,745             | 697,584             | 763,470             |
| Public services                                | 593,263             | 668,128             | 632,002             | 621,221             |
| Conservation of natural resources              | 4,392               | 19,297              | 1,347               | 1,882               |
| Community development                          | 5,138               | 16,940              | 28,118              | 39,395              |
| Operating grants and contributions             | 593,798             | 450,179             | 527,368             | 840,676             |
| Capital grants and contributions               | 7,347,613           | 5,125,693           | 941,960             | 335,733             |
| Total governmental activities program revenues | <u>9,361,876</u>    | <u>7,052,133</u>    | <u>2,921,497</u>    | <u>2,705,449</u>    |
| Business-type activities:                      |                     |                     |                     |                     |
| Charges for services:                          |                     |                     |                     |                     |
| Water  | 1,090,104           | 1,371,809           | 1,208,742           | 965,425             |
| Sewer  | 1,494,188           | 1,505,781           | 1,516,397           | 1,564,099           |
| Operating grants and contributions             | -                   | -                   | -                   | 263,024             |
| Capital grants and contributions               | 1,462               | 20,018              | 883                 | 1,035               |
| Total business-type activities                 | <u>2,585,754</u>    | <u>2,897,608</u>    | <u>2,726,022</u>    | <u>2,793,583</u>    |
| Total primary government program revenues      | <u>\$11,947,630</u> | <u>\$9,949,741</u>  | <u>\$5,647,519</u>  | <u>\$5,499,032</u>  |

**Table 2**  
**Page 1 of 2**

| 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$2,016,351  | \$2,456,864  | \$2,395,633  | \$2,345,386  | \$2,466,130  | \$4,197,819  |
| 5,135,865    | 6,567,523    | 5,166,538    | 4,749,394    | 5,053,511    | 4,867,134    |
| 7,971,712    | 6,228,893    | 5,492,395    | 5,384,522    | 5,810,919    | 4,118,477    |
| 186,111      | 216,905      | 200,016      | 201,590      | 183,982      | 161,556      |
| 432,268      | 454,144      | 459,455      | 576,794      | 686,421      | 660,660      |
| 632,876      | 831,529      | 518,897      | 414,607      | 498,587      | 733,207      |
| 16,375,183   | 16,755,858   | 14,232,934   | 13,672,293   | 14,699,550   | 14,738,853   |
| 1,394,897    | 1,367,693    | 1,245,249    | 1,332,755    | 1,322,811    | 1,532,282    |
| 2,089,842    | 1,850,962    | 1,901,821    | 1,964,471    | 2,002,711    | 2,199,865    |
| 3,484,739    | 3,218,655    | 3,147,070    | 3,297,226    | 3,325,522    | 3,732,147    |
| \$19,859,922 | \$19,974,513 | \$17,380,004 | \$16,969,519 | \$18,025,072 | \$18,471,000 |
| \$818,468    | \$520,231    | \$550,117    | \$562,816    | \$612,237    | \$587,888    |
| 199,498      | 1,359,426    | 2,249,152    | 1,591,658    | 1,255,363    | 1,235,829    |
| 603,866      | 865,327      | 801,633      | 448,009      | 1,273,900    | 1,106,248    |
| -            | -            | -            | -            | -            | -            |
| -            | -            | -            | -            | -            | -            |
| 526,107      | 722,858      | 1,106,014    | 861,429      | 870,532      | 2,470,024    |
| 1,176,732    | 5,046,307    | 4,141,383    | 5,187,023    | 6,820,419    | 6,894,207    |
| 3,324,671    | 8,514,149    | 8,848,299    | 8,650,935    | 10,832,451   | 12,294,196   |
| 1,014,836    | 1,094,897    | 1,150,834    | 1,217,589    | 1,172,580    | 1,341,559    |
| 1,621,633    | 1,659,322    | 1,698,963    | 1,753,712    | 1,771,143    | 1,803,231    |
| 263,024      | -            | -            | -            | -            | 42,152       |
| 3,035,031    | 1,543,947    | 836,029      | 1,242,032    | 2,894,794    | 2,887,266    |
| 5,934,524    | 4,298,166    | 3,685,826    | 4,213,333    | 5,838,517    | 6,074,208    |
| \$9,259,195  | \$12,812,315 | \$12,534,125 | \$12,864,268 | \$16,670,968 | \$18,368,404 |

**CITY OF LINO LAKES, MINNESOTA**  
**CHANGES IN NET POSITION**  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

|  | 2011          | 2012          | 2013          | 2014           |
|--|---------------|---------------|---------------|----------------|
| <b>Net (expense) revenue:</b>                              |               |               |               |                |
| Governmental activities                                    | (\$7,661,639) | (\$7,125,320) | (\$9,469,531) | (\$10,504,667) |
| Business-type activities                                   | (18,952)      | 420,850       | 213,827       | 199,684        |
| Total primary government, net                              | (7,680,591)   | (6,704,470)   | (9,255,704)   | (10,304,983)   |
| <b>General revenues and other changes in net position:</b> |               |               |               |                |
| Governmental activities:                                   |               |               |               |                |
| Property taxes   | 8,768,805     | 8,610,709     | 8,563,595     | 8,806,886      |
| Unrestricted grants and contributions                      | 4,072         | 4,941         | 4,442         | 4,443          |
| Unrestricted investment earnings                           | 251,250       | 202,828       | (54,204)      | 265,695        |
| Gain on disposal of capital assets                         | 37,579        | 4,175         | -             | 1,727          |
| Special item - withdrawal from fire district               | -             | -             | -             | -              |
| Transfers  | 66,122        | 41,043        | (353,304)     | 69,294         |
| Total governmental activities                              | 9,127,828     | 8,863,696     | 8,160,529     | 9,148,045      |
| Business-type activities:                                  |               |               |               |                |
| Unrestricted investment earnings                           | 126,215       | 102,073       | (44,773)      | 154,468        |
| Transfers  | (66,122)      | (41,043)      | 353,304       | (69,294)       |
| Total business-type activities                             | 60,093        | 61,030        | 308,531       | 85,174         |
| Total primary government                                   | \$9,187,921   | \$8,924,726   | \$8,469,060   | \$9,233,219    |
| <b>Change in net position:</b>                             |               |               |               |                |
| Governmental activities                                    | \$1,466,189   | \$1,738,376   | (\$1,309,002) | (\$1,356,622)  |
| Business-type activities                                   | 41,141        | 481,880       | 522,358       | 284,858        |
| Total primary government change in net position            | \$1,507,330   | \$2,220,256   | (\$786,644)   | (\$1,071,764)  |

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

GASB 75 was implemented in 2017. OPEB expense for years prior to 2017 was not restated.

**Table 2**  
**Page 2 of 2**

| 2015           | 2016          | 2017          | 2018          | 2019          | 2020          |
|----------------|---------------|---------------|---------------|---------------|---------------|
| (\$13,050,512) | (\$8,241,709) | (\$5,384,635) | (\$5,021,358) | (\$3,867,099) | (\$2,444,657) |
| 2,449,785      | 1,079,511     | 538,756       | 916,107       | 2,512,995     | 2,342,061     |
| (10,600,727)   | (7,162,198)   | (4,845,879)   | (4,105,251)   | (1,354,104)   | (102,596)     |
| 9,243,236      | 9,343,500     | 9,753,971     | 10,229,691    | 10,706,977    | 11,259,043    |
| 5,363          | 91,385        | 181,712       | 59,508        | 38,926        | 47,188        |
| 112,961        | 210,142       | 207,792       | 369,485       | 1,029,944     | 684,384       |
| 17,836         | 66,255        | 38,022        | 17,318        | 68,472        | 150,041       |
| -              | 1,333,166     | -             | -             | -             | -             |
| 66,834         | (914,414)     | (308,694)     | (472,370)     | (1,311,593)   | (4,066,269)   |
| 9,446,230      | 10,130,034    | 9,872,803     | 10,203,632    | 10,532,726    | 8,074,387     |
| 51,167         | 107,119       | 106,488       | 213,434       | 523,554       | 383,963       |
| (66,834)       | 914,414       | 308,694       | 472,370       | 1,311,593     | 4,066,269     |
| (15,667)       | 1,021,533     | 415,182       | 685,804       | 1,835,147     | 4,450,232     |
| \$9,430,563    | \$11,151,567  | \$10,287,985  | \$10,889,436  | \$12,367,873  | \$12,524,619  |
| (\$3,604,282)  | \$1,888,325   | \$4,488,168   | \$5,182,274   | \$6,665,627   | \$5,629,730   |
| 2,434,118      | 2,101,044     | 953,938       | 1,601,911     | 4,348,142     | 6,792,293     |
| (\$1,170,164)  | \$3,989,369   | \$5,442,106   | \$6,784,185   | \$11,013,769  | \$12,422,023  |



**CITY OF LINO LAKES, MINNESOTA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

|                                    | 2011                | 2012                | 2013                | 2014                |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund:                      |                     |                     |                     |                     |
| Nonspendable                       | \$165,079           | \$180,786           | \$176,797           | \$253,471           |
| Committed                          | -                   | -                   | -                   | -                   |
| Unassigned                         | 5,440,101           | 5,053,031           | 5,209,286           | 5,053,064           |
| Total general fund                 | <u>\$5,605,180</u>  | <u>\$5,233,817</u>  | <u>\$5,386,083</u>  | <u>\$5,306,535</u>  |
| All other governmental funds:      |                     |                     |                     |                     |
| Nonspendable                       | 906,010             | 823,113             | 101,710             | 101,302             |
| Restricted                         | 2,658,010           | 3,041,524           | 3,651,550           | 2,830,526           |
| Committed                          | 110,568             | 115,196             | 121,075             | 152,078             |
| Assigned                           | 10,808,268          | 15,573,179          | 15,710,702          | 18,027,773          |
| Unassigned                         | (3,154,496)         | (3,262,728)         | (3,393,547)         | (375,851)           |
| Total all other governmental funds | <u>\$11,328,360</u> | <u>\$16,290,284</u> | <u>\$16,191,490</u> | <u>\$20,735,828</u> |
| Total all funds                    | <u>\$16,933,540</u> | <u>\$21,524,101</u> | <u>\$21,577,573</u> | <u>\$26,042,363</u> |

The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011. Information for years prior to 2011 is presented in accordance with fund balance classifications in effect at that time.

**Table 3**

| 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$220,677    | \$225,114    | \$243,317    | \$286,186    | \$296,907    | \$315,224    |
| -            | -            | -            | -            | 443,900      | 425,000      |
| 5,725,736    | 6,031,077    | 6,573,608    | 6,599,956    | 6,052,388    | 6,787,498    |
| \$5,946,413  | \$6,256,191  | \$6,816,925  | \$6,886,142  | \$6,793,195  | \$7,527,722  |
| 101,177      | 101,220      | 101,659      | 101,998      | 102,842      | 102,076      |
| 2,637,638    | 6,502,424    | 5,289,641    | 9,824,255    | 6,650,462    | 8,206,540    |
| 163,239      | 170,950      | 175,401      | 182,613      | 175,485      | 470,047      |
| 15,022,852   | 15,778,480   | 14,581,669   | 19,195,652   | 19,672,706   | 18,943,415   |
| (3,815,304)  | (978,496)    | (2,909,173)  | (2,935,459)  | (3,171,161)  | (3,129,676)  |
| \$14,109,602 | \$21,574,578 | \$17,239,197 | \$26,369,059 | \$23,430,334 | \$24,592,402 |
| \$20,056,015 | \$27,830,769 | \$24,056,122 | \$33,255,201 | \$30,223,529 | \$32,120,124 |

**CITY OF LINO LAKES, MINNESOTA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

|   | 2011                 | 2012               | 2013              | 2014               |
|---|----------------------|--------------------|-------------------|--------------------|
| <b>Revenues:</b>  |                      |                    |                   |                    |
| Property taxes  | \$8,655,971          | \$8,560,340        | \$8,475,214       | \$8,612,011        |
| Licenses and permits                                    | 322,030              | 319,172            | 431,654           | 407,681            |
| Intergovernmental                                       | 1,331,914            | 5,267,570          | 500,963           | 823,025            |
| Special assessments                                     | 904,522              | 816,998            | 2,130,519         | 1,278,202          |
| Charges for services                                    | 812,604              | 744,633            | 717,300           | 731,640            |
| Fines and forfeits                                      | 154,020              | 155,956            | 119,079           | 149,653            |
| Investment earnings                                     | 251,244              | 202,825            | (53,466)          | 265,794            |
| Miscellaneous   | 460,710              | 414,088            | 384,749           | 767,477            |
| Total revenues  | <u>12,893,015</u>    | <u>16,481,582</u>  | <u>12,706,012</u> | <u>13,035,483</u>  |
| <b>Expenditures:</b>                                    |                      |                    |                   |                    |
| Current:  |                      |                    |                   |                    |
| General government                                      | 1,773,515            | 1,619,215          | 1,569,722         | 1,692,175          |
| Public safety   | 3,791,329            | 3,861,265          | 3,744,957         | 3,845,732          |
| Public services   | 3,251,923            | 4,396,406          | 3,956,766         | 4,156,497          |
| Conservation of natural resources                       | 134,122              | 176,318            | 134,127           | 149,292            |
| Community development                                   | 624,286              | 435,154            | 418,533           | 402,750            |
| Capital outlay  | 4,209,593            | 616,931            | 291,135           | 674,488            |
| Debt service:   |                      |                    |                   |                    |
| Principal   | 2,030,000            | 2,145,000          | 2,214,000         | 3,664,000          |
| Interest and fiscal charges                             | 983,129              | 831,875            | 774,172           | 696,780            |
| Bond issuance costs                                     | -                    | 47,054             | 17,137            | -                  |
| Total expenditures                                      | <u>16,797,897</u>    | <u>14,129,218</u>  | <u>13,120,549</u> | <u>15,281,714</u>  |
| Excess (deficiency) of revenues over expenditures       | <u>(3,904,882)</u>   | <u>2,352,364</u>   | <u>(414,537)</u>  | <u>(2,246,231)</u> |
| <b>Other financing sources (uses):</b>                  |                      |                    |                   |                    |
| Proceeds from sale of capital assets                    | 50,953               | 4,175              | 16,727            | 1,727              |
| Insurance recovery                                      | -                    | -                  | -                 | -                  |
| Issuance of debt  | 120,000              | 2,165,000          | 808,000           | 3,140,000          |
| Premium on bonds issued                                 | -                    | -                  | 6,558             | -                  |
| Payment to refunded bond escrow agent                   | -                    | -                  | (435,000)         | -                  |
| Loan payable reapportionment                            | (565,000)            | -                  | -                 | -                  |
| Transfers in  | 2,971,715            | 1,979,457          | 1,722,541         | 2,608,534          |
| Transfers out   | (2,905,593)          | (1,910,435)        | (1,650,817)       | (2,539,240)        |
| Total other financing sources (uses)                    | <u>(327,925)</u>     | <u>2,238,197</u>   | <u>468,009</u>    | <u>3,211,021</u>   |
| Special item - withdrawal from fire district            | <u>-</u>             | <u>-</u>           | <u>-</u>          | <u>-</u>           |
| Net change in fund balance                              | <u>(\$4,232,807)</u> | <u>\$4,590,561</u> | <u>\$53,472</u>   | <u>\$964,790</u>   |
| Debt service as a percentage of noncapital expenditures | 23.9%                | 22.0%              | 23.3%             | 29.9%              |
| Debt service as a percentage of total expenditures      | 17.9%                | 21.1%              | 22.8%             | 28.5%              |

Table 4

| 2015          | 2016        | 2017          | 2018         | 2019          | 2020         |
|---------------|-------------|---------------|--------------|---------------|--------------|
| \$8,950,507   | \$9,369,090 | \$9,772,741   | \$10,215,761 | \$10,685,592  | \$11,232,374 |
| 551,202       | 895,581     | 1,447,571     | 1,260,046    | 941,569       | 972,450      |
| 679,627       | 706,944     | 1,080,953     | 3,453,300    | 688,389       | 2,597,744    |
| 703,141       | 4,400,635   | 2,283,974     | 2,005,970    | 1,935,178     | 987,053      |
| 696,501       | 1,293,556   | 1,327,781     | 1,003,896    | 1,862,803     | 1,609,627    |
| 127,803       | 251,653     | 613,593       | 137,940      | 131,936       | 160,279      |
| 112,915       | 210,142     | 207,792       | 369,485      | 1,029,944     | 684,384      |
| 766,072       | 417,448     | 410,640       | 323,379      | 265,130       | 246,599      |
| 12,587,768    | 17,545,049  | 17,145,045    | 18,769,777   | 17,540,541    | 18,490,510   |
| 1,643,966     | 1,845,667   | 1,952,669     | 1,948,909    | 2,007,741     | 3,412,600    |
| 11,895,482    | 4,333,080   | 4,360,517     | 4,575,957    | 4,720,122     | 4,744,173    |
| 4,779,696     | 3,203,837   | 3,414,412     | 3,148,058    | 3,538,624     | 3,083,366    |
| 191,038       | 201,635     | 183,392       | 199,026      | 207,919       | 160,884      |
| 422,935       | 425,402     | 433,144       | 572,910      | 680,419       | 665,405      |
| 1,566,057     | 3,044,615   | 2,152,848     | 3,469,208    | 7,444,939     | 6,387,441    |
| 2,802,511     | 2,769,525   | 8,058,525     | 3,130,600    | 2,815,075     | 2,855,000    |
| 542,166       | 816,362     | 640,029       | 437,659      | 562,471       | 629,282      |
| 62,831        | 98,906      | -             | -            | -             | -            |
| 23,906,682    | 16,739,029  | 21,195,536    | 17,482,327   | 21,977,310    | 21,938,151   |
| (11,318,914)  | 806,020     | (4,050,491)   | 1,287,450    | (4,436,769)   | (3,447,641)  |
| 54,522        | 72,182      | 103,328       | 49,391       | 77,986        | 240,842      |
| -             | -           | -             | -            | 711,854       | -            |
| 8,606,250     | 5,464,000   | 311,000       | 7,218,900    | 388,535       | 4,624,235    |
| 114,960       | 41,497      | -             | 401,193      | -             | 435,623      |
| -             | -           | -             | -            | -             | -            |
| -             | -           | -             | -            | -             | -            |
| 3,392,971     | 3,521,180   | 6,984,443     | 4,266,440    | 2,777,663     | 4,122,789    |
| (3,336,137)   | (3,241,959) | (7,122,927)   | (4,024,295)  | (2,550,941)   | (4,079,253)  |
| 8,832,566     | 5,856,900   | 275,844       | 7,911,629    | 1,405,097     | 5,344,236    |
| -             | 1,111,834   | -             | -            | -             | -            |
| (\$2,486,348) | \$7,774,754 | (\$3,774,647) | \$9,199,079  | (\$3,031,672) | \$1,896,595  |
| 15.0%         | 26.2%       | 45.4%         | 25.5%        | 23.2%         | 23.8%        |
| 14.0%         | 21.4%       | 41.0%         | 20.4%        | 15.4%         | 15.9%        |

**CITY OF LINO LAKES, MINNESOTA**  
**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**  
Last Ten Fiscal Years

**Table 5**

| Payable<br>Year | Residential<br>Property | Commercial/<br>Industrial<br>Property | Personal<br>Property | Total Taxable<br>Assessed<br>Value | Total Direct<br>Tax Rate | Estimated<br>Taxable<br>Market<br>Value |
|-----------------|-------------------------|---------------------------------------|----------------------|------------------------------------|--------------------------|---|
| 2011            | \$16,214,698            | \$3,223,901                           | \$303,964            | \$19,742,563                       | 42.04                    | \$1,804,121,500                         |
| 2012            | 14,743,557              | 2,945,026                             | 310,870              | 17,999,453                         | 42.89                    | 1,640,455,854                           |
| 2013            | 13,693,905              | 2,571,769                             | 336,047              | 16,601,721                         | 46.77                    | 1,519,857,242                           |
| 2014            | 13,646,798              | 2,450,473                             | 341,974              | 16,439,245                         | 46.68                    | 1,509,921,169                           |
| 2015            | 15,455,516              | 2,536,783                             | 347,316              | 18,339,615                         | 43.77                    | 1,694,366,064                           |
| 2016            | 15,472,329              | 2,609,482                             | 359,006              | 18,440,817                         | 46.02                    | 1,699,288,883                           |
| 2017            | 16,480,328              | 2,767,099                             | 396,378              | 19,643,805                         | 45.14                    | 1,808,417,118                           |
| 2018            | 17,879,879              | 2,966,548                             | 442,867              | 21,289,294                         | 42.83                    | 1,959,826,108                           |
| 2019            | 18,920,892              | 3,294,449                             | 471,895              | 22,687,236                         | 41.82                    | 2,082,803,803                           |
| 2020            | 20,781,383              | 3,686,997                             | 419,457              | 24,887,837                         | 39.87                    | 2,294,753,477                           |

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

Source: Anoka County, Minnesota Assessors' Office

**CITY OF LINO LAKES, MINNESOTA**

**DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES**

**Table 6**

Last Ten Fiscal Years

(rate per \$100 of Tax Capacity)

| Fiscal<br>Year | City Direct Rate |                                       |                 | Overlapping Rates                         |                 |                              |                      | Total Direct and<br>Overlapping<br>Tax Rate |
|----------------|------------------|---------------------------------------|-----------------|---|-----------------|------------------------------|----------------------|---|
|                | Basic<br>Rate    | General<br>Obligation<br>Debt Service | Total<br>Direct | Centennial<br>School District<br>ISD # 12 | Anoka<br>County | Other<br>Taxing<br>Districts | Total<br>Overlapping |   |
| 2011           | 37.425           | 4.616                                 | 42.041          | 43.695                                    | 39.952          | 6.278                        | 89.925               | 131.966                                     |
| 2012           | 37.501           | 5.393                                 | 42.894          | 40.010                                    | 41.146          | 6.691                        | 87.847               | 130.741                                     |
| 2013           | 40.964           | 5.810                                 | 46.774          | 43.681                                    | 44.411          | 6.940                        | 95.032               | 141.806                                     |
| 2014           | 39.784           | 6.899                                 | 46.683          | 46.186                                    | 43.239          | 6.712                        | 96.137               | 142.820                                     |
| 2015           | 37.819           | 5.951                                 | 43.770          | 36.562                                    | 38.123          | 6.021                        | 80.706               | 124.476                                     |
| 2016           | 35.025           | 10.994                                | 46.019          | 36.426                                    | 38.894          | 6.405                        | 81.725               | 127.744                                     |
| 2017           | 35.105           | 10.035                                | 45.140          | 29.097                                    | 36.841          | 5.810                        | 71.748               | 116.888                                     |
| 2018           | 36.168           | 6.658                                 | 42.826          | 34.970                                    | 35.334          | 5.658                        | 75.962               | 118.788                                     |
| 2019           | 33.875           | 7.942                                 | 41.817          | 35.984                                    | 34.473          | 5.300                        | 75.757               | 117.574                                     |
| 2020           | 31.803           | 8.067                                 | 39.870          | 34.059                                    | 33.078          | 5.048                        | 72.185               | 112.055                                     |

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

Source: Anoka County Property Records and Tax Division

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**CITY OF LINO LAKES, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
Current Year and Nine Years Ago

**Table 7**

| Taxpayer                                  | 2020                           |      |   | 2011                           |      |   |
|---|--------------------------------|------|---|--------------------------------|------|---|
|   | Taxable<br>Net Tax<br>Capacity | Rank | Percentage<br>of Total City<br>Taxable<br>Net Tax<br>Capacity | Taxable<br>Net Tax<br>Capacity | Rank | Percentage<br>of Total City<br>Taxable<br>Net Tax<br>Capacity |
| AX Lino Lakes LP                          | \$398,754                      | 1    | 1.60%   | \$ -                           | -    | -   |
| Biynah MN WI LLC                          | 349,912                        | 2    | 1.41%   | -                              | -    | -   |
| US Home Corporation                       | 243,725                        | 3    | 0.98%   | -                              | -    | -   |
| Target Corporation                        | 239,248                        | 4    | 0.96%   | 241,894                        | 1    | 1.23%   |
| Northern States Power Co                  | 231,476                        | 5    | 0.93%   | -                              | -    | -   |
| Minnegasco Inc                            | 176,296                        | 6    | 0.71%   | -                              | -    | -   |
| Lino Lakes Assisted Living LLC            | 167,796                        | 7    | 0.67%   | -                              | -    | -   |
| LLAH Limited Partnership                  | 144,733                        | 8    | 0.58%   | -                              | -    | -   |
| Gargaro Properties LLC                    | 123,474                        | 9    | 0.50%   | 97,920                         | 7    | 0.50%   |
| Tomas Commercial Real Estate Holdings LLC | 104,240                        | 10   | 0.42%   | -                              | -    | -   |
| Lino Lakes Realty LLC                     | -                              |      | -   | 227,648                        | 2    | 1.15%   |
| Xcel Energy                               | -                              |      | -   | 152,398                        | 3    | 0.77%   |
| Moline Concrete Products                  | -                              |      | -   | 140,306                        | 4    | 0.71%   |
| Kohl's Department Store                   | -                              |      | -   | 130,194                        | 5    | 0.66%   |
| Taylor Corporation                        | -                              |      | -   | 111,778                        | 6    | 0.57%   |
| EOC Lino Lakes LLC                        | -                              |      | -   | 96,246                         | 8    | 0.49%   |
| Marmon/Keystone Corp                      | -                              |      | -   | 89,250                         | 9    | 0.45%   |
| Royal Oaks Realty Inc                     | -                              |      | -   | 79,789                         | 10   | 0.40%   |
| Total                                     | <u>\$2,179,654</u>             |      | <u>8.76%</u>  | <u>\$1,367,423</u>             |      | <u>6.93%</u>  |

Source: Anoka County



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

| Fiscal<br>Year | Taxes Levied for the Fiscal Year |                  |                   | Collected within the<br>Fiscal Year of Levy |                          |
|----------------|----------------------------------|------------------|-------------------|---|--------------------------|
|                | Operating<br>Tax Levy            | Debt<br>Tax Levy | Total Tax<br>Levy | Amount                                      | Percentage<br>of<br>Levy |
| 2011           | \$7,719,240                      | \$940,760        | \$8,660,000       | \$8,486,845                                 | 98.0%                    |
| 2012           | 7,192,818                        | 1,034,441        | 8,227,259         | 8,095,502                                   | 98.4%                    |
| 2013           | 7,190,538                        | 1,025,090        | 8,215,628         | 8,094,911                                   | 98.5%                    |
| 2014           | 7,098,922                        | 1,197,122        | 8,296,044         | 8,229,986                                   | 99.2%                    |
| 2015           | 7,490,578                        | 1,195,494        | 8,686,072         | 8,630,830                                   | 99.4%                    |
| 2016           | 7,018,572                        | 2,039,856        | 9,058,428         | 9,022,964                                   | 99.6%                    |
| 2017           | 7,360,431                        | 2,131,424        | 9,491,855         | 9,439,688                                   | 99.5%                    |
| 2018           | 8,165,859                        | 1,610,873        | 9,776,732         | 9,729,472                                   | 99.5%                    |
| 2019           | 8,193,124                        | 1,862,292        | 10,055,416        | 9,981,243                                   | 99.3%                    |
| 2020           | 8,368,756                        | 2,122,762        | 10,491,518        | 10,415,622                                  | 99.3%                    |

Current year levies and collections include State levy related credits, but do not include tax increment levies and collections.

Table 8

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| Collections in<br>Subsequent<br>Years | Total Collections to Date |                          | Outstanding<br>Delinquent<br>Taxes | Percentage<br>of Levy<br>Outstanding |
|---------------------------------------|---------------------------|--------------------------|------------------------------------|--------------------------------------|
|                                       | Amount                    | Percentage<br>of<br>Levy |                                    |                                      |
| \$127,296                             | \$8,614,141               | 99.5%                    | \$45,859                           | 0.5%                                 |
| 78,631                                | 8,174,133                 | 99.4%                    | 53,126                             | 0.6%                                 |
| 70,352                                | 8,165,263                 | 99.4%                    | 50,365                             | 0.6%                                 |
| 42,365                                | 8,272,351                 | 99.7%                    | 23,693                             | 0.3%                                 |
| 26,865                                | 8,657,695                 | 99.7%                    | 28,377                             | 0.3%                                 |
| 10,021                                | 9,032,985                 | 99.7%                    | 25,443                             | 0.3%                                 |
| 15,974                                | 9,455,662                 | 99.6%                    | 36,193                             | 0.4%                                 |
| 33,231                                | 9,762,703                 | 99.9%                    | 14,029                             | 0.1%                                 |
| 45,842                                | 10,027,085                | 99.7%                    | 28,331                             | 0.3%                                 |
| -                                     | 10,415,622                | 99.3%                    | 75,896                             | 0.7%                                 |

**CITY OF LINO LAKES, MINNESOTA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
Last Ten Fiscal Years

| Fiscal<br>Year | Governmental Activities        |                                   |                            | Business-Type<br>Activities               |
|----------------|--------------------------------|-----------------------------------|----------------------------|---|
|                | General<br>Obligation<br>Bonds | Special<br>Assessments<br>Payable | Other<br>Long-Term<br>Debt | General<br>Obligation<br>Revenue<br>Bonds |
| 2011           | \$9,421,000                    | \$7,985,000                       | \$3,695,000                | \$405,000                                 |
| 2012           | 10,331,000                     | 7,095,000                         | 3,695,000                  | -   |
| 2013           | 9,610,000                      | 5,975,000                         | 3,695,000                  | -   |
| 2014           | 9,036,000                      | 7,640,000                         | 2,080,000                  | -   |
| 2015           | 16,377,291                     | 6,620,000                         | 1,720,000                  | -   |
| 2016           | 18,337,081                     | 7,795,000                         | 1,609,000                  | -   |
| 2017           | 14,837,768                     | 4,905,000                         | 233,475                    | -   |
| 2018           | 20,360,713                     | 3,890,000                         | 202,125                    | -   |
| 2019           | 18,952,364                     | 2,855,000                         | 169,950                    | -   |
| 2020           | 22,190,202                     | 1,805,000                         | 136,950                    | -   |

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

(1) Personal income information is not yet available for 2020 from the Bureau of Economic Analysis Report

**Table 9**

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| Total<br>Primary<br>Government | Percentage<br>of Assessed<br>Market Value | Percentage<br>of Personal<br>Income | Per<br>Capita |
|--------------------------------|---|-------------------------------------|---------------|
| \$21,506,000                   | 1.19%                                     | 0.16%                               | 1,049         |
| 21,121,000                     | 1.29%                                     | 0.15%                               | 1,024         |
| 19,280,000                     | 1.27%                                     | 0.13%                               | 925           |
| 18,756,000                     | 1.24%                                     | 0.12%                               | 888           |
| 24,717,291                     | 1.46%                                     | 0.15%                               | 1,205         |
| 27,741,081                     | 1.63%                                     | 0.17%                               | 1,334         |
| 19,976,243                     | 1.10%                                     | 0.12%                               | 946           |
| 24,452,838                     | 1.25%                                     | 0.14%                               | 1,145         |
| 21,977,314                     | 1.03%                                     | 0.12%                               | 994           |
| 24,132,152                     | 1.05%                                     | (1)                                 | 1,077         |

**CITY OF LINO LAKES, MINNESOTA**  
**RATIOS OF NET GENERAL BONDED DEBT**  
Last Ten Fiscal Years

| Fiscal<br>Year | Governmental Activities        |                                   | Total<br>Primary<br>Government |
|----------------|--------------------------------|-----------------------------------|--------------------------------|
|                | General<br>Obligation<br>Bonds | Special<br>Assessments<br>Payable |                                |
| 2011           | \$9,421,000                    | \$7,985,000                       | \$17,406,000                   |
| 2012           | 10,331,000                     | 7,095,000                         | 17,426,000                     |
| 2013           | 9,610,000                      | 5,975,000                         | 15,585,000                     |
| 2014           | 9,036,000                      | 7,640,000                         | 16,676,000                     |
| 2015           | 16,377,291                     | 6,620,000                         | 22,997,291                     |
| 2016           | 18,337,081                     | 7,795,000                         | 26,132,081                     |
| 2017           | 14,837,768                     | 4,905,000                         | 19,742,768                     |
| 2018           | 20,360,713                     | 3,890,000                         | 24,250,713                     |
| 2019           | 18,952,364                     | 2,855,000                         | 21,807,364                     |
| 2020           | 22,190,202                     | 1,805,000                         | 23,995,202                     |

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

**Table 10**

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| Per<br>Capita (Total) | Less: Amounts<br>Available in Debt<br>Service Funds | Net<br>Bonded Debt | Percentage<br>of Assessed<br>Market Value | Per<br>Capita (Net) |
|-----------------------|---|--------------------|---|---------------------|
| \$849                 | \$2,638,129   | \$14,767,871       | 0.82%                                     | \$720               |
| 845                   | 3,035,557   | 14,390,443         | 0.88%                                     | 698                 |
| 748                   | 3,357,196   | 12,227,804         | 0.80%                                     | 587                 |
| 789                   | 2,501,738   | 14,174,262         | 0.94%                                     | 671                 |
| 1,121                 | 2,813,226   | 20,184,065         | 1.19%                                     | 984                 |
| 1,256                 | 8,420,263   | 17,711,818         | 1.04%                                     | 851                 |
| 935                   | 5,171,905   | 14,570,863         | 0.81%                                     | 690                 |
| 1,102                 | 4,456,461   | 19,794,252         | 1.01%                                     | 900                 |
| 986                   | 4,772,799   | 17,034,565         | 0.80%                                     | 765                 |
| 1,071                 | 5,399,895   | 18,595,307         | 0.81%                                     | 830                 |

**CITY OF LINO LAKES, MINNESOTA****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2020

**Table 11**

|                                   | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable* | Estimated<br>Share of<br>Overlapping<br>Debt |
|-----------------------------------|---------------------|--|--|
| Overlapping debt:                 |                     |  |  |
| Anoka County                      | \$61,405,000        | 6.1%                                   | \$3,764,510                                  |
| ISD 12                            | 88,547,738          | 43.1%                                  | 38,189,664                                   |
| ISD 624                           | 324,205,000         | 3.1%                                   | 10,028,252                                   |
| ISD 831                           | 161,160,000         | 7.1%                                   | 11,363,427                                   |
| Metropolitan Council              | 1,688,625,662       | 0.6%                                   | 9,611,081                                    |
| Anoka County Railroad Authority   | 20,280,000          | 6.1%                                   | 1,243,291                                    |
| Total overlapping                 |                     |  | 74,200,225                                   |
| City of Lino Lakes direct debt    | 24,132,152          | 100%                                   | 24,132,152                                   |
| Total direct and overlapping debt |                     |  | \$98,332,377                                 |

\*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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

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

**CITY OF LINO LAKES, MINNESOTA**  
**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years

**Table 12**

**Legal Debt Margin Calculation for Fiscal Year 2020**

|                           |                            |
|---------------------------|----------------------------|
| Market value              | \$2,384,497,900            |
| Applicable percentage     | 3%                         |
| Debt limit                | <u>71,534,937</u>          |
| Debt applicable to limit: |                            |
| Total bonded debt         | 24,132,152                 |
| Less:                     |                            |
| Special assessment bonds  | (1,805,000)                |
| Tax abatement bonds       | (870,000)                  |
| Tax increment bonds       | (1,020,000)                |
| Utility revenue bonds     | <u>(7,220,000)</u>         |
|                           | <u>13,217,152</u>          |
| Legal debt margin         | <u><u>\$58,317,785</u></u> |

**Legal Debt Margin Calculation for Fiscal Years 2011 Through 2020**

| Fiscal Year | Population | Debt Limit | Net Debt Applicable to Limit | Legal Debt Margin | Amount of Debt Applicable to Debt Limit | Net Debt Applicable to Limit Per Capita |
|-------------|------------|------------|------------------------------|-------------------|---|---|
| 2011        | 20,505     | 54,123,645 | 2,961,000                    | 51,162,645        | 5.47%                                   | 144                                     |
| 2012        | 20,625     | 49,213,676 | 4,591,000                    | 44,622,676        | 9.33%                                   | 223                                     |
| 2013        | 20,833     | 45,595,717 | 4,280,000                    | 41,315,717        | 9.39%                                   | 205                                     |
| 2014        | 21,129     | 45,297,635 | 4,191,000                    | 41,106,635        | 9.25%                                   | 198                                     |
| 2015        | 20,519     | 50,830,982 | 11,941,250                   | 38,889,732        | 23.49%                                  | 582                                     |
| 2016        | 20,803     | 50,978,666 | 10,122,081                   | 40,856,585        | 19.86%                                  | 487                                     |
| 2017        | 21,117     | 54,252,514 | 10,426,243                   | 43,826,271        | 19.22%                                  | 494                                     |
| 2018        | 22,000     | 58,794,783 | 14,497,838                   | 44,296,945        | 24.66%                                  | 659                                     |
| 2019        | 21,650     | 65,496,045 | 13,637,314                   | 51,858,731        | 20.82%                                  | 630                                     |
| 2020        | 22,410     | 71,534,937 | 13,217,152                   | 58,317,785        | 18.48%                                  | 590                                     |



**CITY OF LINO LAKES, MINNESOTA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Fiscal Years

**Table 13**

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| Fiscal<br>Year | (1)<br>Population | (2)<br>Personal<br>Income<br><i>(thousands<br/>of dollars)</i> | (2)<br>Per<br>Capita<br>Personal<br>Income | (3)<br>School<br>Enrollment | (4)<br>Unemployment<br>Rate |
|----------------|-------------------|--|--|-----------------------------|-----------------------------|
| 2011           | 20,505            | \$831,170  | \$40,535                                   | 6,426                       | 5.9%                        |
| 2012           | 20,625            | 857,753  | 41,588                                     | 6,421                       | 5.6%                        |
| 2013           | 20,833            | 879,903  | 42,236                                     | 6,392                       | 4.5%                        |
| 2014           | 21,129            | 917,252  | 43,412                                     | 6,410                       | 3.4%                        |
| 2015           | 20,519            | 934,764  | 45,556                                     | 6,371                       | 3.3%                        |
| 2016           | 20,803            | 975,682  | 46,901                                     | 6,473                       | 3.9%                        |
| 2017           | 21,117            | 1,028,123  | 48,687                                     | 6,500                       | 3.1%                        |
| 2018           | 22,000            | 1,094,205  | 51,258                                     | 6,558                       | 3.9%                        |
| 2019           | 21,650            | 1,131,213  | 52,250                                     | 6,641                       | 3.2%                        |
| 2020           | 22,410            | Not available  | Not available                              | 6,654                       | 4.8%                        |

Sources:

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

**CITY OF LINO LAKES, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 14**

| Employer                             | 2020         |      |  | 2011         |      |  |
|--------------------------------------|--------------|------|--|--------------|------|--|
|                                      | Employees    | Rank | Percentage of Total City Employment <sup>(1)</sup> | Employees    | Rank | Percentage of Total City Employment <sup>(1)</sup> |
| State of Minnesota Corrections       | 478          | 1    | 26.1%  | 432          | 1    | 24.0%  |
| ISD 12 - Centennial Schools          | 391          | 2    | 21.4%  | 362          | 2    | 20.1%  |
| Target Corporation                   | 200          | 3    | 10.9%  | 260          | 3    | 14.4%  |
| Molin Concrete Products              | 130          | 4    | 7.1%   | 120          | 6    | 6.7%   |
| Rehbein Transit, Inc.                | 130          | 5    | 7.1%   | 100          | 8    | 5.6%   |
| Anoka County Juvenile Center         | 130          | 6    | 7.1%   | 86           | 9    | 4.8%   |
| Kohls                                | 123          | 7    | 6.7%   | 121          | 5    | 6.7%   |
| Distribution Alternatives            | 120          | 8    | 6.6%   | -            | -    | -  |
| City of Lino Lakes                   | 67           | 9    | 3.7%   | -            | -    | -  |
| Northern Wholesale                   | 61           | 10   | 3.3%   | -            | -    | -  |
| Curtis 1000 (AdGraphics/Taylor Corp) | -            | -    | -  | 130          | 4    | 7.2%   |
| YMCA                                 | -            | -    | -  | 120          | 7    | 6.7%   |
| Nol-Tech Systems, Inc.               | -            | -    | -  | 70           | 10   | 3.9%   |
| Total                                | <u>1,830</u> |      |  | <u>1,801</u> |      |  |

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

Source: City of Lino Lakes Official Statements and employer surveys

**CITY OF LINO LAKES, MINNESOTA****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

|                                | Full-Time-Equivalent Employees as of December 31, |       |       |       |
|--------------------------------|---|-------|-------|-------|
|                                | 2011  | 2012  | 2013  | 2014  |
| General Government:            |   |       |       |       |
| Administration                 | 3.50  | 3.50  | 3.50  | 3.50  |
| Seniors                        | -   | -     | -     | -     |
| Finance                        | 3.00  | 3.00  | 3.00  | 3.00  |
| Economic Development           | 1.00  | 1.00  | -     | -     |
| Planning                       | 1.00  | 1.00  | 1.00  | 1.00  |
| Community Development          | 2.00  | 2.00  | 2.00  | 2.00  |
| Building                       | -   | -     | -     | -     |
| Other                          | 0.70  | 0.70  | 0.70  | 0.70  |
| Total General Government       | 11.20   | 11.20 | 10.20 | 10.20 |
| Public Safety:                 |   |       |       |       |
| Sworn Officers                 | 25.00   | 25.00 | 25.00 | 25.00 |
| Civilians                      | 4.00  | 3.00  | 3.00  | 4.00  |
| Fire                           | -   | -     | -     | 1.00  |
| Building Inspection            | 2.50  | 2.50  | 2.50  | 2.00  |
| Total Public Safety            | 31.50   | 30.50 | 30.50 | 32.00 |
| Public Works:                  |   |       |       |       |
| Streets                        | 7.00  | 7.00  | 7.00  | 7.00  |
| Other                          | 1.00  | 1.00  | 1.00  | 1.00  |
| Total Public Works             | 8.00  | 8.00  | 8.00  | 8.00  |
| Parks, Recreation and Forestry | 9.00  | 9.00  | 8.70  | 8.70  |
| Water                          | 2.15  | 2.15  | 2.30  | 2.30  |
| Sewer                          | 2.15  | 2.15  | 2.30  | 2.30  |
| Total                          | 64.00   | 63.00 | 62.00 | 63.50 |

Source: City Finance Office

Table 15

| Full-Time-Equivalent Employees as of December 31, |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
| 3.50  | 4.00  | 4.00  | 4.00  | 4.00  | 4.00  |
| -   | -     | -     | -     | -     | -     |
| 3.00  | 3.50  | 3.50  | 3.50  | 3.50  | 3.10  |
| -   | -     | -     | -     | -     | -     |
| 1.00  | 1.00  | 1.00  | 1.00  | 1.00  | 1.00  |
| 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  |
| -   | -     | -     | -     | -     | -     |
| 0.70  | 0.65  | 0.65  | 0.65  | 0.65  | 0.625 |
| 10.20   | 11.15 | 11.15 | 11.15 | 11.15 | 10.73 |
| 26.00   | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| 4.00  | 4.50  | 4.50  | 4.00  | 4.00  | 4.00  |
| 1.00  | 1.50  | 1.50  | 1.50  | 1.50  | 1.50  |
| 2.00  | 2.50  | 2.50  | 2.50  | 3.50  | 3.50  |
| 33.00   | 35.50 | 35.50 | 35.00 | 36.00 | 36.00 |
| 7.00  | 6.50  | 6.65  | 6.65  | 6.65  | 6.50  |
| 1.00  | 1.50  | 1.50  | 1.50  | 1.50  | 1.50  |
| 8.00  | 8.00  | 8.15  | 8.15  | 8.15  | 8.00  |
| 8.70  | 7.75  | 7.90  | 6.90  | 6.90  | 5.78  |
| 2.30  | 2.30  | 2.70  | 3.20  | 3.20  | 3.25  |
| 2.30  | 2.30  | 2.70  | 3.20  | 3.20  | 3.25  |
| 64.50   | 67.00 | 68.10 | 67.60 | 68.60 | 67.00 |

**CITY OF LINO LAKES, MINNESOTA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
Last Ten Fiscal Years

|   | 2011         | 2012         | 2013         | 2014         |
|---|--------------|--------------|--------------|--------------|
| General Government:                           |              |              |              |              |
| Elections                                     | 1            | 2            | 1            | 2            |
| Registered voters                             | 11,705       | 13,478       | 12,020       | 12,610       |
| Number of votes cast                          | 4,314        | 11,546       | 1,575        | 7,854        |
| Voter participation (registered)              | 36.9%        | 85.7%        | 13.1%        | 62.3%        |
| Public Safety:                                |              |              |              |              |
| Police:                                       |              |              |              |              |
| Calls for Service                             | 6,384        | 6,344        | 6,210        | 6,281        |
| Traffic Citations & Warnings                  | 2,604        | 2,694        | 2,597        | 2,296        |
| Part I Crime Rate                             | 1,117        | 983          | 918          | 631          |
| Part II Crime Rate                            | 2,911        | 2,396        | 2,144        | 1,836        |
| Police:                                       |              |              |              |              |
| Case Numbers Generated                        |              |              |              |              |
| Avg Response Time (Emergency & Non-Emergency) |              |              |              |              |
| Part I Crime Offenses                         |              |              |              |              |
| Part II Crime Offenses                        |              |              |              |              |
| Group A                                       |              |              |              |              |
| Group B                                       |              |              |              |              |
| Clearance Rate                                |              |              |              |              |
| Fire:   |              |              |              |              |
| Fire Call Load                                |              |              |              |              |
| Fire Property Loss                            |              |              |              |              |
| Fire Property Saved                           |              |              |              |              |
| Fire Inspections                              |              |              |              |              |
| Inspections:                                  |              |              |              |              |
| Building Permits (1) (2)                      | 452          | 459          | 490          | 431          |
| Value of Building Permits                     | \$11,192,264 | \$10,751,626 | \$17,683,665 | \$13,535,514 |
| Other Permits                                 |              |              |              |              |
| Public Works:                                 |              |              |              |              |
| General Maintenance (hours)                   | 7,416        | 6,939        | 3,994        | 5,200        |
| Street Maintenance (hours)                    | 4,352        | 5,926        | 5,740        | 3,840        |
| Fleet Maintenance (hours)                     | 4,214        | 3,945        | 4,548        | 4,746        |
| Snow Plowing/Sanding (hours)                  | 1,534        | 594          | 1,639        | 2,141        |
| Culture and Recreation:                       |              |              |              |              |
| Parks   |              |              |              |              |
| Park Maintenance (hours)                      | 9,813        | 9,739        | 8,480        | 8,537        |
| Utilities:                                    |              |              |              |              |
| Water Maintenance (hours)                     | 3,568        | 3,585        | 3,119        | 3,189        |
| Sanitary Sewer Maintenance (hours)            | 3,557        | 3,517        | 3,109        | 3,178        |

- (1) 4,337 and 581 repair permits issued in 2008 - 2009, respectively, due to storm damage.  
(2) Increase in permits issued - June 2017 storm damage.  
(3) The Public Safety Department modified the metrics maintained for business purposes in 2016.  
Those changes are reflected in the 2016-2018 Operating Indicators.  
(4) Transition to FBI Uniform Crime Reporting NIBRS (National Incident Based Reporting System) in 2019.  
January -July 2019 SRS, August-Dec 2019 NIBRS.

Source: Various City Departments

Table 16

| 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 1            | 2            | 1            | 2            | 1            | 4            |
| 12,143       | 13,636       | 12,624       | 12,860       | 13,312       | 14,964       |
| 4,085        | 11,562       | 2,165        | 10,738       | 3,075        | 13,505       |
| 33.6%        | 84.8%        | 17.1%        | 83.5%        | 23.1%        | 90.2%        |
| 6,210        | 6,210        | (3)          | (3)          | (3)          | (3)          |
| 2,199        | 2,199        | (3)          | (3)          | (3)          | (3)          |
| 1,226        | 1,091        | (3)          | (3)          | (3)          | (3)          |
| 2,395        | 3,635        | (3)          | (3)          | (3)          | (3)          |
|              | 16,321       | 18,199       | 14,487       | 13,973       | 13,214       |
|              | 5:26 minutes | 4:42 minutes | 5:16 minutes | 5:53 minutes | 6:41 minutes |
|              | 224          | 176          | 195          | 93 (4)       | (4)          |
|              | 746          | 808          | 587          | 304 (4)      | (4)          |
|              |              |              |              | 266 (4)      | 778          |
|              |              |              |              | 98 (4)       | 217          |
|              | 73%          | 82%          | 69%          | 60%          | 48%          |
|              | 269          | 316          | 356          | 379          | 371          |
|              | \$694,000    | \$325,100    | \$205,200    | \$246,600    | \$241,450    |
|              | \$10,511,300 | \$6,342,100  | \$1,791,500  | \$7,548,100  | \$13,682,450 |
|              | 53           | 117          | 107          | 98           | 60           |
| 654          | 761          | 5,422        | 3,281        | 1,107        | 882          |
| \$26,570,593 | \$53,390,619 | \$50,984,047 | \$50,990,945 | \$41,766,531 | \$51,686,278 |
|              | 880          | 985          | 1,023        | 1,183        | 1,254        |
| 7,839        | 5,534        | 6,313        | 420          | 7,420        | 5,407        |
| 3,347        | 4,053        | 3,765        | 12,418       | 4,328        | 4,317        |
| 4,322        | 4,437        | 3,986        | 2,648        | 3,504        | 3,390        |
| 754          | 960          | 928          | 2,117        | 2,130        | 1,232        |
| 8,332        | 9,698        | 8,576        | 9,027        | 9,610        | 8,113        |
| 3,240        | 3,539        | 3,278        | 4,080        | 3,944        | 3,645        |
| 3,240        | 3,539        | 3,278        | 4,080        | 3,944        | 3,645        |

**CITY OF LINO LAKES, MINNESOTA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

**Table 17**

|   | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020      |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|
| Public Safety:                          |       |       |       |       |       |       |       |       |       |           |
| Police:                                 |       |       |       |       |       |       |       |       |       |           |
| Stations                                | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1         |
| Patrol Units                            | 12    | 12    | 12    | 12    | 12    | 12    | 12    | 12    | 12    | 12        |
| Fire:                                   |       |       |       |       |       |       |       |       |       |           |
| Stations                                | 1     | 1     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 2         |
| Fire Trucks                             | 5     | 5     | 5     | 5     | 7     | 7     | 8     | 8     | 8     | 8         |
| Public Works:                           |       |       |       |       |       |       |       |       |       |           |
| Lights                                  | 673   | 673   | 673   | 673   | 673   | 815   | 838   | 854   | 859   | 859       |
| Vehicles                                | 29    | 29    | 29    | 29    | 29    | 39    | 39    | 39    | 39    | 39        |
| City Streets (miles)                    | 100.7 | 100.7 | 100.7 | 100.7 | 100.7 | 100.7 | 100.7 | 106.9 | 108.2 | 104.6 (1) |
| Culture & Recreation:                   |       |       |       |       |       |       |       |       |       |           |
| Parks:                                  |       |       |       |       |       |       |       |       |       |           |
| Parks                                   | 18    | 18    | 18    | 18    | 18    | 17    | 18    | 19    | 19    | 19        |
| Park Acres                              | 141   | 141   | 141   | 141   | 141   | 139.6 | 147   | 152   | 152   | 152       |
| Asphalt Trails (miles)                  | 26    | 26    | 26    | 26    | 26    | 29.75 | 30    | 30    | 30    | 28 (2)    |
| Concrete Trails (miles)                 | -     | -     | -     | -     | -     | -     | -     | -     | -     | 7 (2)     |
| Boardwalk (miles)                       | -     | -     | -     | -     | -     | -     | -     | -     | -     | 0 (2)     |
| Park Shelters                           | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 7     | 7     | 7         |
| Basketball Courts                       | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 7     | 7     | 7         |
| Fishing Pier                            | 1     | 1     | 1     | 1     | 1     | 1     | -     | -     | -     | -         |
| Skating Rinks                           | 4     | 4     | 4     | 4     | 4     | 4     | 3     | 3     | 3     | 3         |
| Soccer Fields                           | 8     | 8     | 8     | 8     | 8     | 6     | 4     | 4     | 4     | 4         |
| Baseball/Softball Fields                | 20    | 20    | 20    | 20    | 20    | 8     | 8     | 8     | 8     | 8         |
| Tennis Courts                           | 2     | 2     | 2     | 2     | 2     | 2     | -     | -     | 1     | 1         |
| Playgrounds                             | 16    | 16    | 16    | 16    | 16    | 15    | 16    | 17    | 17    | 17        |
| Water:                                  |       |       |       |       |       |       |       |       |       |           |
| Distribution System (miles)             | 74.7  | 74.7  | 74.7  | 74.7  | 74.7  | 85.6  | 99.4  | 89.0  | 89.5  | 91.8      |
| Water Connections                       | 4,424 | 4,452 | 4,484 | 4,520 | 4,542 | 4,649 | 4,738 | 4,919 | 4,990 | 5,175     |
| Gallons Pumped (millions)               | 492   | 609   | 536   | 536   | 449   | 452   | 494   | 508   | 493   | 547       |
| Number of Fire Hydrants                 | 538   | 538   | 538   | 538   | 1,024 | 1,024 | 1,028 | 942   | 937   | 1,013     |
| Water Tower Capacity (millions gallons) | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2         |
| Sanitary Sewer:                         |       |       |       |       |       |       |       |       |       |           |
| Collection System (miles)               | 69.8  | 69.8  | 69.8  | 69.8  | 77.9  | 77.9  | 87.0  | 79.5  | 80.1  | 80.1      |
| Sewer Connections                       | 4,567 | 4,567 | 4,624 | 4,685 | 4,685 | 4,817 | 4,976 | 5,102 | 5,276 | 5,439     |
| Storm Sewer:                            |       |       |       |       |       |       |       |       |       |           |
| Pipe (miles)                            | 41.4  | 41.4  | 41.4  | 41.4  | 41.4  | 53.7  | 54.1  | 55.0  | 55.6  | 49.86 (1) |

Source: Various City Departments

(1) Decrease due to reclassification of ownership.

(2) In 2020, trails were broken out between asphalt trail, concrete sidewalk, and boardwalk.



## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lino Lakes, Minnesota (the City) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were the discount rate used to measure the net pension liability and management's estimate relating to the collectability of Legacy at Woods Edge receivables (see page 3). The discount rate is based on actuarial studies and the collectability of receivables is based on anticipated development. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.



Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 6 – Long-Term Debt, Note 10A – Deficit Fund Balances and Note 19 – Subsequent Events.

The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements that have an effect on our opinion on the financial statements. There were no corrected misstatements identified during the audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 28, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Receivables related to the Legacy at Woods Edge Development

At December 31, 2020, the balance of receivables related to the Legacy at Woods Edge Development was \$6,710,425. The receivables are presented in the financial statements as special assessments receivable (\$2,994,379) and interfund loans receivable (\$3,716,046). Collection of these amounts is dependent upon receiving sufficient proceeds from land sales and tax increment. Management believes all amounts are collectible.

## **Other Matters**

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison information, and the schedules of OPEB and pension information, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. Such information has 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.

**Restriction on Use**

This information is intended solely for the information and use of the City Council and management of the City of Lino Lakes, Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2021



## MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 28, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Lino Lakes, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2021

**CITY OF LINO LAKES, MINNESOTA**

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND  
INDEPENDENT AUDITOR'S REPORTS

For The Year Ended December 31, 2020

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**CITY OF LINO LAKES, MINNESOTA**  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

To The Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements, and have issued our report thereon dated May 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lino Lakes, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Lino Lakes, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lino Lakes, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
UNIFORM GUIDANCE

To The Honorable Mayor and  
Members of the City Council  
City of Lino Lakes, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited the City of Lino Lakes, Minnesota's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City of Lino Lakes, Minnesota's major federal program for the year ended December 31, 2020. The City of Lino Lakes, Minnesota's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City of Lino Lakes, Minnesota's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lino Lakes, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Lino Lakes, Minnesota's compliance

## **Opinion on the Major Federal Program**

In our opinion, the City of Lino Lakes, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

## **Report on Internal Control Over Compliance**

Management of the City of Lino Lakes, Minnesota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lino Lakes, Minnesota's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lino Lakes, Minnesota's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lino Lakes, Minnesota as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lino Lakes, Minnesota's basic financial statements. We have issued our report thereon dated May 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 28, 2021

**CITY OF LINO LAKES, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended December 31, 2020

| <u>Federal Grantor/Pass-Through Grantor<br/>Program or Cluster Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through Entity<br/>Identifying Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|---|---------------------------------|
| <b>U.S. Department of Treasury</b>                                       |                                    |   |                                 |
| Passed through State of Minnesota Department of Revenue:                 |                                    |   |                                 |
| COVID-19 - Coronavirus Relief Fund                                       | 21.019                             | None provided                                     | \$ 1,608,289                    |
| Passed through Anoka County:   |                                    |   |                                 |
| COVID-19 - Coronavirus Relief Fund                                       | 21.019                             | None provided                                     | 11,220                          |
| Total U.S. Department of Treasury  |                                    |   | <u>1,619,509</u>                |
| <b>U.S. Department of Justice</b>  |                                    |   |                                 |
| Direct:  |                                    |   |                                 |
| Equitable Sharing Fund   | 21.016                             | n/a   | <u>17,142</u>                   |
| Total U.S. Department of Justice   |                                    |   | <u>17,142</u>                   |
| <b>Total Federal Expenditures</b>  |                                    |   | <b><u>\$ 1,636,651</u></b>      |

*Notes to the Schedule of Expenditures of Federal Awards:*

*Note 1 Basis of Presentation and Summary of Significant Accounting Policies*

*The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs expended by the City of Lino Lakes, Minnesota under programs of the federal government for the year ended December 31, 2020. The Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Lino Lakes, Minnesota, it is not intended to and does not present the financial positions, or change in financial position of the City of Lino Lakes, Minnesota. The expenditures on this Schedule are on the modified accrual basis of accounting. Pass-through entity identifying numbers are presented where available.*

*Note 2 Indirect Cost Rate*

*The City of Lino Lakes, Minnesota has not charged any indirect costs to any of the federal programs. Therefore, the election of the de minimus cost rate is not applicable.*

**CITY OF LINO LAKES, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2020

**SECTION I - SUMMARY OF AUDIT RESULTS**

Financial Statements

- |  |            |              |               |  |
|--|------------|--------------|---------------|--|
| A. Type of auditors' report issued:  | Unmodified |              |               |  |
| B. Internal control over financial reporting:  |            |              |               |  |
| • Material weakness(es) identified?  | _____ Yes  | <u>  X  </u> | No            |  |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes  | <u>  X  </u> | None reported |  |
| C. Noncompliance material to financial statements noted?                                 | _____ Yes  | <u>  X  </u> | No            |  |

Federal Awards

- |   |            |              |               |  |
|---|------------|--------------|---------------|--|
| D. Internal control over major programs:  |            |              |               |  |
| • Material weakness(es) identified?   | _____ Yes  | <u>  X  </u> | No            |  |
| • Significant deficiencies identified that are not considered to be material weaknesses?  | _____ Yes  | <u>  X  </u> | None reported |  |
| E. Type of auditors' report issued on compliance for major programs:  | Unmodified |              |               |  |
| F. Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ? | _____ Yes  | <u>  X  </u> | None reported |  |
| G. Identification of major programs:  |            |              |               |  |

|                                    |                    |
|------------------------------------|--------------------|
| <u>Name of Federal Program</u>     | <u>CFDA Number</u> |
| COVID-19 – Coronavirus Relief Fund | 21.019             |

- |   |                           |
|---|---------------------------|
| H. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000                 |
| I. Auditee qualified as a low-risk auditee:                                 | _____ Yes <u>  X  </u> No |

**CITY OF LINO LAKES, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2020

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|  |
|--|
| <b>SECTION II – FINANCIAL STATEMENT FINDINGS</b> |
|--|

There were no financial statement findings for 2020.

|  |
|--|
| <b>SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b> |
|--|

There were no federal award findings or questioned costs for 2020.

|   |
|---|
| <b>SECTION IV – PRIOR YEAR FINDINGS</b> |
|---|

There were no financial statement findings for 2019.

No prior year single audit was performed, therefore, there were no prior year findings.



**CITY COUNCIL  
AGENDA ITEM 3A**

STAFF ORIGINATOR: Sarah Cotton, City Administrator

MEETING DATE: June 14, 2021

TOPIC: 1<sup>st</sup> Reading of Ordinance No. 06-21, Adjusting Council Salaries

VOTE REQUIRED: 3/5

**INTRODUCTION**

The City Council is being asked to consider the 1<sup>st</sup> Reading of Ordinance No. 06-21, adjusting the salaries of the Mayor and Councilmembers.

**BACKGROUND**

Pursuant to M.S. § 415.11, the compensation of the Mayor and Councilmembers shall be set by ordinance and the change in salary shall take effect after the next succeeding municipal election.

During the June 7<sup>th</sup> work session, staff recommended the City Council adopt an ordinance that would increase council salaries. The Mayor and Councilmembers last received a raise on January 1, 2020. The salary of the Mayor is currently \$10,112 and the salary of each Councilmember is \$8,500.

Per City Code Chapter 203, the Council will consider whether a salary adjustment is warranted every two years.

Staff is recommending a 5.3% increase in the salary of the Mayor and Councilmembers. The salary of the Mayor would increase to \$10,650 and the salary of each Councilmember would increase to \$8,952. This increase is consistent with the total wage adjustment for City employees from 2020-2021.

The proposed ordinance would become effective January 1, 2022, and would continue to be reviewed every two years per City Code.

**RECOMMENDATION**

Staff is recommending approval of the 1<sup>st</sup> Reading of Ordinance No. 06-21, increasing the salaries of the mayor and councilmembers.

**ATTACHMENTS**

Ordinance No. 06-21

|  |                            |
|--|----------------------------|
| 1 <sup>st</sup> Reading: June 14, 2021 | Publication:               |
| 2 <sup>nd</sup> Reading: June 28, 2021 | Effective: January 1, 2022 |

**CITY OF LINO LAKES  
ORDINANCE NO. 06-21**

**AMENDING CHAPTER 203 OF THE LINO LAKES CITY CODE  
BY ADJUSTING THE SALARIES OF THE MAYOR AND COUNCILMEMBERS**

The City Council of Lino Lakes ordains:

**Section 1. That Chapter 203 of the Lino Lakes Code of Ordinances be amended to read as follows:**

**CHAPTER 203: COUNCIL COMPENSATION**

**§ 203.01 COMPENSATION OF MAYOR AND COUNCILMEMBERS.**

(1) *Salaries.* The compensation of the Mayor and each Councilmember shall be established from time to time by City Council ordinance pursuant to M.S. § 415.11. Effective January 1, ~~2020~~2022, the salary of the Mayor shall be ~~\$10,142~~10,650, and the salary of each Councilmember shall be ~~\$8,500~~8,952. Thereafter, every two years the City Council will consider whether a salary adjustment is warranted. This salary is intended to cover all meetings that may be attended by the Mayor or Councilmembers except as expressly provided in this section.

(2) *Payment.* The salaries established hereby are to be paid monthly.

(3) *Economic Development Authority (EDA) meetings.* The City Council will be compensated for attendance at EDA meetings at the rate of \$40 per meeting.

**§ 203.02 WORKER'S COMPENSATION.**

Pursuant to M.S. § 176.011, Subd. 5, as it may be amended from time to time, all of the City Council members shall be covered by worker's compensation.

**Section 2. Effective Date.** This Ordinance shall be effective January 1, 2022.

Adopted by the Lino Lakes City Council this 28<sup>th</sup> day of June 2021.

The motion for the adoption of the foregoing ordinance was introduced by Councilmember \_\_\_\_\_ and was duly seconded by Councilmember \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

---

Rob Rafferty, Mayor

ATTEST:

---

Julianne Bartell, City Clerk

**CITY COUNCIL  
AGENDA ITEM 6A**

STAFF ORIGINATOR: Katie Larsen, City Planner

MEETING DATE: June 14, 2021

TOPIC: Consider Second Reading of Ordinance No. 03-21 Rezoning Property from R, Rural to R-1, Single Family Residential for Butler Addition

*\*Council may vote to dispense with full reading of ordinance  
\* Roll call vote is required for adoption of the ordinance*

VOTE REQUIRED: 3/5

**INTRODUCTION**

Staff is requesting City Council consideration of the 2nd reading of Ordinance No. 03-21 rezoning certain property from R, Rural to R-1, Single Family Residential for Butler Addition. The 1st reading was approved by Council on May 10, 2021.

**BACKGROUND**

The applicant, Scott Butler, submitted a land use application for rezoning and preliminary plat for Butler Addition. The applicant proposes to subdivide the existing parcel located at 7870 Meadow View Trail into two (2) single family lots for the purpose of constructing one (1) new single family home off of Lois Lane. The lot is 1.02 gross acres (44,400 sf).

The rezoning is consistent with the Comprehensive Plan and compliant with the Zoning Ordinance.

**RECOMMENDATION**

The Planning & Zoning Board held a public hearing on April 14, 2020. The Board voted 6-0 in favor of the rezoning for Butler Addition.

**ATTACHMENTS**

1. Ordinance No. 03-21

|                                    |              |
|------------------------------------|--------------|
| 1 <sup>st</sup> Reading: 5/10/2021 | Publication: |
| 2 <sup>nd</sup> Reading: 6/14/2021 | Effective:   |

**CITY OF LINO LAKES  
ORDINANCE NO. 03-21**

**ORDINANCE TO REZONE PROPERTY FROM R, RURAL  
TO R-1, SINGLE FAMILY RESIDENTIAL FOR  
BUTLER ADDITION**

The City Council of Lino Lakes ordains:

**Section 1: Findings of Fact**

1. The City received a Land Use Application to rezone certain property from R, Rural to R-1, Single Family Residential.
2. The Planning and Zoning Board held a public hearing on April 14, 2021.
3. Per Section 1007.015 (5), the Planning and Zoning Board shall consider possible adverse effects of the proposed rezoning and its judgement shall be based upon, but not limited to, the following factors:
  - (a) The proposed action has been considered in relation to the specific policies and provisions of and has been found to be consistent with the official City Comprehensive Plan.

*The proposed Butler Addition residential subdivision is consistent with the goals and policies of the comprehensive plan in regards to resource management, land use, housing, transportation and utilities. The development is consistent with residential land use and density requirements. Safe transportation corridors and public utilities also serve the development.*

- (b) The proposed use is or will be compatible with present and future land uses of the area.

*The proposed Butler Addition development is compatible with the present and future land uses of the area. Existing and future land use to the north, south, east and west is residential.*

- (c) The proposed use conforms with all performance standards contained herein.

*The proposed Butler Addition development conforms with zoning ordinance performance standards for R-1, Single Family Residential districts.*

- (d) The proposed use can be accommodated with existing public services and will not overburden the City's service capacity.

*The proposed Butler Addition development can be accommodated with existing public services and will not overburden the City's service capacity. The site is served by 8" municipal watermain and 8" sanitary sewer. The public water and sanitary system have capacity for two (2) single family lots.*

## **Section 2: Amendment**

The Zoning Ordinance of the City of Lino Lakes is hereby amended to rezone the following described property from R, Rural to R-1, Single Family Residential.

## **Section 3: Legal Description**

Lot 14, Block 3, Mar Don Acres, Anoka County, Minnesota.

## **Section 4: Development Regulations**

The development shall conform to the plans, requirements, and conditions of approval as listed in Council Resolution No. 21-39.

## **Section 5: Effect**

This ordinance shall be in force and effect from and after its passage and publication according to the Lino Lakes City Charter and upon the filing of the final plat.

Adopted by the Lino Lakes City Council this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing ordinance was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

**CITY COUNCIL  
AGENDA ITEM 6B**

STAFF ORIGINATOR: Katie Larsen, City Planner

MEETING DATE: June 14, 2021

TOPIC: Nadeau Acres 2<sup>nd</sup> Addition

- i. Consider Resolution No. 21-45 Approving Final Plat
- ii. Consider Resolution No. 21-46 Approving Development Agreement

VOTE REQUIRED: 3/5

REVIEW DEADLINE:

|                                  |                |
|----------------------------------|----------------|
| Complete Application Date:       | March 23, 2021 |
| 60-Day Review Deadline:          | May 22, 2021   |
| 60-Day Extension Deadline:       | July 21, 2021  |
| Planning & Zoning Board Meeting: | May 12, 2021   |
| City Council Work Session:       | June 7, 2021   |
| City Council Meeting:            | June 14, 2021  |

**INTRODUCTION**

The applicant, BL Holdings, LLC, submitted a final plat land use application for Nadeau Acres 2<sup>nd</sup> Addition. The R-1, Single Family residential development has a total of 68 lots. The 2<sup>nd</sup> Addition final plat contains 33 lots.

The Land Use Application is:

- Final Plat

This staff report is based on review the following plan sets and documents:

- Nadeau Acres 2<sup>nd</sup> Addition Sanitary Sewer, Water Main, Storm Sewer and Street Construction Plans prepared by Carlson McCain revision date May 21, 2021
- Nadeau Acres Grading, Development & Erosion Control Plan prepared by Carlson McCain revision date March 8, 2021
- Nadeau Acres 2<sup>nd</sup> Addition Final Plat prepared by Carlson McCain received March 22, 2021
- Nadeau Acres Phase II Landscape Plan prepared by Carlson McCain dated June 3, 2020

- Specification Book for Nadeau Acres 2<sup>nd</sup> Addition prepared by Carlson McCain dated March 8, 2021
- Cost Estimates prepared by Carlson McCain dated March 18, 2021

## **BACKGROUND**

Previous Council Actions:

- May 11, 2020: Resolution No. 20-20 approving preliminary plat
- May 26, 2020: Ordinance No. 02-20 approving rezoning from R, Rural to R-1, Single Family Residential
- June 22, 2020: Resolution No. 20-66 approving Development Agreement for Grading
- August 10, 2020: Resolution No. 20-83 approving Final Plat for Nadeau Acres 1<sup>st</sup> Addition

## **ANALYSIS**

Overall, the 2<sup>nd</sup> Addition final plat is consistent with the approved preliminary plat. The preliminary plat is consistent with the City's Comprehensive Plan, zoning ordinance and subdivision ordinance.

### **Land Use and Density**

As approved in May 2020 with the preliminary plat, the following chart implements Met Council's formula for calculating net density.

|                                       | <b>Preliminary<br/>Plat<br/>(June 2020)</b> |
|---------------------------------------|---|
| <b>Gross Area (acres)</b>             | <b>33.03</b>                                |
| Wetlands & Water Bodies               | (0.64)                                      |
| Public Parks & Open Space             | 0.00  |
| Arterial ROW                          | (0.74)                                      |
| Other (Utility Transmission Easement) | (1.69)                                      |
| Other (Wetland Buffer Area)           | 0.00  |
| <b>Net Area (acres)</b>               | <b>29.96</b>                                |
| # of Units                            | 68  |



|                                   |             |
|-----------------------------------|-------------|
| <b>Gross Density (units/acre)</b> | <b>2.06</b> |
| <b>Net Density (units/acre)</b>   | <b>2.27</b> |

Per the 2030 and 2040 Comprehensive Plan, the site is guided for low density residential development which requires a density of 1.6 to 3.9 and 1.6 to 3.0 units per acres, respectively. The proposed net density is 2.27 units per acre which is consistent with the 2030 & 2040 Comprehensive Plan's guided land use and density.

## **Zoning**

The property was rezoned from R, Rural to R-1, Single Family Residential with Ordinance No. 02-20. The 2<sup>nd</sup> Addition final plat is consistent with the preliminary plat and the R-1, Single Family Residential zoning requirements.

### *Zoning Requirements*

As approved with the preliminary plat:

|                             | <b>R-1<br/>Requirements</b> | <b>Nadeau Acres</b> |
|-----------------------------|-----------------------------|---------------------|
| <b>Min. Lot Size</b>        | 10,800 sf                   | Ave. 14,120 sf      |
| <b>Min. Lot Width</b>       |                             |                     |
| -Interior Lot               | 80 ft                       | 80 ft               |
| -Corner Lot                 | 100 ft                      | 100 ft              |
| <b>Min. Lot Depth</b>       | 135 ft                      | 135 ft              |
| <b>Double Frontage Lots</b> | 145 ft                      | 145 ft              |
| <b>Building Setback</b>     |                             |                     |
| <b>-From Streets</b>        |                             |                     |
| --Local Street              | 30 ft                       | 30 ft               |
| --Collector or Arterial     | 40 ft                       | 40 ft               |
| --Corner lot                | 30 ft                       | 30 ft               |
| <b>-Rear</b>                |                             |                     |
| --Principal                 | 30 ft                       | 30 ft               |
| --Accessory                 | 5 ft                        | 5 ft                |
| <b>-Side</b>                |                             |                     |
| --Principal                 | 10 ft                       | 10 ft               |

|               |  |                                     |
|---------------|--|-------------------------------------|
| --Accessory   | 5 ft   | 5 ft                                |
| --Corner lot  | 30 ft  | 30 ft                               |
| <b>Buffer</b> | 15' if side or rear lot abuts collector or arterial street | 15 ft buffer provided along CSAH 54 |

Per the subdivision ordinance, minimum lot area for urban lots shall consist of buildable land exclusive of utility transmission easements or water course easements that encumber lot development. The applicant submitted a spreadsheet detailing that minimum lot areas are 10,800 sf. The average lot size is 14,120 sf.

### **Building Type and Construction**

At the time of building permit, each individual single family dwelling unit will be reviewed for compliance with Section 1007.043(2)(a), General Building Provisions and Section 1007.090(4), Building Requirements regarding floor area, garage and design and construction standards.

Per Section 1007.042(5)(b)1.e., air conditioning or heating equipment shall be five (5) feet from any rear lot line and ten (10) feet from any side lot line. No encroachment shall be permitted in existing or required drainage and utility easements.

### **Subdivision Ordinance**

#### *Conformity with the Comprehensive Plan and Zoning Code*

The preliminary plat is consistent with the comprehensive plan for low density residential development. The preliminary plat is also compliant with zoning ordinance performance standards for the R-1 zoning district with some minor revisions. The 2<sup>nd</sup> Addition final plat is consistent with the preliminary plat.

#### *Blocks and Lots*

The preliminary plat contains 68 single family lots and 6 outlots. The 2<sup>nd</sup> Addition final plat consists of 33 single family lots and 1 outlot. The final plat outlot is for the following purposes:

| <b>Outlot</b> | <b>Purpose</b> | <b>Ownership</b> |
|---------------|----------------|------------------|
| A             | Trail Corridor | City             |

On the original preliminary plat, Outlot D contained NSP easement and storm sewer pipe. To minimize the City's responsibility of mowing and maintaining manicured grass in this area, the outlot has been omitted and the lot lines extended through the NSP easement. Outlot A will be deeded to the City for ownership and maintenance.

### *Streets and Alleys*

Internal road right-of-way widths are 60 feet and the paved roadway width is 32 feet back to back. This is consistent with the City's engineering standards. Cul de sac paved widths have been revised to 32 feet back to back.

CSAH 54 (20<sup>th</sup> Avenue) is classified as an A-Minor Arterial Reliever and requires a full 120 feet of dedicated road right-of-way. The plat dedicates 60 feet of road right-of-way from section line as required. Turn lane plans were approved by Anoka County Highway Department with the 1<sup>st</sup> Addition.

CSAH 34 (Birch Street) is classified as a Major Collector road along the section of the proposed development and requires a full 80 feet of road dedicated right-of-way. The section of the plat that abuts CSAH 34 (Birch Street) previously dedicated 60 feet of road right-of-way. No further road right-of-way is required.

The length of Red Oak Lane cul de sac is 250 ft and Norma Way is 350ft. No permanent cul de sac length exceeds 500 feet as required by ordinance. Length requirements do not apply to temporary cul de sacs such as William Lane.

A temporary cul de sac and easement are shown on the west end of William Lane. A separate recordable easement document shall be recorded against the property and shall be terminated upon extension of William Lane. The future developer will be responsible for removal of the temporary cul de sac and restoration of the lot.

The temporary cul de sac at the south end of Heritage Avenue constructed during Phase 1 will be removed.

William Lane road right-of-way and utilities will be extended to the westerly property line consistent with standard subdivision and engineering design practice. Barricades and "Future Road Extension" signs are also provided at the west end of William Lane.

### *Easements*

Standard drainage and utility easements at least 10 feet wide are provided along all lot lines. A drainage and utility easement is also dedicated over Outlot A as required.

### *Storm Water Management and Erosion and Sediment Control*

As approved with the preliminary plat and by RCWD, storm water will be managed through three (3) NURP storm water ponds. Pond 200 located in the middle of the site will pick up surface water from the south portion of the site and direct it towards Pond 100. Pond 100 will pick up surface water from the majority of the site and discharge to the west to an existing private ditch. Pond 400 will receive the remaining surface water and discharge to an existing ditch to the north.

### *Phasing*

The site will be mass graded in one (1) phase and developed in two (2) phases. Phase 1 has 35 lots and Phase 2 has 33 lots.

### *Utilities*

Public water, sanitary and storm sewer utilities will be installed within the development.

### Sanitary Sewer

An 8"-10" sanitary sewer pipe, 4" forcemain and lift station will serve the site. The lift station and pipe system will be designed to service a larger area in accordance with our City's Comprehensive Plan.

Both existing houses located at 6651 and 6677 20<sup>th</sup> Avenue are served by private septic systems. The house at 6651 20<sup>th</sup> Avenue will remain in place on Lot 10, Block 1, Nadeau Acres 2<sup>nd</sup> Addition. The house located at 6677 20<sup>th</sup> Avenue has been relocated to 6684 Heritage Avenue. Both houses are required to connect to the municipal sanitary sewer system.

### Watermain

A 16" diameter trunk watermain has been installed along Red Oak and Josephine to provide for a future trunk loop to the west. This trunk line is part of the City's Comprehensive Plan. The remainder of the site will be served by an 8" watermain and loop back into the City's trunk watermain within Birch Street.

The house located at 6651 20<sup>th</sup> Avenue is connected to municipal city water. The relocated house will also connect to municipal city water.

### *Public Land Dedication*

The City will require cash in lieu of land dedication. Per the City's Park, Greenway & Trail System Plan, a future neighborhood park is programmed to the west of this site. Sidewalks along the streets in the development will connect to future trail corridors along CSAH 34 (Birch Street) and CSAH 54 (20<sup>th</sup> Avenue). A 300 foot long trail will be constructed in Outlot A of the 2<sup>nd</sup> Addition and will terminate at the lot line. This trail segment will eventually connect to a future trail along the north side of Birch Street. Terminating the trail at the lot line now will prevent vehicles from confusing the trail with a road. Credit will be given for the construction cost of the trail extension to Birch Street. There are 33 lots in the 2<sup>nd</sup> Addition; however, the existing house previously addressed as 6651 20<sup>th</sup> Avenue will remain. Therefore, only 32 lots will be charged park dedication fees.

| <b>Nadeau Acres 2<sup>nd</sup> Addition</b> |                 |
|---|-----------------|
| 32 lots x \$3,160 =                         | \$101,120       |
| -Trail Construction Cost                    | \$16,085        |
| <b>TOTAL =</b>                              | <b>\$85,035</b> |

### *Tree Preservation and Landscaping*

The Environmental Coordinator and Environmental Board reviewed the tree preservation and landscape plans for the entire development during the preliminary plat approval process. The 2<sup>nd</sup> Addition landscape plan has been reviewed by the Environmental Coordinator and is consistent with the approved preliminary landscape plan.

Open area landscaping around the storm water ponds were provided in the 1<sup>st</sup> Addition.

Buffer and screen standards apply along CSAH 54 (20<sup>th</sup> Avenue), specifically Lots 7-10, Block 1, 2<sup>nd</sup> Addition that have a rear frontage on 20<sup>th</sup> Avenue. Approximately 475 linear feet of frontage will be screened by shrubs, new trees, and existing trees to provide a continuous planting screen year-round. The 2<sup>nd</sup> Addition Landscape Plan shows trees and shrubs planted on two separate berms. During preliminary plat review, it was suggested these berms be combined to provide a continuous berm; however, an opening between the 2 berms is needed to provide rear yard drainage. A triangulated row of coniferous trees will be planted in addition to the berms that will provide appropriate screening.

Coniferous trees and shrubs will be planted on Outlot A along the trail corridor as required.

Boulevard trees are required at the rate of one (1) tree per lot frontage for single family. There are 33 single family lots in the 2<sup>nd</sup> Addition that require 36 boulevard trees (interior and corner lots). Thirty-six (36) trees are proposed which is compliant with the ordinance.

### **Alternative Urban Areawide Review (AUAR)**

The site is not within the 2005 I-35E Corridor AUAR; therefore, no mitigation is required.

### **Traffic Study**

A Traffic Study was prepared by Spack Solutions on December 6, 2019 and reviewed during the preliminary plat process. It was determined that Nadeau Acres meets transportation guidelines in regards to traffic volume, traffic capacity and level of service.

### **Wetlands**

Kjolhaug Environmental Services Company, Inc. prepared a Wetland Delineation Report dated October 29, 2019. A Notice of Decision was issued by RCWD on December 11, 2019.

Kjolhaug Environmental Services Company, Inc. prepared a Wetland Permit Application dated December 23, 2019. Per the report, two (2) wetlands were delineated on site totaling 1.37 acres. Wetland 1 is a Type 1 wet meadow wetland. Wetland 2 is a partially-drained, wet meadow and scrub-shrub wetland. A portion of Wetland 2 southwest of the septic mound discharge outlet was created in upland and is incidental.

The proposed project will require 30,826 square feet (sf) (0.7076 acre) of permanent impact to four (4) wetland areas, one of which is incidental for WCA permitting. Replacement will be accomplished via the purchase of wetland banking credits.

The site is inside of the boundaries of the Lino Lakes Comprehensive Wetland Protection and Management Plan (CWMP) area; however, onsite wetlands do not fall within the landscape scale/preliminary Wetland Management Corridor (WMC). Therefore, no WMC buffer on wetlands is required with site development.

### **Rare & Endangered Species**

Per the December 12, 2019 report prepared by Midwest Natural Resources, no habitats for state-listed plant species were observed during field review. No further surveys are recommended.

### **Floodplain**

There is no FEMA floodplain on site.

### **Development Agreement**

A Development Agreement as it relates to the final plat has been drafted by the City and shall be executed and recorded by the developer.

### **Homeowner's Association (HOA)**

There is no HOA required or proposed for Nadeau Acres.

### **Title Commitment**

The City Attorney has reviewed and approved the title commitment and final plat.

### **Stormwater Maintenance Agreement**

The stormwater maintenance of this subdivision and Vicker's easement will be covered under the City's Programmatic Maintenance Agreement.

### **Findings of Fact**

The Findings of Fact for the final plat are detailed in Resolution No. 21-45.

### **RECOMMENDATION**

The Planning & Zoning Board reviewed the final plat on May 12, 2021 and recommended approval with a 6-0 vote.

### **ATTACHMENTS**

1. Resolution No. 21-45
2. Final Plat
3. Resolution No. 21-46
4. Development Agreement

**CITY OF LINO LAKES  
RESOLUTION NO. 21-45**

**RESOLUTION APPROVING THE FINAL PLAT FOR  
NADEAU ACRES 2<sup>nd</sup> ADDITION**

**WHEREAS**, the City received an application for Nadeau Acres 2<sup>nd</sup> Addition Final Plat approval hereafter referred to as “Development”; and

**WHEREAS**, City staff has completed a review of the proposed Development based on the following plans and information:

- Nadeau Acres 2<sup>nd</sup> Addition Sanitary Sewer, Water Main, Storm Sewer and Street Construction Plans prepared by Carlson McCain revision date May 21, 2021
- Nadeau Acres Grading, Development & Erosion Control Plan prepared by Carlson McCain revision date March 8, 2021
- Nadeau Acres 2<sup>nd</sup> Addition Final Plat prepared by Carlson McCain received March 22, 2021
- Nadeau Acres Phase II Landscape Plan prepared by Carlson McCain dated June 3, 2020
- Specification Book for Nadeau Acres 2<sup>nd</sup> Addition prepared by Carlson McCain dated March 8, 2021
- Cost Estimates prepared by Carlson McCain dated March 18, 2021; and

**WHEREAS**, the City Council the approved the Preliminary Plat with Resolution No. 20-20 on May 11, 2020; and

**WHEREAS**, the Planning & Zoning Board reviewed and recommended approval of the Development on May 12, 2021; and

**WHEREAS**, the proposed Development is not considered premature and meets the performance standards of the subdivision and zoning ordinance; and

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes hereby makes the following:

**FINDINGS OF FACT**

1. The final plat substantially conforms to the approved preliminary plat subject to the conditions listed below.
2. The City Attorney reviewed the status of title/property ownership related to the final plat and has comments as noted below.
3. A Development Agreement has been drafted and shall be executed.
4. Conditions attached to approval of the preliminary plat have been fulfilled or secured by the Development Agreement.

5. All fees, charges and escrow related to the preliminary or final plat have been paid in full.

**BE IT FURTHER RESOLVED** by the City Council of the City of Lino Lakes hereby approves Nadeau Acres 2<sup>nd</sup> Addition Final Plat subject to the following conditions:

1. The 20th Avenue (CSAH 54) and Red Oak Lane turn lanes shall be constructed prior to issuance of building permits.
2. Outlot A, Nadeau Acres 2nd Addition shall be deeded to the City.
3. A temporary cul de sac easement shall be recorded over the west end of William Lane and the applicable impacted lots.
4. The temporary cul de sac shall be removed, ground restored and the temporary easement released upon extension of William Lane.
5. The private septic system at previous address 6677 20th Avenue shall be removed.
6. The private well at previous address 6677 20th Avenue shall be capped.
7. The private septic system on Lot 10, Block 1, Nadeau Acres 2nd Addition (previously addressed 6651 20th Avenue) shall be removed.
8. The existing house on Lot 10, Block 1, Nadeau Acres 2nd Addition (previously addressed 6651 20th Avenue) shall hook up to municipal sanitary sewer.
9. The existing north driveway at 6709 20th Avenue shall be removed to the roadway easement right-of-way line.
10. The existing south driveway at 6709 20th Avenue shall be relocated west onto Red Oak Lane.
11. The existing driveway at 6677 20th Avenue shall be removed.
12. The existing driveway at 6651 20th Avenue shall be removed.
13. The stormwater maintenance for public facilities will be covered under the City's Programmatic Stormwater Management Agreement.

**BE IT FURTHER RESOLVED** by the City Council of the City of Lino Lakes hereby approves the Development subject to the following items being addressed prior to release of final plat mylars or as noted:

1. Comments from WSB City Engineer letter dated May 6, 2021.
2. The Development Agreement shall be approved by the City Council, executed and recorded against the property.
  - a. Securities and fees shall be paid.
3. The applicant shall prepare the temporary cul de sac easement for William Lane for City review and approval prior to recording.
4. Proof that the private septic systems at 6677 20<sup>th</sup> Avenue and 6651 20<sup>th</sup> Avenue have been properly removed shall be submitted to the City upon completion.
5. Proof that the private well located at 6677 20<sup>th</sup> Avenue has been properly capped shall be submitted to the City upon completion.
6. Title Commitment:
  - a. Mortgage consents for the final plat and Development Agreement are required.



- b. An updated title commitment will be required closer to the date of Council approval of the final plat.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member

\_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

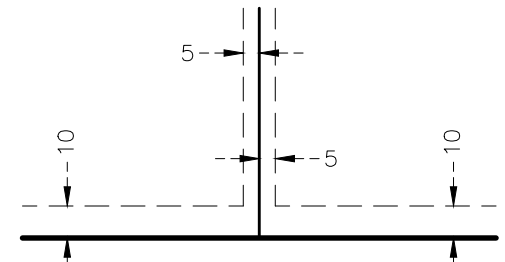
ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

# NADEAU ACRES 2ND ADDITION

CITY OF LINO LAKES  
COUNTY OF ANOKA  
SEC. 26, TWP. 31, RGE. 22

DRAINAGE AND UTILITY  
EASEMENTS ARE SHOWN THUS:

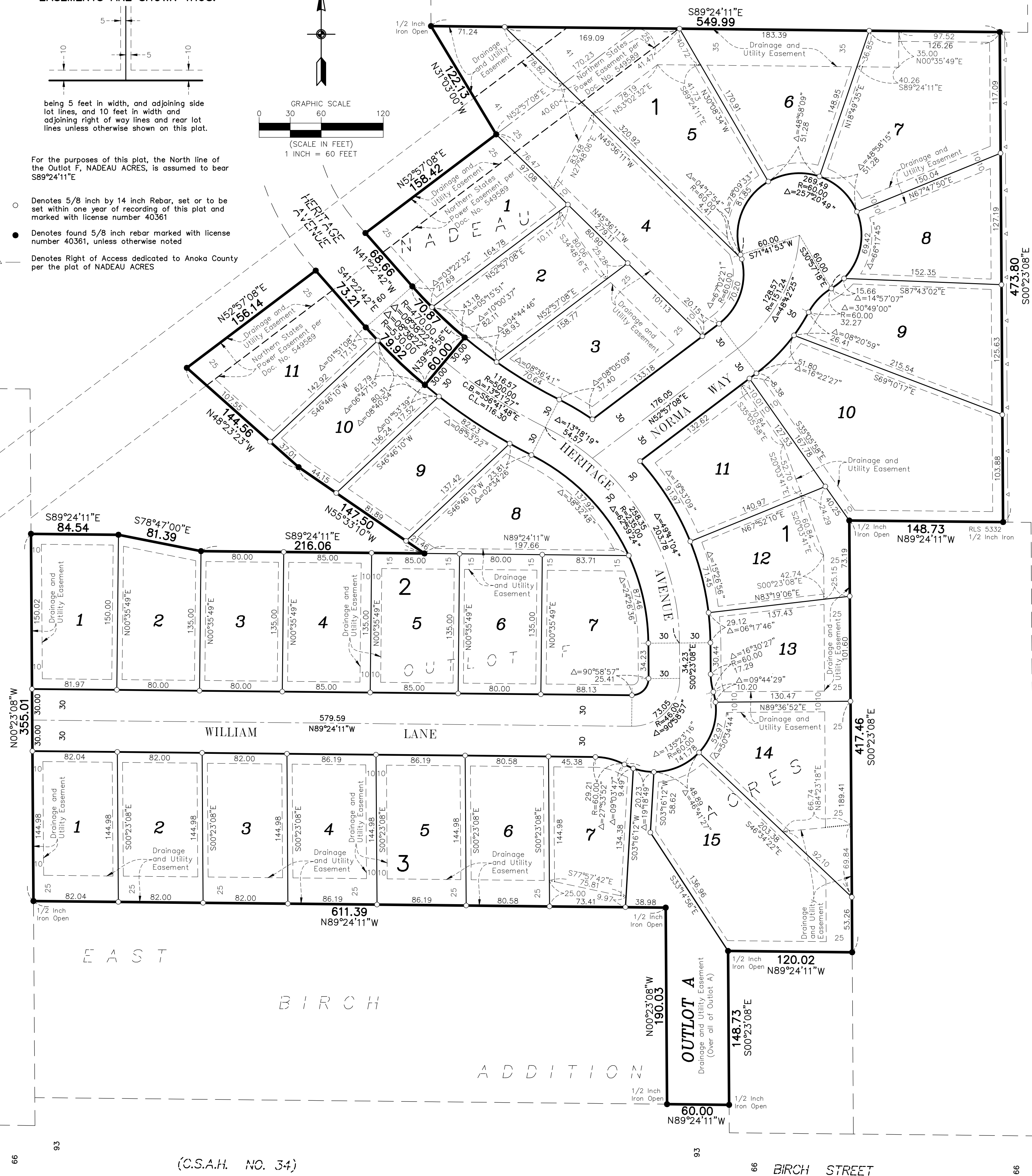


being 5 feet in width, and adjoining side lot lines, and 10 feet in width and adjoining right of way lines and rear lot lines unless otherwise shown on this plat.

For the purposes of this plat, the North line of the Outlot F, NADEAU ACRES, is assumed to bear S89°24'11"E

- Denotes 5/8 inch by 14 inch Rebar, set or to be set within one year of recording of this plat and marked with license number 40361
- Denotes found 5/8 inch rebar marked with license number 40361, unless otherwise noted
- △ Denotes Right of Access dedicated to Anoka County per the plat of NADEAU ACRES

GRAPHIC SCALE  
(SCALE IN FEET)  
1 INCH = 60 FEET



KNOW ALL PERSONS BY THESE PRESENTS: That BL Holdings, LLC, a Minnesota limited liability company, owner of the following described property:

Outlot F, NADEAU ACRES, according to the recorded plat thereof, Anoka County, Minnesota.

Has caused the same to be surveyed and platted as NADEAU ACRES 2ND ADDITION and does hereby dedicate to the public for public use the public ways and the drainage and utility easements as shown on this plat.

In witness whereof said BL Holdings, LLC, a Minnesota limited liability company, has caused these presents to be signed by its proper officer this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BL Holdings, LLC

Baleen K. Roberts, Chief Manager

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Baleen K. Roberts, Chief Manager of BL Holdings, LLC, a Minnesota limited liability company, on behalf of the company.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

I Thomas R. Balluff do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Thomas R. Balluff, Licensed Land Surveyor  
Minnesota License No. 40361

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Thomas R. Balluff.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

This plat of NADEAU ACRES was approved and accepted by the City Council of the City of Lino Lakes, Minnesota at a regular meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03, Subd. 2.

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

By: \_\_\_\_\_, Mayor

By: \_\_\_\_\_, Clerk

COUNTY SURVEYOR

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd. 11, this plat has been reviewed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Charles F. Gitzen  
Anoka County Surveyor

COUNTY AUDITOR/TREASURER

Pursuant to Minnesota Statutes, Section 505.021, Subd. 9, taxes payable in the year 20\_\_\_\_ on the land hereinbefore described have been paid. Also, pursuant to Minnesota Statutes, Section 272.12, there are no delinquent taxes and transfer entered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Property Tax Administrator

By: \_\_\_\_\_, Deputy

COUNTY RECORDER/REGISTRAR OF TITLES

County of Anoka, State of Minnesota

I hereby certify that this plat of NADEAU ACRES 2ND ADDITION was filed in the office of the County Recorder/Registrar of Titles for public record on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M. and was duly recorded as Document Number \_\_\_\_\_.

County Recorder/Registrar of Titles

By: \_\_\_\_\_, Deputy

**CITY OF LINO LAKES  
RESOLUTION NO. 21-46**

**RESOLUTION APPROVING DEVELOPMENT AGREEMENT  
FOR NADEAU ACRES 2<sup>nd</sup> ADDITION**

**WHEREAS**, the City Council approved the Final Plat for Nadeau Acres 2<sup>nd</sup> Addition with Resolution No. 21-45 on June 14, 2021; and

**WHEREAS**, the City's subdivision ordinance and conditions of approval require the execution of a development agreement between the Developer and the City of Lino Lakes.

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes hereby approves the Development Agreement between BL Holdings, LLC and the City of Lino Lakes for Nadeau Acres 2<sup>nd</sup> Addition and authorizes the Mayor and City Clerk to execute such agreement on behalf of the City.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk

## **DEVELOPMENT AGREEMENT**

### **Nadeau Acres 2<sup>nd</sup> Addition**

THIS AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 2021, by and between the City of Lino Lakes ("City"), a Minnesota municipal corporation, and BL Holdings, LLC. ("Developer").

1. **Subdivision.** Developer received preliminary plat approval from the City by Resolution No. 20-20 for a plat known as Nadeau Acres 2<sup>nd</sup> Addition ("Subdivision"). Unless otherwise stated, all terms and conditions of this Agreement relate to work within the Subdivision.
2. **Final Plat Approval.** The City's approval of the final plat of Nadeau Acres 2<sup>nd</sup> Addition is contingent upon execution and delivery of this agreement, all required petitions, bonds, security, and other documents required by the City, and satisfaction of all conditions of approval required by Resolution No. 21-45. The Final Plat is attached hereto as Exhibit A.
3. **Phased Development.** The City may refuse to approve final plats of subsequent additions of the plat if the Developer has breached this Agreement and the breach has not been remedied. Development of subsequent phases may not proceed until Development Agreements for such phases are approved by the City and are fully executed.
4. **Developer Plans.**
  - a. The Subdivision shall be developed in accordance with the following Developer Plans, original copies of which are on file with the City Engineer. The Developer Plans may be prepared and revised after entering into this Agreement but must be approved by the City before commencement of any work. If the plans vary from the written terms of this Agreement, this Agreement shall control.
  - b. The Developer Plans as of the date of this Agreement are:
    - i. Nadeau Acres 2<sup>nd</sup> Addition Final Plat containing 1 sheet, prepared by Carlson McCain, received March 22, 2021.
    - ii. Nadeau Acres 2<sup>nd</sup> Addition Sanitary Sewer, Watermain, Storm Sewer and Street Construction plan set containing 13 sheets, dated March 8, 2021, prepared by Carlson McCain, revision date May 21, 2021.
    - iii. Nadeau Acres 2<sup>nd</sup> Addition Landscape plans containing 2 sheets, dated April 30, 2021, prepared by Carlson McCain.
5. **Permits.** The Developer shall be responsible for securing all site grading and development approvals and all other required permits from all appropriate Federal, State, Regional and Local jurisdictions prior to the commencement of site grading or

construction and prior to the City awarding construction contracts for public improvements.

6. **Developer Improvements.** The Developer shall secure a contractor to install the improvements described in this paragraph, or otherwise required herein to be installed by Developer, hereinafter referred to as the "Developer Improvements," which contractor shall be approved by the City in its absolute and sole discretion. The Developer Improvements shall be constructed per the City Standard Specifications for Construction 2021 or current version.

The cost of Developer Improvements is as shown on Exhibit B attached hereto. All Developer Improvements shall require City inspection and approval and, where appropriate, the approval of any other governmental agency having jurisdiction. The Developer shall construct and install at the Developer's expense the following improvements according to the following terms and conditions:

a. Site Grading

- i. No grading shall commence until all requirements of the Rice Creek Watershed District (RCWD) have been satisfied.
- ii. All site grading shall be conducted in accordance with the grading plan as approved by the City and in accordance with NPDES and RCWD requirements. The Developer shall perform the work in accordance with a Storm Water Pollution Prevention Plan (SWPPP) pursuant to Minnesota Pollution Control Agency (MPCA) requirements.

b. Grading and Erosion Control

- i. The Developer shall grade the site to within 0.2 foot of the grades shown on the approved grading plan. No deviations will be allowed unless a revised plan is submitted and approved in writing by the City and all other regulatory agencies.
- ii. The street right-of-way, storm water storage ponds, and surface water drainage ways shall be graded prior to commencement of utility construction. Four inches of topsoil and a City approved seed mix shall be installed within disturbed areas, and seed mix information shall be provided to the City.
- iii. The Developer shall be responsible for ascertaining that site geotechnical and groundwater conditions are adequate and conforming with the grading and site improvement as proposed. The Developer shall provide testing from an approved testing company.

- iv. The Developer's engineer shall certify in writing, with an as-built survey, that all grading complies with the approved grading plan prior to issuance of any building permits.
- v. The Developer shall promptly clear dirt and debris within public rights-of-way and drainage and utility easements resulting from construction by the Developer, its purchasers, builders and contractors within five (5) days after notification by the City. The Developer shall be responsible for all necessary street and storm sewer maintenance, including street sweeping, until all home construction is completed, unless otherwise released by the City. Warning signs shall be placed when hazards develop in streets to prevent the public from traveling on them, including detour signs if necessary. If and when the streets become impassable, such streets shall be barricaded and closed. The Developer shall maintain a smooth, hard driving surface and adequate drainage on all temporary streets.
- c. Final street grading, subbase, gravel base, concrete curb and gutter, and bituminous base course and wear course shall be furnished and installed.
- d. Sidewalks, trails and street lighting shall be installed within 6 months of the bituminous base course. Extensions may be approved by the City Engineer, due to weather conditions, upon receipt of a written request in writing by the Developer to the City. In no case shall such extension extend beyond one year from the date of installation of bituminous base course.
- e. Storm sewers, when determined to be necessary by the City Engineer, including all necessary laterals, catch basins, inlets and other appurtenances, shall be furnished and installed.
- f. Sanitary sewer mains, laterals or extensions, including all necessary building services and other appurtenances, shall be furnished and installed.
- g. Water mains, laterals or extensions, including all necessary building services, hydrants, valves and other appurtenances, shall be furnished and installed.
- h. The Developer shall place iron monuments at all lot, block, and outlot corners and at all other angle points on boundary lines consistent with the final plat. Iron monuments shall be placed after all street and lawn grading has been completed in order to preserve the lot markers for future property owners. Lot corner irons on the back property line shall be installed so that the top of the iron corresponds to the finished ground elevation in accordance with the approved grading plan. Guard stakes shall be appropriately installed to mark these irons.

- i. Landscaping shall be furnished and installed in accordance with the approved plans. The landscaping shall be maintained by the Developer until accepted by the City's Environmental Coordinator.

Developer shall be responsible for vegetative restoration of ponding areas, outlots, wetland mitigation areas, and other native planting areas identified on the plans in accordance with City Standard Specifications for Construction. Developer shall provide a contract with a qualified firm for the establishment and maintenance of all open space / native plant areas. Said contract shall cover a minimum of the 3 year establishment period, from the date of planting.

- j. The Developer shall arrange for all gas, telecommunications, cable, internet, electric, and other necessary private utility services to the Subdivision in accordance with City Code and State law. The utilities are required to be located within a joint trench. Street light installations shall be initiated by the Developer with City Engineer approval. The Developer is solely responsible for the cost of private utility and internet installation.
  - k. The Developer shall install mailboxes in accordance with Federal and Postal Service regulations.
  - l. The Developer shall install conservation easement signs per City standard detail plates prior to the issuance of building permits.
7. **Time of Performance.** The Developer shall install all required improvements enumerated in Paragraph 6 by November 30, 2022. The Developer may request a reasonable extension of time from the City. If the extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost increases and the extended completion date.
8. **City Improvements.** No City installed improvements are proposed to be constructed for this subdivision.
9. **Record Drawings.**
- a. Upon project completion, Developer shall submit record drawings, in electronic format, of all public and private infrastructure improvements, including grading, sanitary sewer, watermain, storm sewer facilities, and roads, constructed by Developer. The files shall be drawn in Anoka County NAD 83 Coordinate system and provided in both AutoCAD .dwg and Adobe .pdf file formats. The plans shall include accurate locations, dimensions, elevations, grades, slopes and all other pertinent information concerning the complete work.

- b. The Developer shall submit certified compaction testing results for the site grading operations that certify that grading work meets pertinent compaction requirements for the project.
- c. A summary of the record plan attribute data for the storm sewer, watermain, and sanitary sewer structures and pipes shall be submitted in the form of an Excel Spreadsheet as provided by the City Engineer.
- d. No securities will be fully released until all record drawings have been submitted and accepted by the City Engineer.

**10. Faithful Performance of Construction Contracts and Security.**

- a. The Developer will fully and faithfully comply with all terms and conditions of any and all contracts entered into by the Developer for the installation and construction of all Developer Improvements. Concurrent with the execution hereof by the Developer, the Developer will furnish to, and at all times thereafter maintain with the City, a cash deposit, certified check, or Irrevocable Letter of Credit, based on one hundred fifty (150%) percent of the total estimated cost of Developer's Improvements as determined by the City Engineer.
- b. Irrevocable Letter of Credit. If an Irrevocable Letter of Credit is utilized, it shall be for the exclusive use and benefit of the City of Lino Lakes and shall state that it is issued to guarantee and assure performance by the Developer of all the terms and conditions of this Development Agreement and construction of all required improvements referenced therein in accordance with the ordinances and specifications of the City. The letter shall be in a form, and from a bank, as approved by the City. The City reserves the right to draw, in whole or in part, on any portion of the Irrevocable Letter of Credit for the purpose of guaranteeing the terms and conditions of this agreement. The Irrevocable Letter of Credit shall be automatically extended for additional periods of one year from present or future expiration dates on an annual basis, unless at least sixty (60) days prior to the expiration date, the Community Development Director and City Engineer, are notified by certified mail or overnight courier, that the Letter of Credit will not be extended.
- c. Alternatively, the Developer may enter into a Public Improvement Surety Agreement, subject to City approval.
- d. Reduction of Security. The Developer may request reduction of the Letter of Credit or cash deposit based on prepayment or the value of the completed improvements at the time of the requested reduction.



11. **Warranty.** The Developer warrants all utility work required to be performed by it against poor material and faulty workmanship for a period of two years after its completion and acceptance by the City. All new streets shall be warranted by the developer for a period of one year from the time the final inspection of the street is completed and accepted by the City Council. All trees, grass and sod shall be warranted to be alive, of good quality and disease free for 12 months after planting. Prior to final acceptance of the Developer Improvements the City shall require a Performance Bond or Cash Escrow to cover the warranty provisions of this Agreement. The amount shall be determined by the City Engineer.
12. **Dedication.** The Developer shall dedicate to the City, at no cost to the City, any permanent or temporary easements that may be necessary for the construction and installation of the Developer Improvements. All such easements required by the City shall be in writing, in recordable form, containing such terms and conditions as the City shall determine.
13. **Ownership of Improvements.** Upon completion and City acceptance of the work and construction required by this Agreement, the public improvements lying within public rights-of-way and easements shall become City property without further notice or action unless the improvements are to be deemed private infrastructure.
14. **Recording and Release.** The Developer agrees that the terms of this Development Agreement shall be a covenant on any and all property included in the Subdivision. The Developer agrees that the City shall have the right to record a copy of this Development Agreement with the Anoka County Recorder to give notice to future purchasers and owners. This shall be recorded against the Subdivision described on Page 1.
15. **Escrow for City's Costs.**
  - a. The Developer agrees to establish a non-interest bearing escrow account with the City in an amount determined by the City Administrator or their designee for the payment of all costs incurred by the City related to the development of the Subdivision including, but not limited to, the following (See Exhibit B for breakdown of costs):
    - i. Planning/ Review
    - ii. Administration - 3% of Developer Improvement Costs
    - iii. City Engineering and Legal
    - iv. Street lighting installation (by utility company, developer to initiate)
    - v. Traffic signing improvements

vi. Boulevard tree planting

vii. Street, storm sewer and pond maintenance

viii. Property Taxes. Should the recording of the Final Plat occur after July 1<sup>st</sup>, any and all property taxes on any public property dedicated as a part of this plat shall be the responsibility of the Developer.

b. If the above escrow amounts are insufficient, the Developer shall make such additional deposits as required by the City. The City shall have a right to reimburse itself from the Escrow with suitable documentation supporting the charges.

16. **Developer Fees.** At the time of execution of this Agreement, the Developer shall pay the following fees related to the development of the Subdivision (See Exhibit B for breakdown of costs):

a. Park Dedication

The Park Dedication Fee for this site is calculated as follows:

| Nadeau Acres 2 <sup>nd</sup> Addition |                 |
|---------------------------------------|-----------------|
| 32 lots x \$3,160 =                   | \$101,120       |
| -Trail Construction Cost              | \$16,085        |
| <b>TOTAL =</b>                        | <b>\$85,035</b> |

b. The Developer shall pay 15 months of maintenance and energy costs for street lights installed within the Subject Property at the rate of \$8/month/light. After that the City will assume the costs.

c. GIS Mapping Fees

d. Trunk Sewer Connection Fees

The City established trunk utility connection fees to uniformly distribute the costs of public trunk sanitary sewer infrastructure. The Trunk Utility Connection Fee consists of two components; a Trunk Charge and an Availability Charge.

Trunk Charge

The trunk charge shall be paid at the time of subdivision approval or at the time of hook-up, whichever is first. Residential trunk charges are based on one unit per

dwelling unit.

|                |                     |
|----------------|---------------------|
| Sanitary Sewer | \$1,630.00 Per Unit |
|----------------|---------------------|

#### Availability Charge

For residential properties, the availability charge shall be paid at the time of subdivision approval or at the time of hook-up, whichever is first. Residential uses shall be assigned one unit per dwelling unit unless otherwise noted by Metropolitan Council Environmental Services.

|                   |                         |
|-------------------|-------------------------|
| City Sewer (CSAC) | \$1,525.00 Per SAC Unit |
|-------------------|-------------------------|

Trunk sewer unit charges addressed under this paragraph are in addition to any SAC charges imposed by Metropolitan Council Environmental Services. An estimate of the total charge and the trunk utility credit for developer installed trunk oversizing is specified in Exhibit B.

#### e. Trunk Water Connection Fees

The City established trunk utility connection fees to uniformly distribute the costs of public trunk water infrastructure. The Trunk Utility Connection Fee consists of two components; a Trunk Charge and an Availability Charge.

##### Trunk Charge

The trunk charge shall be paid at the time of subdivision approval or at the time of hook-up, whichever is first. Residential trunk charges are based on one unit per dwelling unit.

|       |                     |
|-------|---------------------|
| Water | \$2,341.00 Per Unit |
|-------|---------------------|

#### Availability Charge

For residential properties, the availability charge shall be paid at the time of subdivision approval or at the time of hook-up, whichever is first. Residential uses shall be assigned one unit per dwelling unit unless otherwise noted by Metropolitan Council Environmental Services.

|                   |                         |
|-------------------|-------------------------|
| City Water (CWAC) | \$1,473.00 Per SAC Unit |
|-------------------|-------------------------|

An estimate of the total charge and the trunk utility credit for developer installed trunk oversizing is specified in Exhibit B.

f. Surface Water Management Area Charges

The City established a trunk area charge to uniformly distribute the costs of public trunk surface water infrastructure and water quality improvements. The Surface Water Management Charge shall be based on developable acreage, in the amount specified in Exhibit B. The charge shall be paid at the time of subdivision approval.

**17. Assessment of Charges and Waiver of Rights.**

- a. In consideration of the construction of City Improvements listed in Paragraph 8 and /or provision of sewer, water and storm water services, the Developer agrees that the costs of City Improvements together with Trunk Sewer Unit Charge, Trunk Water Unit Charge and the Surface Water Management Area Charge (collectively, "the Charges") may be assessed against the Subdivision parcels. The Developer hereby waives any and all procedural and substantive objections to the special assessments, including notice and hearing requirements, any claim that the assessments exceed the benefit to the properties, and any right to appeal.
- b. Unless the Developer pays the entire balance owed for the Charges contemporaneously with the execution of this Agreement, the Developer shall provide to the City a cash escrow or irrevocable letter of credit in an amount equal to 35% of the total assessments for the Charges as estimated by the City Engineer (see Exhibit B). The letter of credit shall be in a form, and from a bank, as approved by the City. The letter of credit or cash escrow may be used by the City upon default by Developer in the payment of special assessments. The cash escrow or letter of credit shall remain in place throughout the term of the special assessments. The letter of credit may not be terminated without the City's written consent.
- c. Developer, its heirs, successors or assigns, agrees that within 30 days after the date of sale of a lot, the Developer, its heirs, successors or assigns, at its own cost and expense, shall pay the entire unpaid charges assessed or to be assessed under this Agreement against such property.
- d. If a certificate of occupancy is issued before the special assessments have been levied, the Developer, its heirs, successors or assigns shall pay the City the sum of cash equal to 120% of the Engineer's estimate of the special assessments for such Charges that would be levied against the property. Upon such payment the City shall issue a certificate showing the assessments are paid in full.

Notwithstanding the issuance of said certificate, the Developer shall be liable to the City for any deficiency and the City shall pay the Developer any surplus arising from the payment based upon such estimate.

- e. Acceleration of Special Assessments upon Default. In the event the Developer violates any of the covenants, conditions or agreements herein, violates any ordinance, rule or regulation of the City, County of Anoka, State of Minnesota or other governmental entity having jurisdiction over the plat or development, or fails to pay when due any installment of any special assessment levied pursuant to this agreement, or any interest thereon, the City at its option, in addition to its rights and remedies hereunder, after 10 days written notice to the Developer, may declare all of the unpaid special assessments which are then estimated or levied pursuant to this agreement due and payable in full, with interest. The City may seek recovery of such special assessments due and payable from the security provided herein. In the event that such security is insufficient to pay the outstanding amount of such special assessments plus accrued interest the City may certify such outstanding special assessments in full to the County Auditor pursuant to Minnesota Statutes section 429.061, subdivision 3, for collection the following year. The City, at its option, may commence legal action against the Developer to collect the entire unpaid balance of the special assessments then estimated or levied pursuant hereto, with interest, including reasonable attorney's fees, and Developer shall be liable for such special assessments and, if more than one, such liability shall be joint and several. In addition to any other rights and remedies upon Developer's default, the City may refuse to issue building permits and/or Certificates of Occupancy for any property within the Subdivision until such time as such default has been corrected to the satisfaction of the City. The Developer agrees to reimburse the City for all costs incurred by the City in the enforcement of this agreement, or any portion thereof, including court costs and reasonable engineering and attorneys' fees, if the City prevails in any enforcement action.

18. **Building Permits.** No building permits shall be issued until:

- a. Site grading, certified compaction testing, City sewer, water, storm sewer, and bituminous base construction of the streets, temporary street signs, gas, electric, telecommunication, cable and internet are installed and approved by the City, except as provided below
  - i. Model Homes: Structures may be installed as model homes consistent with City ordinance upon approval of the final plat. A record drawing of the site grading for the model home lots shall be submitted prior to issuance of building permits for the model homes.

- ii. If any building permits for model homes are issued prior to the completion and acceptance of public improvements, the Developer assumes all liability and costs resulting in delays in completion of public improvements and damage to public improvements caused by the City, the Developer, its contractors, subcontractors, material men, employees, agents or third parties. Any such costs shall be reimbursed from Developer's escrow.

19. **Special Provisions.**

- a. The 20<sup>th</sup> Avenue (CSAH 54) and Red Oak Lane turn lanes shall be constructed prior to issuance of building permits.
- b. The Developer is due an additional \$128,925 in trunk sanitary sewer credit for lift station costs, see Schedule B.
- c. Homeowners' Association Covenants and Restrictions-Not applicable, there is no Homeowner's Association for Nadeau Acres.
- d. Outlot A, Nadeau Acres 2<sup>nd</sup> Addition shall be deeded to the City.
- e. A temporary cul de sac easement shall be recorded over the west end of William Lane and the applicable impacted lots.
- f. The temporary cul de sac shall be removed and ground restored by entity extending William Lane. BL Holdings shall provide an easement document over the temporary cul de sac with a sunset clause to release the easement upon extension of William Lane.
- g. The private septic system at previous address 6677 20th Avenue shall be removed.
- h. The private well at previous address 6677 20th Avenue shall be capped.
- i. The private septic system on Lot 10, Block 1, Nadeau Acres 2nd Addition (previously addressed 6651 20th Avenue) shall be removed.
- j. The existing house on Lot 10, Block 1, Nadeau Acres 2nd Addition (previously addressed 6651 20th Avenue) shall hook up to municipal sanitary sewer.
- k. The existing south driveway at 6709 20th Avenue shall be relocated west onto Red Oak Lane.
- l. The existing driveway at 6677 20th Avenue shall be removed.

m. The existing driveway at 6651 20th Avenue shall be removed.

n. 12. The stormwater maintenance for public facilities will be covered under the City's Programmatic Stormwater Management Agreement.

20. **Hours of Construction Activity.**

All construction activity shall be limited to the hours as follows:

|                       |                          |
|-----------------------|--------------------------|
| Monday through Friday | 7:00 a.m. to 7:00 p.m.   |
| Saturday              | 9:00 a.m. to 5:00 p.m.   |
| Sunday and Holidays   | No working hours allowed |

21. **Insurance.** Developer or its general contractor shall take out and maintain until one year after the City accepted the Developer Improvements, public liability and property damage insurance covering personal injury, including death, and claims for property damage which may arise out of the Developer's or general contractor's work, as the case may be, or the work of its subcontractors or by one directly or indirectly employed by any of them. Limits for bodily injury and death shall be not less than Five Hundred Thousand and no/100 (\$500,000.00) Dollars for one person and Two Million and no/100 (\$2,000,000.00) Dollars for each occurrence; limits for property damage shall be not less than One Million and no/100 (\$1,000,000.00) Dollars for each occurrence; or a combination single limit policy of Two Million and no/100 (\$2,000,000.00) Dollars or more. The City, its employees, its agents and assigns shall be named as an additional insured on the policy, and the Developer or its general contractor shall file with the City a certificate evidencing coverage prior to the City signing the plat. The certificate shall provide that the City must be given ten days advance written notice of the cancellation of the insurance. The certificate may not contain any disclaimer for failure to give the required notice.

22. **Developer's Default.** In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, including but not limited to attorney and engineering fees, provided the Developer is first given notice of the work in default, not less than 48 hours in advance. This Agreement is a license for the City to act, and it shall not be necessary for the City to seek a court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, levy the cost in whole or in part as a special assessment against the Subject Property. Developer waives its rights to notice of hearing and hearing on such assessments and its right to appeal such assessments pursuant to Minnesota Statutes, chapter 429.

23. **General.**

a. Binding Effect

The terms and provisions hereof shall be binding upon and inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto and shall be binding upon all future owners of all or any part of the Subdivision and shall be deemed covenants running with the land, unless otherwise released pursuant to section 14 of this Agreement.

b. Validity.

If a portion, section, subsection, sentence, clause, paragraph or phrase in this agreement is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect or void any of the other provisions of the Development Agreement.

c. Notices

Whenever in this Agreement it shall be required or permitted that notice or demand be given or served by either party to this Agreement to or on the other party, such notice or demand shall be delivered personally, or mailed by United States mail to the addresses below, or sent by email to the email address below. Such notice or demand shall be deemed timely given when delivered personally or when deposited in the mail in accordance with the above or when emailed. The addresses of the parties are as set forth until changed by notice given as above.

BL Holdings, LLC  
Attn: Larry Olson  
7517 162nd Avenue NE  
Columbus, MN 55025  
solo.olson@gmail.com

Community Development Director  
City of Lino Lakes  
600 Town Center Parkway  
Lino Lakes, MN 55014  
mgrochala@linolakes.us



24. Land Use Controls - Planned Unit Development. NOT APPLICABLE

DEVELOPER

CITY OF LINO LAKES

By \_\_\_\_\_

By \_\_\_\_\_  
Mayor

Its \_\_\_\_\_

ATTEST

By \_\_\_\_\_  
City Clerk

STATE OF MINNESOTA     )  
  ) SS  
COUNTY OF ANOKA        )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2021,  
by Rob Rafferty as Mayor of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
  ) SS  
COUNTY OF ANOKA        )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2021  
by Julianne Bartell as City Clerk of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
  ) SS  
COUNTY OF \_\_\_\_\_    )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public within and for said County, personally appeared \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ (Developer), who executed the foregoing instrument.

\_\_\_\_\_  
Notary Public

This instrument was drafted by:

City of Lino Lakes  
600 Town Center Parkway  
Lino Lakes, Minnesota 55014

---

**CONSENT AND SUBORDINATION**  
Not Applicable

\_\_\_\_\_, the holder of a mortgage dated \_\_\_\_\_, filed  
for record with the County Recorder, Anoka County, Minnesota, on \_\_\_\_\_, as  
Document No. \_\_\_\_\_, hereby consents to the recording of this Development  
Agreement and agrees that its rights in the property affected by the Development Agreement  
shall be subordinated thereto.

IN WITNESS WHEREOF, \_\_\_\_\_, has caused this Consent and Subordination to  
be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
By:  
Its:

STATE OF MINNESOTA \_\_\_\_\_ )  
\_\_\_\_\_) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public within and  
for said County, personally appeared \_\_\_\_\_, who executed the foregoing  
instrument.

\_\_\_\_\_  
\_\_\_\_\_  
Notary Public

**EXHIBIT A**

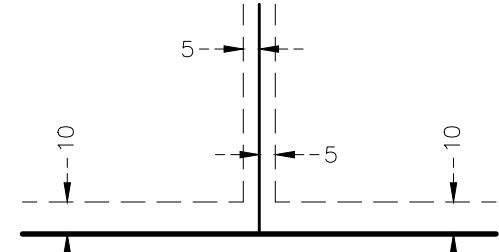
**Final Plat**

DRAFT

NADEAU ACRES 2ND ADDITION

CITY OF LINO LAKES  
COUNTY OF ANOKA  
SEC. 26, TWP. 31, RGE. 22

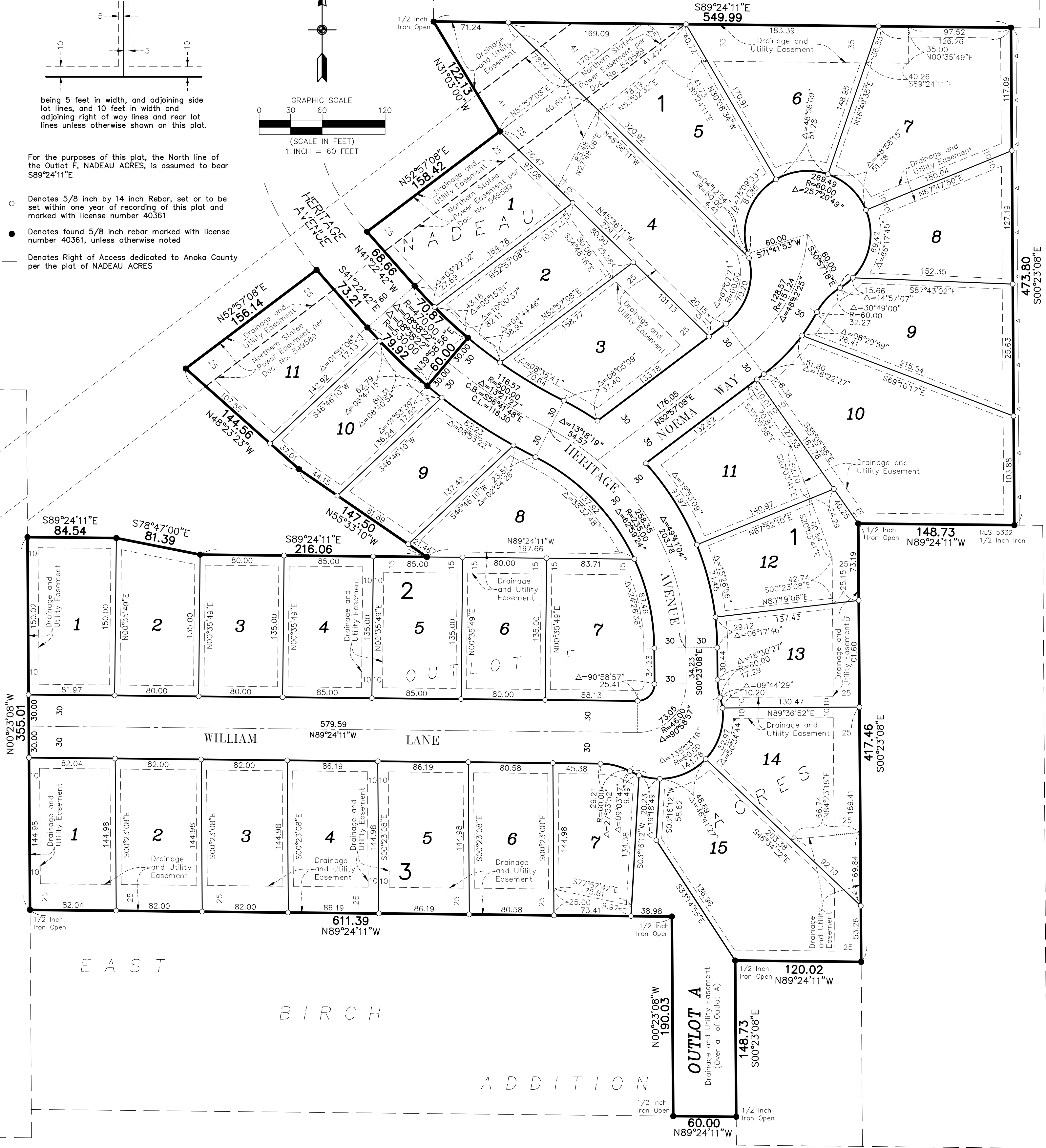
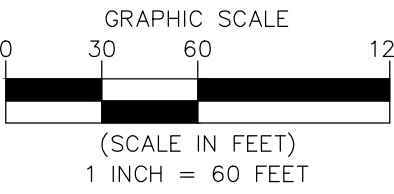
DRAINAGE AND UTILITY  
EASEMENTS ARE SHOWN THUS:



being 5 feet in width, and adjoining side  
lot lines, and 10 feet in width and  
adjoining right of way lines and rear lot  
lines unless otherwise shown on this plat.

For the purposes of this plat, the North line of  
the Outlot F, NADEAU ACRES, is assumed to bear  
S89°24'11"E

- Denotes 5/8 inch by 14 inch Rebar, set or to be  
set within one year of recording of this plat and  
marked with license number 40361
- Denotes found 5/8 inch rebar marked with license  
number 40361, unless otherwise noted
- △ Denotes Right of Access dedicated to Anoka County  
per the plat of NADEAU ACRES



KNOW ALL PERSONS BY THESE PRESENTS: That BL Holdings, LLC, a Minnesota limited liability company, owner of the following described property:

Outlot F, NADEAU ACRES, according to the recorded plat thereof, Anoka County, Minnesota.

Has caused the same to be surveyed and platted as NADEAU ACRES 2ND ADDITION and does hereby dedicate to the public for public use the public ways and the drainage and utility easements as shown on this plat.

In witness whereof said BL Holdings, LLC, a Minnesota limited liability company, has caused these presents to be signed by its proper officer this \_\_\_\_ day of  
\_\_\_\_\_, 20\_\_\_\_.

BL Holdings, LLC

Baleen K. Roberts, Chief Manager

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Baleen K. Roberts, Chief Manager of BL Holdings, LLC, a Minnesota limited liability company,  
on behalf of the company.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

I Thomas R. Balluff do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this  
plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have  
been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate  
are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Thomas R. Balluff, Licensed Land Surveyor  
Minnesota License No. 40361

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Thomas R. Balluff.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

This plat of NADEAU ACRES was approved and accepted by the City Council of the City of Lino Lakes, Minnesota at a regular meeting thereof held this \_\_\_\_ day  
of \_\_\_\_\_, 20\_\_\_\_, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03, Subd. 2.

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

By: \_\_\_\_\_, Mayor

By: \_\_\_\_\_, Clerk

COUNTY SURVEYOR

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd. 11, this plat has been reviewed and approved this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Charles F. Gitzen  
Anoka County Surveyor

COUNTY AUDITOR/TREASURER

Pursuant to Minnesota Statutes, Section 505.021, Subd. 9, taxes payable in the year 20\_\_\_\_ on the land hereinbefore described have been paid. Also, pursuant to Minnesota Statutes,  
Section 272.12, there are no delinquent taxes and transfer entered this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Property Tax Administrator

By \_\_\_\_\_, Deputy

COUNTY RECORDER/REGISTRAR OF TITLES

County of Anoka, State of Minnesota

I hereby certify that this plat of NADEAU ACRES 2ND ADDITION was filed in the office of the County Recorder/Registrar of Titles for public record on this \_\_\_\_ day  
of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_ o'clock \_\_\_\_M. and was duly recorded as Document Number \_\_\_\_\_.

County Recorder/Registrar of Titles

By \_\_\_\_\_, Deputy



**EXHIBIT B**

**Securities, Escrows & Fees**

DRAFT

**EXHIBIT B**  
**Securities, Escrows & Fees**

|                                    |                      |      |
|------------------------------------|----------------------|------|
| PROJECT: Nadeau Acres 2nd Addition | NUMBER OF REU's:     | 33   |
| APPLICANT: BL Holdings, LLC.       | NO. OF LOT FRONTAGE: | 35   |
|                                    | AREA (ACRES):        | 13.6 |

| IMPROVEMENTS                                | COST        |
|---|-------------|
| <u>DEVELOPER IMPROVEMENT COSTS (Public)</u> |             |
| SITE GRADING                                | \$0         |
| EROSION CONTROL                             | \$1,500     |
| LANDSCAPING                                 | \$5,500     |
| STREETS SIDEWALK & TRAIL                    | \$379,500   |
| STORM SEWER CONST.                          | \$143,500   |
| SANITARY SEWER CONST.                       | \$126,700   |
| WATERMAIN CONST.                            | \$175,600   |
| ENGINEERING & SURVEYING                     | \$8,500     |
| Total                                       | \$840,800   |
| Letter of Credit Amount X 125%              | \$1,051,000 |

|   |          |
|---|----------|
| <u>ESCROW for CITY'S COSTS</u>          |          |
| PLANNING/ REVIEW                        | \$1,500  |
| ADMINISTRATION                          | \$25,230 |
| ENGINEER PLAN REVIEW                    | \$4,200  |
| ENGINEER CONSTRUCTION SERVICES          | \$29,428 |
| PROJECT FINAL DOCUMENTS & CITY ENGINEER | \$4,300  |
| STREET LIGHT INSTALLATION               | \$10,000 |
| STREET & STORMWATER MAINTENANCE         | \$1,500  |
| PROPERTY TAXES                          | \$0      |
| TRAFFIC AND SIGNING IMPROVEMENTS        | \$900    |
| BOULEVARD TREE PLANTING                 | \$16,975 |
| Total                                   | \$94,033 |

|                              |            |
|------------------------------|------------|
| <u>DEVELOPMENT FEES</u>      |            |
| PARK DEDICATION              | \$101,120  |
| PARK DEDICATION CREDIT       | (\$16,085) |
| Subtotal Park Dedication Fee | \$85,035   |
| AUAR                         | \$0        |
| GIS MAPPING FEE              | \$3,150    |
| STREET LIGHTING OPERATION    | \$480      |
| Total                        | \$88,665   |

|                                  |             |
|----------------------------------|-------------|
| TRUNK SANITARY SEWER             |             |
| TRUNK CHARGE PER (ACRE OR UNIT)  | \$53,790    |
| AVAILABILITY CHARGE PER SAC UNIT | \$50,325    |
| TRUNK SANITARY SEWER CREDIT      | (\$128,925) |
| TRUNK WATERMAIN                  |             |
| TRUNK CHARGE PER (ACRE OR UNIT)  | \$74,912    |
| AVAILABILITY CHARGE PER SAC UNIT | \$47,136    |
| TRUNK WATERMAIN CREDIT           | \$0         |
| TOTAL TRUNK SEWER & WATER FEES   | \$97,238    |

|                                     |           |
|-------------------------------------|-----------|
| SURFACE WATER MANAGEMENT            | \$101,325 |
| SURFACE WATER MANAGEMENT CREDIT     | \$0       |
| TOTAL SURFACE WATER MANAGEMENT FEES | \$101,325 |

|  |       |           |
|--|-------|-----------|
|  | Total | \$198,563 |
|  |       | \$69,497  |

|   |             |
|---|-------------|
| <u>SUMMARY OF SECURITIES, ESCROW &amp; FEES</u> |             |
| SECURITY: DEVELOPER IMP'MENT COSTS              | \$1,051,000 |
| ESCROW FOR CITY COSTS                           | \$94,033    |
| DEVELOPMENT FEES                                | \$88,665    |
| SECURITY: TRUNK FEES                            | \$69,497    |

**EXHIBIT C**

**Public Improvement Surety**

DRAFT



## **PUBLIC IMPROVEMENT SURETY AGREEMENT**

### **Nadeau Acres 2<sup>nd</sup> Addition**

THIS PUBLIC IMPROVEMENT SURETY AGREEMENT ("Agreement") is entered into on \_\_\_\_\_, 2021, by Registered Abstractors, Inc., a Minnesota corporation (hereinafter "Escrow Agent"), City of Lino Lakes (hereinafter "City"), BL Holdings, LLC (hereinafter "Developer"), and Premier Bank, a Minnesota corporation ("Bank").

### **RECITALS**

WHEREAS, City and Developer have entered into a Development Agreement for Nadeau Acres 2<sup>nd</sup> Addition dated June 14, 2021 pursuant to which Developer has agreed to deposit certain funds as identified in Paragraph 2 below in escrow in lieu of a letter of credit; and

WHEREAS, the Development Agreement requires a Letter of Credit or Surety Agreement be posted with the City in the amount of \$1,051,000.00; and

WHEREAS, the cash which is being deposited with Escrow Agent from the Bank is part of the proceeds of a loan from the Bank to the Developer, and said cash shall be deposited in an account held at the Bank in the name of the Escrow Agent under certain terms and conditions acceptable to the Bank, and this Agreement shall include restrictions on draws or the release of funds from said escrow account by all Parties to this Agreement.

WHEREAS, Developer agrees to privately construct improvements ("Improvements") serving Nadeau Acres 2<sup>nd</sup> Addition, which Improvements are more particularly described in the Development Agreement. The Final Plat is attached hereto as Exhibit A; and

WHEREAS, City and Developer desire that Escrow Agent disburse the advances and Escrow Agent is willing to do so on the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used, and not otherwise defined herein, shall have the meanings set forth in the Development Agreement; and

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, it is agreed between the parties as follows:

1. The Developer will deposit escrowed funds in the amount of \$1,051,000.00 with Escrow agent and these funds represent a portion of the loan funds which the Developer has secured from the Bank (hereinafter "Loan Funds"). Such Loan Funds shall be deposited in an Escrow Account at the Bank ("Escrow Account") and held in the name of the Escrow Agent. Escrow Agent acknowledges that the Escrow Account shall be utilized

only for draws for improvements undertaken and completed pursuant to the Development Agreement. In no event shall Escrow Agent be allowed to comingle any Funds or withdraw any Funds from said Escrow Account for any use other than reimbursement for the costs of improvements defined in the Development Agreement.

2. The Escrow Agent is authorized and directed to disburse the funds deposited hereunder to contractors and material suppliers to pay the costs of construction of the identified improvements (See Exhibit B) to be constructed on the described real property as such property is identified in the Development Agreement. The number of permissible draws and the fees to be charged therefore is as is set forth herein. Regardless of any provision to the contrary, no Funds shall be released from the Escrow Account to the Escrow Agent for disbursement unless the same is approved by both the City and the Bank. After disbursement of funds, the Escrow Agent shall collect partial or final lien waivers (as appropriate) to evidence the payments then made to the contractors and material suppliers with respect to the Improvements.
3. Prior to each disbursement of funds by the Escrow Agent to the Developer, the City, the Bank and Escrow Agent must be furnished with the following items and the following must be approved by both the City and the Bank prior to any further distribution of any Escrow Funds by Escrow Agent:
  - a. Sworn Construction Statement, setting forth all contractors and material suppliers with whom the Developer has contracted, the amounts of each contract, the amounts paid-to-date, the amounts being requested, and the balances due.
  - b. The draw request by the Developer for the requested disbursement.
  - c. Written Approval by the City of the disbursement request, which approval shall (i) not be unreasonably withheld or delayed, and (ii) be provided within ten (10) business days following the date submitted by the Escrow Agent [in accordance with Paragraph 7 below] with confirmation from the Escrow Agent that Developer has provided all of the items required to be submitted under this Paragraph 3. Failure by the City to respond to such request within such 10 business day approval period shall automatically be deemed to be City's approval to same. Escrow Agent may communicate with City electronically relative to these requests.
  - d. To the extent not already collected by the Escrow Agent, full or partial, up-to-date lien waivers; plus affidavits supporting lien waivers and releases of lien if necessary, in a form satisfactory to Escrow Agent and City.

- e. A list showing each Contractor/Vendor to be paid from the current Draw Request, the amount of payment, and the category of cost as shown on the Sworn Construction Statement for which such payment are to be made.
- f. Such other supporting evidence as may be reasonably requested by the City or Escrow Agent to substantiate all payments that are to be made out of the relevant Draw Request and/or to substantiate all payments, then made with respect to the Project.

If requested by Bank or Escrow Agent, Developer shall also furnish to Bank and Escrow Agent a copy of each contract with each of the Contractors. Developer shall keep the Escrow Agent and Bank advised at all times of the names of all Contractors, and of the type of work, material or services and of the dollar amount covered by each of their respective contracts with Developer. It is understood that only Contractors whose names, contract descriptions and, after a request therefor, contracts have been furnished to Bank and Escrow Agent shall be entitled to receive disbursements under this Agreement.

Developer may obtain advances for disbursement to contractors only to the extent of the amount currently due to each Contractor for work satisfactorily completed or materials actually incorporated into the Project by such Contractor, less any retainage permitted to be withheld pursuant to such Contractor's contract, and Developer agrees that all sums requested hereunder for disbursement to each Contractor shall not exceed that amount. Escrow Agent shall not be required to make the final advance for the payment of the full amount of each Contractor's contract until the Bank and City are satisfied that all of the work covered by such contract has been completed in accordance with the approved Plans, and all requirements set forth in the Development Agreement and the Loan Agreement executed by Developer and Bank on \_\_\_\_\_, 2021, in connection with the Loan Funds ("Loan Agreement"), have been fully complied with, including, with respect to the General Contractor, the requirements to evidence Completion of the Improvements. The Escrow Agent shall perform a search of the appropriate records and, within five (5) Business Days after receiving the foregoing items, shall give Bank notice by telephone if any intervening liens are disclosed (other than those expressly listed in the Title Policy or subsequent amendments thereto previously given to Bank). If any such intervening liens or other matters, which in Bank's and City's judgment jeopardize its security interest in the Project, are disclosed, the Escrow Agent shall refrain from making further disbursements until Bank and the City notify the Escrow Agent that such intervening liens or other matters have been waived by Bank and City or satisfied. Upon demand of Bank and/or City, Developer shall immediately cause any such liens or other matters to be satisfied of record or bonded, or shall make other arrangements with respect to the discharge thereof satisfactory to Bank and City.

4. Escrow Agent's charges for all of the escrow services to be provided pursuant to this Agreement are \$150.00 per draw.
5. No draw requests shall be made by Developer while another is pending or in the event the City has declared default under the Development Agreement.
6. At the time of submission of the final Draw Request, which shall not be submitted before completion of the improvements required by the Development Contract, Developer shall submit to City, Bank and Escrow Agent, in addition to the requirements listed in Paragraph 3 above the following and the following must be approved by the Bank prior to disbursements of funds:
  - a. A written lien waiver from all Contractors for work done and materials furnished for the Project.
  - b. Such other supporting evidence as may be reasonably requested by the City or Escrow Agent to substantiate all payments, which are to be made out of the final Draw Request and/or to substantiate all payments, then made with respect to the Project.
  - c. Satisfactory evidence that all work requiring inspection by Governmental Authorities having jurisdiction, including the City, has been duly inspected and approved by such authorities and that all requisite certificates of occupancy, if applicable, and other approvals have been issued.
  - d. Final Sworn Construction Statement.
7. Not later than five business days following receipt of the documents delivered to it pursuant to the above paragraphs, the Escrow Agent will notify in writing the City and the Bank as to whether the delivered documents are satisfactory to it. If documents are missing, the Escrow Agent will advise City, the Bank and Developer. If the documents are supplied to the full satisfaction of the City, the Bank and Escrow Agent, Escrow Agent will within 3 business days disburse the Escrowed Funds to the contractors entitled thereto in the amount applied for in the relevant draw request.
8. Developer will pay parties identified in the relevant draw request, the amounts shown therein. Payment will only be made upon receipt of signed lien waivers for the amount requested.
9. The Escrow Agent will keep and maintain books and records in sufficient detail to reflect the disbursements made by it hereunder. City, the Bank and Developer may, during normal business hours, examine the books and records of Escrow Agent pertaining to

the disbursements made by it hereunder. The Escrow Agent shall notify the City, the Bank and Developer when fund balance is less than \$50,000.

10. No liability is assumed by Escrow Agent or City to the Developer or contractors as regards protection against mechanic's lien or title claims.
11. Functions and duties assumed by the Escrow Agent include only those described in this Agreement, and the Escrow Agent is not obligated to act except in accordance with the terms and conditions of this Agreement. Escrow Agent, the Bank and City do not insure that the building or construction will be completed, or that the building when completed will be in accordance with the plans and specifications, or that sufficient funds will be available for completion. The funds placed in escrow shall be maintained in a non-interest bearing account
12. Escrow Agent acknowledges receipt of escrowed funds upon execution of this document.
13. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.
14. This Agreement can be amended or modified only by a written Amendment, written and signed by all of the parties hereto, including, but not limited to, the Bank.
15. Escrow Agent shall place all received funds in a FDIC insured account with the Bank.
16. Prior to the execution of this Agreement, the Escrow Agent shall submit financial statements to the City Attorney and the Bank for review and approval.
17. If directed by the City in its reasonable business judgment, the Developer shall submit additional security to address change orders or unanticipated Project costs which costs will be reasonably agreed upon by the City and Developer.
18. The parties hereto, agree that each party's legal cost incurred to draft and/or negotiate this Agreement on behalf of such party shall be the sole responsibility of the party incurring same.
19. Time is of the essence as to each provision of this Agreement.
20. All notices required or permitted under this Agreement shall be (i) delivered to the addresses set forth below, and (ii) mailed, delivered or transmitted by one party to the other(s) and such notice shall be deemed given and effective: upon receipt if personally delivered; upon receipt if sent by telecopy or electronic mail; upon receipt or upon the date of first attempted delivery, if sent by certified or registered mail with postage prepaid, return receipt requested, or if sent by Federal Express or other nationally

recognized carrier service; or upon receipt if sent in any other way. Any party hereto may from time to time, by written notice to the other parties, designate a different address which shall be substituted for the one specified below.

21. In the event the City declares default under the Development Agreement and the Developer fails to cure such default within ten (10) days of written notice thereof, then (i) this Agreement shall not terminate, (ii) the City shall have the right to complete the Improvements, and (iii) all remaining funds held in the Escrow Account shall be disbursed pursuant to the terms hereof for the purpose of paying for any Improvements completed by the City. The City may use such funds solely for the purpose of completing the work required by the Development Agreement. Developer shall be liable to the City for any shortfall; provided, however, that the City shall have no obligation to complete any Improvements to the extent funds for such Improvements are not available from the Escrowed Funds.

Escrow Agent: Registered Abstracters, Inc.  
Attn: Jenny Moehlmann  
2115 N. 3<sup>rd</sup> Avenue  
Anoka, MN 55303

City: City of Lino Lakes  
Attn: Michael Grochala  
600 Town Center Parkway  
Lino Lakes, Minnesota 55014

Developer: BL Holdings, LLC  
Attn: Baleen K. Roberts, President  
7517 162<sup>nd</sup> Ave. NE  
Columbus, Minnesota 55025

Bank: Premier Bank  
Attn: Michael Schmalzer  
1777 Bunder Lake Blvd. N.W.  
Andover, MN 55304

22. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument. The delivery of an executed counterpart of this Agreement by facsimile or PDF or similar attachment to an email in accordance with Paragraph 21 above shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart.

23. All remaining funds, after completion of all work as provided in this Agreement, shall be returned to Bank and disbursed by the Bank pursuant to the terms and conditions of the

Loan Agreement. All remaining funds held pursuant to this Agreement shall be disbursed to the Bank as soon as reasonably possible after review and approval by the City of all terms and conditions of this Agreement

ESCROW AGENT:

Registered Abstracters, Inc., a Minnesota corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF MINNESOTA       )  
  ) ss.  
COUNTY OF ANOKA       )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public within and for said County, personally appeared \_\_\_\_\_ (Escrow Agent), who executed the foregoing instrument.

\_\_\_\_\_  
Notary Public

CITY:

CITY OF LINO LAKES

By \_\_\_\_\_  
Rob Rafferty  
Its Mayor

By \_\_\_\_\_  
Julianne Bartell  
Its: City Clerk

STATE OF MINNESOTA       )  
  ) SS  
COUNTY OF ANOKA       )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2021,  
by Rob Rafferty as Mayor of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA       )  
  ) SS  
COUNTY OF ANOKA       )

This instrument was acknowledged before me on \_\_\_\_\_ day of \_\_\_\_\_, 2021  
by Julianne Bartell as City Clerk of the City of Lino Lakes on behalf of said City.

\_\_\_\_\_  
Notary Public



DEVELOPER:

BL Holdings, LLC, a Minnesota limited liability company

By: \_\_\_\_\_

Baleen K. Roberts

Its: Chief Manager

STATE OF MINNESOTA        )  
  ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public within and for said County, personally appeared Baleen K. Roberts, the Chief Manager of BL Holdings, LLC, a limited liability company organized and existing under the laws of the State of Minnesota on behalf of such company.

\_\_\_\_\_  
Notary Public

BANK:

Premier Bank, a Minnesota corporation

By: \_\_\_\_\_

Michael Schmalzer

Its: Vice President

STATE OF MINNESOTA        )  
  ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2021, before me, a Notary Public within and for said County, personally appeared Michael Schmalzer, the Vice President of Premier Bank, a corporation organized and existing under the laws of the State of Minnesota on behalf of such corporation.

\_\_\_\_\_  
Notary Public

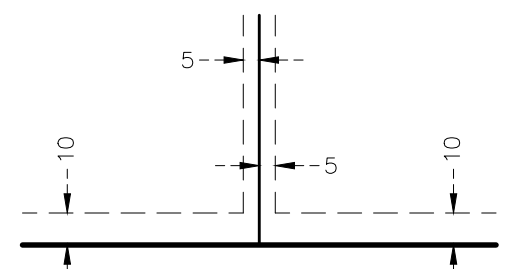
## EXHIBIT A

### Final Plat

# NADEAU ACRES 2ND ADDITION

CITY OF LINO LAKES  
COUNTY OF ANOKA  
SEC. 26, TWP. 31, RGE. 22

DRAINAGE AND UTILITY  
EASEMENTS ARE SHOWN THUS:

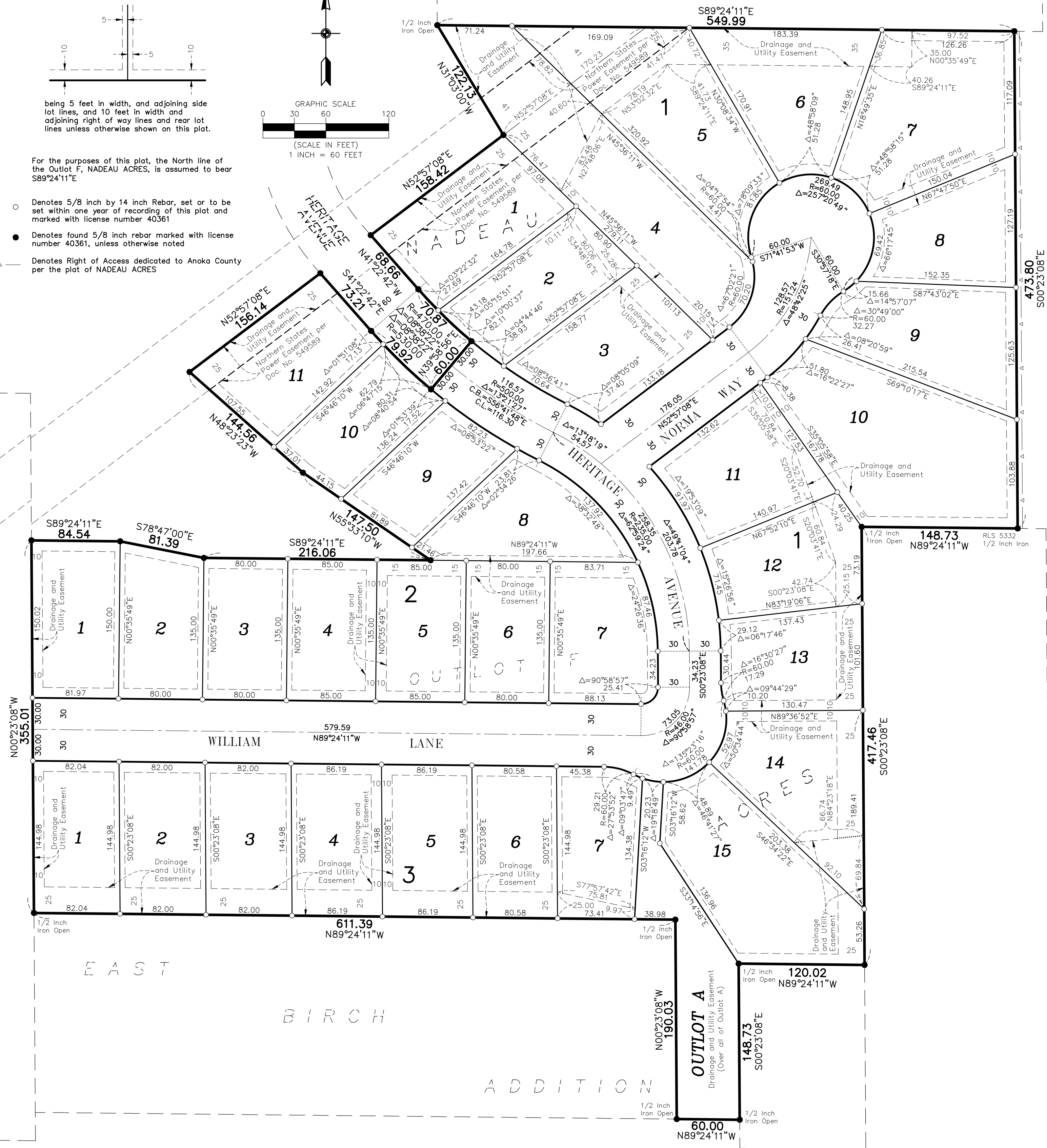


being 5 feet in width, and adjoining side  
lot lines, and 10 feet in width and  
adjoining right of way lines and rear lot  
lines unless otherwise shown on this plat.

For the purposes of this plat, the North line of  
the Outlot F, NADEAU ACRES, is assumed to bear  
S89°24'11"E

- Denotes 5/8 inch by 14 inch Rebar, set or to be  
set within one year of recording of this plat and  
marked with license number 40361
- Denotes found 5/8 inch rebar marked with license  
number 40361, unless otherwise noted
- Denotes Right of Access dedicated to Anoka County  
per the plat of NADEAU ACRES

GRAPHIC SCALE  
(SCALE IN FEET)  
1 INCH = 60 FEET



(C.S.A.H. NO. 34)

BIRCH STREET

KNOW ALL PERSONS BY THESE PRESENTS: That BL Holdings, LLC, a Minnesota limited liability company, owner of the following described property:

Outlot F, NADEAU ACRES, according to the recorded plat thereof, Anoka County, Minnesota.

Has caused the same to be surveyed and platted as NADEAU ACRES 2ND ADDITION and does hereby dedicate to the public for public use the public ways and the drainage and utility easements as shown on this plat.

In witness whereof said BL Holdings, LLC, a Minnesota limited liability company, has caused these presents to be signed by its proper officer this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BL Holdings, LLC

Baleen K. Roberts, Chief Manager

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Baleen K. Roberts, Chief Manager of BL Holdings, LLC, a Minnesota limited liability company, on behalf of the company.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

I Thomas R. Balluff do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Thomas R. Balluff, Licensed Land Surveyor  
Minnesota License No. 40361

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_ by Thomas R. Balluff.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Notary Public, \_\_\_\_\_  
My commission expires \_\_\_\_\_

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

This plat of NADEAU ACRES was approved and accepted by the City Council of the City of Lino Lakes, Minnesota at a regular meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03, Subd. 2.

CITY COUNCIL, CITY OF LINO LAKES, MINNESOTA

By: \_\_\_\_\_, Mayor

By: \_\_\_\_\_, Clerk

COUNTY SURVEYOR

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd. 11, this plat has been reviewed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Charles F. Gitzen  
Anoka County Surveyor

COUNTY AUDITOR/TREASURER

Pursuant to Minnesota Statutes, Section 505.021, Subd. 9, taxes payable in the year 20\_\_\_\_ on the land hereinbefore described have been paid. Also, pursuant to Minnesota Statutes, Section 272.12, there are no delinquent taxes and transfer entered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Property Tax Administrator

By: \_\_\_\_\_, Deputy

COUNTY RECORDER/REGISTRAR OF TITLES

County of Anoka, State of Minnesota

I hereby certify that this plat of NADEAU ACRES 2ND ADDITION was filed in the office of the County Recorder/Registrar of Titles for public record on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M. and was duly recorded as Document Number \_\_\_\_\_.

County Recorder/Registrar of Titles

By: \_\_\_\_\_, Deputy

## EXHIBIT B

### Securities, Escrows & Fees

**EXHIBIT B**  
**Securities, Escrows & Fees**

|                                    |                      |      |
|------------------------------------|----------------------|------|
| PROJECT: Nadeau Acres 2nd Addition | NUMBER OF REU's:     | 33   |
| APPLICANT: BL Holdings, LLC.       | NO. OF LOT FRONTAGE: | 35   |
|                                    | AREA (ACRES):        | 13.6 |

| IMPROVEMENTS                                | COST        |
|---|-------------|
| <u>DEVELOPER IMPROVEMENT COSTS (Public)</u> |             |
| SITE GRADING                                | \$0         |
| EROSION CONTROL                             | \$1,500     |
| LANDSCAPING                                 | \$5,500     |
| STREETS SIDEWALK & TRAIL                    | \$379,500   |
| STORM SEWER CONST.                          | \$143,500   |
| SANITARY SEWER CONST.                       | \$126,700   |
| WATERMAIN CONST.                            | \$175,600   |
| ENGINEERING & SURVEYING                     | \$8,500     |
| Total                                       | \$840,800   |
| Letter of Credit Amount X 125%              | \$1,051,000 |

|   |          |
|---|----------|
| <u>ESCROW for CITY'S COSTS</u>          |          |
| PLANNING/ REVIEW                        | \$1,500  |
| ADMINISTRATION                          | \$25,230 |
| ENGINEER PLAN REVIEW                    | \$4,200  |
| ENGINEER CONSTRUCTION SERVICES          | \$29,428 |
| PROJECT FINAL DOCUMENTS & CITY ENGINEER | \$4,300  |
| STREET LIGHT INSTALLATION               | \$10,000 |
| STREET & STORMWATER MAINTENANCE         | \$1,500  |
| PROPERTY TAXES                          | \$0      |
| TRAFFIC AND SIGNING IMPROVEMENTS        | \$900    |
| BOULEVARD TREE PLANTING                 | \$16,975 |
| Total                                   | \$94,033 |

|                              |            |
|------------------------------|------------|
| <u>DEVELOPMENT FEES</u>      |            |
| PARK DEDICATION              | \$101,120  |
| PARK DEDICATION CREDIT       | (\$16,085) |
| Subtotal Park Dedication Fee | \$85,035   |
| AUAR                         | \$0        |
| GIS MAPPING FEE              | \$3,150    |
| STREET LIGHTING OPERATION    | \$480      |
| Total                        | \$88,665   |

|                                  |             |
|----------------------------------|-------------|
| TRUNK SANITARY SEWER             |             |
| TRUNK CHARGE PER (ACRE OR UNIT)  | \$53,790    |
| AVAILABILITY CHARGE PER SAC UNIT | \$50,325    |
| TRUNK SANITARY SEWER CREDIT      | (\$128,925) |
| TRUNK WATERMAIN                  |             |
| TRUNK CHARGE PER (ACRE OR UNIT)  | \$74,912    |
| AVAILABILITY CHARGE PER SAC UNIT | \$47,136    |
| TRUNK WATERMAIN CREDIT           | \$0         |
| TOTAL TRUNK SEWER & WATER FEES   | \$97,238    |

|                                     |           |
|-------------------------------------|-----------|
| SURFACE WATER MANAGEMENT            | \$101,325 |
| SURFACE WATER MANAGEMENT CREDIT     | \$0       |
| TOTAL SURFACE WATER MANAGEMENT FEES | \$101,325 |

|  |       |           |
|--|-------|-----------|
|  | Total | \$198,563 |
|  |       | \$69,497  |

Letter of Credit Amount X 35%

|   |             |
|---|-------------|
| <u>SUMMARY OF SECURITIES, ESCROW &amp; FEES</u> |             |
| SECURITY: DEVELOPER IMP'MENT COSTS              | \$1,051,000 |
| ESCROW FOR CITY COSTS                           | \$94,033    |
| DEVELOPMENT FEES                                | \$88,665    |
| SECURITY: TRUNK FEES                            | \$69,497    |

**CITY COUNCIL  
AGENDA ITEM 6C**

STAFF ORIGINATOR: Michael Grochala, Community Development Director

MEETING DATE: June 14, 2021

TOPIC: Consider 2nd Reading of Ordinance 04-21, Approving Sale of Land to Vaquero Ventures Management, LLC.

VOTE REQUIRED: 3/5

**INTRODUCTION**

Staff is requesting City Council consideration for the sale of land to Vaquero Ventures Management, LLC (Buyer).

**BACKGROUND**

Lots 12 & 13, Block 2 of Carole's Estates 2<sup>nd</sup> Addition are immediately south of the American Legion and currently undeveloped. The property is approximately 2 acres in area. Vaquero Management has agreed to a purchase price of \$525,000 (\$6.00 SF). The purchase is subject to a 120 day buyer contingency period with options for 2-60 day extensions. Under the terms of the agreement, buyer will execute a restrictive covenant prohibiting use of property for automobile/truck repair or a Motor Fuel station with the exception of ancillary operations customary to a retail store selling automobile parts and accessories. The city will also retain the right to repurchase the property at the original sale price if buyer does not procure a building permit and commence construction within two years.

The sale is also contingent on approval between both parties of a subsequent agreement regarding relocation of 77<sup>th</sup> Street, vacation of existing 77<sup>th</sup> Street, and provision of drainage easements for existing ponding on the site. The purchase is also contingent on the acquisition of an adjacent residential property, south of 77<sup>th</sup>, by the buyer.

The City Council approved the First Reading of Ordinance 04-21 on May 24, 2021.

**RECOMMENDATION**

Staff is recommending approval of the 2nd Reading of Ordinance No. 04-21.

**ATTACHMENTS**

1. Ordinance No. 04-21
2. General Location Map
3. Draft Purchase Agreement

|                          |              |
|--------------------------|--------------|
| 1 <sup>st</sup> Reading: | Publication: |
| 2 <sup>nd</sup> Reading: | Effective:   |

**CITY OF LINO LAKES  
ORDINANCE NO. 04-21**

**ORDINANCE APPROVING SALE OF LAND TO  
VAQUERO VENUTURES MANAGEMENT, LLC**

The City Council of Lino Lakes ordains:

**Section 1. Property.** The City is the fee owner of the Property legally described as:

**Lot 12 and Lot 13, Block 2, Carole's Estates 2<sup>nd</sup> Addition**

**Section 2. Findings.**

1. The Property is excess property identified for sale to promote economic development.
2. The Property is guided for Commercial use in the City's 2040 Comprehensive Plan and zoned GB, General Business District.
3. The sale of property will result in development of the property and enhancement of the City's tax base.
4. The sale of property will facilitate realignment of the 77<sup>th</sup> Street to provide improvement commercial and residential access to property west of Lake Drive.

**Section 3. Authorization**

The City Council approves the sale of the Property to Vaquero Ventures Management, LLC. The Mayor and City Clerk are hereby authorized and directed to execute a purchase agreement, deed and other documents as may be necessary in order to sell the Property. Proceeds from the sale of the Property shall be used in accordance with the requirements of the City Charter.

**Section 4. Effective Date.**

This ordinance shall be in full force and effect from and after 30 days following its passage and publication, in accordance with section 3.09 of the City Charter.

Adopted by the Lino Lakes City Council this 14th day of June, 2021.

The motion for the adoption of the foregoing ordinance was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk



# 77th and Lake Property



1 in = 188 ft



November 3, 2020

wsb

## **PURCHASE AGREEMENT**

This Purchase Agreement (“Agreement”) is made and entered into by and between the City of Lino Lakes, a municipal corporation under the laws of Minnesota (“Seller”) and Vaquero Ventures Management, LLC, a Texas limited liability corporation and/or assigns (“Buyer”).

### **RECITALS:**

A. Seller is the fee owner of approximately 2.01 acres of real property located at the northwest corner of Lake Drive and 77<sup>th</sup> St. in the City of Lino Lakes, Minnesota and legally described as Lot 12 and Lot 13, Block 2, Carole’s Estates 2<sup>nd</sup> Addition, Anoka County, Minnesota as further shown as the hatched area on Exhibit “A” attached hereto and incorporated herein by reference (the “Land”).

B. Seller wishes to convey, and Buyer wishes to purchase the Land, together with all rights, privileges, easements, and appurtenances belonging thereto, as more particularly described herein.

### **AGREEMENT:**

In consideration of the mutual covenants and agreements herein contained and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. Property.** Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Land, together with all buildings, structures, improvements, signage (collectively, the “**Improvements**”) and systems, fixtures, equipment, and personal property of every kind and character owned by Seller and located on or used in connection with the Land or Improvements (the “**Personalty**”) situated thereon and all and singular all other rights, privileges, appurtenances owned by Seller and in any way related to said property, including any right, title, and interest of Seller in and to adjacent streets, alleys, or rights of way and all rights of Seller relating to ingress and egress and all strips and gores between such real property and any adjacent land, if any are owned by Seller, (the Land, Improvements and Personalty are collectively referred to herein as the “**Property**”). The exact size and legal description of the Property shall be determined by a survey, as provided in Section 6 hereof.

**2. Purchase Price and Manner of Payment.** The total purchase price (“**Purchase Price**”) to be paid by Buyer for the Property shall be Five Hundred and Twenty Five Thousand and no/100 dollars (\$525,000.00), payable as follows: Within 3 Business Days (as hereinafter defined) after the Effective Date (as hereinafter defined) of this Agreement, Buyer shall deliver Five Thousand and no/100 dollars (\$5,000.00) as Earnest



Money to be deposited with \_\_\_\_\_ Attn: \_\_\_\_\_,  
Address: \_\_\_\_\_, Email: \_\_\_\_\_ (the  
“Title Company”), and the balance paid in cash at Closing. If the purchase and sale  
hereunder is consummated in accordance with the terms and provisions hereof, the  
Earnest Money shall be applied to the cash portion of the Purchase Price at the Closing.  
In all other events, the Earnest Money shall be disposed of by the Title Company as  
herein provided.

**3. Closing.** The closing of the purchase and sale of the Property contemplated by  
this Agreement shall occur on a “Closing Date” which shall occur within sixty (60) days  
of the end of the Contingency Period, including any extensions, set forth herein. The  
closing shall be conducted via the Title Company.

**4. Items to be Delivered at the Closing**

(a) By Seller: Seller agrees to deliver exclusive and vacant possession of the  
Property to Buyer on the Closing Date. Seller shall deliver to Buyer, at Seller’s sole cost  
and expense (except as specifically noted otherwise in this Agreement), each of the  
following items:

(i) An Owner’s Policy of Title Insurance (the “**Title Policy**”) issued by  
the Title Company in Buyer’s favor in the full amount of the Purchase Price  
insuring good and indefeasible fee simple title to the Property, subject only  
to the Permitted, and with the Survey exception deleted, at Buyer’s  
expense, except for shortages in area;

(ii) A General Warranty Deed (“**Deed**”), duly executed and  
acknowledged by Seller, containing standard vendor’s lien language for  
Buyer’s lender, if any, and conveying good and indefeasible fee simple title  
to the Property to Buyer, including mineral rights, subject only to the  
Permitted Exceptions;

(iii) An Affidavit as to Debts, Liens, and Parties in Possession in form  
and substance satisfactory to Buyer and Title Company, duly executed and  
acknowledged by Seller, which indicates that there are no debts, liens or  
parties in possession as of Closing;

(iv) Evidence reasonably satisfactory to the Title Company and Buyer of  
Seller’s authority to consummate this transaction;

(v) A Non-Foreign Person Affidavit, duly executed and acknowledged  
by Seller, confirming that Seller is not a foreign person within the meaning  
of 26 U.S.C. § 1445 and the Regulations issued thereunder;

(vi) A closing statement detailing the financial terms of the closing;

(vii) The RCA as required per Section 9, and the RREA as required by Section 31, both duly executed and acknowledged by Seller; and

(viii) All other documents necessary to transfer the Property to Buyer free and clear of all encumbrances except the Permitted Encumbrances.

(b) By Buyer. At the Closing, Buyer shall deliver to Seller the Purchase Price, and the RCA and RREA as required by Section 9 and 31, both duly executed and acknowledged by Buyer.

5. **Costs.** Seller and Buyer agree to the following allocations of costs:

a. **Closing Costs.** Buyer shall pay the costs of issuing the title insurance commitment, the closing fees charged by the Title Insurer, recording fees, any expenses associated with the deletion of the survey exception or other modifications requested by Buyer, and Buyer's attorney fees. Seller shall pay the cost of releasing any liens affecting the Property and removing or modifying any exceptions to title for which it receives objections from Buyer, the title policy in the full amount of the Purchase Price, and Seller's attorney's fees.

b. **Documentary Taxes.** Seller shall pay all state deed tax for the Deed to be delivered by Seller under this Agreement.

c. **Real Estate Taxes and Levied and Pending Assessments.** General real estate taxes due in the year of closing shall be prorated by Seller and Buyer as of the Closing Date based upon a calendar fiscal year. Seller shall be responsible for any green acre charges due on the property. Seller shall be responsible for all special assessments levied or pending against the Property as of the date of this Agreement.

d. **Attorney's Fees.** Each party will pay its own attorney's fees.

6. **Title.**

a. **Quality of Title.** Seller shall convey insurable fee title to the Property to Buyer, subject to no liens, easements, encumbrances, conditions, reservations, or restrictions other than the Permitted Encumbrances.

- b. Title Evidence.** As quickly as possible after this Agreement is fully executed by the Parties, Buyer will obtain a commitment (“Title Commitment”) for an owner’s policy of insurance in the amount of the Purchase Price insuring title to the Property subject only to the Permitted Encumbrances.
- c. Buyer’s Objections.** Within fifteen (15) days of receipt of the Title Commitment, Buyer shall make written objections (“Objections”) to the form and/or contents of the Title Commitment. Buyer’s failure to make Objections prior to the Closing Date will constitute a waiver of Objections. Any matter shown on such Title Commitment and not objected to by Buyer shall be deemed an additional “Permitted Encumbrance” hereunder; provided, however, that Buyer will be automatically deemed to have provided written objection to Seller of all matters listed on Schedule “B-I” of the Commitment. If the Objections are not cured prior to the Closing Date, Buyer will, in addition to any other remedy available at law or under this Agreement, have the option to do either of the following:

- (1) Terminate this Agreement and receive a full refund of all Earnest Money then held by the Title Company; or
- (2) Waive the Objections and proceed to close.

Notwithstanding anything to the contrary contained herein, in the event that any update to the Commitment or Survey reveals items not previously disclosed, then Buyer shall have the ongoing rights set forth in this Section 6 to provide objections thereto and terminate this Agreement.

- d. Survey.** Within 10 days after the Effective Date, Seller shall deliver to Buyer a copy of the most recent existing survey of the Property in Seller’s possession, if any. Buyer shall pay for the cost of the new or updated survey (the “Survey”). The legal description of the Property shall be updated upon receipt of the Survey, with said legal description becoming the Property to be conveyed under this Agreement for all purposes. Additionally, once the Plat has been recorded in accordance with the terms herein, the Survey shall be updated to provide the legal description of the Property as that contained in the Plat, and said legal description shall become the Property to be conveyed under this Agreement for all purposes.

**7. Representations and Warranties by Seller.** Seller represents and warrants to Buyer as follows:

- a. **Authority.** Seller has the requisite power and authority to enter into and perform this Agreement.
- b. **Title to Property.** Seller owns the Property free and clear of all encumbrances except the Permitted Encumbrances.
- c. **Rights of Others to Purchase Property.** Seller has not entered into any other Agreements for the sale of the Property.
- d. **FIRPTA.** Seller is not a “foreign person,” “foreign partnership,” “foreign trust” or “foreign state” as those terms are defined in § 1445 of the Internal Revenue Code.
- e. **Proceedings.** To the best knowledge of Seller, there is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened against the Property.
- f. **Wells and Septic Systems.** Seller represents that it is not aware of any well or septic system on the Property.
- g. **Methamphetamine Production.** Pursuant to Minnesota Statutes section 152.0275, Seller certifies to Buyer that it is not aware of any methamphetamine production that has occurred on the Property.
- h. **Hazardous Substance.** To Seller’s actual knowledge, no Hazardous Substance is located on the Property. Seller has received no notice from any governmental entity or private party that any Hazardous Substance is currently located on the Property in violation with any environmental law. Seller has no actual knowledge of the use, storage or release of any Hazardous Substance on the Property.

“Hazardous Substance” means any substance or material defined in or governed by any Environmental Regulation as a dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance, and also expressly includes lead-based paint, urea-formaldehyde, polychlorinated biphenyls, dioxin, radon, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, including but not limited to crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, or any other waste, material, substance, pollutant or contaminant which would subject the owner or operation of the Property to any damages, penalties or liabilities under any applicable Environmental Regulation;

- i. Blocked Persons.** Seller has not received written notice that Seller is:
- (1)** listed on the Specifically Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 Sept. 25, 2001 (“Order”) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the “Lists”);
  - (2)** a person who has been determined by competent authority to be subject to the prohibitions contained in the Order; or
  - (3)** owned or controlled by, or acts for or on behalf of, any person or entity who is (x) on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Order, (y) a citizen of the United States who is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation or Executive Order of the President of the United States, or (z) an “Embargoed Person,” meaning any person, entity or government subject to trade restrictions under U.S. law, including , but not limited to the International Emergency Economic Powers Act, 50 U.S.C. § 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated under such acts.
- j** Seller has not received any notice (written or oral) of any violation of any restrictive covenant, ordinance, regulation, law or statute of any governmental agency that may pertain to the Property;
- k.** The Property is vacant and there are no parties in possession of any portion of the Property as lessees, tenants at sufferance, licensees, or trespassers; and
- l.** Sanitary sewer and water utilities are stubbed to the Property boundary.

Seller’s representations, warranties and covenants specified in this Section 7, including those representations and warranties restated or made at the time of Closing, shall survive the Closing for a period of 12 months. Buyer shall have all remedies available at law or in equity for a breach of this Section 7 or Section 8 below.

8. **Interim Responsibilities of Seller.** Between the Effective Date and the Closing Date, Seller shall, at Seller's expense:

- a operate, maintain and keep insured the Property in a reasonable, diligent and prudent manner;
- b except as expressly provided herein, not remove any Improvements on the Property, including signage, and keep the Property in its present physical condition, reasonable wear and tear excepted;
- c not encumber the Property and not enter into any lease of all or any portion of the Property nor permit any occupancy of all or any portion of the Property without Buyer's prior written consent;
- d comply with all applicable arrangements referred to in this Agreement;
- e Seller shall cooperate with Buyer in filing and pursuing governmental approvals and in seeking and making application for plat, curb cuts, zoning, licenses and permits as determined necessary by Buyer, provided such cooperation is at no cost or expense to Seller, and provided Seller has the right to approve or deny on the merits any governmental approvals required by it for Buyer's intended project;
- f if Buyer determines it necessary for its intended use of the Property, Buyer, at Buyer's sole cost and expense, may use reasonable efforts to secure a final plat approval of the Property and to record the plat of the Property in the real property records (the "**Plat**"). Seller, at no cost or expense to Seller, hereby agrees that it will, whenever and as often as reasonably requested to do so by Buyer execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all such plats, instruments, consents, and any other documents as might be reasonably necessary, expedient or proper, in the reasonable opinion of Buyer, to complete or assist in securing the Plat.

9. **Easements and RCA.**

(a) In the event Buyer requests or requires modifications to any existing recorded instruments or access easement agreements affecting the Property, or Buyer requests or requires any new utility, grading, drainage, and/or access easement agreement(s), for Buyer's intended development of the Property or to protect Buyer's interests, Seller shall reasonably cooperate with Buyer in Buyer's efforts to obtain same.

(b) Buyer and Seller acknowledge and agree that they will negotiate and agree upon a new drainage easement (the "**Drainage Easement**") between the Buyer and Seller to be executed at Closing, which will address drainage over the existing ponding area in the southeast corner of the Property for Lake Drive stormwater management. Buyer shall provide Seller with an initial draft of the Drainage Easement for review and comment. Buyer and Seller shall work together in good faith to mutually agree upon the final



version of the Drainage Easement prior to expiration of the Inspection Period (as hereinafter defined). To facilitate reaching an agreement, at any time that a party rejects a proposed portion of the Drainage Easement, then that party shall notify, either verbally or in writing, the other party of the reasons for said rejection within 5 Business Days of receipt of the proposed Drainage Easements. If the terms and provisions of the Drainage Easement cannot be agreed upon by Buyer, in its reasonable discretion, and Seller, in its reasonable discretion, before expiration of the Contingency Period (as hereinafter defined), then Buyer may terminate this Contract by written notice to the other party no later than expiration of the Contingency Period, whereupon the Earnest Money shall be returned to Buyer and this Contract shall be of no further force and effect.

(c) Buyer and Seller acknowledge and agree that they will endeavor to negotiate and agree upon a new Restrictive Covenants Agreement (the “**RCA**”) between Buyer and Seller to be executed at Closing, which will address, among other things, restrictions on the Property as further outlined below. Buyer shall provide Seller with an initial draft of the RCA for review and comment. Buyer and Seller shall work together in good faith to mutually agree upon the final version of the RCA prior to expiration of the Contingency Period (as hereinafter defined). If the terms and provisions of the RCA cannot be agreed upon by Buyer, in its reasonable discretion, and Seller, in its reasonable discretion, before expiration of the Contingency Period (as hereinafter defined), then Buyer may terminate this Contract by written notice to the other party no later than expiration of the Contingency Period, whereupon the Earnest Money shall be returned to Buyer and this Contract shall be of no further force and effect. The RCA shall provide the following:

(i) The Property shall not be used for Automobile or Truck Repair or as Motor Fuel Station; provided, however, that a retail store selling automobile parts and accessories, shall be an allowed use on the Property, including without limitation (A) providing services ancillary to the operation, such as diagnostic testing, battery replacement, windshield wiper installation, bulb replacement, other courtesy installations of auto parts, and other minor maintenance, and (B) the retail sale of prepackaged oil, fuel, or other fluids related to the operation of motor vehicles or other machines.

**10. Representations and Warranties by Buyer.** Buyer represents and warrants to Seller that Buyer has the requisite power and authority to enter into this Agreement and perform it.

**11. Right to Inspect.** Buyer and Buyer’s employees and agents shall have the right and permission from the Effective Date to enter the Property and perform such surveys and environmental, soil, utilities, or mechanical tests, or inspections as Buyer deems advisable, all at Buyer’s sole expense. Buyer shall keep the Property free from

mechanics liens arising from such work. Buyer shall be responsible for any property damage or personal injury arising from such work and shall indemnify and hold Seller harmless from all costs, expenses and liabilities relating to such work. Buyer shall have until the Closing Date to conduct surveys, tests, and inspections.

**12. Reconveyance.** In the event Buyer does not procure a building permit for its intended retail commercial facility and commence construction (being the grading of the ground for the foundation of the building) on the Property within two (2) years of the Closing Date (the “**Commencement Period**”), Seller shall have the right, but no obligation, to purchase the Property back from Buyer at a price equal to the Purchase Price set forth herein (the “**Buy-Back Right**”), provided that Seller provides Buyer with written notice of its exercise of the Buy-Back Right after expiration of the Commencement Period, but prior to the earlier of (i) the date on which construction commences on the Property or (ii) within 6 months of expiration of the Commencement Period (the “**Buy-Back Exercise Period**”). If Seller provides written notice of the Buy-Back Right within the Buy-Back Exercise Period, then the closing of such sale to Seller shall be consummated within 30 days of such written notice of the Buy-Back Right from Seller to Buyer. The Property will be reconveyed to Seller by general warranty deed, subject to the same exceptions to title set forth in the deed of conveyance to Buyer. Closing pursuant to this Section 12 shall take place via the Title Company, and, upon conveyance, Seller shall pay the Buyer the repurchase price in readily available funds. Ad valorem taxes and assessments shall be prorated as of the date of such reconveyance as provided in this Agreement with respect to the original conveyance of the Property. If the title proposed to be conveyed to Seller is subject to any lien, encumbrance or other defect which is not permitted in this Section 12 arising by, through, or under Buyer, then Buyer will remove any such lien, encumbrance or defect at or prior to such closing, and Buyer will provide to Seller a basic Owner’s title policy, without endorsements, in favor of Seller, in form similar to the Title Policy. If Buyer has not effected removal of any lien, encumbrance, or other title defect by the closing date for reconveyance, Seller may elect to have funds escrowed in an amount sufficient to cover the expected cure costs and proceed to correct the title matters itself and access escrowed funds for said purpose. If closing occurs pursuant to this Section 12, Buyer shall be solely responsible for the cost of the deed, the deed taxes, transfer taxes, and Buyer’s attorney’s fees, and Seller shall be solely responsible for all other closing costs. In the event Seller fails to provide written notice to Buyer of the Buy-Back Right within the Buy-Back Exercise Period, or Seller fails to close on the Property within 30 days of providing valid written notice of the Buy-Back Right for any reason (other than default by Buyer), then Seller shall have no further right to purchase the Property back from Buyer. Notwithstanding anything contained herein to the contrary, in the event of “Force Majeure” (the term “**Force Majeure**” is defined for purposes of this sentence as strikes, lockouts, sit-downs, material or labor restrictions by any governmental authority, riots, floods, washouts, explosions, earthquakes, fire, storms, acts of God, acts of the public enemy, wars, insurrections, pandemics, terrorism and any other similar cause not reasonably within the control of

Buyer and which by the exercise of due diligence Buyer is unable, wholly or in part, to prevent or overcome, financial inability excepted) the Commencement Period shall be extended day for day until the Force Majeure event has terminated. The provisions of this Section 12 shall survive the Closing.

**13. Control of Property.** Subject to the provisions of this Agreement, until the Closing Date, Seller shall have full responsibility and the entire liability for any and all damages or injuries of any kind whatsoever to the Property, to any and all persons, whether employees or otherwise, and to any other property from and connected to the Property, except liability arising from the negligence of Buyer, its agents, contractors or employees and except as set forth in Section 10 regarding Buyer's tests and inspections.

**14. Condemnation; Damage to Property.** Seller agrees to give Buyer prompt notice of any fire or other casualty affecting the Property between the Effective Date and the Closing Date or of any actual or threatened taking or condemnation of all or any portion of the Property. If prior to the Closing, there shall occur: (i) damage to all or any part of the Property caused by fire or other casualty which is not repaired to the same condition as existed prior to such damage prior to the end of the Contingency Period; or (ii) the taking, condemnation or sale in lieu thereof of all or any part of the Property or the taking of any adjoining land which affects access to or use of the Property; then, in any of such events, Buyer at Buyer's option, may terminate Buyer's obligations under this Agreement by written notice given to Seller on or before the Closing Date and receive an immediate refund of the Earnest Money. If Buyer does not so elect to terminate its obligations under this Agreement, then the Closing shall take place as provided herein without abatement of the Purchase Price, and there shall be assigned to Buyer at the Closing, all interest of Seller in and to any insurance proceeds or condemnation awards which may be payable to Seller on account of such occurrence and Buyer shall receive a credit at the Closing for the amount of any deductible under any applicable insurance policies.

**15. Buyer's Contingencies.** This Agreement is contingent on Buyer being satisfied, in Buyer's sole discretion, with the condition of the Property per its inspections under Section 10 hereof. Buyer shall have one hundred and twenty (120) days from the date hereof to satisfy itself as to the condition of the property (the "**Contingency Period**"); provided, however, that Buyer may extend the Contingency Period, in Buyer's sole discretion, for 2 additional periods of 60 days each by delivering written notice to Seller prior to the expiration of the then-existing Contingency Period specifying such election and delivering the sum of \$1,000.00 to the Title Company, which shall, upon delivery, become a part of the Earnest Money for all purposes of this Agreement. If Buyer is not satisfied with the condition of the Property, Buyer shall have the option to do either of the following:

- (a) Terminate this Agreement and have the Earnest Money returned to Buyer;
- or

- (b) Waive the Contingency and proceed to close.

Notwithstanding anything contained herein to the contrary, Buyer shall not be obligated to perform under this Agreement and may terminate this Agreement and receive an immediate refund of the Earnest Money (upon Buyer's written notification to Seller and the Title Company) unless:

- (a) Through the Closing Date, Seller shall have timely performed all of Seller's obligations under this Agreement and all of Seller's representations and warranties shall be true and correct;
- (b) Any and all liens and security interests affecting all or any part of the Property have been paid and fully released on or before the Closing Date;
- (c) Seller shall have complied with the requirements set forth in Section 8 above and the Plat shall have been recorded and the Survey and Title Commitment shall have been updated at Buyer's expense to reflect the post-Plat legal description of the Property;
- (d) The Associated Contract, as defined in Section 30, and this Agreement shall close simultaneously;
- (e) The Road Relocation Escrow Agreement, as defined in Section 31, shall have been negotiated and executed; and
- (f) Seller shall be able to deliver exclusive and vacant possession of the Property to Buyer
- (g) Seller shall have complied with the requirements set forth in Section 5 and shall have delivered the Instrument to Buyer.

All of the conditions set forth above (the "**Buyer's Contingencies**") are intended to be solely for the benefit of Buyer. All decisions, approvals or reviews to be made by Buyer shall be within the sole and absolute discretion of Buyer. Buyer may, at Buyer's sole option, waive any of Buyer's Contingencies to Buyer's Performance specified in this Section 13 by giving written notice to Seller at any time on or before the Closing Date or earlier date specified for such condition precedent.

**16. Assignment.** Buyer may assign its rights in this Agreement without the prior written consent of Seller, provided that: (i) Buyer provides written notice of such assignment to Seller, (ii) that the assignee is an entity which is affiliated with, or under common control by, the Buyer, and (iii) that the assignee assumes all rights and

obligations of Buyer under this Agreement. Upon such assignment, Buyer shall have no further right or obligation under this Agreement and the assignee will be fully obligated and entitled to exercise the rights set forth in this Agreement as if it executed this Agreement originally. Seller may not assign its rights or obligations in this Agreement without the prior written consent of Buyer.

**17. Intentionally Deleted.**

**18. Notices.** Any notices required or permitted to be given by any party to the other shall be given in writing, and shall be (i) hand delivered to any officer of the receiving party, or (ii) mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid, or (iii) properly deposited with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: Michael Grochala  
Community Development Director  
City of Lino Lakes  
600 Town Center Pkwy  
Lino Lakes, MN 55014

With copy to: Rupp, Anderson, Squires & Waldspurger, P.A.  
Attn: Jay T. Squires  
333 S. Seventh St., Suite 2800  
Minneapolis, MN 55402

If to Buyer: Vaquero Ventures Management, LLC  
Attn: Emily L. Crockett  
2900 Wingate Street, Suite 200  
Fort Worth, Texas 76107  
Fax No. (817) 984-8373

With copy to: Vaquero Ventures Management, LLC  
Attn: Stephanie Reid

Notices shall be deemed to have been given either at the time of personal delivery or, in the case of expedited delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein. Any party may change its address for the service of notice by giving written notice of such change to the other party.

**19. Captions.** The captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

**20. Entire Agreement.** This written Agreement constitutes the complete agreement between the parties and supersedes any and all other oral or written agreements, negotiations, understandings and representations between the parties regarding the Property. There are no verbal or written side agreements that change this Agreement.

**21. Amendment; Waiver.** No amendment of this Agreement, and no waiver of any provision of this Agreement, shall be effective unless set forth in a writing expressing the intent to so amend or waive, and the exact nature of such amendment or waiver, and signed by both parties (in the case of amendment) or the waiving party (in the case of waiver). No waiver of a right in any one instance shall operate as a waiver of any other right, nor as a waiver of such right in a later or separate instance.

**22. Governing Law.** This Agreement is made and executed under and in all respects is to be governed and construed under the laws of the State of Minnesota without regard to its conflict of laws principles. All of the obligation contained in the contract are performable in the county in Minnesota in which the Property is located.

**23. Binding Effect.** This Agreement binds and benefits the parties and their respective successors and assigns.

**24. Remedies.**

- a. Buyer's Termination.** If Buyer elects to terminate this Agreement pursuant to a right to do so expressly given to Buyer in this Agreement, the Earnest Money, less the Independent Consideration, shall be promptly refunded to Buyer on written instruction to Seller and the Title Company signed only by Buyer, and neither party shall have any further obligation or liability to the other party hereunder, except for obligations which expressly survive the termination of this Agreement. Seller shall promptly, on written request from Buyer, execute and deliver such documents as may be required to cause the Title Company to return the Earnest Money to Buyer.
- b. Default by Buyer.** If Buyer fails to consummate this Agreement for any reason (other than Seller's default or a termination of this Agreement by Seller or Buyer pursuant to a right to do so expressly provided for in this Agreement), Seller may, as Seller's sole and exclusive remedy, terminate this Agreement and retain the Earnest Money as liquidated, maximum damages for breach of this Agreement. Such amount is agreed upon by and between Seller and Buyer as liquidated, maximum damages, due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof.

- c. **Default by Seller.** If Seller fails to convey title to the Property in accordance with Section 4 hereof, or to consummate this Agreement for any reason (other than Buyer's default), or if any of the Conditions Precedent to Buyer's performance specified in this Agreement have not been satisfied or waived by Buyer, Buyer may (a) elect to enforce the specific performance of this Agreement or (b) terminate this Agreement and receive a refund of the Earnest Money.
- d. **Cure Period.** A party shall be in default under this Agreement only if such party fails to cure an alleged default within 10 days of receipt of written notice from the non-defaulting party.

25. **Time.** Time is of the essence with this Agreement.

26. **Counterpart/Electronic Signatures.** This Agreement may be executed in any number of counterparts, and, each shall have the same effect as if each copy were signed by all parties. The parties to this Agreement further agree that electronic and/or facsimile signatures on this Agreement or any agreement related hereto shall be treated with the same force and effect as original signatures.

27. **Unenforceable or Inapplicable Provisions.** If any provision hereof is for any reason unenforceable or inapplicable, the other provisions hereof will remain in full force and effect in the same manner as if such unenforceable or inapplicable provision had never been contained herein.

28. **Calculation of Time Periods.** Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The Effective Date shall be the date shown on the attached Receipt of Title Company.

29. *Intentionally deleted.*

30. **Special Provision Regarding the Associated Contract.** Buyer and Seller acknowledge and agree that Buyer is also a party to that certain Real Estate Contract for the purchase of real property located at 7691 Lake Drive Lino Lakes, Minnesota, (the "**Associated Contract**"). Buyer and Seller hereby acknowledge and agree that this Agreement is mutually contingent upon the Associated Contract, such that if Buyer terminates the Associated Contract, this Agreement shall also automatically terminate without any further written notice to Seller. Additionally, Buyer closing under the

Associated Contract shall be a mutual contingency for Closing on the Property pursuant to this Agreement. Notwithstanding anything contained herein to the contrary, Buyer's default under the Associated Contract shall not be deemed a default under this Agreement.

**31. Special Provision Regarding the Road Relocation.** Buyer and Seller acknowledge and agree that they will endeavor, within 120 days of the date of full execution of this Agreement, to negotiate a Road Relocation Escrow Agreement (the "**RREA**") providing for the relocation of Marilyn Drive and/or 77<sup>th</sup> Street W to Lake Drive as approximately depicted as the hatched area on Exhibit "B" attached hereto and incorporated herein by reference, including any related traffic signal upgrades and relocation of utilities, which is required for Buyer's intended development of the Property. The RREA shall address, at a minimum: (a) the preparation of plans and specifications for the road relocation; (b) a schedule for the road relocation work; (c) cost allocations and necessary property conveyances to effect the relocation; (d) land use and platting and other required city processes; and (e) the timing and procedural processes necessary to vacate the existing right-of-way of Marilyn Drive/77<sup>th</sup> Street West. Buyer and Seller shall work together in good faith to mutually agree upon the final version of the RREA prior to expiration of the 120 day Period. If the terms and provisions of the RREA cannot be agreed upon by the parties by the end of the 120 Period, then Buyer may terminate this Contract by written notice to the other party, whereupon the Earnest Money shall be returned to Buyer and this Agreement shall be of no further force and effect. If the RREA is successfully negotiated, and all other contingencies under this Agreement have been satisfied or waived, the parties shall close into escrow and, upon completion of the road relocation, the transaction shall be closed, and the Deed conveyed to Buyer and the proceeds conveyed to Seller.

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SIGNATURE PAGE FOLLOWS



**SELLER:    THE CITY OF LINO LAKES**

By:\_\_\_\_\_

Dated:\_\_\_\_\_

Name: \_\_\_\_\_

Its: Mayor

By:\_\_\_\_\_

Its: City Administrator

**BUYER:    VAQUERO VENTURES MANAGEMENT, LLC,**  
a Texas limited liability company

By:\_\_\_\_\_

Dated:\_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT “A”**  
**to Purchase Agreement**



**EXHIBIT “B”**  
**to Purchase Agreement**



## RECEIPT OF TITLE COMPANY

On this \_\_\_\_ day of \_\_\_\_\_, 202\_\_, the undersigned title company acknowledges receipt of a fully executed copy of this Agreement and upon receipt of the Earnest Money, agrees to hold and disburse such Earnest Money in accordance with the provisions of this Agreement. Title Company acknowledges and agrees that upon any termination of this Agreement, it will distribute the Earnest Money in accordance with the provisions of this Agreement, without any further documentation being signed by Buyer or Seller. All references to the “**Effective Date**” or similar references shall mean this date.

TITLE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY COUNCIL  
AGENDA ITEM 6D**

STAFF ORIGINATOR: Michael Grochala, Community Development Director

MEETING DATE: June 14, 2021

TOPIC: Consideration of Resolution No. 21-59, Authorizing Preparation of Water Treatment Plant Pilot Study

VOTE REQUIRED: 3/5

**INTRODUCTION**

Staff is requesting council authorization to complete a Water Treatment Plant Pilot Study.

**BACKGROUND**

In 2019, the Minnesota Department of Health tested the City's manganese levels in each of the City's wells as part of the EPA Unregulated Contaminant Monitoring Rule 4 (UCMR4). The water quality testing data from MDH indicated that five of the City's six wells exceed the maximum recommended manganese level for infants, and three of the wells exceeds the maximum recommend level for adults and children.

On March 9, 2020, the City Council authorized the preparation of a Water Treatment Plant feasibility study to evaluate future water treatment options. This study was completed and presented to the City Council on July 6, 2020. The report recommended construction of a conventional gravity filtration system with an initial capacity of 6,000 gallons per minute (gpm). The proposed greensand filter media would treat for manganese, iron and arsenic.

As noted in the feasibility study, the water quality testing data for the emerging contaminants do not require any additional treatment processes at this time. Most organic chemicals, if detected in the future, can be treated with granular activated carbon filter media. Volatile organic compounds (VOCs) from petroleum products can be removed with aeration. Greensand filter media can remove radionuclides (radium, gross alpha, etc.) if this natural contaminant is detected in future wells. Arsenic should easily be removed with conventional or biological filtration if detected. Filter membranes such as reverse osmosis can also be installed downstream of conventional or biological filters to remove most contaminants that cannot be removed by a conventional gravity or biological water treatment plant.

The next steps identified included completion of the utility rate study and a water treatment pilot study. The Utility Rate Study was completed by Baker Tilly and accepted by the City Council on May 10, 2021.

Staff is now proposing to move forward with the water treatment pilot study. This study is the first step to verify the effectiveness of the full scale treatment process. The purpose of the study is to provide the City with critical information that is required to design and size a water treatment plant to address the high manganese and iron levels in its drinking water. If authorized, the study would be completed by the end of the year. The results of the study are typically good for approximately 5 years. After that, the study would need to be redone.

WSB has provided a proposal with a not to exceed cost of \$26,400. Funding will be provided from the Trunk Utility Area and Unit Fund.

### **RECOMMENDATION**

Staff is recommending adoption of Resolution No. 21-59 Authorizing Preparation of a Water Treatment Plant Pilot Study.

### **ATTACHMENTS**

1. Resolution No. 21-59
2. Proposal for Water Treatment Plant Pilot Study
3. Photo of Trailer and Water Treatment Plant

**CITY OF LINO LAKES**

**RESOLUTION NO. 21-59**

**RESOLUTION AUTHORIZING THE PREPARATION OF A WATER TREATMENT  
PLANT PILOT STUDY**

**WHEREAS**, the City Council, is evaluating short, mid and long term options to reduce manganese levels in the municipal water supply, and

**WHEREAS**, the construction of a Water Treatment Plant is a possible course of action for the City to evaluate, and

**WHEREAS**, WSB and Associates, the City Engineer, has complete a Feasibility Study addressing water treatment needs.

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes:

1. The Water Treatment Plant Pilot Study is hereby ordered.
2. WSB and Associates are directed to prepare the Pilot Study for Water Treatment in an amount not exceed \$26,400.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk



June 2, 2021

Mr. Rick DeGardner  
Public Services Director  
City of Lino Lakes  
600 Town Center Parkway  
Lino Lakes, MN 55014

Re: Proposal for Water Treatment Plant Pilot Study  
City of Lino Lakes, MN

Dear Mr. DeGardner,

WSB & Associates, Inc. (WSB) is pleased to submit this proposal to provide professional engineering services for completing a Biological Filtration Water Treatment Pilot Study for the City of Lino Lakes, Minnesota. A water treatment pilot study is conducted as the first step to verify the effectiveness of a full scale conventional filtration process with biological filtration to reduce manganese and iron in the City's well water. The Minnesota Department of Health considers biological filtration to be an efficient and effective treatment method for treating manganese, iron, and other contaminants in public drinking water supplies. In addition, a conventional gravity filtration plant with biological filtration could potentially save the City hundreds of thousands of dollars in chemical costs in the long-term. The purpose of the pilot study is to provide the City with critical information that is required to design and size a water treatment plant if the City decides to proceed with this option to address the high manganese and iron levels in its drinking water.

WSB will perform the following scope of services to assist City staff in completing a biological filtration water treatment pilot study. WSB owns a skid-mounted biological filtration water treatment pilot plant and a laboratory trailer that will be mobilized to the City well with the highest combined level of manganese and iron. The pilot plant equipment will be set-up and calibrated by WSB staff. WSB staff will also train utility staff to assist in the operation of the pilot plant for the duration of the study. The primary assistance required by City staff will be backwashing the filter columns about once every four to seven days, sampling and analyzing water quality samples on site with a water quality analyzer provided by WSB, and checking that the pilot plant is operating each day.

#### **Pilot Testing Processes**

WSB will prepare a pilot protocol and submit it to the Minnesota Department of Health for their review and approval prior to starting the pilot study. The pilot study will be conducted to assess the efficiency and reliability of the treatment processes tested and to select the process determined best suited for the treatment of the water supply.

#### **Pilot Duration**

The estimated time frame for the study is 10 to 16 weeks depending on the amount of time it requires the filters to become fully acclimated for biological treatment of manganese and iron.



### Equipment

WSB will mobilize its laboratory trailer and set-up the following skid-mounted pilot equipment at the well to be piloted:

- Biological contact aerator column with air diffuser
- Biological filter column with granular activated carbon media
- Manganese filter column with greensand media covered by anthracite
- Air compressor for supplying air to the contact aerator column
- An orthophosphate feed system if needed to provide a nutrient for the biological process
- A sodium permanganate feed system for oxidizing manganese prior to the greensand filter if needed
- Miscellaneous components including a skid support, booster pump, valves, piping, tubing, sample taps, and appurtenances as necessary for operation of the pilot equipment.

The City will be responsible for ordering and purchasing orthophosphate and sodium permanganate from its local chemical supplier and provide the necessary storage and containment for these chemicals.

### Manpower and Field Testing

Prior to the start-up of the testing period, WSB staff will be on site for one to two days to set-up and start-up the equipment and train utility staff to assist in the operation and monitor the pilot plant for the duration of the pilot study. Utility staff will assist in the operation, monitor the pilot equipment, and conduct water sampling and field testing as needed for the duration of the pilot study. WSB will visit the plant about once every one to two weeks to observe and monitor the pilot study equipment and water quality testing.

Daily on-site monitoring will be provided by utility staff to read and record the pilot plant flow rate (gpm) and air flow rate (SCFM). Utility staff will also need to monitor the operation of the chemical feed systems daily. We estimate that these tasks will require approximately 20 to 30 minutes per day by staff.

Weekly on-site field sampling and analysis will be provided by utility staff for the following water quality parameters. We estimate that the following on-site analysis will require approximately 1.5 to 2 hours per week by utility staff. The utility will provide all water quality analysis equipment and reagents that are required to test each of these parameters.

| Sampling Point                               | Weekly Field Sampling and On-Site Analysis Required  |
|--|--|
| Raw water at pilot plant entry point         | Iron, manganese, ammonia, nitrite, nitrate, temperature, pH and flow rate (gpm)            |
| Biological contactor aerator column effluent | Iron, manganese, ammonia, nitrate, nitrite, dissolved oxygen, and air flow rate (SCFM)     |
| Biological filter column effluent            | Iron, manganese, ammonia, nitrate, nitrite, dissolved oxygen, air flow rate (SCFM), and pH |
| Manganese filter column effluent             | Iron, manganese, ammonia, nitrate, nitrite, dissolved oxygen, and air flow rate (SCFM)     |

Sampling and analysis by an independent certified laboratory will be coordinated and provided by the utility bi-monthly (every-other week) intervals for the following water quality parameters. We estimate that the following sampling will require approximately 1 hour every-other week by Utility staff. The Utility will pay for the shipping costs for the water sample bottles and all water quality analysis to be provided by the independent laboratory.

| Sampling Point                               | Bi-Monthly Sampling and Independent Laboratory Analysis Required                            |
|--|---|
| Raw water at pilot plant entry point         | Ammonia, total phosphorus, alkalinity, and total organic carbon (TOC can be tested monthly) |
| Biological contactor aerator column effluent | Ammonia, total phosphorus, and heterotrophic plate count                                    |
| Biological filter column effluent            | Ammonia, total phosphorus, and heterotrophic plate count, alkalinity                        |
| Manganese filter column effluent             | Ammonia, total phosphorus, heterotrophic plate count, iron, and manganese                   |

The biological filter and manganese filter columns will need to be backwashed once every 4 to 7 days, or as needed, by utility staff. We estimate that this task will require about 20 to 30 minutes every 4 to 7 days.

#### Pilot Report

Upon completion of the pilot study and receipt of utility's on-site water quality analysis data and the independent laboratory's water quality reports, WSB will provide a comprehensive pilot study report with a summary of the test results and recommendations. The report will be prepared by a WSB water process engineer.

#### Additional Notes:

1. A ¾-inch hose bib connection and hose will need to be installed in the well influent water line by utilities staff to supply water for the pilot plant.
2. 115V power from the City's well house will be needed for the pilot plant.

#### Estimated Fees

WSB will complete the proposed Water Treatment Pilot Study for an hourly, not-to-exceed cost of \$26,400.00. This letter represents our understanding of the Water Treatment Pilot Study. If you are in agreement with the scope of services and proposed fee, please sign in the appropriate space below and return one copy to us.

If you have any questions about this proposal, please feel free to call me at (612) 209-0140.

Sincerely,

**WSB**



Greg F. Johnson, PE  
Director of Water/Wastewater

Cc: Michael Grochala, City of Lino Lakes  
Justin Williams, City of Lino Lakes  
Diane Hankee, PE, WSB

Mr. Rick DeGardner  
June 2, 2021  
Page 4

**ACCEPTED BY:**

**City of Lino Lakes**

Name \_\_\_\_\_

Pilot Trailer and Plant



Example of Water Treatment Plant



**CITY COUNCIL  
AGENDA ITEM 6E**

STAFF ORIGINATOR: Diane Hankee PE, City Engineer

MEETING DATE: June 14, 2021

TOPIC: 2021 Street Maintenance Project, Consider Resolution No. 21-57,  
Accepting bids, Awarding a Construction Contract

VOTE REQUIRED: 3/5

**INTRODUCTION**

Staff is requesting council's consideration to accept bids and award a construction contract for the 2021 Street Maintenance Project.

**BACKGROUND**

On April 26, 2021, the City Council ordered the project and authorized the advertisement for bid for the 2021 Street Maintenance Project. The proposed 2021 Street Maintenance Project includes:

**Base Bid:**

**Maltene-Based Asphalt Rejuvenator and Crack Filling:**

Robinson Drive (from Sunset Avenue to approximately 115 Robinson Drive), Enid Trail, Pheasant Run S (from Od Birch Street to Birch Park entrance), Saddle Club Court, Fox Road (from Pheasant Run S to approximately 910 Fox Road), Black Berry Court, Killdeer Court (from Aspen Lane to the cul-de-sac), Red Oak Lane (from 20th Ave to Cypress Street), Cottonwood Avenue, Butternut Street, Dogwood Street, Cypress Street, Rosewood Lane, Chestnut Street, 21st Avenue (from Chestnut Street to Cedar Street and from Commerce Drive to the cul-de-sac), 12th Avenue, Holly Drive (from County Road J to Cripple Creek Pass), Holly Court, Partridge Court, Woodchuck Circle, Woodchuck Court, Foxtail Drive, Foxtail Court, Sargent Court, Ash Street, and Bald Eagle Boulevard (from Ash Street to the eastern city limits).

The Street Rehabilitation project included a bid alternate in the event bid prices permitted additional work within budget:

**Bid Alternate No. 1:**

**Crack Filling:**

Robinson Drive (from approximately 115 Robinson Drive to Century Trail), Century Trail, Pinto Lane, Palomino Lane, Mustang Lane, Mustang Court, Pony Court, Carl Street (from 4th Avenue to approximately 336 Carl Street), Town Center Parkway, Village Drive, Woods Edge Boulevard, Eagle Ct, Rehbein Street, Gordon Avenue, 77th Street, Peltier

Lake Drive (from 77th Street to approximately 7600 Peltier Lake Drive), Cedar Street (from 20th Avenue to east where pavement ends), Sherman Lake Road (from Birch Street to approximately 6725 Sherman Lake Road and from Timberwolf Trail to Pondview Circle), Sherman Lake Court, Merganser Court, Pheasant Hills Drive, Broken Oak Court, Pheasant Hills Circle, Snow Goose Trail, Hawk Ridge Circle, Timberwolf Trail (from Birch Street to Sherman Lake Road), Timberwolf Court, Holly Drive (from Cripple Creek Pass to 12th Avenue), White Oak Road, Chokecherry Road, Whitetail Trail, Buckthorn Lane, Velvetleaf Lane, Fire Station Road (1710 Birch St, from Centerville Road to Birch Street).

Bids were received on Tuesday, June 8, 2021. A total of 1 bid was received. As shown below:

| <b>CONTRACTOR</b>                 | <b>TOTAL BASE BID</b> | <b>TOTAL BASE BID<br/>+ ALT 1</b> |
|-----------------------------------|-----------------------|-----------------------------------|
| Corrective Asphalt Materials, LLC | \$194,786.59          | \$212,037.07                      |

The low bid was submitted by Corrective Asphalt Materials, LLC in the amount of \$212,037.07 for the base bid and the bid alternate. Alternate 1 in the amount of \$17,250.48 is within the available budget and is being recommended for award.

The budget for the project, including soft costs, contingencies and engineering construction services, is \$244,300. This project is within the budget planned for 2021. The project is funded through the Pavement Management fund which includes development fees collected for the applicable roadways.

The completion date for this project is October 22, 2021.

### **RECOMMENDATION**

Staff recommends adoption of Resolution No. 21-57, Accepting the Bid and Awarding a Construction Contract for the 2021 Street Maintenance Project in the amount of \$212,037.07 to Corrective Asphalt Materials, LLC.

### **ATTACHMENTS**

1. Resolution 21-57
2. Project Map
3. Bid Tabulation

**CITY OF LINO LAKES  
RESOLUTION NO. 21-57**

**ACCEPTING BASE BID AND AWARDING A CONSTRUCTION CONTRACT  
2021 STREET MAINTENANCE PROJECT**

**WHEREAS**, pursuant to an advertisement for bids for the construction of the 2021 Street Maintenance Project, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement; and

| <b>CONTRACTOR</b>                 | <b>TOTAL BASE BID</b> | <b>TOTAL BASE BID +<br/>ALT 1</b> |
|-----------------------------------|-----------------------|-----------------------------------|
| Corrective Asphalt Materials, LLC | \$194,786.59          | \$212,037.07                      |

**WHEREAS**, it appears that Corrective Asphalt Materials, LLC is the lowest responsible bidder; and

**WHEREAS**, the City Council finds that it would be in the best interest of the city to proceed with Base Bid and Alternate 1,

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Lino Lakes:

1. The Mayor and Clerk are hereby authorized and directed to enter into a contract with Corrective Asphalt Materials, LLC in the amount of \$212,037.07 by the name of the City of Lino Lakes for the Base Bid and Alternate 1 construction of the 2021 Street Maintenance Project according to the plans and specifications approved by the City Council and on file in the office of the City Clerk.
2. The City Clerk is hereby authorized and directed to return forthwith to all bidders the Bid Bonds made with their bids, except that the deposits of the successful bidder and the next two lowest bidders shall be retained until a contract has been signed.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

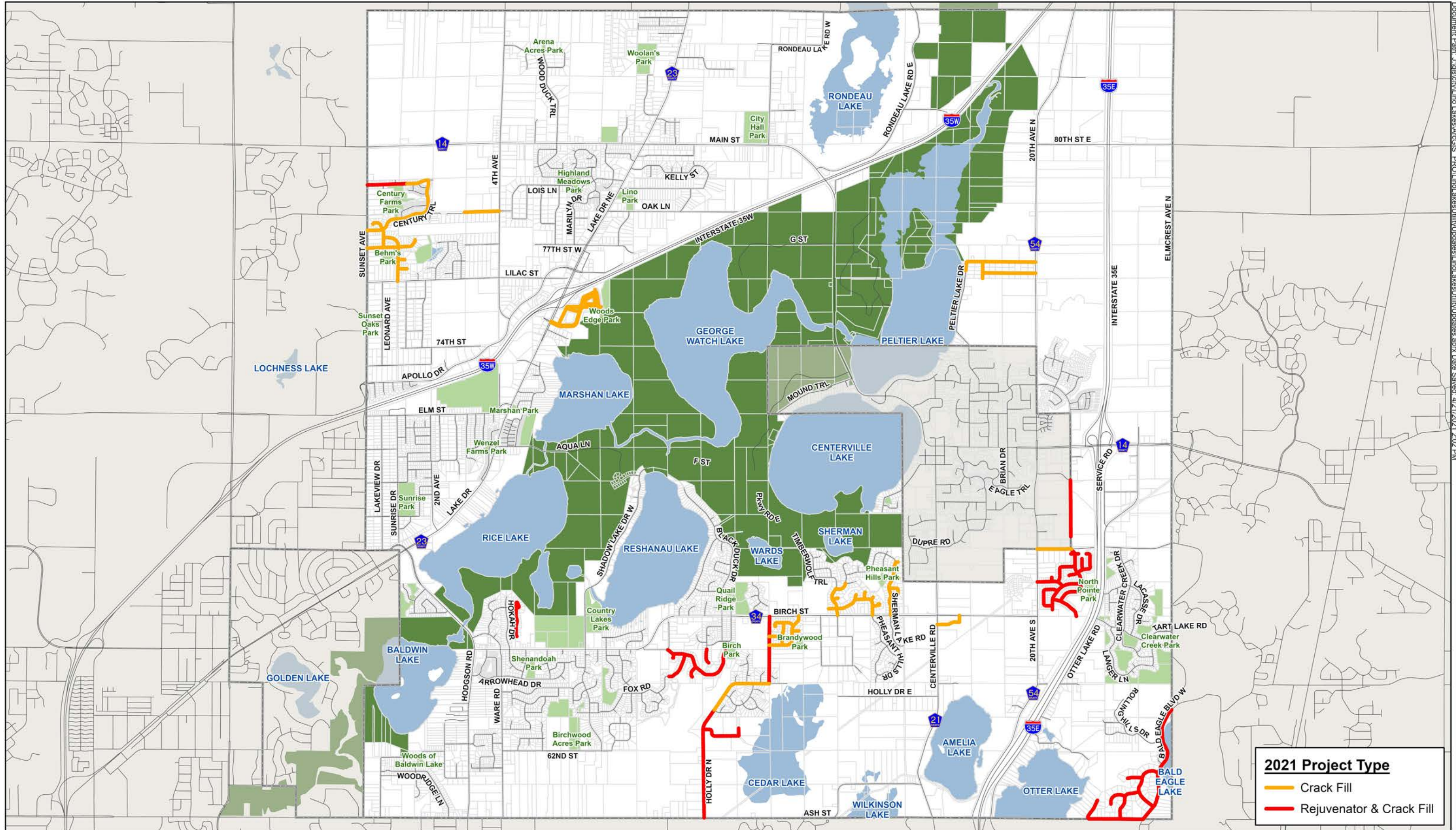
The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk



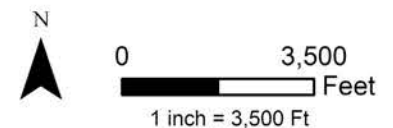


**2021 Project Type**

- Crack Fill
- Rejuvenator & Crack Fill



**Project Location Map**  
2021 Street Maintenance Project  
Lino Lakes, MN





## Bid Tabulation

2021 Street Maintenance Project (#7756127)

City of Lino Lakes, MN

WSB Project No. 017706-000

Bid Opening: Tuesday, June 8, 2021 @ 10:00 AM CDT



| Line #                              | Mtl. #   | Item Description                       | Units | Quantity | Engineer Estimate |              | Corrective Asphalt Materials, LLC |              |
|-------------------------------------|----------|--|-------|----------|-------------------|--------------|-----------------------------------|--------------|
|                                     |          |  |       |          | Unit Price        | Extension    | Unit Price                        | Extension    |
| SCHEDULE A - BASE BID               |          |  |       |          |                   |              |                                   |              |
| 1                                   |          | EMULSIFIED MALTENE BASED REJUVENATORE  | S Y   | 150109   | \$1.00            | \$150,109.00 | \$0.95                            | \$142,603.55 |
| 2                                   | 2331.619 | ROUT & SEAL BITUMINOUS PAVEMENT CRACKS | RDST  | 448      | \$85.00           | \$38,080.00  | \$116.48                          | \$52,183.04  |
| TOTAL SCHEDULE A - BASE BID         |          |  |       |          |                   | \$188,189.00 |                                   | \$194,786.59 |
| ALTERNATE 1 - ADDITIONAL CRACK SEAL |          |  |       |          |                   |              |                                   |              |
| 3                                   | 2331.619 | ROUT & SEAL BITUMINOUS PAVEMENT CRACKS | RDST  | 456      | \$85.00           | \$38,760.00  | \$37.83                           | \$17,250.48  |
| TOTAL BASE BID AND ALTERNATE 1      |          |  |       |          |                   | \$226,949.00 |                                   | \$212,037.07 |

I hereby certify that this is an exact reproduction of bids received.

Certified By: 

License No. 43338

Date: June 8, 2021

**CITY COUNCIL  
AGENDA ITEM 6F**

STAFF ORIGINATOR: Michael Grochala, Community Development Director

MEETING DATE: June 14, 2021

TOPIC: Consideration of Resolution No. 21-60, Approving Capital Budget Request, Water Treatment Plant

VOTE REQUIRED: 3/5

**INTRODUCTION**

Staff is requesting council approval of a Capital Budget Request to the State of Minnesota for the Water Treatment Plant.

**BACKGROUND**

The State's capital budget process begins in odd-numbered years with the collection of request from state agencies and local units of government. Final requests and the Governor's capital budget recommendations are submitted to the legislature in January of the following year.

State Representative Raleigh contacted Mayor Rafferty regarding any potential local needs for consideration. City staff in conjunction with WSB & Associates, are in the process of completing the application material for a request to assist with the construction of a Water Treatment Facility. Up to 50% of the project cost is eligible for consideration.

The application requires a resolution of support from the City. The preliminary request deadline is June 18, 2021.

**RECOMMENDATION**

Staff is recommending adoption of Resolution No. 21-60 Approving Capital Budget Request for the Water Treatment Plant.

**ATTACHMENTS**

1. Resolution No. 21-60

**CITY OF LINO LAKES**

**RESOLUTION NO. 21-60**

**RESOLUTION APPROVING CAPITAL BUDGET REQUEST TO THE  
COMMISSIONER OF MANAGEMENT AND BUDGET**

**WHEREAS**, the City of Lino Lakes participates in the Minnesota Management and Budget's (MMB) biennial process for reviewing state capital investment requests, and

**WHEREAS**, submitting preliminary project information is a vital component of the state capital investment process, and provides needed background to the Governor and Legislators in determining state investments; and

**WHEREAS**, the City of Lino Lakes will seek state funding in 2022 for capital improvements for city projects; and

**WHEREAS**, Minnesota Management and Budget (MMB) requests preliminary capital budget requests by June 18, 2021, for the 2022 State capital budget preparations; and

**WHEREAS**, City of Lino Lakes has determined that the Water Treatment Plant is the City's priority project for inclusion in this process;

**NOW, THEREFORE BE IT RESOLVED** by The City Council of The City of Lino Lakes supports the Water Treatment Plant project for bonding in the 2022 legislative session.

**BE IT FURTHER RESOLVED** that City staff is directed to properly file this request for funding with the Minnesota Management and Budget Office.

Adopted by the Council of the City of Lino Lakes this 14<sup>th</sup> day of June, 2021.

The motion for the adoption of the foregoing resolution was introduced by Council Member \_\_\_\_\_ and was duly seconded by Council Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof:

The following voted against same:

\_\_\_\_\_  
Rob Rafferty, Mayor

ATTEST:

\_\_\_\_\_  
Julianne Bartell, City Clerk