

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2026

In the opinion of Kutak Rock LLP, Bond Counsel to the Issuer, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, estates or trusts for purposes of Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. For a more detailed description of such opinions of Bond Counsel, see "Tax Matters" herein and "Appendix B – Form of Legal Opinion."

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF LINO LAKES, MINNESOTA (Anoka County)

\$8,355,000* GENERAL OBLIGATION BONDS, SERIES 2026A

PROPOSAL OPENING: April 27, 2026, 10:30 A.M., C.T.

CONSIDERATION: April 27, 2026, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$8,355,000* General Obligation Bonds, Series 2026A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 444, 469 and 475, as amended, and Minnesota Statutes, Sections 469.1812 through 469.1815, by the City of Lino Lakes, Minnesota (the "City"), to finance public infrastructure improvements and utility system improvements in connection with the Otter Lake Road extension project. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kutak Rock LLP, Minneapolis, Minnesota.

DATE OF BONDS:

May 18, 2026

MATURITY:

February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$620,000	2033	\$705,000	2038	\$250,000
2029	635,000	2034	730,000	2039	260,000
2030	655,000	2035	750,000	2040	265,000
2031	670,000	2036	770,000	2041	275,000
2032	690,000	2037	795,000	2042	285,000

***MATURITY
ADJUSTMENTS:**

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

February 1, 2027 and semiannually thereafter.

OPTIONAL

REDEMPTION:

Bonds maturing on February 1, 2037 and thereafter are subject to call for prior optional redemption on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL:

\$8,254,740.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$167,100 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

Bond Trust Services Corporation.

BOND COUNSEL:

Kutak Rock LLP.

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



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REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF LINO LAKES CITY COUNCIL

		<u>Term Expires</u>
Rob Rafferty	Mayor	January 2028
Chris Lyden	Council Member	January 2028
Julia Nelson	Council Member	January 2030
Randal Rennaker	Council Member	January 2030
Michael Ruhland	Council Member	January 2028

ADMINISTRATION

Tracy Thoma, Finance Director
Karen Anderson, City Administrator

PROFESSIONAL SERVICES

Squires, Waldspurger & Mace P.A., City Attorney, Minneapolis, Minnesota

Kutak Rock LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Lino Lakes, Minnesota (the "City") and the issuance of its \$8,355,000* General Obligation Bonds, Series 2026A (the "Bonds" or the "City's Series 2026A Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on April 27, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 18, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, 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 interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444, 469 and 475, as amended, and Minnesota Statutes, Sections 469.1812 through 469.1815, by the City, to finance public infrastructure improvements and utility system improvements in connection with the Otter Lake Road extension project (the "Project") (further breakout of portions below).

ESTIMATED SOURCES AND USES*

Sources	Tax Abatement Portion	Utility Revenue Portion	Total Bond Issue
Par Amount of Bonds	\$4,870,000	\$3,485,000	\$8,355,000
Planned Issuer Equity Contribution	<u>2,950,000</u>	<u>1,200,000</u>	<u>4,150,000</u>
Total Sources	\$7,820,000	\$4,685,000	\$12,505,000
Uses			
Total Underwriter's Discount (1.200%)	\$58,440	\$41,820	\$100,260
Costs of Issuance	58,871	42,129	101,000
Deposit to Construction Fund	7,700,000	4,600,000	12,300,000
Rounding Amount	<u>2,689</u>	<u>1,051</u>	<u>3,740</u>
Total Uses	\$7,820,000	\$4,685,000	\$12,505,000

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Tax Abatement Portion	Utility Revenue Portion	Total Bond Issue
2/01/2028	\$430,000	\$190,000	\$620,000
2/01/2029	440,000	195,000	635,000
2/01/2030	455,000	200,000	655,000
2/01/2031	465,000	205,000	670,000
2/01/2032	480,000	210,000	690,000
2/01/2033	490,000	215,000	705,000
2/01/2034	505,000	225,000	730,000
2/01/2035	520,000	230,000	750,000
2/01/2036	535,000	235,000	770,000
2/01/2037	550,000	245,000	795,000
2/01/2038	-	250,000	250,000
2/01/2039	-	260,000	260,000
2/01/2040	-	265,000	265,000
2/01/2041	-	275,000	275,000
2/01/2042	-	285,000	285,000
Total	\$4,870,000	\$3,485,000	\$8,355,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount.

The City anticipates that the debt service on the Tax Abatement Portion of the Bonds will be paid from a combination of abating the City's portion of taxes from specific parcels up to an amount of the aggregate sum of abatements equal to the principal amount of the Tax Abatement Portion of the Bonds and from ad valorem property taxes on the interest amount of the Tax Abatement Portion of the Bonds. Receipt of tax abatement revenues and ad valorem property taxes will be sufficient to provide not less than 105% of principal and interest on the Tax Abatement Portion of the Bonds as required by Minnesota law.

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the water and sewer systems ("utility revenues") which are owned and operated by the City. In accordance with Minnesota Statutes, receipt of utility revenues will be sufficient to provide not less than 105% of principal and interest on the Utility Revenue Portion of the Bonds.

Should the tax abatement revenues, utility revenues and/or ad valorem property taxes pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy a tax for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA+"/Stable outlook by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City did not timely file the fiscal year December 31, 2021 and December 31, 2022 budget documents. Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements and operating data would be filed "as soon as available." Although the City did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Other than what is described in this paragraph, the City believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kutak Rock LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that 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 and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined or verified, 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.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds 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 Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Interest on the Bonds (a) may affect the federal alternative minimum tax imposed on certain corporations, and (b) is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix B.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, if any, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, if any, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such 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 disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds are advised to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2024 have been audited by Redpath and Company, LLC, St. Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (tax abatement revenues and utility revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Minnesota (the "State") may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of 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, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such 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. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

On October 19, 2025, the City was notified by its managed service provider of an unauthorized login to a City employee's email account. The City worked with its insurance provider and Areté to conduct a forensic investigation to assess the situation. The City had cyber insurance that covered the expenses associated with the attack. The City is not aware of any data loss at this time and has since implemented additional safeguards and measures to protect the integrity of its systems.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2023/24	2024/25	2025/26
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - 0.75% Over \$174,000 - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: – 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental – 0.25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2024/25 Economic Market Value¹	<u><u>\$3,984,773,798²</u></u>
2025/26 Assessor's Estimated Market Value	
Real Estate	\$3,865,216,800
Personal Property	<u>22,778,600</u>
Total Valuation	<u><u>\$3,887,995,400</u></u>
2025/26 Net Tax Capacity	
Real Estate	\$41,007,204
Personal Property	<u>445,494</u>
Net Tax Capacity	\$41,452,698
Less:	
Captured Tax Increment Tax Capacity ³	(1,009,368)
Fiscal Disparities Contribution ⁴	<u>(2,318,215)</u>
Taxable Net Tax Capacity	\$38,125,115
Plus: Fiscal Disparities Distribution ⁴	<u>3,999,345</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$42,124,460</u></u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the 2024/25 Assessor's Estimated Market Value (the "AEMV") for the City was about 92.82% of the actual selling prices of property sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2024/25 Economic Market Value ("EMV") for the City of \$3,984,773,798.

³ The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

⁴ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2025/26 NET TAX CAPACITY BY CLASSIFICATION

	2025/26 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$30,387,351	73.31%
Agricultural	434,633	1.05%
Commercial/industrial	5,969,297	14.40%
Public utility	23,376	0.06%
Non-homestead residential	4,190,778	10.11%
Commercial & residential seasonal/rec.	1,769	0.00%
Personal property	445,494	1.07%
	<u> </u>	<u> </u>
Total	<u><u>\$41,452,698</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2021/22	\$2,680,361,000	\$2,587,650,762	\$27,908,349	\$29,439,929	5.52%
2022/23	3,357,493,100	3,287,882,335	35,452,015	36,356,362	25.26%
2023/24	3,613,469,300	3,539,171,941	38,846,166	39,231,246	7.62%
2024/25	3,679,845,100	3,565,047,754	39,247,363	39,936,327	1.84%
2025/26	3,887,995,400	3,766,395,599	41,452,698	42,124,460	5.66%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2025/26 Net Tax Capacity	Percent of City's Total Net Tax Capacity
TREFCM CCD Owner, LLC	Industrial	\$639,250	1.54%
Lyngblomsten at Lino Lakes, LLC	Apartment	566,492	1.37%
Biynah Minnesota Wisconsin, LLC	Industrial	434,848	1.05%
Minnegasco Inc.	Utility	331,031	0.80%
Target Corporation	Commercial	298,390	0.72%
Gargaro Properties, LLC	Industrial	281,254	0.68%
Tomas Commercial Real-Estate Holdings, LLC	Industrial	178,598	0.43%
Lino Lakes 72 LLC	Apartments	174,978	0.42%
Molin Concrete Products Co.	Industrial	144,656	0.35%
Millrose Properties Minnesota LLC	Unimproved residential	<u>133,167</u>	<u>0.32%</u>
Total		\$3,182,664	7.68%

City's Total 2025/26 Net Tax Capacity \$41,452,698

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Anoka County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and utility revenues	\$3,895,000
Total G.O. debt secured by tax abatement revenues (includes the Tax Abatement Portion of the City's Series 2026A Bonds)*	4,870,000
Total G.O. debt secured by taxes	9,520,000
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the City's Series 2026A Bonds)*	<u>23,242,000</u>
Total General Obligation Debt*	<u>\$41,527,000</u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds and the EDA's Series 2026A Bonds, as defined herein.

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations (EDA)¹
(includes the EDA's 2026A Bonds)*

\$29,935,000

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE AND CONCURRENT FINANCING

Concurrent with the issuance of the Bonds by the City, the Lino Lakes Economic Development Authority ("EDA") plans to issue and sell its \$27,440,000 Lease Revenue Bonds (City of Lino Lakes, Minnesota Public Works Facility Lease), Series 2026A (the "EDA's Series 2026A Bonds"), by a separate Official Statement, the proceeds of which will be used to finance the construction of a public works building in the City.

¹ Non-general obligation debt has not been included in the debt ratios.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" means the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of certain obligations enumerated under Minnesota Statutes, Section 475.51, subd. 4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any revenue producing public convenience (includes the Utility Revenue Portion of the Bonds); (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the City; and (10) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance (includes the Tax Abatement Portion of the Bonds).

2025/26 Assessor's Estimated Market Value	\$3,887,995,400
Multiply by 3%	0.03
Statutory Debt Limit	<u>\$116,639,862</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(9,520,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (includes the EDA's Series 2026A Bonds)*	<u>(29,935,000)</u>
Unused Debt Limit*	<u><u>\$77,184,862</u></u>

*Preliminary, subject to change.

City of Lino Lakes, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Utility Revenues
(As of 05/18/2026)

Utility Revenue Bonds 1)								
Series 2025A								
Dated	07/14/2025							
Amount	\$3,895,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	89,350	0	89,350	89,350	3,895,000	.00%	2026
2027	180,000	174,200	180,000	174,200	354,200	3,715,000	4.62%	2027
2028	190,000	164,950	190,000	164,950	354,950	3,525,000	9.50%	2028
2029	200,000	155,200	200,000	155,200	355,200	3,325,000	14.63%	2029
2030	210,000	144,950	210,000	144,950	354,950	3,115,000	20.03%	2030
2031	220,000	134,200	220,000	134,200	354,200	2,895,000	25.67%	2031
2032	235,000	122,825	235,000	122,825	357,825	2,660,000	31.71%	2032
2033	245,000	110,825	245,000	110,825	355,825	2,415,000	38.00%	2033
2034	255,000	98,325	255,000	98,325	353,325	2,160,000	44.54%	2034
2035	270,000	85,200	270,000	85,200	355,200	1,890,000	51.48%	2035
2036	285,000	71,325	285,000	71,325	356,325	1,605,000	58.79%	2036
2037	295,000	58,300	295,000	58,300	353,300	1,310,000	66.37%	2037
2038	310,000	46,200	310,000	46,200	356,200	1,000,000	74.33%	2038
2039	320,000	33,600	320,000	33,600	353,600	680,000	82.54%	2039
2040	335,000	20,500	335,000	20,500	355,500	345,000	91.14%	2040
2041	345,000	6,900	345,000	6,900	351,900	0	100.00%	2041
	3,895,000	1,516,850	3,895,000	1,516,850	5,411,850			

1) This represents the \$4,170,000 Utility Revenue portion of the \$8,665,000 General Obligation Bonds, Series 2025A.

City of Lino Lakes, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 05/18/2026)

Tax Abatement Bonds 1)								
Series 2026A								
Dated	05/18/2026							
Amount	\$4,870,000*							
Maturity	02/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2027	0	161,341	0	161,341	161,341	4,870,000	.00%	2027
2028	430,000	128,658	430,000	128,658	558,658	4,440,000	8.83%	2028
2029	440,000	117,565	440,000	117,565	557,565	4,000,000	17.86%	2029
2030	455,000	106,154	455,000	106,154	561,154	3,545,000	27.21%	2030
2031	465,000	94,308	465,000	94,308	559,308	3,080,000	36.76%	2031
2032	480,000	81,903	480,000	81,903	561,903	2,600,000	46.61%	2032
2033	490,000	68,805	490,000	68,805	558,805	2,110,000	56.67%	2033
2034	505,000	55,124	505,000	55,124	560,124	1,605,000	67.04%	2034
2035	520,000	40,640	520,000	40,640	560,640	1,085,000	77.72%	2035
2036	535,000	25,075	535,000	25,075	560,075	550,000	88.71%	2036
2037	550,000	8,525	550,000	8,525	558,525	0	100.00%	2037
	4,870,000	888,096	4,870,000	888,096	5,758,096			

* Preliminary, subject to change.

1) This represents the \$4,870,000 Tax Abatement Portion of the \$8,355,000 General Obligation Bonds, Series 2026A.

City of Lino Lakes, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 05/18/2026)

Dated Amount	Street Reconstruction Bonds 1) Series 2015A		Street Reconstruction Bonds 2) Series 2018A		Street Reconstruction Bonds Series 2021A		Street Reconstruction Bonds 3) Series 2025A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	05/28/2015 \$2,635,000		12/19/2018 \$4,950,000		07/15/2021 \$1,815,000		07/14/2025 \$4,195,000							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2026	0	13,475	0	57,328	0	10,548	0	96,225	0	177,576	177,576	9,520,000	.00%	2026
2027	230,000	24,363	345,000	106,031	180,000	19,295	195,000	187,575	950,000	337,264	1,287,264	8,570,000	9.98%	2027
2028	190,000	19,400	365,000	88,281	180,000	15,695	205,000	177,575	940,000	300,951	1,240,951	7,630,000	19.85%	2028
2029	195,000	14,588	380,000	73,456	185,000	10,195	215,000	167,075	975,000	265,314	1,240,314	6,655,000	30.09%	2029
2030	200,000	9,150	390,000	61,906	195,000	5,520	225,000	156,075	1,010,000	232,651	1,242,651	5,645,000	40.70%	2030
2031	205,000	3,075	405,000	49,728	195,000	3,473	240,000	144,450	1,045,000	200,726	1,245,726	4,600,000	51.68%	2031
2032			415,000	36,656	200,000	1,200	250,000	132,200	865,000	170,056	1,035,056	3,735,000	60.77%	2032
2033			430,000	22,656			265,000	119,325	695,000	141,981	836,981	3,040,000	68.07%	2033
2034			440,000	7,700			275,000	105,825	715,000	113,525	828,525	2,325,000	75.58%	2034
2035							290,000	91,700	290,000	91,700	381,700	2,035,000	78.62%	2035
2036							305,000	76,825	305,000	76,825	381,825	1,730,000	81.83%	2036
2037							320,000	62,800	320,000	62,800	382,800	1,410,000	85.19%	2037
2038							330,000	49,800	330,000	49,800	379,800	1,080,000	88.66%	2038
2039							345,000	36,300	345,000	36,300	381,300	735,000	92.28%	2039
2040							360,000	22,200	360,000	22,200	382,200	375,000	96.06%	2040
2041							375,000	7,500	375,000	7,500	382,500	0	100.00%	2041
	1,020,000	84,050	3,170,000	503,744	1,135,000	65,925	4,195,000	1,633,450	9,520,000	2,287,169	11,807,169			

- 1) This represents the \$2,635,000 Street Reconstruction portion of the \$3,095,000 General Obligation Bonds, Series 2015A.
- 2) This represents the \$4,950,000 Street Reconstruction portion of the \$6,915,000 General Obligation Bonds, Series 2018A.
- 3) This represents the \$4,495,000 Street Reconstruction portion of the \$8,665,000 General Obligation Bonds, Series 2025A.

City of Lino Lakes, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Utility Revenues
 (As of 05/18/2026)

Calendar Year Ending	Utility Revenue Bonds Series 2016A		Utility Revenue Bonds 1) Series 2018A		Utility Revenue Bonds Series 2020A		Utility Revenue Note Series 2024		Utility Revenue Bonds 2) Series 2026A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
	11/23/2016	02/01	12/19/2018	02/01	07/08/2020	02/01	10/15/2024	08/20	05/18/2026	02/01						
	\$1,420,000		\$1,965,000		\$4,330,000		\$15,996,190		\$3,485,000*							
2026	0	1,500	0	20,853	0	36,900	688,000	152,324	0	0	688,000	211,577	899,577	22,554,000	2.96%	2026
2027	150,000	1,500	145,000	38,081	275,000	68,300	702,000	291,252	0	127,624	1,272,000	526,757	1,798,757	21,282,000	8.43%	2027
2028			150,000	30,706	290,000	57,000	716,000	277,584	190,000	103,685	1,346,000	468,975	1,814,975	19,936,000	14.22%	2028
2029			160,000	24,556	300,000	45,200	729,000	263,643	195,000	98,776	1,384,000	432,176	1,816,176	18,552,000	20.18%	2029
2030			125,000	20,281	310,000	36,100	744,000	249,450	200,000	93,740	1,379,000	399,571	1,778,571	17,173,000	26.11%	2030
2031			135,000	16,297	315,000	29,850	758,000	234,964	205,000	88,525	1,413,000	369,636	1,782,636	15,760,000	32.19%	2031
2032			135,000	11,994	325,000	23,450	773,000	220,206	210,000	83,078	1,443,000	338,727	1,781,727	14,317,000	38.40%	2032
2033			140,000	7,438	330,000	16,900	788,000	205,155	215,000	77,339	1,473,000	306,832	1,779,832	12,844,000	44.74%	2033
2034			145,000	2,538	335,000	10,250	803,000	189,813	225,000	71,289	1,508,000	273,889	1,781,889	11,336,000	51.23%	2034
2035					345,000	3,450	819,000	174,179	230,000	64,860	1,394,000	242,489	1,636,489	9,942,000	57.22%	2035
2036							835,000	158,233	235,000	58,000	1,070,000	216,233	1,286,233	8,872,000	61.83%	2036
2037							851,000	141,975	245,000	50,678	1,096,000	192,653	1,288,653	7,776,000	66.54%	2037
2038							868,000	125,406	250,000	42,880	1,118,000	168,286	1,286,286	6,658,000	71.35%	2038
2039							885,000	108,506	260,000	34,590	1,145,000	143,096	1,288,096	5,513,000	76.28%	2039
2040							902,000	91,275	265,000	25,663	1,167,000	116,938	1,283,938	4,346,000	81.30%	2040
2041							919,000	73,713	275,000	16,213	1,194,000	89,926	1,283,926	3,152,000	86.44%	2041
2042							937,000	55,821	285,000	5,700	1,222,000	61,521	1,283,521	1,930,000	91.70%	2042
2043							956,000	37,577			956,000	37,577	993,577	974,000	95.81%	2043
2044							974,000	18,964			974,000	18,964	992,964	0	100.00%	2044
	150,000	3,000	1,135,000	172,744	2,825,000	327,400	15,647,000	3,070,039	3,485,000	1,042,637	23,242,000	4,615,821	27,857,821			

* Preliminary, subject to change.

- 1) This represents the \$1,965,000 Utility Revenue portions of the \$6,915,000 General Obligation Bonds, Series 2018A.
- 2) This represents the \$3,485,000 Utility Revenue Portion of the \$8,355,000 General Obligation Bonds, Series 2026A.

Lino Lakes Economic Development Authority, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 05/18/2026)

Dated Amount	Lease Revenue Bonds Series 2015		Lease Revenue Bonds Series 2026A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	06/18/2015	04/01	05/18/2026	02/01						
\$4,350,000			\$27,440,000*							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest						
2026	0	43,544	0	0	0	43,544	43,544	29,935,000	.00%	2026
2027	215,000	83,863	0	1,255,468	215,000	1,339,331	1,554,331	29,720,000	.72%	2027
2028	220,000	77,338	990,000	1,029,453	1,210,000	1,106,790	2,316,790	28,510,000	4.76%	2028
2029	230,000	70,588	1,020,000	1,000,308	1,250,000	1,070,895	2,320,895	27,260,000	8.94%	2029
2030	235,000	63,613	1,050,000	970,293	1,285,000	1,033,905	2,318,905	25,975,000	13.23%	2030
2031	245,000	56,106	1,080,000	939,138	1,325,000	995,244	2,320,244	24,650,000	17.65%	2031
2032	250,000	48,063	1,115,000	906,483	1,365,000	954,545	2,319,545	23,285,000	22.21%	2032
2033	260,000	38,800	1,140,000	872,088	1,400,000	910,888	2,310,888	21,885,000	26.89%	2033
2034	270,000	28,200	1,180,000	836,128	1,450,000	864,328	2,314,328	20,435,000	31.74%	2034
2035	280,000	17,200	1,215,000	798,094	1,495,000	815,294	2,310,294	18,940,000	36.73%	2035
2036	290,000	5,800	1,255,000	757,329	1,545,000	763,129	2,308,129	17,395,000	41.89%	2036
2037			1,300,000	713,883	1,300,000	713,883	2,013,883	16,095,000	46.23%	2037
2038			1,340,000	667,673	1,340,000	667,673	2,007,673	14,755,000	50.71%	2038
2039			1,390,000	618,520	1,390,000	618,520	2,008,520	13,365,000	55.35%	2039
2040			1,440,000	565,433	1,440,000	565,433	2,005,433	11,925,000	60.16%	2040
2041			1,495,000	508,934	1,495,000	508,934	2,003,934	10,430,000	65.16%	2041
2042			1,555,000	446,334	1,555,000	446,334	2,001,334	8,875,000	70.35%	2042
2043			1,620,000	376,468	1,620,000	376,468	1,996,468	7,255,000	75.76%	2043
2044			1,695,000	301,861	1,695,000	301,861	1,996,861	5,560,000	81.43%	2044
2045			1,770,000	222,148	1,770,000	222,148	1,992,148	3,790,000	87.34%	2045
2046			1,850,000	137,058	1,850,000	137,058	1,987,058	1,940,000	93.52%	2046
2047			1,940,000	46,560	1,940,000	46,560	1,986,560	0	100.00%	2047
	2,495,000	533,113	27,440,000	13,969,647	29,935,000	14,502,760	44,437,760			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2025/26 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt²	City's Proportionate Share
Anoka County	\$635,859,657	6.6248%	\$38,315,000	\$2,538,292
I.S.D. No. 12 (Centennial)	63,865,458	44.2733%	57,650,000 ³	25,523,557
I.S.D. No. 624 (White Bear Lake Area Schools)	142,684,744	4.5828%	402,705,000 ³	18,455,165
I.S.D. No. 831 (Forest Lake Area Schools)	102,953,390	7.1004%	166,005,000 ³	11,787,019
Anoka County Regional Railroad Authority	635,859,657	6.6248%	1,435,000	95,066
Metropolitan Council	6,503,726,905	0.6477%	261,560,000 ⁴	<u>1,694,124</u>
City's Share of Total Overlapping Debt				<u>\$60,093,223</u>

¹ Overlapping debt is as of the dated date of the Bonds and the EDA's Series 2026A Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by State aids for the purposes of the Bonds.

⁴ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$3,984,773,798	Debt/ Per Capita 22,562¹
Direct G.O. Debt Secured By:			
Special Assessments & Utility Revenues	\$3,895,000		
Tax Abatement Revenues*	4,870,000		
Taxes	9,520,000		
Utility Revenues*	<u>23,242,000</u>		
Total General Obligation Debt*	<u>\$41,527,000</u>		
Less: G.O. Debt Paid Entirely from Revenues ²	<u>(23,242,000)</u>		
Tax Supported General Obligation Debt*	\$18,285,000	0.46%	\$810.43
 City's Share of Total Overlapping Debt	 <u>\$60,093,223</u>	 <u>1.51%</u>	 <u>\$2,663.47</u>
 Total*	 <u><u>\$78,378,223</u></u>	 <u><u>1.97%</u></u>	 <u><u>\$3,473.90</u></u>

*Preliminary, subject to change.

¹ Estimated 2024 population.

² Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2021/22	\$11,814,561	\$11,756,670	\$11,814,285	99.998%
2022/23	12,890,170	12,838,422	12,886,939	99.975%
2023/24	14,115,773	14,033,411	14,091,308	99.827%
2024/25	15,585,787	15,503,379	15,503,379	99.471%
2025/26	18,064,127	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.² Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2021/22	2022/23	2023/24	2024/25	2025/26
Anoka County with Library	29.254%	24.176%	25.629%	30.245%	31.762%
Anoka County/City Public Safety	0.360%	0.298%	N/A	N/A	0.090%
City of Lino Lakes	40.154%	34.974%	36.098%	39.372%	43.266%
I.S.D. No. 12 (Centennial)	31.074%	25.188%	23.564%	25.162%	25.650%
I.S.D. No. 624 (White Bear Lake Area Schools)	34.806%	32.398%	34.006%	35.285%	35.074%
I.S.D. No. 831 (Forest Lake Area Schools)	24.425%	22.267%	23.215%	24.084%	24.092%
Anoka County RR Auth.	0.351%	0.306%	N/A	N/A	N/A
Metropolitan Council	0.651%	0.555%	0.643%	0.560%	0.602%
Metropolitan Mosquito	0.372%	0.320%	0.326%	0.328%	0.335%
Metro Transit District	1.175%	1.009%	0.938%	1.039%	0.983%
Rice Creek Watershed	1.715%	1.488%	1.505%	1.551%	1.497%

Referendum Market Value Rates:

I.S.D. No. 12 (Centennial)	0.23695%	0.21941%	0.21595%	0.21134%	0.21146%
I.S.D. No. 624 (White Bear Lake Area Schools)	0.19261%	0.18282%	0.16377%	0.16877%	0.17208%
I.S.D. No. 831 (Forest Lake Area Schools)	0.15336%	0.12825%	0.12232%	0.12193%	0.11792%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Anoka County.

THE ISSUER

CITY GOVERNMENT

The City was incorporated as a village in 1955 and became a statutory city on January 1, 1974. The City operates under a home rule charter form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator, Finance Director and City Clerk are responsible for administrative details and financial records.

¹ After reduction for State aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 79 full-time, 88 part-time, and seven (7) seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee 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. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS - Patrol	December 31, 2026
LELS - Sergeant	December 31, 2026
IUOE Local 49ers - Public Works	December 31, 2026
AFSCME	December 31, 2026

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$914,361 as of December 31, 2025. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

The City of Lino Lakes is currently in litigation. In the case of Zikar Holdings LLC, Jameel Ahmed, and Faraaz Mohammed v. Michael Ruhland, Christopher Lyden and the City of Lino Lakes, Minnesota, No. 24-CV-03721 (JMB/SGE), Plaintiffs filed a lawsuit against the City and two of its council members challenging the City's enactment of a development moratorium and other related City actions. Plaintiffs submitted a concept plan for a 434 unit housing and mixed use development. They have alleged that the moratorium and related actions occurred because of unconstitutional and otherwise unlawful religious and racial discrimination, and unlawfully burdened the religious exercise of the individual plaintiffs. The City is defending against the lawsuit, and the individual defendants are as well. The Defendants have filed motions for summary judgment, the Plaintiffs have filed a partial motion for summary judgment (that they then withdrew), but the presiding judge has not yet issued any rulings on the motions. The City is unable to predict or determine the outcome or timing of the litigation at this time.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, as amended, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (as of February, 13, 2026)

Fund	Total Cash and Investments
General	\$12,417,816
Special Revenue	1,230,037
Debt Service	2,640,817
Capital Projects	21,385,836
Enterprise Funds	<u>14,545,091</u>
Total Funds on Hand	<u><u>\$52,219,597</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2022 Audited	2023 Audited	2024 Audited
Water			
Total Operating Revenues	\$1,845,312	\$2,323,763	\$2,072,108
Less: Operating Expenses	<u>(3,019,350)</u>	<u>(2,027,102)</u>	<u>(2,127,081)</u>
Operating Income	(\$1,174,038)	\$296,661	(\$54,973)
Plus: Depreciation	789,107	796,587	927,267
Investment earnings	(246,188)	280,682	250,835
Capital contributions from private sources	<u>2,694,636</u>	<u>360</u>	<u>911,151</u>
Net Revenues of the Water Fund	<u><u>\$2,063,517</u></u>	<u><u>\$1,374,290</u></u>	<u><u>\$2,034,280</u></u>
Sewer			
Total Operating Revenues	\$1,952,299	\$2,079,761	\$2,186,487
Less: Operating Expenses	<u>(2,347,539)</u>	<u>(2,535,243)</u>	<u>(2,989,132)</u>
Operating Income	(\$395,240)	(\$455,482)	(\$802,645)
Plus: Depreciation	597,713	611,106	753,799
Investment earnings	(398,835)	429,729	331,428
Capital contributions from private sources	<u>2,573,920</u>	<u>8,185</u>	<u>1,208,076</u>
Net Revenues of the Sewer Fund	<u><u>\$2,377,558</u></u>	<u><u>\$593,538</u></u>	<u><u>\$1,490,658</u></u>
Storm Water			
Total Operating Revenues	\$486,069	\$552,121	\$559,217
Less: Operating Expenses	<u>(251,478)</u>	<u>(577,404)</u>	<u>(409,320)</u>
Operating Income	\$234,591	(\$25,283)	\$149,897
Plus: Depreciation	0	0	0
Investment earnings	(895)	17,599	21,519
Capital contributions from private sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Revenues of the Storm Water Fund	<u><u>\$233,696</u></u>	<u><u>(\$7,684)</u></u>	<u><u>\$171,416</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31				
COMBINED STATEMENT	2020	2021	2022	2023	2024
	Audited	Audited	Audited	Audited	Audited
Revenues					
Property taxes	\$8,342,663	\$9,280,331	\$8,759,475	\$9,666,211	\$10,399,167
Special assessments	0	0	0	1,185	133,969
Other taxes	0	0	0	147,131	1,143,987
Licenses and permits	972,450	1,400,755	1,348,912	973,653	1,057,662
Intergovernmental	642,220	626,279	700,740	908,267	382
Charges for services	248,882	337,291	361,266	442,560	557,880
Fine and forfeitures	76,811	73,206	61,141	85,400	96,282
Interest on investments	122,482	(50,817)	(163,143)	307,403	301,634
Miscellaneous	191,631	244,329	253,875	51,498	35,218
Total Revenues	<u>\$10,597,139</u>	<u>\$11,911,374</u>	<u>\$11,322,266</u>	<u>\$12,583,308</u>	<u>\$13,726,181</u>
Expenditures					
Current:					
General government	\$2,100,186	\$2,074,782	\$2,342,585	\$2,361,592	\$2,718,462
Public safety	4,722,890	4,970,207	5,729,189	6,098,262	6,435,117
Public works	1,907,420	2,227,570	1,636,425	1,717,960	1,787,741
Conservation of natural resources	160,884	182,247	220,738	237,987	247,911
Community development	401,523	481,333	277,277	299,389	997,320
Culture and recreation	0	0	780,284	924,201	302,543
Capital outlay	18,209	404,094	115,251	0	0
Total Expenditures	<u>\$9,311,112</u>	<u>\$10,340,233</u>	<u>\$11,101,749</u>	<u>\$11,639,391</u>	<u>\$12,489,094</u>
Excess of revenues over (under) expenditures	\$1,286,027	\$1,571,141	\$220,517	\$943,917	\$1,237,087
Other Financing Sources (Uses)					
Insurance recovery	\$0	\$0	\$0	\$0	\$2,040
Transfers in	380,000	0	40,000	20,000	20,000
Transfers (out)	(931,500)	(951,113)	(321,750)	(466,554)	(286,590)
Total Other Financing Sources (Uses)	<u>(551,500)</u>	<u>(951,113)</u>	<u>(281,750)</u>	<u>(446,554)</u>	<u>(264,550)</u>
Net changes in Fund Balances	\$734,527	\$620,028	(\$61,233)	\$497,363	\$972,537
General Fund Balance January 1	\$6,793,195	\$7,527,722	\$8,147,750	\$8,086,517	\$8,583,880
Prior Period Adjustment	0	0	0	0	0
General Fund Balance December 31	<u>\$7,527,722</u>	<u>\$8,147,750</u>	<u>\$8,086,517</u>	<u>\$8,583,880</u>	<u>\$9,556,417</u>
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$315,224	\$356,619	\$518,196	\$567,849	\$557,155
Committed	425,000	71,370	58,600	75,667	67,500
Unassigned	6,787,498	7,719,761	7,509,721	7,940,364	8,931,762
Total	<u>\$7,527,722</u>	<u>\$8,147,750</u>	<u>\$8,086,517</u>	<u>\$8,583,880</u>	<u>\$9,556,417</u>

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31	
	2025 Adopted Budget	2026 Adopted Budget ¹
Revenues		
Property taxes	\$11,349,814	\$13,094,229
Other taxes	155,000	145,000
Licenses and permits	973,709	1,044,589
Intergovernmental	921,804	1,008,168
Charges for services	450,996	463,013
Fine and forfeitures	76,000	81,000
Interest on investments	75,000	85,000
Miscellaneous	48,000	48,000
Total Revenues	\$14,050,323	\$15,968,999
Expenditures		
Current:		
General government	\$2,922,176	\$3,182,124
Public safety	7,245,187	8,994,755
Public works	2,168,108	2,185,653
Conservation of natural resources	184,916	188,933
Community development	426,604	449,090
Culture and recreation	1,103,332	968,444
Total Expenditures	\$14,050,323	\$15,968,999
Excess of revenues over (under) expenditures	\$0	\$0
Other Financing Sources (Uses)		
Transfers in/(out)	\$0	\$0
Total Other Financing Sources (Uses)	0	0
Net changes in Fund Balances	\$0	\$0
General Fund Balance January 1	\$8,583,880	\$9,556,417
Residual Equity Transfer in (out)	0	0
General Fund Balance December 31	\$9,556,417	\$9,556,417
DETAILS OF DECEMBER 31 FUND BALANCE		
Nonspendable	\$557,155	\$500,000
Assigned	67,500	50,000
Unassigned	8,931,762	9,006,417
Total	\$9,556,417	\$9,556,417

¹ The 2026 budget was adopted on December 8, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 21,399 and a 2024 population estimate of 22,562, and comprising an area of 33 square miles, is located approximately 19 miles north of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 12 (Centennial)	Elementary and secondary education	1,514 ²
State of Minnesota Correctional Facility	Medium security prison	480
Molin Concrete Products Co	Concrete product manufacturers	350
Target	Retail	320
Northern Wholesale Supply	Mobile Homes-Equipment & parts	201
Distribution Alternatives	Warehouses-commodity & merchandise	190
City of Lino Lakes	Municipal government and services	174
North American Composites, Inc.	Distribution services	157
Custom Remodelers	Remodeling & repairing building contractors	150
Anoka County Juvenile Center	Juvenile detention center	140

Source: The City, Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² Total number of employees includes the entire school district, including employees outside City limits.

BUILDING PERMITS (as of February 12, 2026)

	2022	2023	2024	2025	2026
<u>New Single Family Homes</u>					
No. of building permits	137	112	126	138	12
Valuation	\$35,901,367	\$34,765,599	\$42,233,624	\$43,555,193	\$3,671,422
<u>New Multiple Family Buildings</u>					
No. of building permits	2	0	0	0	0
Valuation	\$52,181,767	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	5	6	3	3	0
Valuation	\$58,316,075	\$12,638,041	\$8,600,000	\$4,300,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	2,040	1,933	1,837	936	63
Valuation	\$103,040,207	\$55,685,801	\$77,382,798	\$64,592,403	\$4,984,831

Source: The City.

U.S. CENSUS DATA**Population Trend:** The City

2010 U.S. Census population	20,216
2020 U.S. Census population	21,399
Percent of Change 2010 - 2020	5.85%
2024 Metropolitan Council Population Estimate	22,562

Income and Age Statistics

	The City	Anoka County	State of Minnesota	United States
2024 per capita income	\$53,392	\$45,484	\$48,237	\$44,673
2024 median household income	\$127,181	\$101,869	\$89,062	\$80,734
2024 median family income	\$147,335	\$117,323	\$113,993	\$99,999
2024 median gross rent	\$1,874	\$1,464	\$1,280	\$1,413
2024 median value owner occupied units	\$407,200	\$346,500	\$329,300	\$332,700
2024 median age	41.5 yrs.	38.8 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
City % of 2024 per capita income	110.69%	119.52%
City % of 2024 median family income	129.25%	147.34%

Housing Statistics

	<u>The City</u>		
	2020	2024	Percent of Change
All Housing Units	6,957	7,682	10.42%

Source: 2010 and 2020 Census of Population and Housing, and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and 2024 Population Estimates, Metropolitan Council (<https://metro council.org/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Anoka County	Anoka County	State of Minnesota	
2022	196,013	2.4%	2.5%	
2023	198,300	2.7%	2.8%	
2024	198,793	3.1%	3.1%	
2025	199,716	3.9%	3.9%	
2026, January	195,180	5.0%	5.3%	

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

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

FOR THE YEAR ENDED

December 31, 2024

Prepared By: Finance Department

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INTRODUCTORY SECTION

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May 22, 2025

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 Annual Comprehensive Financial Report (ACFR) of the City of Lino Lakes, Minnesota for the fiscal year ended December 31, 2024.

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, 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, 2024, 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, 2024, are fairly presented in conformity with GAAP. The independent auditor's 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 a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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 Anoka County. It covers an area of 33 square miles and has a population of approximately 22,376. The population has grown by over 30% since 2000. Within the City's borders lies the 5,500 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 works (streets and fleet), culture and recreation (parks and recreation), conservation of natural resources (environmental, solid waste abatement, forestry), community development, public improvements, and providing and maintaining water, sewer, and storm water infrastructure.

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All departments 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. Department Directors may make transfers of appropriations within a department, but transfers of appropriations between departments require City Council approval. Budget-to-actual comparisons for the General Fund and The Rookery Activity Center Fund, the only governmental funds for which an annual budget has been adopted, are provided in Statements 10 and 11, 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. Commercial and industrial sectors remain strong with few vacancies and new commercial projects underway on both the 35W and 35E Corridors. Approximately 76,000 square feet of industrial space was added in 2024. Five new free-standing national-chain projects are currently underway.

The 35E corridor has also gained additional attention through a partnership with Anoka and Washington Counties, neighboring cities, and Connexus Energy, to establish the Minnesota Technology Corridor. Over 1,000 acres are available along the corridor with strong transportation, fiber and utility infrastructure to serve the growing data and tech fields.

The City recently approved the 93 lot Nature's Refuge North, a single-family development and the City's largest residential development, the 864 lot Watermark project, expanded into its eighth addition. Multiple

Factors Affecting Financial Condition (Continued)

residential projects are currently in the review process from both local and national developers with construction expected to commence in summer of 2025.

Overall, the City continued to see substantial development activity in 2024. The City issued building permits for 126 residential units and three new commercial establishments in 2024. The total building permit valuation was approximately \$77 million.

Long-term financial planning. The City's current Financial Plan identifies capital equipment purchases and building and infrastructure improvements totaling \$92 million over the five-year period. These improvements are anticipated to be funded through a number of funding sources, including tax levies, special assessments, fund reserves, bond proceeds, and intergovernmental grants. The Plan is currently being revised to reflect the anticipated activity through fiscal year 2030.

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 (COA) to cities that meet certain criteria. The City of Lino Lakes received this award for its ACFR for the year ended December 31, 2023. This marks the twenty-ninth consecutive year the City has received this prestigious award. A governmental unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program requirements. This report must satisfy both GAAP and applicable legal requirements.

The COA is valid for a period of one year. The City is submitting the 2024 report to GFOA for consideration of the COA. We believe our current report continues to conform to the high standards of the 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,



Kelly Horn, Interim Finance Director
City of Lino Lakes, Minnesota

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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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

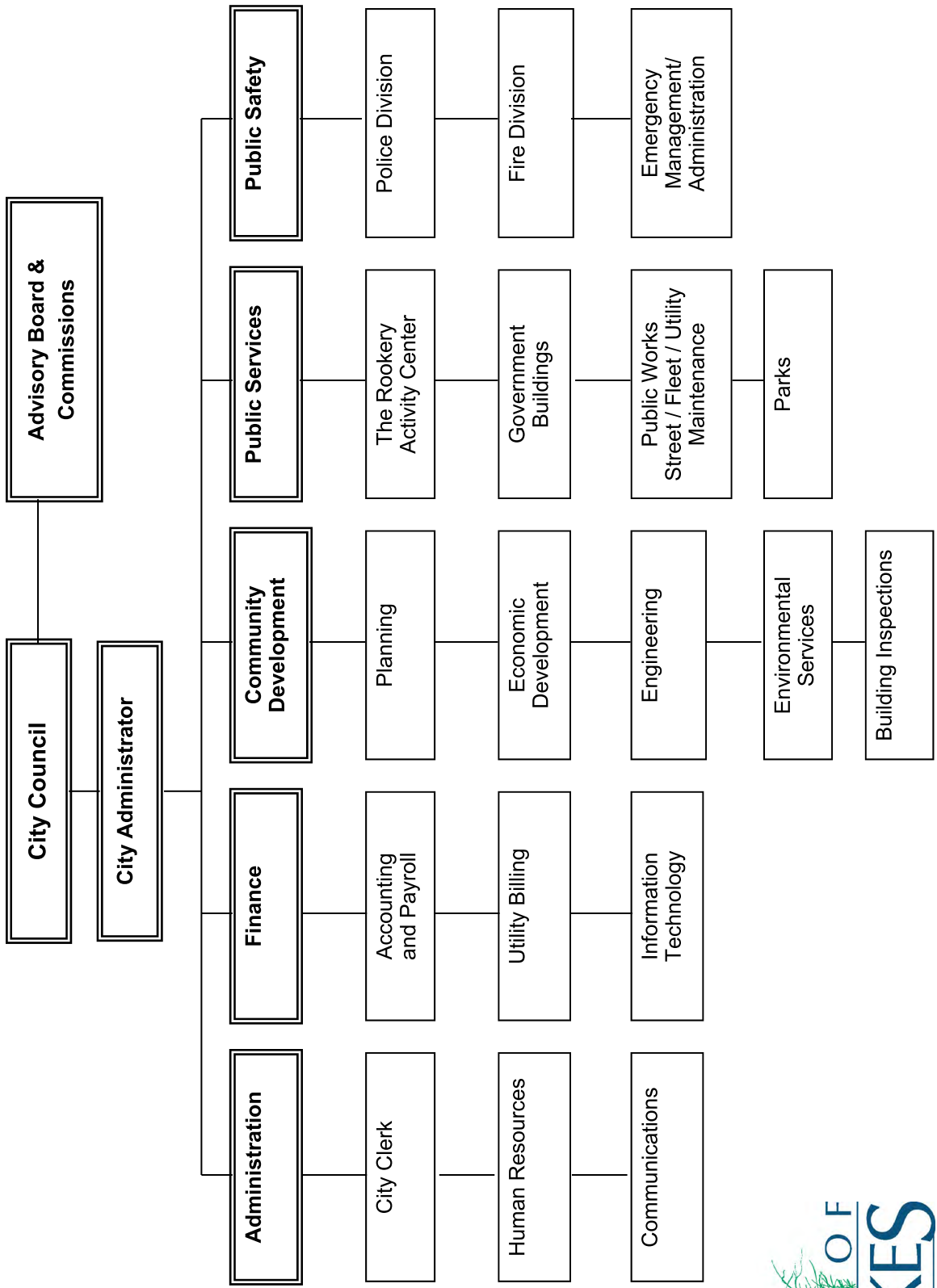
December 31, 2023

Christopher P. Morill

Executive Director/CEO

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City of Lino Lakes Organizational Chart



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CITY OF LINO LAKES, MINNESOTA

PRINCIPAL CITY OFFICIALS

December 31, 2024



		<u>Term Expires</u>
Mayor:	Rob Rafferty	December 31, 2025
Councilmembers:	Dale Stoesz	December 31, 2025
	Tony Cavegn	December 31, 2025
	Chris Lyden	December 31, 2027
	Michael Ruhland	December 31, 2027
Interim City Administrator:	David Pecchia	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 Audit of the Financial Statements

Opinions

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, 2024, 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.

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, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lino Lakes, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lino Lakes, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Lino Lakes, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lino Lakes, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025 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, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 22, 2025

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, 2024. 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 \$155,249,603 (net position). Of this amount, \$43,812,026 (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 \$10,930,604.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,850,557, an increase of \$2,833,504. Of this amount, \$6,441,358 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 \$9,556,417. Unassigned fund balance for the general fund was \$8,931,762, or 70% of total general fund expenditures and other financing uses.

In 2024, the City secured financing assistance from the Minnesota Public Facilities Authority (MPFA) for the construction of a new water treatment plant. This funding package includes \$16.5 million in Special Appropriations Grants from the State of Minnesota, along with grants from the Federal Drinking Water Revolving Fund. These grants are received on a reimbursement basis, during the year \$3,840,963 was recognized as intergovernmental revenue. Additionally, the City was awarded up to \$15,996,190 through the Drinking Water State Revolving Loan from the MPFA, structured as a water revenue note. Over the course of the year, the City issued \$1,216,285 against the 2024 G.O. Water Revenue Note (MPFA), with further draws expected as construction progresses.

No other new debt was issued, while regularly scheduled principal payments were made during the year. Total outstanding debt decreased by \$975,009 during 2024.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the City's assets and 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 works, culture and recreation, conservation of natural resources, and community development. The business-type activities of the City include water, sewer, and storm water utilities.

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

Management's Discussion and Analysis

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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
- The Rookery Activity Center – Special Revenue Fund
- G.O. Improvement Bonds of 2016B – Debt Service Fund
- Capital Equipment Replacement – Capital Project Fund
- Area and Unit Trunk – Capital Project Fund
- MSA Construction – 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 basic governmental fund financial statements are statements 3 through 5 of this report.

The City adopts annual appropriated budgets for the General Fund and The Rookery Activity Center Fund. Budgetary comparison schedules are presented as statements 10 and 11 of this report.

Proprietary funds. The City maintains three 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, sewer, and storm water utilities.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Water 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 19 through 26.

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 \$155,249,603 at the close of the most recent fiscal year.

The largest portion of the City’s net position (\$104,059,186 or 67%) 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	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$49,440,507	\$44,586,667	\$16,200,074	\$16,270,032	\$65,640,581	\$60,856,699
Capital assets	66,877,583	66,000,296	57,415,794	50,119,172	124,293,377	116,119,468
Total assets	<u>116,318,090</u>	<u>110,586,963</u>	<u>73,615,868</u>	<u>66,389,204</u>	<u>189,933,958</u>	<u>176,976,167</u>
Deferred outflows of resources	5,617,140	7,546,180	122,256	214,180	5,739,396	7,760,360
Liabilities:						
Long-term liabilities outstanding	19,665,236	23,058,533	1,325,126	583,183	20,990,362	23,641,716
Other liabilities	9,838,612	7,291,313	735,167	348,157	10,573,779	7,639,470
Total liabilities	<u>29,503,848</u>	<u>30,349,846</u>	<u>2,060,293</u>	<u>931,340</u>	<u>31,564,141</u>	<u>31,281,186</u>
Deferred inflows of resources	8,624,053	8,959,057	235,557	177,285	8,859,610	9,136,342
Net position:						
Net investment in capital assets	50,860,601	48,061,305	53,198,585	50,119,172	104,059,186	98,180,477
Restricted	7,378,391	9,398,180	-	-	7,378,391	9,398,180
Unrestricted	25,568,337	21,364,755	18,243,689	15,375,587	43,812,026	36,740,342
Total net position	<u>\$83,807,329</u>	<u>\$78,824,240</u>	<u>\$71,442,274</u>	<u>\$65,494,759</u>	<u>\$155,249,603</u>	<u>\$144,318,999</u>

Of the City’s net position, \$7,378,391 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$43,812,026) 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 \$10,930,604 during 2024. Key elements of this increase are as follows:

City of Lino Lakes' Changes in Net Position

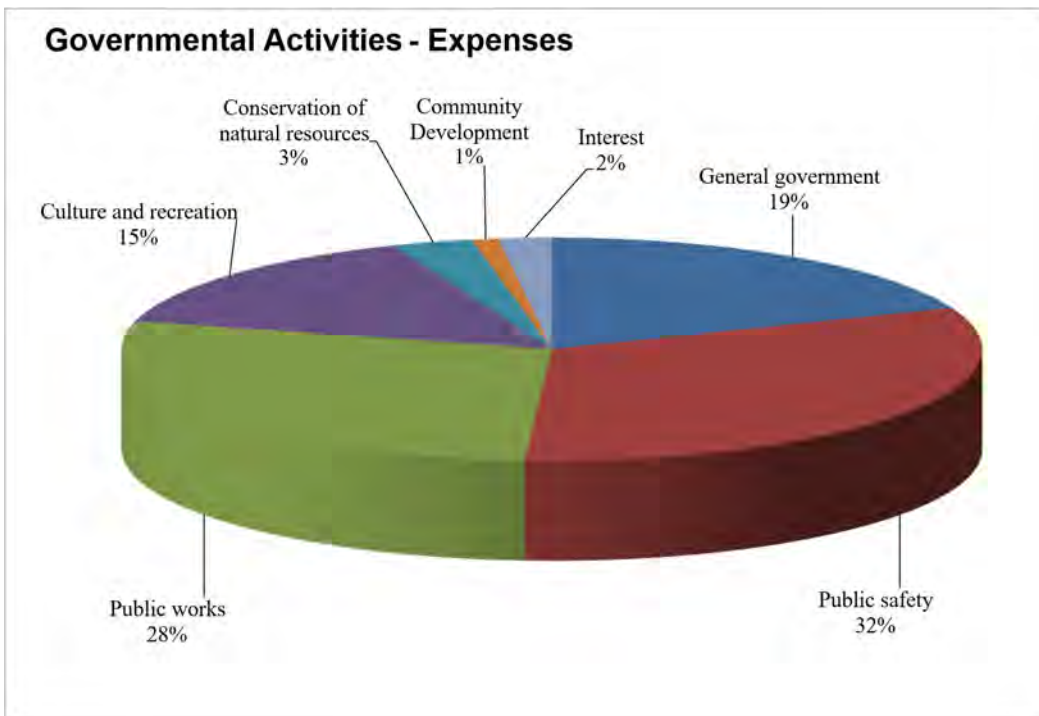
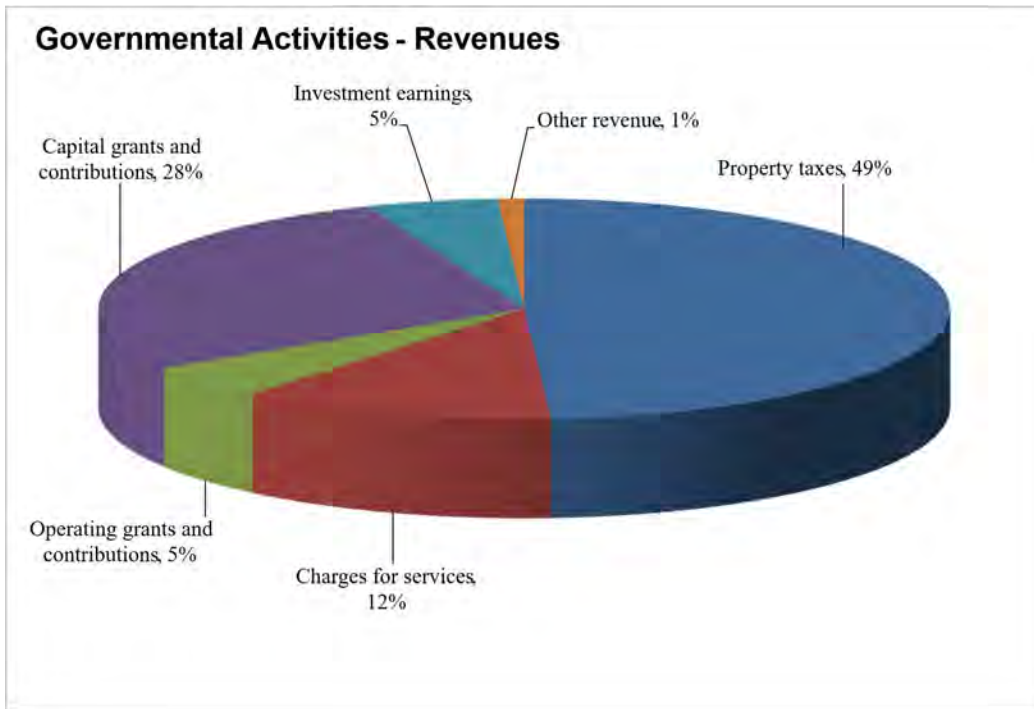
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$3,911,025	\$4,468,912	\$4,817,812	\$4,955,645	\$8,728,837	\$9,424,557
Operating grants and contributions	1,480,903	1,866,131	7,589	59,032	1,488,492	1,925,163
Capital grants and contributions	8,609,291	2,996,602	2,119,227	8,545	10,728,518	3,005,147
General revenues:						
General property taxes	14,158,781	12,868,894	-	-	14,158,781	12,868,894
Other taxes	196,911	217,779	-	-	196,911	217,779
Tax increment	1,002,712	903,027	-	-	1,002,712	903,027
Grants and contributions not restricted to specific programs	2,364	270,011	-	-	2,364	270,011
Unrestricted investment earnings	1,517,537	1,554,657	603,782	728,010	2,121,319	2,282,667
Gain on disposal of capital assets	143,601	35,689	-	-	143,601	35,689
Total revenues	<u>31,023,125</u>	<u>25,181,702</u>	<u>7,548,410</u>	<u>5,751,232</u>	<u>38,571,535</u>	<u>30,932,934</u>
Expenses:						
General government	4,134,836	3,041,049	-	-	4,134,836	3,041,049
Public safety	7,045,702	7,130,294	-	-	7,045,702	7,130,294
Public works	6,218,466	5,604,543	-	-	6,218,466	5,604,543
Culture and recreation	3,283,500	3,350,309	-	-	3,283,500	3,350,309
Conservation of natural resources	732,201	257,150	-	-	732,201	257,150
Community development	287,271	531,413	-	-	287,271	531,413
Interest and fees on long-term debt	410,330	497,903	-	-	410,330	497,903
Water	-	-	2,130,173	2,027,102	2,130,173	2,027,102
Sewer	-	-	2,989,132	2,535,243	2,989,132	2,535,243
Storm water	-	-	409,320	577,404	409,320	577,404
Total expenses	<u>22,112,306</u>	<u>20,412,661</u>	<u>5,528,625</u>	<u>5,139,749</u>	<u>27,640,931</u>	<u>25,552,410</u>
Increase in net position before transfers	8,910,819	4,769,041	2,019,785	611,483	10,930,604	5,380,524
Transfers	(3,927,730)	(516,310)	3,927,730	516,310	-	-
Change in net position	<u>4,983,089</u>	<u>4,252,731</u>	<u>5,947,515</u>	<u>1,127,793</u>	<u>10,930,604</u>	<u>5,380,524</u>
Net position - January 1	<u>78,824,240</u>	<u>74,571,509</u>	<u>65,494,759</u>	<u>64,366,966</u>	<u>144,318,999</u>	<u>138,938,475</u>
Net position - December 31	<u>\$83,807,329</u>	<u>\$78,824,240</u>	<u>\$71,442,274</u>	<u>\$65,494,759</u>	<u>\$155,249,603</u>	<u>\$144,318,999</u>

Governmental Activities

Governmental activities increased the City's net position by \$4,983,089 during 2024. Developer contributions were primarily responsible for the increase in net position, as well as an overall net reduction in long-term debt. Unrestricted investment earnings also played a role in the increase to net position in 2024, due to unrealized gains and interest earnings on investments with the stable interest rate environment.

Management's Discussion and Analysis

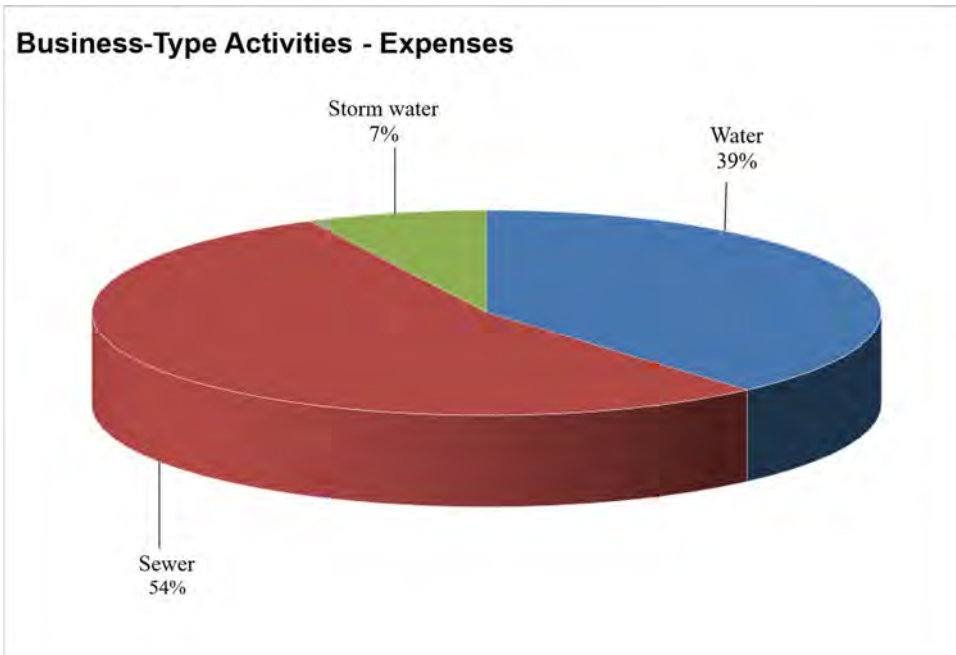
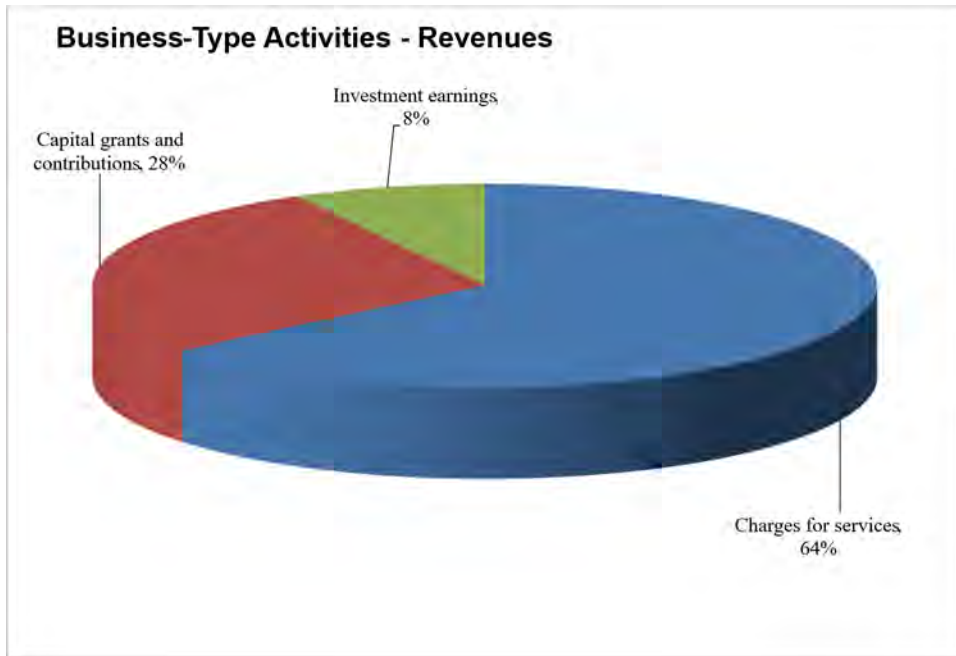
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Business-Type Activities

Business-type activities increased the City's net position by \$5,947,515 during 2024. Capital grants and contributions increased in 2024, resulting from developer contributed infrastructure, and the transfers-in of capital assets constructed in the governmental activities funds. Business-type activities had positive operating results in the Storm Water fund, but these were offset by operating losses in the Water and Sewer funds.

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



Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,850,557. Approximately 17% of this total amount (\$6,441,358) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. Of the remaining fund balance, \$713,505 is not in a spendable form, \$388,929 has been committed, \$22,269,960 has been assigned, and \$7,036,805 is unassigned.

The General fund balance increased by \$972,537. Overall revenues increased by approximately \$1,143,000 over 2023. Property taxes, intergovernmental revenues and charges for services were the major drivers of the increase over the prior year due to an increased tax levy and increased state aids. The increases in revenues were partially offset by increased expenditures over 2023, however the City had fewer transfers-out, which resulted in the net increase in fund balance outperforming 2023 by \$475,174.

The Rookery Activity Center opened to the public in May 2022. The fund balance improved from a deficit of \$5,067 to a positive \$77,356 in 2024 resulting from positive operating activity, and an increase in the tax levy over the prior year levy. During 2024, the Fund had revenues over expenditures of \$82,423, whereas 2023's expenditures exceeded revenues by \$335,089. While the Rookery operating revenues fell short of budget, primarily in charges for services, expenditures were also under budget, primarily in personal services. The tax levy increased by \$100,000 in 2025 with the goal of total revenues covering total expenditures for the current and future years.

The G.O. Improvement Bonds of 2016B deficit fund balance increased by \$1,728,204 during the year and the fund was closed at year end. The 2016B series bonds were issued to refund the 2005A series bonds and fund the Legacy at Woods Edge improvements. The bonds matured in 2021, and future tax increment was expected to cover the interfund loan payable. During 2024 the interfund loan payable liability was transferred to the TIF 1-11 Legacy at Woods Edge Fund where it will continue to be reduced by future tax increment.

The Capital Equipment Replacement fund balance increased by \$679,463 due to a significant increase in the property tax levy and proceeds from the sale of fixed assets. The fund also reduced its interfund loan payable by its scheduled payments. The interfund loan payable will continue to be paid back with a tax levy over the next nine years. The fund accounts for the replacement of public safety and public works equipment and vehicles financed by a pay as you go tax levy.

The Area and Unit Trunk fund has a total fund balance of \$10,419,643, all of which is assigned for financing water and sewer capital improvements, including the new water treatment plant. The fund balance increased during the current year by \$857,318 primarily due to investment earnings and trunk fees (either collected over time through special assessments or paid up front through charges for services). Intergovernmental revenues also were received for much of the covered project costs that were incurred during the year.

Management's Discussion and Analysis

The MSA Construction Fund has a total fund balance of \$4,283,196, all of which is assigned to capital improvements for City MSA designated roadways. The fund balance during the current year decreased by \$527,228 primarily due to project costs exceeding revenues. Capital activity occurred on the Marketplace Drive realignment project and the Otter Lake Road extension during 2024.

The combined fund balance of other governmental funds decreased by \$959,213 during 2024 primarily due to debt repayments and nonmajor capital project funds activities.

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 a total net position at year-end of \$38,808,686, of which \$7,798,516 is unrestricted. The increase in net position of 5,094,747 was primarily due to capital contributions from governmental activities. The Area and Unit Trunk Fund is funding water infrastructure, including the water treatment plant and trunk watermain additions.

The Sewer Fund has a total net position at year-end of \$32,270,204 of which \$10,081,789 is unrestricted. The increase in net position of \$736,859 was primarily due to developer contributed infrastructure additions, particularly in the Watermark 5th and 6th Additions.

The Storm Water Fund has a total net position at year-end of \$363,384 of which all is unrestricted. The Storm Water Utility was established in 2022 to fund the operation and management of the City's storm water infrastructure.

Budgetary Highlights

General Fund

There were no amendments to the original budget in 2024.

Budgeted revenues for 2024 were \$12,998,968. Actual revenues exceeded the budget by \$727,213. General property taxes and other taxes were the only revenue source category that did not exceed its budget. Intergovernmental revenues were stronger than budgeted primarily due to recognizing the portion of the Fire State Aid which is passed through to the PERA Statewide Volunteer Firefighter Retirement Plan, which was not budgeted. Investment earnings also contributed to the positive budget variance.

Budgeted expenditures for 2024 were \$13,018,968. Actual expenditures were \$529,874 under budgeted amounts. The main causes of the under-budget variances were due to personal services budgeting for positions that remained vacant during the year.

The City carried out its budgeted transfer out to the Capital Equipment Replacement Fund but additionally made a small transfer out to the Comp Plan Update capital project fund and transferred out to the Office Equipment Replacement Fund for the reimbursement of the City's new financial ERP software.

Management’s Discussion and Analysis

Overall, the City budgeted for a \$150,000 decrease in fund balance, whereas the actual change in fund balance was an increase of \$972,537, which was \$1,122,537 over the 2024 budget.

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, 2024, amounted to \$123,663,377 (net of accumulated depreciation), an increase of \$7,543,909 from the prior year. This investment in capital assets includes land, wetland credits, construction in progress, buildings, equipment, vehicles, and infrastructure.

The Lake Drive Trunk Water Main, Pheasant Run Reconstruction, and Watermark Park were completed in 2024. The City is working to complete the Water Treatment Plant, Marketplace Drive realignment, Otter Lake Road extension, 2024 Trunk Watermain and the 2025 Street Reconstruction projects.

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$5,731,330	\$5,698,330	\$374,867	\$374,867	\$6,106,197	\$6,073,197
Wetland credits	49,042	49,042	-	-	49,042	49,042
Construction in progress	1,805,192	5,871,019	6,915,299	4,040,557	8,720,491	9,911,576
Buildings	8,267,376	8,929,708	-	-	8,267,376	8,929,708
Equipment	4,861,969	4,998,947	558,623	418,744	5,420,592	5,417,691
Land improvements	2,832,650	1,676,153	-	-	2,832,650	1,676,153
Other equipment	31,821	34,656	-	-	31,821	34,656
Infrastructure	43,298,203	38,742,441	48,937,005	45,285,004	92,235,208	84,027,445
Total	<u>\$66,877,583</u>	<u>\$66,000,296</u>	<u>\$56,785,794</u>	<u>\$50,119,172</u>	<u>\$123,663,377</u>	<u>\$116,119,468</u>

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,942,509. 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 issued a water revenue note payable to the Minnesota Public Facilities Authority (MPFA) for construction costs of its water treatment plant. The City issued \$1,216,285 on this note in 2024 and can borrow up to \$15,996,190 over the construction period.

City of Lino Lakes’ Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$14,875,000	\$16,735,000	\$ -	\$ -	\$14,875,000	\$16,735,000
G.O. special assessment bonds	195,000	415,000	-	-	195,000	415,000
Direct borrowings	-	35,475	1,216,285	-	1,216,285	35,475
Bond premium (discount)	656,224	732,043	-	-	656,224	732,043
Total	<u>\$15,726,224</u>	<u>\$17,917,518</u>	<u>\$1,216,285</u>	<u>\$0</u>	<u>\$16,942,509</u>	<u>\$17,917,518</u>

The City of Lino Lakes’ total bonded debt decreased by \$975,009 during the current fiscal year as regularly scheduled principal payments were made during the year. Additional information on the City’s long-term debt can be found in Note 6.

Requests for information. This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 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, 2024

Statement 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$42,329,271	\$13,492,069	\$55,821,340
Accrued interest receivable	248,791	-	248,791
Due from other governments	2,844,173	5,487	2,849,660
Accounts receivable - net	71,923	693,259	765,182
Prepaid items	613,505	183,377	796,882
Internal balances	(2,368,218)	2,368,218	-
Inventory	-	85,378	85,378
Taxes receivable	437,386	-	437,386
Special assessments receivable	2,984,514	2,286	2,986,800
Leases receivable	1,583,577	-	1,583,577
Net pension asset	695,585	-	695,585
Capital assets - nondepreciable	7,585,564	7,290,166	14,875,730
Capital assets - net of accumulated depreciation	59,292,019	49,495,628	108,787,647
Total assets	116,318,090	73,615,868	189,933,958
Deferred outflows of resources:			
Pension related	5,319,229	122,256	5,441,485
OPEB related	297,911	-	297,911
Total deferred outflows of resources	5,617,140	122,256	5,739,396
Liabilities:			
Accounts payable and other current liabilities	4,073,025	283,270	4,356,295
Due to other governments	77,062	14,777	91,839
Accrued interest payable	178,231	3,092	181,323
Unearned revenue	90,867	-	90,867
Deposits payable	2,978,397	4,600	2,982,997
Other post employment benefits:			
Due in more than one year	737,331	103,700	841,031
Long-term liabilities:			
Due within one year	2,441,030	429,428	2,870,458
Due in more than one year	14,463,949	914,219	15,378,168
Net pension liability:			
Due in more than one year	4,463,956	307,207	4,771,163
Total liabilities	29,503,848	2,060,293	31,564,141
Deferred inflows of resources:			
Lease related	1,583,577	-	1,583,577
Pension related	6,670,897	235,557	6,906,454
OPEB related	369,579	-	369,579
Total deferred inflows of resources	8,624,053	235,557	8,859,610
Net position:			
Net investment in capital assets	50,860,601	53,198,585	104,059,186
Restricted (nonexpendable) for environmental purposes	100,000	-	100,000
Restricted (expendable) for:			
Debt service	3,920,983	-	3,920,983
Park improvements	1,263,854	-	1,263,854
Public safety	601,134	-	601,134
Economic development	739,254	-	739,254
Fire Department pension plan	695,585	-	695,585
Other purposes	57,581	-	57,581
Unrestricted	25,568,337	18,243,689	43,812,026
Total net position	\$83,807,329	\$71,442,274	\$155,249,603

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, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$4,134,836	\$434,283
Public safety	7,045,702	1,489,612
Public works	6,218,466	149,389
Culture and recreation	3,283,500	1,837,741
Conservation of natural resources	732,201	-
Community development	287,271	-
Interest and fees on long-term debt	410,330	-
Total governmental activities	<u>22,112,306</u>	<u>3,911,025</u>
Business-type activities:		
Water	2,130,173	2,072,108
Sewer	2,989,132	2,186,487
Storm water	409,320	559,217
Total business-type activities	<u>5,528,625</u>	<u>4,817,812</u>
Total primary government	<u>\$27,640,931</u>	<u>\$8,728,837</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$77,695	\$ -	(\$3,622,858)	\$ -	(\$3,622,858)
748,715	-	(4,807,375)	-	(4,807,375)
454,402	8,609,291	2,994,616	-	2,994,616
15,325	-	(1,430,434)	-	(1,430,434)
96,482	-	(635,719)	-	(635,719)
88,284	-	(198,987)	-	(198,987)
-	-	(410,330)	-	(410,330)
<u>1,480,903</u>	<u>8,609,291</u>	<u>(8,111,087)</u>	<u>-</u>	<u>(8,111,087)</u>
7,589	911,151	-	860,675	860,675
-	1,208,076	-	405,431	405,431
-	-	-	149,897	149,897
<u>7,589</u>	<u>2,119,227</u>	<u>-</u>	<u>1,416,003</u>	<u>1,416,003</u>
<u>\$1,488,492</u>	<u>\$10,728,518</u>	<u>(8,111,087)</u>	<u>1,416,003</u>	<u>(6,695,084)</u>
General revenues:				
General property taxes		14,158,781	-	14,158,781
Other taxes		196,911	-	196,911
Tax increment		1,002,712	-	1,002,712
Grants and contributions not restricted to specific programs		2,364	-	2,364
Unrestricted investment earnings		1,517,537	603,782	2,121,319
Gain on disposal of capital assets		143,601	-	143,601
Transfers		(3,927,730)	3,927,730	-
Total general revenues and transfers		<u>13,094,176</u>	<u>4,531,512</u>	<u>17,625,688</u>
Change in net position		4,983,089	5,947,515	10,930,604
Net position - January 1		<u>78,824,240</u>	<u>65,494,759</u>	<u>144,318,999</u>
Net position - December 31		<u>\$83,807,329</u>	<u>\$71,442,274</u>	<u>\$155,249,603</u>

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

CITY OF LINO LAKES, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	202 The Rookery Activity Center
Assets		
Cash and investments	\$12,219,374	\$221,692
Accrued interest receivable	248,791	-
Due from other governments	232,772	-
Accounts receivable - net	61,247	10,676
Prepaid items	557,155	56,350
Advances to other funds	-	-
Taxes receivable:		
Due from county	159,604	-
Delinquent	109,829	-
Special assessments receivable:		
Due from county	-	-
Delinquent	-	-
Deferred	410	-
Leases receivable	417,664	-
Interfund loan receivable	-	-
	<u>\$14,006,846</u>	<u>\$288,718</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$432,182	\$73,598
Salaries payable	441,050	43,232
Due to other governments	70,897	6,165
Advances from other funds	-	-
Retainage payable	-	-
Unearned revenue	-	88,367
Deposits payable	2,978,397	-
Interfund loan payable	-	-
Total liabilities	<u>3,922,526</u>	<u>211,362</u>
Deferred inflows of resources:		
Unavailable revenue	110,239	-
Lease related	417,664	-
Total deferred inflows of resources	<u>527,903</u>	<u>-</u>
Fund balance:		
Nonspendable	557,155	56,350
Restricted	-	-
Committed	67,500	21,006
Assigned	-	-
Unassigned	8,931,762	-
Total fund balance	<u>9,556,417</u>	<u>77,356</u>
	<u>\$14,006,846</u>	<u>\$288,718</u>
Total liabilities, deferred inflows of resources, and fund balance		

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

Statement 3

402 Capital Equipment Replacement	406 Area and Unit Trunk	420 MSA Construction	Other Governmental Funds	Total Governmental Funds
\$1,527,992	\$10,363,105	\$4,338,835	\$13,658,273	\$42,329,271
-	-	-	-	248,791
-	2,611,401	-	-	2,844,173
-	-	-	-	71,923
-	-	-	-	613,505
-	-	-	202,000	202,000
-	-	-	167,953	327,557
-	-	-	-	109,829
-	613	232	2,061	2,906
-	6,456	3,262	994	10,712
-	890,238	1,602,924	477,324	2,970,896
-	-	-	1,165,913	1,583,577
-	-	-	738,060	738,060
<u>\$1,527,992</u>	<u>\$13,871,813</u>	<u>\$5,945,253</u>	<u>\$16,412,578</u>	<u>\$52,053,200</u>
\$ -	\$2,377,881	\$55,871	\$454,227	\$3,393,759
-	-	-	-	484,282
-	-	-	-	77,062
-	-	-	202,000	202,000
-	177,595	-	17,389	194,984
-	-	-	2,500	90,867
-	-	-	-	2,978,397
1,809,108	-	-	1,297,170	3,106,278
<u>1,809,108</u>	<u>2,555,476</u>	<u>55,871</u>	<u>1,973,286</u>	<u>10,527,629</u>
-	896,694	1,606,186	478,318	3,091,437
-	-	-	1,165,913	1,583,577
-	<u>896,694</u>	<u>1,606,186</u>	<u>1,644,231</u>	<u>4,675,014</u>
-	-	-	100,000	713,505
-	-	-	6,441,358	6,441,358
-	-	-	300,423	388,929
-	10,419,643	4,283,196	7,567,121	22,269,960
(281,116)	-	-	(1,613,841)	7,036,805
<u>(281,116)</u>	<u>10,419,643</u>	<u>4,283,196</u>	<u>12,795,061</u>	<u>36,850,557</u>
<u>\$1,527,992</u>	<u>\$13,871,813</u>	<u>\$5,945,253</u>	<u>\$16,412,578</u>	<u>\$52,053,200</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, 2024

Statement 4

Fund balance - total governmental funds (Statement 3)	\$36,850,557
<p>Net position reported for governmental activities in the Statement of Net Position is different because:</p>	
<p>Certain assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>	
Capital assets	66,877,583
Net pension asset	695,585
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds:</p>	
Delinquent taxes receivable	109,829
Delinquent special assessments receivable	10,712
Deferred special assessments receivable	2,970,896
<p>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:</p>	
Bonds and notes payable	(15,070,000)
Unamortized bond premiums	(657,458)
Unamortized bond discounts	1,234
Accrued interest payable	(178,231)
Compensated absences payable	(1,178,755)
Other post employment benefits	(737,331)
Net pension liability	(4,463,956)
<p>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:</p>	
Deferred outflows of resources related to pensions	5,319,229
Deferred outflows of resources related to OPEB	297,911
Deferred inflows of resources related to pensions	(6,670,897)
Deferred inflows of resources related to OPEB	(369,579)
Net position of governmental activities (Statement 1)	\$83,807,329

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, 2024

	General Fund	202 The Rookery Activity Center	342 G.O. Improvement Bonds of 2016B
Revenues:			
General property taxes	\$10,399,167	\$500,000	\$ -
Other taxes	133,969	-	-
Tax increment	-	-	-
Licenses and permits	1,143,987	-	-
Special assessments	382	-	-
Intergovernmental	1,057,662	8,825	-
Charges for services	557,880	1,277,687	-
Fines and forfeits	96,282	-	-
Investment earnings	301,634	4,581	-
Miscellaneous	35,218	77,939	-
Total revenues	<u>13,726,181</u>	<u>1,869,032</u>	<u>-</u>
Expenditures:			
Current:			
General government	2,718,462	-	-
Public safety	6,435,117	-	-
Public works	1,787,741	-	-
Culture and recreation	997,320	1,786,609	-
Conservation of natural resources	247,911	-	-
Community development	302,543	-	-
Capital outlay:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>12,489,094</u>	<u>1,786,609</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,237,087</u>	<u>82,423</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	20,000	-	1,728,204
Transfers out	(286,590)	-	-
Proceeds from sale of capital assets	2,040	-	-
Total other financing sources (uses)	<u>(264,550)</u>	<u>-</u>	<u>1,728,204</u>
Net change in fund balance	972,537	82,423	1,728,204
Fund balance - January 1	<u>8,583,880</u>	<u>(5,067)</u>	<u>(1,728,204)</u>
Fund balance - December 31	<u>\$9,556,417</u>	<u>\$77,356</u>	<u>\$ -</u>

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

Statement 5

402 Capital Equipment Replacement	406 Area and Unit Trunk	420 MSA Construction	Other Governmental Funds	Total Governmental Funds
\$823,598	\$ -	\$ -	\$2,402,724	\$14,125,489
-	-	-	62,942	196,911
-	-	-	1,002,712	1,002,712
-	-	-	-	1,143,987
-	1,566,841	67,929	629,774	2,264,926
-	4,001,251	8,468	92,284	5,168,490
10,000	-	-	694,080	2,539,647
-	-	-	5,375	101,657
56,972	427,648	202,947	523,755	1,517,537
8,138	-	14,941	8,200	144,436
<u>898,708</u>	<u>5,995,740</u>	<u>294,285</u>	<u>5,421,846</u>	<u>28,205,792</u>
-	-	-	390,460	3,108,922
6,401	-	-	116,914	6,558,432
-	67,662	281,818	246,316	2,383,537
-	-	-	55,359	2,839,288
-	-	-	7,850	255,761
-	-	-	437,159	739,702
332,528	-	-	92,532	425,060
367,448	5,050,572	631,753	2,063,491	8,113,264
-	-	-	739,636	739,636
-	-	-	2,115,475	2,115,475
-	5,000	-	508,966	513,966
<u>706,377</u>	<u>5,123,234</u>	<u>913,571</u>	<u>6,774,158</u>	<u>27,793,043</u>
<u>192,331</u>	<u>872,506</u>	<u>(619,286)</u>	<u>(1,352,312)</u>	<u>412,749</u>
150,000	1,818,191	232,529	2,471,599	6,420,523
-	(1,833,379)	(140,471)	(2,079,625)	(4,340,065)
337,132	-	-	1,125	340,297
<u>487,132</u>	<u>(15,188)</u>	<u>92,058</u>	<u>393,099</u>	<u>2,420,755</u>
679,463	857,318	(527,228)	(959,213)	2,833,504
(960,579)	9,562,325	4,810,424	13,754,274	34,017,053
<u>(\$281,116)</u>	<u>\$10,419,643</u>	<u>\$4,283,196</u>	<u>\$12,795,061</u>	<u>\$36,850,557</u>

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, 2024

Statement 6

Net change in fund balance - total governmental funds (Statement 5)	\$2,833,504
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	9,277,960
Capital outlay not capitalized	(1,304,228)
Depreciation	(4,341,126)
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	3,449,565
Contributions of infrastructure to business-type activities	(6,008,188)
Gain (loss) on disposal of capital assets	(196,696)
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	33,292
Change in delinquent special assessments receivable	(2,189)
Change in deferred special assessments receivable	(952,442)
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.	
Repayment of principal	2,115,475
Amortization of bond premiums and discounts	75,819
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	27,817
Change in compensated absences payable	(363,477)
Change in OPEB liability and related deferred outflows and inflows of resources	(27,492)
Pension expense in governmental funds is measured by current year employer 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 differed from pension contributions.	
	365,495
Change in net position of governmental activities (Statement 2)	<u>\$4,983,089</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, 2024

Statement 7

	Business-Type Activities - Enterprise Funds			
	601 Water	602 Sewer	603 Storm Water	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$5,442,633	\$7,633,589	\$415,847	\$13,492,069
Due from other governments	2,645	2,842	-	5,487
Accounts receivable - net	321,218	305,320	69,007	695,545
Prepaid items	30,008	147,246	6,123	183,377
Inventory	85,378	-	-	85,378
Total current assets	<u>5,881,882</u>	<u>8,088,997</u>	<u>490,977</u>	<u>14,461,856</u>
Noncurrent assets:				
Interfund loan receivable	-	2,368,218	-	2,368,218
Capital assets:				
Land	374,867	-	-	374,867
Construction in progress	6,666,699	248,600	-	6,915,299
Equipment	307,264	570,307	-	877,571
Water and sewer systems	40,815,980	34,779,412	-	75,595,392
Total capital assets	<u>48,164,810</u>	<u>35,598,319</u>	<u>-</u>	<u>83,763,129</u>
Less: Allowance for depreciation	<u>(13,567,431)</u>	<u>(13,409,904)</u>	<u>-</u>	<u>(26,977,335)</u>
Net capital assets	<u>34,597,379</u>	<u>22,188,415</u>	<u>-</u>	<u>56,785,794</u>
Total noncurrent assets	<u>34,597,379</u>	<u>24,556,633</u>	<u>-</u>	<u>59,154,012</u>
Total assets	<u>40,479,261</u>	<u>32,645,630</u>	<u>490,977</u>	<u>73,615,868</u>
Deferred outflows of resources related to pensions	<u>54,483</u>	<u>54,696</u>	<u>13,077</u>	<u>122,256</u>
Liabilities:				
Current liabilities:				
Accounts payable	146,794	87,640	9,655	244,089
Salaries payable	15,718	15,716	7,747	39,181
Due to other governments	14,556	221	-	14,777
Deposits payable	4,600	-	-	4,600
Accrued interest payable	3,092	-	-	3,092
Compensated absences payable - current portion	33,495	33,495	13,248	80,238
Long-term debt - current portion	349,190	-	-	349,190
Total current liabilities	<u>567,445</u>	<u>137,072</u>	<u>30,650</u>	<u>735,167</u>
Noncurrent liabilities:				
Compensated absences payable	19,672	19,672	7,780	47,124
Other post employment benefits	39,697	39,697	24,306	103,700
Long-term debt	867,095	-	-	867,095
Net pension liability	130,080	132,430	44,697	307,207
Total noncurrent liabilities	<u>1,056,544</u>	<u>191,799</u>	<u>76,783</u>	<u>1,325,126</u>
Total liabilities	<u>1,623,989</u>	<u>328,871</u>	<u>107,433</u>	<u>2,060,293</u>
Deferred inflows of resources related to pensions	<u>101,069</u>	<u>101,251</u>	<u>33,237</u>	<u>235,557</u>
Net position:				
Net investment in capital assets	31,010,170	22,188,415	-	53,198,585
Unrestricted	7,798,516	10,081,789	363,384	18,243,689
Total net position	<u>\$38,808,686</u>	<u>\$32,270,204</u>	<u>\$363,384</u>	<u>\$71,442,274</u>

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, 2024

Statement 8

	Business-Type Activities - Enterprise Funds			
	601 Water	602 Sewer	603 Storm Water	Totals
Operating revenues:				
Charges for services	\$1,937,526	\$2,157,807	\$559,217	\$4,654,550
Hook-up charges	34,000	28,680	-	62,680
Water meter sales	100,582	-	-	100,582
Total operating revenues	<u>2,072,108</u>	<u>2,186,487</u>	<u>559,217</u>	<u>4,817,812</u>
Operating expenses:				
Personal services	409,500	419,091	189,706	1,018,297
Materials and supplies	353,106	77,690	5,853	436,649
Contractual services	250,296	297,523	208,377	756,196
MCES sewer charges	-	1,291,179	-	1,291,179
Depreciation	927,267	753,799	-	1,681,066
Utilities	97,816	44,614	-	142,430
Other	89,096	105,236	5,384	199,716
Total operating expenses	<u>2,127,081</u>	<u>2,989,132</u>	<u>409,320</u>	<u>5,525,533</u>
Operating income (loss)	<u>(54,973)</u>	<u>(802,645)</u>	<u>149,897</u>	<u>(707,721)</u>
Nonoperating revenues (expenses):				
Investment earnings	250,835	331,428	21,519	603,782
Interest expense	(3,092)	-	-	(3,092)
Intergovernmental revenue	7,589	-	-	7,589
Total nonoperating revenues (expenses)	<u>255,332</u>	<u>331,428</u>	<u>21,519</u>	<u>608,279</u>
Income (loss) before contributions and transfers	<u>200,359</u>	<u>(471,217)</u>	<u>171,416</u>	<u>(99,442)</u>
Contributions and transfers:				
Capital contributions from private sources	911,151	1,208,076	-	2,119,227
Capital contributions from governmental activities	6,008,188	-	-	6,008,188
Transfer out	(2,024,951)	-	(55,507)	(2,080,458)
Total contributions and transfers	<u>4,894,388</u>	<u>1,208,076</u>	<u>(55,507)</u>	<u>6,046,957</u>
Change in net position	5,094,747	736,859	115,909	5,947,515
Net position - January 1	<u>33,713,939</u>	<u>31,533,345</u>	<u>247,475</u>	<u>65,494,759</u>
Net position - December 31	<u>\$38,808,686</u>	<u>\$32,270,204</u>	<u>\$363,384</u>	<u>\$71,442,274</u>
Amounts reported above			Capital Grants and Contributions	Transfers - Net
Amounts reported for business-type activities in the statement of activities are different because:			\$8,127,415	(\$2,080,458)
Transfer in of capital assets from governmental activities			(6,008,188)	6,008,188
Amounts reported on the statement of activities			<u>\$2,119,227</u>	<u>\$3,927,730</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, 2024

Statement 9

	Business-Type Activities - Enterprise Funds			
	601 Water	602 Sewer	603 Storm Water	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$2,070,457	\$2,191,108	\$566,661	\$4,828,226
Payment to suppliers	(794,420)	(1,795,573)	(227,773)	(2,817,766)
Payment to employees	(384,940)	(394,531)	(195,993)	(975,464)
Net cash flows provided by operating activities	<u>891,097</u>	<u>1,004</u>	<u>142,895</u>	<u>1,034,996</u>
Cash flows from noncapital financing activities:				
Intergovernmental revenue	<u>5,289</u>	<u>-</u>	<u>-</u>	<u>5,289</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(120,780)	(99,493)	-	(220,273)
Note proceeds	1,216,285	-	-	1,216,285
Repayment of interfund loan receivable	-	223,598	-	223,598
Transfers out	(2,024,951)	-	(55,507)	(2,080,458)
Net cash flows provided by capital and related financing activities	<u>(929,446)</u>	<u>124,105</u>	<u>(55,507)</u>	<u>(860,848)</u>
Cash flows from investing activities:				
Investment earnings	<u>250,835</u>	<u>331,428</u>	<u>21,519</u>	<u>603,782</u>
Net increase (decrease) in cash and cash equivalents	217,775	456,537	108,907	783,219
Cash and cash equivalents - January 1	<u>5,224,858</u>	<u>7,177,052</u>	<u>306,940</u>	<u>12,708,850</u>
Cash and cash equivalents - December 31	<u>\$5,442,633</u>	<u>\$7,633,589</u>	<u>\$415,847</u>	<u>\$13,492,069</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	<u>(\$54,973)</u>	<u>(\$802,645)</u>	<u>\$149,897</u>	<u>(\$707,721)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	927,267	753,799	-	1,681,066
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable - net	(1,651)	4,621	7,444	10,414
Decrease (increase) in prepaid items	(2,930)	(3,020)	3,026	(2,924)
Decrease (increase) in inventory	(5,611)	-	-	(5,611)
Decrease (increase) in deferred outflows of resources	36,497	36,497	18,930	91,924
Increase (decrease) in payables	18,649	23,689	(11,185)	31,153
Increase (decrease) in other accrued liabilities	(14,214)	-	-	(14,214)
Increase (decrease) in compensated absences	25,853	25,853	(3,393)	48,313
Increase (decrease) in other post employment benefits	5,529	5,529	645	11,703
Increase (decrease) in net pension liability	(66,455)	(66,455)	(34,469)	(167,379)
Increase (decrease) in deferred inflows of resources	23,136	23,136	12,000	58,272
Total adjustments	<u>946,070</u>	<u>803,649</u>	<u>(7,002)</u>	<u>1,742,717</u>
Net cash provided by operating activities	<u>\$891,097</u>	<u>\$1,004</u>	<u>\$142,895</u>	<u>\$1,034,996</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	<u>\$6,919,339</u>	<u>\$1,208,076</u>	<u>\$ -</u>	<u>\$8,127,415</u>

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 as blended component units because of the significance of their operational or financial relationships with the City.

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:

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

The *Rookery Activity Center* accounts for the activities relating to The Rookery Activity Center.

The *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. The bonds were used to fund the Legacy at Woods Edge improvements.

The *Capital Equipment Replacement Fund* accounts for pay-as-you-go capital equipment financing and financing of capital equipment through donations.

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

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

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.

The *Storm Water Fund* accounts for customer storm water charges which are used to finance storm water 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, sewer and storm water 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 Rookery Activity Center 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 The Rookery Activity Center 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 and The Rookery Activity Center 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 annually 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.

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 collected by the County 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 fully 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. LEASES RECEIVABLE

Leases receivable are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease at the commencement of the lease in an amount equal to the initial recording of the lease receivable and is recognized as revenue over the lease term.

L. 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.

M. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, drainage systems, water and sewer systems, 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 estimated useful life in excess of one year, which have an individual value equal to or greater than the capitalization thresholds for each asset class as follows:

Land	\$10,000
Buildings	\$50,000
Land improvements	\$25,000
Equipment	\$10,000
Infrastructure	\$100,000

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 5 to 40 years for buildings, office furniture and equipment, vehicles, machine shop and equipment and other assets, and 15 to 50 years for infrastructure and other improvements.

N. 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 leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements. The current portion is calculated based on historical trends.

O. LONG-TERM OBLIGATIONS

In the government-wide and proprietary 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.

P. 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.

Q. 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 assets 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 assets that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. Lease related deferred inflows of resources are reported in the government-wide statement of net position and the governmental funds balance sheet. 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.

R. 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 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 balance policy for the General Fund. The policy establishes an unassigned fund balance range of 40% - 50% of general fund operating expenditures.

S. 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 such banks 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 Statute 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, 2024, the bank balance of the City’s deposits with financial institutions was \$13,380,912 and the carrying amount was \$13,289,330. All deposits were covered by federal depository insurance or by collateral pledge and held in the City’s name.

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, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

At December 31, 2024, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1 - 3	3 - 6
Municipal bonds	*	\$25,410,740	4,676,411	11,373,385	9,360,944
Brokered certificate of deposits	Not rated	9,337,295	3,853,079	4,736,827	747,389
Federal agency securities	AA+	5,312,124	1,333,129	1,650,350	2,328,645
External investment pools:					
4M Liquid Asset Class	AAAm	713,386	713,386	-	-
4M PLUS Class	AAAm	486,366	486,366	-	-
First American Treasury Obligation Fund	AAAm	1,270,659	1,270,659	-	-
Total		<u>\$42,530,570</u>	<u>\$12,333,030</u>	<u>\$17,760,562</u>	<u>\$12,436,978</u>
* AAA \$3,050,383; AA+ \$4,889,127; AA \$12,462,851; AA- \$4,513,909; A+ \$494,470			Total investments	\$42,530,570	
			Deposits	13,289,330	
			Cash on hand	1,440	
			Total cash and investments	<u>\$55,821,340</u>	

The 4M Multi-Class Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Multi-Class Fund has two separate classes, the 4M Liquid Asset Class and the 4M PLUS Class.

The 4M Multi-Class Fund is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value of \$1.00 per share. The Fund's investments are measured at amortized cost in accordance with Governmental Accounting Standards Board Statement No. 79. The 4M Liquid Asset Class has no redemption requirements. The 4M PLUS Class requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to seven days interest on the amount withdrawn.

The First American Treasury Obligation money market fund seeks to maintain a constant net asset value of \$1.00 per share. The securities held by the fund are measured at amortized cost. Shares may be redeemed without penalty on any business day.

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, 2024:

Investment Type	12/31/2024	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Municipal bonds	\$25,410,740	\$ -	\$25,410,740	\$ -
Brokered certificate of deposits	9,337,295	-	9,337,295	-
Federal agency securities	5,312,124	-	5,312,124	-
		<u>\$ -</u>	<u>\$40,060,159</u>	<u>\$ -</u>
Investments not categorized:				
4M Liquid Asset Class	713,386			
4M PLUS Class	486,366			
First American Treasury Obligation Fund	1,270,659			
Total investments	<u>\$42,530,570</u>			

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, 2024, no individual investments exceeded 5% of the City’s total investment portfolio.

Note 3 RECEIVABLES

A. LONG-TERM RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2024 are as follows:

	Property Taxes Receivable	Special Assessments Receivable	Leases Receivable	Total
Major Funds:				
General Fund	\$50,100	\$ -	\$337,901	\$388,001
Area and Unit Trunk	-	799,688	-	799,688
MSA Construction	-	1,544,193	-	1,544,193
Nonmajor Funds	-	373,400	1,099,288	1,472,688
Total	<u>\$50,100</u>	<u>\$2,717,281</u>	<u>\$1,437,189</u>	<u>\$4,204,570</u>

B. LEASES RECEIVABLE

The City leases a portion of its water towers for cellular tower antenna sites. These leases are non-cancelable for a period of 5 years, with two to four renewal periods of 5 years each at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreements call for monthly lease payments between \$1,855 and \$3,570, with increases of 4% annually or 7.5% upon exercising renewal options. The lease receivables are measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 5% which is based on the rate available to finance equipment over the same time periods.

The City leases space within its City Hall Complex to New Creations Child Care and Learning Center. The lease expires June 30, 2029, however, the City has the option to terminate the lease with at least 12 months written notice. The City considers the likelihood of cancelling the lease agreement to be less than 50%. The agreement calls for monthly lease payments of \$6,785, with annual increases of 3% through the end of the lease term. There are no renewal options stated in the lease agreement. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 5%.

At December 31, 2024 the City recorded \$1,583,577 in lease receivables and deferred inflows of resources for these arrangements.

Total revenue recognized in relation to these leases is as follows:

	<u>2024</u>
Amortization of lease-related deferred inflows:	
Antenna leases	\$72,713
City Hall Complex lease	73,082
Total revenue recognized resulting from deferred inflow amortization	<u>145,795</u>
Interest revenue	83,077
Common area maintenance charges	<u>28,095</u>
Total revenue recognized in relation to leased assets	<u><u>\$256,967</u></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 Taxes Receivable	Special Assessments Receivable	Total
Major Funds:			
General Fund	\$109,829	\$410	\$110,239
Area and Unit Trunk	-	896,694	896,694
MSA Construction	-	1,606,186	1,606,186
Nonmajor Funds	-	478,318	478,318
	<u>\$109,829</u>	<u>\$2,981,608</u>	<u>\$3,091,437</u>

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$5,698,330	\$33,000	\$ -	\$ -	\$5,731,330
Wetland credits	49,042	-	-	-	49,042
Construction in progress	5,871,019	10,517,723	(8,575,362)	(6,008,188)	1,805,192
Total capital assets, not being depreciated	<u>11,618,391</u>	<u>10,550,723</u>	<u>(8,575,362)</u>	<u>(6,008,188)</u>	<u>7,585,564</u>
Capital assets, being depreciated:					
Buildings	16,795,552	-	-	-	16,795,552
Equipment	10,867,225	872,574	(677,323)	-	11,062,476
Land improvements	2,915,803	1,310,861	-	-	4,226,664
Other equipment	161,713	-	-	-	161,713
Infrastructure	108,681,789	7,264,501	-	-	115,946,290
Total capital assets, being depreciated	<u>139,422,082</u>	<u>9,447,936</u>	<u>(677,323)</u>	<u>-</u>	<u>148,192,695</u>
Less accumulated depreciation for:					
Buildings	7,865,844	662,332	-	-	8,528,176
Equipment	5,868,278	812,856	(480,627)	-	6,200,507
Land improvements	1,239,650	154,364	-	-	1,394,014
Other equipment	127,057	2,835	-	-	129,892
Infrastructure	69,939,348	2,708,739	-	-	72,648,087
Total accumulated depreciation	<u>85,040,177</u>	<u>4,341,126</u>	<u>(480,627)</u>	<u>-</u>	<u>88,900,676</u>
Total capital assets being depreciated - net	<u>54,381,905</u>	<u>5,106,810</u>	<u>(196,696)</u>	<u>-</u>	<u>59,292,019</u>
Governmental activities capital assets - net	<u>\$66,000,296</u>	<u>\$15,657,533</u>	<u>(\$8,772,058)</u>	<u>(\$6,008,188)</u>	<u>\$66,877,583</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$374,867	\$ -	\$ -	\$ -	\$374,867
Construction in progress	4,040,557	2,119,226	(5,252,672)	6,008,188	6,915,299
Total capital assets, not being depreciated	<u>4,415,424</u>	<u>2,119,226</u>	<u>(5,252,672)</u>	<u>6,008,188</u>	<u>7,290,166</u>
Capital assets, being depreciated:					
Machinery and shop equipment	669,366	220,272	(12,067)	-	877,571
Water and sewer systems	70,342,718	5,252,674	-	-	75,595,392
Total capital assets, being depreciated	<u>71,012,084</u>	<u>5,472,946</u>	<u>(12,067)</u>	<u>-</u>	<u>76,472,963</u>
Less accumulated depreciation for:					
Machinery and shop equipment	250,622	80,393	(12,067)	-	318,948
Water and sewer systems	25,057,714	1,600,673	-	-	26,658,387
Total accumulated depreciation	<u>25,308,336</u>	<u>1,681,066</u>	<u>(12,067)</u>	<u>-</u>	<u>26,977,335</u>
Total capital assets being depreciated - net	<u>45,703,748</u>	<u>3,791,880</u>	<u>-</u>	<u>-</u>	<u>49,495,628</u>
Business-type activities capital assets - net	<u>\$50,119,172</u>	<u>\$5,911,106</u>	<u>(\$5,252,672)</u>	<u>\$6,008,188</u>	<u>\$56,785,794</u>

*As of January 1, 2024, the City reclassified certain capital assets and retitled certain capital asset categories to better reflect the nature of its assets. This reclassification had no impact on total capital assets or accumulated depreciation.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$1,047,300
Public safety	408,947
Public works	2,466,163
Culture and recreation	417,023
Conservation of natural resources	1,693
Total depreciation expense - governmental activities	<u>\$4,341,126</u>
Business-type activities:	
Water	\$927,267
Sewer	753,799
Total depreciation expense - business-type activities	<u>\$1,681,066</u>

Note 6 LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. City indebtedness at December 31, 2024 consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/2024
Governmental activities:					
General Obligation Bonds:					
G.O. Bonds, Series 2015A	08/01/15	02/01/31	2.00% - 3.00%	\$3,095,000	\$1,470,000
EDA Lease Revenue Bonds, Series 2015B	10/01/15	04/01/36	2.00% - 3.00%	4,350,000	2,910,000
G.O. Utility Revenue Bonds, Series 2016A	11/23/16	02/01/27	2.00%	1,420,000	445,000
G.O. Bonds, Series 2018A	12/19/18	02/01/34	3.00% - 5.00%	6,915,000	5,225,000
G.O. Utility Revenue Bonds, Series 2020A	07/08/20	02/01/35	2.00% - 4.00%	4,330,000	3,345,000
G.O. Street Reconstruction Bonds, Series 2021A	07/15/21	02/01/32	1.00% - 4.00%	1,815,000	1,480,000
Total General Obligation Bonds				<u>21,925,000</u>	<u>14,875,000</u>
Special Assessment Bonds:					
G.O. Improvement Bonds, Series 2014A	11/20/14	02/01/26	0.40% - 2.30%	2,645,000	195,000
Unamortized bond premiums				1,102,333	657,458
Unamortized bond discounts				(38,362)	(1,234)
Compensated absences payable				N/A	1,178,755
Total Government Activities				<u>\$25,633,971</u>	<u>\$16,904,979</u>
Business-Type Activities:					
Direct Borrowings:					
G.O. Water Revenue Note, Series 2024 (MPFA)	09/30/24	08/20/44	1.947%	\$15,996,190	\$1,216,285
Compensated absences payable				N/A	127,362
Total Business-Type Activities				<u>\$15,996,190</u>	<u>\$1,343,647</u>

CITY OF LINO LAKES, MINNESOTA
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CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in long-term debt for the year ended December 31, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$16,735,000	\$ -	\$1,860,000	\$14,875,000	\$1,455,000
Special assessment bonds	415,000	-	220,000	195,000	160,000
Direct borrowings - capital note	35,475	-	35,475	-	-
Unamortized bond premiums	734,628	-	77,170	657,458	-
Unamortized bond discounts	(2,585)	-	(1,351)	(1,234)	-
Compensated absences payable*	815,278	363,477	-	1,178,755	826,030
Total governmental activities	\$18,732,796	\$363,477	\$2,191,294	\$16,904,979	\$2,441,030
Business-Type Activities:					
Direct borrowings - MPFA note	\$ -	\$1,216,285	\$ -	\$1,216,285	\$349,190
Compensated absences payable*	79,049	48,313	-	127,362	80,238
Total business-type activities	\$79,049	\$1,264,598	\$ -	\$1,343,647	\$429,428

* The change in compensated absences is presented as a net change.

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 – the Bonds were issued to finance various improvements in the water fund and will be repaid primarily from pledged revenues derived from the constructed assets.

Capital Note – the 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 was repaid from franchise fee revenue.

Water Revenue Note – the note was issued to fund the construction of a water treatment plant and will be repaid from pledged revenues derived from charges for services of the water fund. Note proceeds are received from the Minnesota Public Facilities Authority (MPFA) on a reimbursement basis as the project progresses. The total amount of note proceeds available to disburse to the City is \$15,996,190.

The MPFA Bond Purchase and Project Loan Agreement defines Events of Default, including remedies if default were to occur. Remedies may include the following: 1) an interest penalty, 2) withhold approval of any disbursement request, 3) reject any pending application for financial assistance, 4) impose an immediate increase in the interest rate on the loan by eliminating all interest rate discounts, and 5) demand immediate payment of all outstanding principal and interest (to the extent permitted by law).

DEBT SERVICE REQUIREMENTS

Future principal and interest payments required to retire long-term debt are as follows:

Years Ending December 31	Governmental Activities		Business-Type Activities	
	Bonded Debt		G.O. Water Revenue Note	
	Principal	Interest	Principal	Interest
2025	\$1,615,000	\$444,190	\$349,190	\$18,231
2026	1,525,000	394,554	688,000	16,882
2027	1,540,000	341,433	179,095	3,487
2028	1,395,000	288,420	-	-
2029	1,450,000	238,582	-	-
2030-2034	6,630,000	610,943	-	-
2035-2036	915,000	26,450	-	-
Total	<u>\$15,070,000</u>	<u>\$2,344,572</u>	<u>\$1,216,285</u>	<u>\$38,600</u>

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
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		Current Year		
		Type	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
2007A G.O. TIF Bonds	Infrastructure improvements	Tax increment, MSA funding via transfers	2008 - 2024	\$ -	\$285,775	\$140,471
2012A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, special assessments	2013 - 2024	\$ -	\$166,361	\$ -
2013A Improvement Bonds	Infrastructure improvements	Special assessments	2014 - 2024	\$ -	\$66,300	\$ -
2014A Improvement Bonds	Infrastructure improvements	Special assessments	2015 - 2026	\$198,048	\$161,151	\$124,165
2015A G.O. Bonds	Infrastructure improvements	Ad valorem taxes	2016 - 2031	\$1,604,319	\$258,713	\$274,589
2015B EDA Lease Revenue Bonds	Construction of a fire station	Ad valorem taxes	2016 - 2036	\$3,586,269	\$302,538	\$319,765
2016A Capital Note	Cable communications equipment	Franchise fees	2016 - 2024	\$ -	\$36,185	\$37,994
2016A Utility Revenue Bonds	Water infrastructure improvements	Trunk utility charges via transfers	2017 - 2027	\$458,450	\$155,350	\$155,350
2018A G.O. Bonds	Infrastructure improvements	Ad valorem taxes, trunk utility charges, special assessments	2019-2034	\$6,178,869	\$641,413	\$538,230
2020A G.O. Utility Revenue Bonds	Infrastructure improvements	Trunk utility charges via transfers	2021-2035	\$3,804,100	\$344,500	\$344,500
2021A G.O. Street Reconstruction Bonds	Infrastructure improvements	Ad valorem taxes	2021-2032	\$1,584,517	\$199,695	\$207,895
2024 G.O. Water Revenue Note (MPFA)	Water treatment plant	Water fund charges for services	2025-2044	\$1,254,885	\$ -	\$ -

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). Plan provisions are established and administered according to Minnesota Statutes, Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes chapter 356 defines each plan’s financial reporting requirements. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity’s governing body. The resolution must state that the position meets plan requirements.

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. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989 receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. 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%. The 2024 annual increase was 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. 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 prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years and 100% vested after ten years. After five years, vesting increases by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. 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 prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were \$321,519. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$555,870. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,802,947 for its proportionate share of the General Employee’s Fund 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 \$46,621.

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0488% at the end of the measurement period and 0.0505% for the beginning of the period.

City's proportionate share of the net pension liability	\$1,802,947
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>46,621</u>
Total	<u><u>\$1,849,568</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$299,719 for its proportionate share of the General Plan’s pension expense. In addition, the City recognized an additional \$1,250 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$83,009 for the year ended December 31, 2024 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 General Employees Fund.

CITY OF LINO LAKES, MINNESOTA
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At December 31, 2024, the City reported General Employees Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$169,338	\$ -
Changes in actuarial assumptions	8,647	682,402
Net difference between projected and actual earnings on pension plan investments	-	540,275
Changes in proportion	304,451	96,927
Employer contributions subsequent to the measurement date	<u>161,205</u>	<u>-</u>
Total	<u>\$643,641</u>	<u>\$1,319,604</u>

The \$161,205 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2025	(\$423,462)
2026	(22,302)
2027	(253,215)
2028	(138,189)
2029	-
Thereafter	-

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$2,968,216 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2256% at the end of the measurement period and 0.2303% for the beginning of the period.

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The State of Minnesota contributed \$37.4 million to the Police and Fire Fund during the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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 supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$113,147.

City's proportionate share of the net pension liability	\$2,968,216
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>113,147</u>
Total	<u><u>\$3,081,363</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$497,222 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized an additional \$10,987 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund special funding situation.

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 \$28.4 million in supplemental state aid, because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$64,075 for the year ended December 31, 2024 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, 2024, the City reported Police and Fire Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$1,153,122	\$ -
Changes in actuarial assumptions	3,229,476	4,370,147
Net difference between projected and actual earnings on pension plan investments	-	946,573
Changes in proportion	100,353	230,876
Employer contributions subsequent to the measurement date	<u>265,985</u>	<u>-</u>
Total	<u><u>\$4,748,936</u></u>	<u><u>\$5,547,596</u></u>

The \$265,985 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2025	(\$194,749)
2026	719,420
2027	(453,786)
2028	(1,172,082)
2029	36,552
Thereafter	-

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2024 actuarial valuation was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00% is within that range.

Benefit increases after retirement are assumed to be 1.25% for the General Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Plan were based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Plan and Police and Fire Plan were 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, 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Proportionate share of the General Plan net pension liability	\$3,937,925	\$1,802,947	\$46,732
Proportionate share of the Police and Fire Plan net pension liability	\$7,014,474	\$2,968,216	(\$354,609)

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2024 is as follows:

General Plan	\$300,969
Police and Fire Plan	508,209
Fire Relief (Note 8)	<u>(2,968)</u>
Total	<u><u>\$806,210</u></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 (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2023 (measurement date), the plan covered 19 active firefighters and two vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353G.

B. BENEFITS PROVIDED

The Volunteer Firefighter Plan provides 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 approved by the City. 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 Volunteer Firefighter Plan 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 \$170,000 in fire state aid to the plan for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2023 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable.

D. PENSION COSTS

As of December 31, 2024, the City reported a net pension asset of \$695,585 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. 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 the net pension asset during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (b-a)
Beginning balance December 31, 2022	\$538,056	\$984,693	\$446,637
Changes for the year:			
Service cost	62,261	-	(62,261)
Interest on pension liability	35,283	-	(35,283)
Actuarial experience (gains) / losses	(17,070)	-	17,070
Projected investment earnings	-	63,446	63,446
Asset (gain) loss	-	95,976	95,976
Contributions - employer	-	-	-
Contributions - State of MN	-	170,000	170,000
Benefit payments	(24,520)	(24,520)	-
PERA administrative fee	-	-	-
Net changes	<u>55,954</u>	<u>304,902</u>	<u>248,948</u>
Balance end of year December 31, 2023	<u>\$594,010</u>	<u>\$1,289,595</u>	<u>\$695,585</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2024, the City recognized pension expense of (\$2,968).

At December 31, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$25,167	\$ -
Differences between expected and actual economic experience	23,741	39,254
Total	<u>\$48,908</u>	<u>\$39,254</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2025	(\$3,768)
2026	24,712
2027	19,724
2028	(20,509)
2029	(1,313)
Thereafter	(9,192)

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2023 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 2023.

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 Volunteer Firefighter Fund will be made at a rate equal to the actuarially determined contribution rate. Based on these assumptions, the pension plan's fiduciary net position 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 net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate 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 Discount Rate (5.0%)	Current Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension asset	\$661,372	\$695,585	\$728,343

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 policy 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 Volunteer Firefighter Plan 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 2023 for the Volunteer Firefighter Fund.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Volunteer Firefighter Fund’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.

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, 2023 actuarial valuation, participants of the plan consisted of:

Active employees	65
Inactive employees or beneficiaries currently receiving benefits	5
Total	70

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City’s total OPEB liability of \$841,031 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2023. Changes in the total OPEB liability during 2024 were:

Balance - beginning of year	\$802,063
Changes for the year:	
Service cost	63,419
Interest	33,911
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(22,573)
Benefit payments	<u>(35,789)</u>
Net changes	<u>38,968</u>
Balance - end of year	<u><u>\$841,031</u></u>

The OPEB liability will be liquidated by the general, rookery activity center, water, sewer, and storm water funds. The current portion of the OPEB liability is not material to the financial statements and therefore, is not presented separately from the amount due in more than one year on the statement of net position.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the January 1, 2023 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	4.28%
Investment rate of return	N/A
Healthcare cost trend rates	6.00% for 2024, decreasing 0.25% per year to an ultimate rate of 5.00% for 2028 and beyond
Retirees' share of benefit-related costs	100%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return were based on the 20-year AA rated municipal bond rate as of December 31, 2024, obtained from <https://www.spglobal.com/spdji/en/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index/#overview>.

Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality with Improvement Scale MP-2021. Post-retirement, disability retirement, and survivor retirement mortality rates were based on the RP-2014 White Collar Mortality with Improvement Scale MP-2021.

Based on past experience of the plan, 50% of future retirees are assumed to continue medical coverage until age 65. 15% of future pre-Medicare retirees are assumed to select spousal coverage. No spousal coverage is assumed for other future retirees. 43% of police/fire employees are assumed to retire before the age of 60, 25% at age 60, and the balance at age 65. 5% of other City employees are assumed to retire before the age of 60, 8% at age 60, and 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 (3.28%) or 1% higher (5.28%) than the current discount rate:

	1% Decrease 3.28%	Discount Rate 4.28%	1% Increase 5.28%
Total OPEB liability	<u>\$924,919</u>	<u>\$841,031</u>	<u>\$765,986</u>

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 (5% decreasing to 4%) or 1% higher (7% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (5% decreasing to 4%)	Healthcare Cost Trend Rates (6% decreasing to 5%)	1% Increase (7% decreasing to 6%)
Total OPEB liability	<u>\$728,041</u>	<u>\$841,031</u>	<u>\$977,302</u>

H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2024, the City recognized \$73,904 of OPEB expense. At December 31, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$214,521	\$290,365
Changes in assumptions	<u>83,390</u>	<u>79,214</u>
Total	<u><u>\$297,911</u></u>	<u><u>\$369,579</u></u>

Deferred outflows and inflows of resources relate almost exclusively to the public safety function, and therefore, have been allocated entirely to governmental activities.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2025	(\$22,346)
2026	(22,346)
2027	(22,346)
2028	(22,346)
2029	(22,346)
Thereafter	40,062
	<u>(\$71,668)</u>

Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

Deficit fund balances at December 31, 2024 are as follows:

	Fund Balance Deficit	Future Funding Source
Major Funds:		
Capital Equipment Replacement	(\$281,116)	Property taxes
Nonmajor Funds:		
Tax Increment Financing 1-11	(1,296,370)	Tax increment collections
Comp Plan Update	(98,524)	Transfer from General Fund
2024 Street Reconstruction	(218,947)	Bond proceeds

B. EXPENDITURES IN EXCESS OF BUDGET

The following is a listing of departments within the General Fund that exceeded budget appropriations:

	Final Budget	Actual	Overage
General government:			
Elections	\$49,000	\$78,844	\$29,844
Finance	748,840	846,203	97,363
Legal consultants	138,000	174,203	36,203
Engineering	97,463	101,244	3,781
Public safety:			
Fire	1,094,025	1,185,685	91,660
Public works:			
Fleet	704,061	770,543	66,482
Conservation of natural resources:			
Forestry	84,515	129,394	44,879

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, 2024 is as follows:

	<u>Receivable</u>	<u>Payable</u>
Short-term advances:		
Nonmajor Funds:		
Closed Bond	\$50,299	
Pavement Management	151,701	-
Comp Plan Update	-	50,299
2024 Street Reconstruction	-	151,701
	<u>\$202,000</u>	<u>\$202,000</u>
Long-term interfund loans:		
Major Funds:		
Capital Equipment Replacement	\$ -	\$1,809,108
Sewer Fund	2,368,218	-
Nonmajor Funds:		
Building and Facilities	738,060	-
Tax Increment Financing 1-11	-	1,297,170
	<u>\$3,106,278</u>	<u>\$3,106,278</u>

Note 12 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2024 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$20,000	\$286,590
G.O. Improvement Bonds of 2016B	1,728,204	-
Capital Equipment Replacement	150,000	-
Area and Unit Trunk	1,818,191	1,833,379
MSA Construction	232,529	140,471
Water Fund	-	2,024,951
Storm Water	-	55,507
Nonmajor governmental funds	<u>2,471,599</u>	<u>2,079,625</u>
Total	<u>\$6,420,523</u>	<u>\$6,420,523</u>

During 2024, transfers were made to provide funding for capital improvement projects and capital outlay in accordance with the City's Five-Year Financial Plan. Transfers were also made to relieve deficit fund balance, provide resources for debt service payments, 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.

CITY OF LINO LAKES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 13 FUND BALANCE

At December 31, 2024, a summary of the governmental fund balance classifications is as follows:

	General Fund	The Rookery Activity Center	Capital Equipment Replacement	Area and Unit Trunk	MSA Construction	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$557,155	\$56,350	\$ -	\$ -	\$ -	\$ -	\$613,505
Corpus of permanent fund	-	-	-	-	-	100,000	100,000
Total nonspendable	<u>557,155</u>	<u>56,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>713,505</u>
Restricted for:							
Debt service	-	-	-	-	-	3,779,535	3,779,535
Park improvements	-	-	-	-	-	1,263,854	1,263,854
Economic development	-	-	-	-	-	225,000	225,000
Local affordable housing	-	-	-	-	-	89,644	89,644
Blue Heron Days	-	-	-	-	-	14,657	14,657
Narcotics & forfeiture funds	-	-	-	-	-	87,875	87,875
K-9 Unit purposes	-	-	-	-	-	5,041	5,041
Public safety aid	-	-	-	-	-	508,218	508,218
Tax increment purposes	-	-	-	-	-	424,610	424,610
Environmental purposes	-	-	-	-	-	42,924	42,924
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,441,358</u>	<u>6,441,358</u>
Committed for:							
Veteran's Memorial	50,000	-	-	-	-	-	50,000
Fire department gear	17,500	-	-	-	-	-	17,500
Rookery activity center	-	21,006	-	-	-	-	21,006
Economic development	-	-	-	-	-	33,762	33,762
Cable TV and communications purposes	-	-	-	-	-	266,661	266,661
Total committed	<u>67,500</u>	<u>21,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,423</u>	<u>388,929</u>
Assigned for:							
Capital improvements	-	-	-	10,419,643	4,283,196	7,567,121	22,269,960
Unassigned							
	<u>8,931,762</u>	<u>-</u>	<u>(281,116)</u>	<u>-</u>	<u>-</u>	<u>(1,613,841)</u>	<u>7,036,805</u>
Total fund balance	<u>\$9,556,417</u>	<u>\$77,356</u>	<u>(\$281,116)</u>	<u>\$10,419,643</u>	<u>\$4,283,196</u>	<u>\$12,795,061</u>	<u>\$36,850,557</u>

Note 14 TAX INCREMENT DISTRICTS

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

The following table reflects values at December 31, 2024:

	TIF 1-11 Legacy at Woods Edge	TIF 1-12 Clearwater Creek	TIF 1-13 Lyngblomsten
Authorizing law	M.S. 469	M.S. 469	M.S. 469
Year established	2005	2017	2019
Final year of district	2031	2026	2030
Net tax capacity:			
Original	\$15,468	\$21,416	\$14,101
Current	497,507	760,670	560,607
Captured - retained	<u>\$482,039</u>	<u>\$739,254</u>	<u>\$546,506</u>

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.

Tax increment revenue from TIF District 1-11 was used to finance debt service payments on the G.O. Improvement Bonds of 2016B. The bonds matured in 2021. Future tax increment collections will eliminate the deficit in TIF Fund 1-11.

TIF District 1-12 had a pay-as-you-go revenue note. Tax Increment Revenue Note Series 2017 was issued in the principal sum of \$1,200,000 and was payable solely from available tax increments. Current year payments on the note totaled \$94,040 and the outstanding balance at December 31, 2024 was \$0.

TIF District 1-13 has an outstanding pay-as-you-go revenue note. The Tax Increment Revenue Note was issued in the principal sum of \$3,656,000. 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 February 1st and August 1st and are equal to 95% of the tax increment revenues collected in the preceding six months. Current year payments on the note totaled \$159,511 and the outstanding balance as of December 31, 2024 was \$3,496,489.

Note 15 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

The City has been named in a lawsuit pertaining to development. The matter is in active discovery. The City denies any liability and is defending its interests in the litigation. At this time, the outcome or any potential loss cannot be reasonably estimated, although any potential loss is expected to be covered by insurance.

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, 2024.

C. COMMITTED CONTRACTS

At December 31, 2024, the City had commitments of \$25,179,862 for uncompleted construction contracts.

Note 16 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 17 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 102 *Certain Risk Disclosures*. The provisions of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103 *Financial Reporting Model Improvements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 104 *Disclosure of Certain Capital Assets*. The provisions of this Statement are effective for Reporting periods beginning after June 15, 2025.

The effect these standards may have on future financial statements is not determinable at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINO LAKES, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
General property taxes:				
Current and delinquent	\$10,424,606	\$10,424,606	\$10,394,882	(\$29,724)
Penalties and interest	5,000	5,000	4,285	(715)
Total general property taxes	10,429,606	10,429,606	10,399,167	(30,439)
Other taxes	185,000	185,000	133,969	(51,031)
Licenses and permits:				
Business	72,225	72,225	81,533	9,308
Non-business	1,055,190	1,055,190	1,062,454	7,264
Total licenses and permits	1,127,415	1,127,415	1,143,987	16,572
Special assessments	-	-	382	382
Intergovernmental:				
Federal:				
OTS grant	25,000	25,000	98,889	73,889
State:				
Police state aid	260,000	260,000	341,688	81,688
Fire state aid	21,705	21,705	192,547	170,842
MSA maintenance	275,000	275,000	294,114	19,114
Other	23,500	23,500	52,995	29,495
County solid waste grant	87,417	87,417	77,429	(9,988)
Total intergovernmental	692,622	692,622	1,057,662	365,040
Charges for services:				
General government	246,525	246,525	300,282	53,757
Public safety	190,800	190,800	243,968	53,168
Public works	14,000	14,000	8,459	(5,541)
Culture and recreation	5,000	5,000	5,171	171
Total charges for services	456,325	456,325	557,880	101,555
Fines and forfeits	76,000	76,000	96,282	20,282
Investment earnings	30,000	30,000	301,634	271,634
Miscellaneous:				
Refunds and reimbursements	-	-	32,854	32,854
Other	2,000	2,000	2,364	364
Total miscellaneous	2,000	2,000	35,218	33,218
Total revenues	12,998,968	12,998,968	13,726,181	727,213

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, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personal services	52,734	52,734	52,584	150
Supplies	-	-	19	(19)
Other services and charges	30,390	30,390	25,788	4,602
Contractual services	26,150	26,150	12,569	13,581
Total mayor and city council	<u>109,274</u>	<u>109,274</u>	<u>90,960</u>	<u>18,314</u>
Administration:				
Current:				
Personal services	644,984	644,984	595,416	49,568
Other services and charges	34,980	34,980	35,773	(793)
Contractual services	32,800	32,800	60,772	(27,972)
Total administration	<u>712,764</u>	<u>712,764</u>	<u>691,961</u>	<u>20,803</u>
Elections:				
Current:				
Personal services	41,300	41,300	73,967	(32,667)
Supplies	1,000	1,000	2,025	(1,025)
Other services and charges	200	200	504	(304)
Contractual services	6,500	6,500	2,348	4,152
Total elections	<u>49,000</u>	<u>49,000</u>	<u>78,844</u>	<u>(29,844)</u>
Charter commission:				
Current:				
Other services and charges	8,920	8,920	167	8,753
Finance:				
Current:				
Personal services	327,030	327,030	326,389	641
Supplies	1,000	1,000	3,781	(2,781)
Other services and charges	319,410	319,410	414,368	(94,958)
Contractual services	101,400	101,400	101,665	(265)
Total finance	<u>748,840</u>	<u>748,840</u>	<u>846,203</u>	<u>(97,363)</u>
Legal consultants:				
Current:				
Other services and charges	138,000	138,000	174,203	(36,203)
Planning and zoning:				
Current:				
Personal services	132,079	132,079	131,356	723
Other services and charges	16,450	16,450	9,906	6,544
Contractual services	33,000	33,000	8,874	24,126
Total planning and zoning commission	<u>181,529</u>	<u>181,529</u>	<u>150,136</u>	<u>31,393</u>

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, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
General government: (continued)				
Engineering:				
Current:				
Other services and charges	97,463	97,463	101,244	(3,781)
Total engineering	97,463	97,463	101,244	(3,781)
Government buildings:				
Current:				
Personal services	108,471	108,471	81,006	27,465
Supplies	47,400	47,400	42,271	5,129
Other services and charges	444,810	444,810	423,756	21,054
Contractual services	23,400	23,400	37,711	(14,311)
Total government buildings	624,081	624,081	584,744	39,337
Total general government	2,669,871	2,669,871	2,718,462	(48,591)
Public safety:				
Police:				
Current:				
Personal services	4,717,606	4,717,606	4,413,403	304,203
Supplies	82,512	82,512	78,879	3,633
Other services and charges	192,878	192,878	221,514	(28,636)
Contractual services	69,626	69,626	75,256	(5,630)
Total police	5,062,622	5,062,622	4,789,052	273,570
Fire:				
Current:				
Personal services	905,401	905,401	1,008,160	(102,759)
Supplies	32,025	32,025	15,137	16,888
Other services and charges	107,475	107,475	90,232	17,243
Contractual services	49,124	49,124	72,156	(23,032)
Total fire protection	1,094,025	1,094,025	1,185,685	(91,660)
Building inspection:				
Current:				
Personal services	484,948	484,948	380,813	104,135
Supplies	1,750	1,750	1,331	419
Other services and charges	12,640	12,640	4,705	7,935
Contractual services	37,740	37,740	73,531	(35,791)
Total building inspection	537,078	537,078	460,380	76,698
Total public safety	6,693,725	6,693,725	6,435,117	258,608

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, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Public works:				
Streets:				
Current:				
Personal services	735,463	735,463	624,145	111,318
Supplies	223,000	223,000	190,660	32,340
Other services and charges	116,050	116,050	120,126	(4,076)
Contractual services	71,500	71,500	82,267	(10,767)
Total streets	<u>1,146,013</u>	<u>1,146,013</u>	<u>1,017,198</u>	<u>128,815</u>
Fleet:				
Current:				
Personal services	284,941	284,941	283,656	1,285
Supplies	246,300	246,300	217,919	28,381
Other services and charges	105,320	105,320	103,658	1,662
Contractual services	67,500	67,500	165,310	(97,810)
Total fleet	<u>704,061</u>	<u>704,061</u>	<u>770,543</u>	<u>(66,482)</u>
Total public works	<u>1,850,074</u>	<u>1,850,074</u>	<u>1,787,741</u>	<u>62,333</u>
Culture and recreation:				
Parks:				
Current:				
Personal services	709,979	709,979	656,950	53,029
Supplies	50,000	50,000	63,392	(13,392)
Other services and charges	67,600	67,600	63,510	4,090
Contractual services	254,200	254,200	213,468	40,732
Total parks	<u>1,081,779</u>	<u>1,081,779</u>	<u>997,320</u>	<u>84,459</u>
Total culture and recreation	<u>1,081,779</u>	<u>1,081,779</u>	<u>997,320</u>	<u>84,459</u>

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, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Conservation of natural resources:				
Environmental:				
Current:				
Personal services	53,614	53,614	44,386	9,228
Supplies	1,000	1,000	11	989
Other services and charges	9,500	9,500	5,725	3,775
Contractual services	1,409	1,409	1,337	72
Total environmental	<u>65,523</u>	<u>65,523</u>	<u>51,459</u>	<u>14,064</u>
Solid waste abatement:				
Current:				
Personal services	54,617	54,617	40,069	14,548
Supplies	1,100	1,100	2,251	(1,151)
Other services and charges	9,000	9,000	2,649	6,351
Contractual services	22,700	22,700	22,089	611
Total solid waste abatement	<u>87,417</u>	<u>87,417</u>	<u>67,058</u>	<u>20,359</u>
Forestry:				
Current:				
Personal services	30,885	30,885	30,342	543
Supplies	3,250	3,250	1,248	2,002
Other services and charges	380	380	162	218
Contractual services	50,000	50,000	97,642	(47,642)
Total forestry	<u>84,515</u>	<u>84,515</u>	<u>129,394</u>	<u>(44,879)</u>
Total conservation of natural resources	<u>237,455</u>	<u>237,455</u>	<u>247,911</u>	<u>(10,456)</u>
Community development:				
Economic development:				
Current:				
Personal services	430	430	160	270
Other services and charges	16,230	16,230	10,277	5,953
Contractual services	81,475	81,475	73,766	7,709
Total economic development	<u>98,135</u>	<u>98,135</u>	<u>84,203</u>	<u>13,932</u>
Community development:				
Current:				
Personal services	297,205	297,205	211,015	86,190
Supplies	100	100	50	50
Other services and charges	8,600	8,600	6,432	2,168
Contractual services	2,777	2,777	843	1,934
Total community development	<u>308,682</u>	<u>308,682</u>	<u>218,340</u>	<u>90,342</u>
Total community development	<u>406,817</u>	<u>406,817</u>	<u>302,543</u>	<u>104,274</u>

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, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Other:				
Contingency	79,247	79,247	-	79,247
Total expenditures	13,018,968	13,018,968	12,489,094	529,874
Revenues over (under) expenditures	(20,000)	(20,000)	1,237,087	1,257,087
Other financing sources (uses):				
Transfers in	20,000	20,000	20,000	-
Transfers out	(150,000)	(150,000)	(286,590)	(136,590)
Proceeds from sale of capital assets	-	-	2,040	2,040
Total other financing sources (uses)	(130,000)	(130,000)	(264,550)	(134,550)
Net change in fund balance	<u>(\$150,000)</u>	<u>(\$150,000)</u>	972,537	<u>\$1,122,537</u>
Fund balance - January 1			<u>8,583,880</u>	
Fund balance - December 31			<u><u>\$9,556,417</u></u>	

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - THE ROOKERY ACTIVITY CENTER
For The Year Ended December 31, 2024

Statement 11

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$500,000	\$500,000	\$500,000	\$ -
Intergovernmental	-	-	8,825	8,825
Charges for services	1,366,820	1,366,820	1,277,687	(89,133)
Investment earnings	-	-	4,581	4,581
Miscellaneous	95,100	95,100	77,939	(17,161)
Total revenues	<u>1,961,920</u>	<u>1,961,920</u>	<u>1,869,032</u>	<u>(92,888)</u>
Expenditures:				
Culture and recreation				
Current:				
Personal services	1,291,354	1,291,354	1,133,649	157,705
Supplies	98,862	98,862	78,630	20,232
Other services and charges	307,108	307,108	367,672	(60,564)
Contractual services	253,330	253,330	206,658	46,672
Total expenditures	<u>1,950,654</u>	<u>1,950,654</u>	<u>1,786,609</u>	<u>164,045</u>
Net change in fund balance	<u>\$11,266</u>	<u>\$11,266</u>	82,423	<u>\$71,157</u>
Fund balance - January 1			<u>(5,067)</u>	
Fund balance - December 31			<u>\$77,356</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

Statement 12

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$63,419	\$42,687	\$59,608	\$65,484	\$63,577	\$53,789	\$16,547	\$16,990
Interest	33,911	21,236	12,384	13,256	12,256	10,893	21,355	22,542
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	263,454	-	(250,908)	-	(245,168)	-	(51,083)
Changes in assumptions	(22,573)	38,665	(87,527)	93,391	-	-	-	-
Benefit payments	(35,789)	(27,716)	(22,971)	(32,454)	(22,990)	(15,527)	(27,798)	(31,536)
Net change in total OPEB liability	38,968	338,326	(38,506)	(111,231)	52,843	(196,013)	10,104	(43,087)
Total OPEB liability - beginning	802,063	463,737	502,243	613,474	560,631	756,644	746,540	789,627
Total OPEB liability - ending	<u>\$841,031</u>	<u>\$802,063</u>	<u>\$463,737</u>	<u>\$502,243</u>	<u>\$613,474</u>	<u>\$560,631</u>	<u>\$756,644</u>	<u>\$746,540</u>
Covered-employee payroll	\$6,536,338	\$6,392,776	\$6,164,425	\$5,109,645	\$5,072,488	\$5,072,488	\$4,937,332	\$4,937,332
Total OPEB liability as a percentage of covered-employee payroll	12.9%	12.5%	7.5%	9.8%	12.1%	11.1%	15.3%	15.1%

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 13

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%
2020	2020	0.0392%	2,350,219	72,457	2,422,676	2,797,444	86.6%	79.1%
2021	2021	0.0391%	1,669,745	50,998	1,720,743	2,812,588	61.2%	87.0%
2022	2022	0.0428%	3,389,774	99,480	3,489,254	3,208,575	108.7%	76.7%
2023	2023	0.0505%	2,823,903	77,857	2,901,760	4,018,380	72.2%	83.1%
2024	2024	0.0488%	1,802,947	46,621	1,849,568	4,127,560	44.8%	89.1%

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 14

SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

For The Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
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%
2021	223,767	223,767	-	2,983,557	7.5%
2022	272,865	272,865	-	3,638,203	7.5%
2023	305,242	305,242	-	4,071,180	7.5%
2024	321,519	321,519	-	4,286,920	7.5%

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

Statement 15

Measurement Date June 30,	Fiscal Year Ending December 31,	Proportion (Percentage) of the Net Pension Liability	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)	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	0.2490%	\$2,829,223	\$ -	\$2,829,223	\$2,284,973	123.8%	86.6%
2016	2016	0.2590%	10,394,121	-	10,394,121	2,495,778	416.5%	63.9%
2017	2017	0.2570%	3,469,806	-	3,469,806	2,643,314	131.3%	85.4%
2018	2018	0.2426%	2,585,866	-	2,585,866	2,556,951	101.1%	88.8%
2019	2019	0.2547%	2,711,539	-	2,711,539	2,689,536	100.8%	89.3%
2020	2020	0.2336%	3,079,098	72,537	3,151,635	2,638,619	119.4%	87.2%
2021	2021	0.2234%	1,724,411	77,543	1,801,954	2,602,793	69.2%	93.7%
2022	2022	0.2367%	10,300,249	450,081	10,750,330	2,875,683	373.8%	70.5%
2023	2023	0.2303%	3,976,982	160,211	4,137,193	3,024,258	136.8%	86.5%
2024	2024	0.2256%	2,968,216	113,147	3,081,363	3,124,186	98.6%	90.2%

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 16

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE 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	\$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%
2021	479,593	479,593	-	2,709,565	17.70%
2022	524,594	524,594	-	2,963,805	17.70%
2023	541,104	541,104	-	3,057,084	17.70%
2024	555,870	555,870	-	3,140,508	17.70%

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 - December 31:	2024	2023 & 2022 *	2021
Measurement date - December 31:	2023	2022	2021
Total pension liability:			
Service cost	\$62,261	\$62,261	\$67,890
Interest on pension liability	35,283	32,439	19,363
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(17,070)	(11,917)	59,354
Changes of assumptions	-	-	-
Changes in benefit level	-	-	100,057
Benefit payments	(24,520)	(46,223)	-
Net change in total pension liability	55,954	36,560	246,664
Total pension liability - beginning	538,056	501,496	254,832
Total pension liability - ending (a)	\$594,010	\$538,056	\$501,496
Plan fiduciary net position:			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - State of Minnesota	170,000	147,799	137,872
Contributions - other	-	-	-
Net investment income	159,422	(150,995)	83,292
Benefit payments	(24,520)	(46,223)	-
Administrative expense	-	(724)	(707)
Net change in plan fiduciary net position	304,902	(50,143)	220,457
Plan fiduciary net position - beginning	984,693	1,034,836	814,379
Plan fiduciary net position - ending (b)	\$1,289,595	\$984,693	\$1,034,836
Net pension asset - ending (b) - (a)	\$695,585	\$446,637	\$533,340
Plan fiduciary net position as a percentage of the total pension liability	217%	183%	206%
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.

* Prior to 2023, the fiscal year end and measurement date were the same. However, 2023 plan information from PERA was not available and therefore, 2022 amounts were re-reported in the City's 2023 ACFR.

See accompanying notes to the required supplementary information.

Statement 17

2020	2019	2018	2017	2016
2020	2019	2018	2017	2016
\$46,865	\$52,320	\$48,182	\$47,952	\$38,419
19,051	16,603	8,754	6,191	3,568
-	-	-	-	-
(81,734)	(22,680)	69,760	(11,672)	(7,804)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(15,818)	46,243	126,696	42,471	34,183
270,650	224,407	97,711	55,240	21,057
\$254,832	\$270,650	\$224,407	\$97,711	\$55,240
\$ -	\$ -	\$ -	\$ -	\$44,394
130,846	121,630	118,144	113,797	-
-	-	64,869	58,800	-
95,960	78,063	(18,696)	9,153	133
-	-	-	-	-
(746)	(694)	(702)	(572)	-
226,060	198,999	163,615	181,178	44,527
588,319	389,320	225,705	44,527	-
\$814,379	\$588,319	\$389,320	\$225,705	\$44,527
\$559,547	\$317,669	\$164,913	\$127,994	(\$10,713)
320%	217%	173%	231%	81%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

See accompanying notes to the required supplementary information.

CITY OF LINO LAKES, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 18

SCHEDULE OF CONTRIBUTIONS - LINO LAKES PUBLIC SAFETY DEPARTMENT - FIRE DIVISION

For The Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u>
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
2021	-	-	-	N/A	N/A
2022	-	-	-	N/A	N/A
2023	-	-	-	N/A	N/A
2024	-	-	-	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.

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund and the Rookery Activity Center special revenue fund budgets are 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 and the fund level for the Rookery Activity Center 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.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2024 Changes in Actuarial Assumptions:

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

CITY OF LINO LAKES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2024

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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%.
- 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.
- 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 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.
- 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

2024 Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes in Actuarial Assumptions:

- The single discount rate changed from 6.50% to 5.4%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

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%.
- 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

During 2021, the benefit level per year of service increased from \$5,000 to \$7,000. There have been no other factors, such as changes to assumptions, that affect trends in the amounts reported since the Fire Division was created.

**COMBINING AND INDIVIDUAL NONMAJOR
FUND FINANCIAL STATEMENTS AND SCHEDULES**

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SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS

Debt Service Funds 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, 2024

Statement 19

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$1,243,303	\$3,778,075	\$8,491,971	\$144,924	\$13,658,273
Advances to other funds	-	-	202,000	-	202,000
Taxes receivable:					
Due from county	-	-	167,953	-	167,953
Special assessments receivable:					
Due from county	-	1,460	601	-	2,061
Delinquent	-	688	306	-	994
Deferred	-	318,991	158,333	-	477,324
Leases receivable	-	-	1,165,913	-	1,165,913
Interfund loan receivable	-	-	738,060	-	738,060
Total assets	\$1,243,303	\$4,099,214	\$10,925,137	\$144,924	\$16,412,578
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$12,445	\$ -	\$439,782	\$2,000	\$454,227
Advances from other funds	-	-	202,000	-	202,000
Retainage payable	-	-	17,389	-	17,389
Unearned revenue	-	-	2,500	-	2,500
Interfund loan payable	-	-	1,297,170	-	1,297,170
Total liabilities	12,445	-	1,958,841	2,000	1,973,286
Deferred inflows of resources:					
Unavailable revenue	-	319,679	158,639	-	478,318
Lease related	-	-	1,165,913	-	1,165,913
Total deferred inflows of resources	-	319,679	1,324,552	-	1,644,231
Fund balance:					
Nonspendable	-	-	-	100,000	100,000
Restricted	930,435	3,779,535	1,688,464	42,924	6,441,358
Committed	300,423	-	-	-	300,423
Assigned	-	-	7,567,121	-	7,567,121
Unassigned	-	-	(1,613,841)	-	(1,613,841)
Total fund balance	1,230,858	3,779,535	7,641,744	142,924	12,795,061
Total liabilities, deferred inflows of resources, and fund balance	\$1,243,303	\$4,099,214	\$10,925,137	\$144,924	\$16,412,578

CITY OF LINO LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2024

Statement 20

	Special Revenue	Debt Service	Capital Project	Permanent Fund Environment & Stewardship Fund	Total Nonmajor Governmental Funds
Revenues:					
General property taxes	\$10,000	\$1,287,724	\$1,105,000	\$ -	\$2,402,724
Other taxes	24,948	37,994	-	-	62,942
Tax increment	-	-	1,002,712	-	1,002,712
Special assessments	-	52,755	577,019	-	629,774
Intergovernmental	92,284	-	-	-	92,284
Charges for services	1,916	-	692,164	-	694,080
Fines and forfeits	5,375	-	-	-	5,375
Investment earnings	56,218	140,555	320,512	6,470	523,755
Miscellaneous	2,500	-	-	5,700	8,200
Total revenues	<u>193,241</u>	<u>1,519,028</u>	<u>3,697,407</u>	<u>12,170</u>	<u>5,421,846</u>
Expenditures:					
Current:					
General government	3,952	-	386,508	-	390,460
Public safety	114,027	-	2,887	-	116,914
Public works	-	-	246,316	-	246,316
Culture and recreation	13,823	-	41,536	-	55,359
Conservation of natural resources	-	-	-	7,850	7,850
Community development	-	-	437,159	-	437,159
Capital outlay:					
Public safety	92,532	-	-	-	92,532
Public works	-	-	2,063,491	-	2,063,491
Culture and recreation	-	-	739,636	-	739,636
Debt service:					
Principal	-	2,115,475	-	-	2,115,475
Interest and fiscal charges	-	508,966	-	-	508,966
Total expenditures	<u>224,334</u>	<u>2,624,441</u>	<u>3,917,533</u>	<u>7,850</u>	<u>6,774,158</u>
Revenues over (under) expenditures	<u>(31,093)</u>	<u>(1,105,413)</u>	<u>(220,126)</u>	<u>4,320</u>	<u>(1,352,312)</u>
Other financing sources (uses):					
Transfers in	-	764,486	1,707,113	-	2,471,599
Transfers out	(20,000)	(306,406)	(1,753,219)	-	(2,079,625)
Proceeds from sale of capital assets	-	-	1,125	-	1,125
Total other financing sources (uses)	<u>(20,000)</u>	<u>458,080</u>	<u>(44,981)</u>	<u>-</u>	<u>393,099</u>
Net change in fund balance	<u>(51,093)</u>	<u>(647,333)</u>	<u>(265,107)</u>	<u>4,320</u>	<u>(959,213)</u>
Fund balance - January 1	<u>1,281,951</u>	<u>4,426,868</u>	<u>7,906,851</u>	<u>138,604</u>	<u>13,754,274</u>
Fund balance - December 31	<u>\$1,230,858</u>	<u>\$3,779,535</u>	<u>\$7,641,744</u>	<u>\$142,924</u>	<u>\$12,795,061</u>

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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.

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

Cable TV and Communications – 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.

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 – established to account for donations received by the City which are restricted for K-9 Unit purposes.

Public Safety Aid – established to account for aid received from the State of Minnesota for public safety purposes.

Local Affordable Housing Aid – established to account for aid received from the State of Minnesota for local affordable housing.

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2024

	203 Economic Development Authority	204 Cable TV and Communications	205 Blue Heron Days	207 State Narcotics Forfeitures
Assets				
Cash and investments	\$258,762	\$266,690	\$14,657	\$26,608
Total assets	\$258,762	\$266,690	\$14,657	\$26,608
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$29	\$ -	\$ -
Fund balance:				
Restricted	225,000	-	14,657	26,608
Committed	33,762	266,661	-	-
Total fund balance	258,762	266,661	14,657	26,608
Total liabilities and fund balance	\$258,762	\$266,690	\$14,657	\$26,608

208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	214 Public Safety Aid	215 Local Affordable Housing Aid	Total Nonmajor Special Revenue Funds
\$58,042	\$1,652	\$5,312	\$5,290	\$516,646	\$89,644	\$1,243,303
\$58,042	\$1,652	\$5,312	\$5,290	\$516,646	\$89,644	\$1,243,303
\$ -	\$ -	\$3,739	\$249	\$8,428	\$ -	\$12,445
58,042	1,652	1,573	5,041	508,218	89,644	930,435
-	-	-	-	-	-	300,423
58,042	1,652	1,573	5,041	508,218	89,644	1,230,858
\$58,042	\$1,652	\$5,312	\$5,290	\$516,646	\$89,644	\$1,243,303

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, 2024

	203 Economic Development Authority	204 Cable TV and Communications	205 Blue Heron Days	207 State Narcotics Forfeitures
Revenues:				
General property taxes	\$ -	\$ -	\$10,000	\$ -
Other taxes	-	24,948	-	-
Intergovernmental	-	-	4,000	-
Charges for services	-	-	1,916	-
Fines and forfeits	-	-	-	865
Investment earnings	11,525	11,912	642	1,454
Miscellaneous	-	-	2,500	-
Total revenues	<u>11,525</u>	<u>36,860</u>	<u>19,058</u>	<u>2,319</u>
Expenditures:				
Current:				
General government	-	3,952	-	-
Public safety	-	-	-	7,400
Culture and recreation	-	3,978	9,845	-
Capital outlay:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>7,930</u>	<u>9,845</u>	<u>7,400</u>
Revenues over (under) expenditures	11,525	28,930	9,213	(5,081)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	11,525	8,930	9,213	(5,081)
Fund balance - January 1	<u>247,237</u>	<u>257,731</u>	<u>5,444</u>	<u>31,689</u>
Fund balance - December 31	<u><u>\$258,762</u></u>	<u><u>\$266,661</u></u>	<u><u>\$14,657</u></u>	<u><u>\$26,608</u></u>

208 DUI Forfeitures	209 Other Forfeitures	210 Federal Forfeitures - Treasury	211 K-9 Unit	214 Public Safety Aid	215 Local Affordable Housing Aid	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,000
-	-	-	-	-	-	24,948
-	-	-	-	-	88,284	92,284
-	-	-	-	-	-	1,916
4,325	185	-	-	-	-	5,375
2,480	69	275	515	25,986	1,360	56,218
-	-	-	-	-	-	2,500
<u>6,805</u>	<u>254</u>	<u>275</u>	<u>515</u>	<u>25,986</u>	<u>89,644</u>	<u>193,241</u>
-	-	-	-	-	-	3,952
2,131	100	21,231	8,246	74,919	-	114,027
-	-	-	-	-	-	13,823
-	-	-	-	92,532	-	92,532
<u>2,131</u>	<u>100</u>	<u>21,231</u>	<u>8,246</u>	<u>167,451</u>	<u>-</u>	<u>224,334</u>
4,674	154	(20,956)	(7,731)	(141,465)	89,644	(31,093)
-	-	-	-	-	-	(20,000)
4,674	154	(20,956)	(7,731)	(141,465)	89,644	(51,093)
<u>53,368</u>	<u>1,498</u>	<u>22,529</u>	<u>12,772</u>	<u>649,683</u>	<u>-</u>	<u>1,281,951</u>
<u>\$58,042</u>	<u>\$1,652</u>	<u>\$1,573</u>	<u>\$5,041</u>	<u>\$508,218</u>	<u>\$89,644</u>	<u>\$1,230,858</u>

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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, 2024

	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$287,191	\$735,568
Special assessments receivable:		
Due from county	-	-
Delinquent	-	-
Deferred	<u>-</u>	<u>-</u>
Total assets	<u><u>\$287,191</u></u>	<u><u>\$735,568</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:		
Unavailable revenue	<u>-</u>	<u>-</u>
Fund balance:		
Restricted	<u>287,191</u>	<u>735,568</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$287,191</u></u>	<u><u>\$735,568</u></u>

339 EDA Lease Revenue Bonds of 2015B	341 G.O. Utility Revenue Bonds of 2016A	344 G.O. Bonds of 2018A	345 G.O. Utility Revenue Bonds of 2020A	346 G.O. Bonds of 2021A	Total Nonmajor Debt Service Funds
\$408,503	\$275,860	\$1,612,464	\$239,346	\$219,143	\$3,778,075
-	-	1,460	-	-	1,460
-	-	688	-	-	688
-	-	318,991	-	-	318,991
<u>\$408,503</u>	<u>\$275,860</u>	<u>\$1,933,603</u>	<u>\$239,346</u>	<u>\$219,143</u>	<u>\$4,099,214</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	319,679	-	-	319,679
<u>408,503</u>	<u>275,860</u>	<u>1,613,924</u>	<u>239,346</u>	<u>219,143</u>	<u>3,779,535</u>
<u>\$408,503</u>	<u>\$275,860</u>	<u>\$1,933,603</u>	<u>\$239,346</u>	<u>\$219,143</u>	<u>\$4,099,214</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, 2024

	332 G.O. TIF Bonds of 2007A	335 G.O. Bonds of 2012A	336 G.O. Improvement Bonds of 2013A	337 G.O. Improvement Bonds of 2014A	338 G.O. Bonds of 2015A
Revenues:					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$274,589
Other taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment earnings	-	399	1,284	12,838	25,622
Total revenues	<u>-</u>	<u>399</u>	<u>1,284</u>	<u>12,838</u>	<u>300,211</u>
Expenditures:					
Debt service:					
Principal	280,000	165,000	65,000	155,000	220,000
Interest and fiscal charges	5,775	1,361	1,300	6,815	39,377
Total expenditures	<u>285,775</u>	<u>166,361</u>	<u>66,300</u>	<u>161,815</u>	<u>259,377</u>
Revenues over (under) expenditures	<u>(285,775)</u>	<u>(165,962)</u>	<u>(65,016)</u>	<u>(148,977)</u>	<u>40,834</u>
Other financing sources (uses):					
Transfers in	140,471	-	-	124,165	-
Transfers out	-	(72,273)	(232,529)	-	-
Total other financing sources (uses)	<u>140,471</u>	<u>(72,273)</u>	<u>(232,529)</u>	<u>124,165</u>	<u>-</u>
Net change in fund balance	(145,304)	(238,235)	(297,545)	(24,812)	40,834
Fund balance - January 1	<u>145,304</u>	<u>238,235</u>	<u>297,545</u>	<u>312,003</u>	<u>694,734</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$287,191</u>	<u>\$735,568</u>

339 EDA Lease Revenue Bonds of 2015B	340 G.O. Capital Note of 2016A	341 G.O. Utility Revenue Bonds of 2016A	344 G.O. Bonds of 2018A	345 G.O. Utility Revenue Bonds of 2020A	346 G.O. Bonds of 2021A	Total Nonmajor Debt Service Funds
\$319,765	\$ -	\$ -	\$485,475	\$ -	\$207,895	\$1,287,724
-	37,994	-	-	-	-	37,994
-	-	-	52,755	-	-	52,755
12,804	467	12,370	58,966	11,445	4,360	140,555
<u>332,569</u>	<u>38,461</u>	<u>12,370</u>	<u>597,196</u>	<u>11,445</u>	<u>212,255</u>	<u>1,519,028</u>
200,000	35,475	145,000	435,000	245,000	170,000	2,115,475
103,202	2,519	11,014	207,078	100,165	30,360	508,966
<u>303,202</u>	<u>37,994</u>	<u>156,014</u>	<u>642,078</u>	<u>345,165</u>	<u>200,360</u>	<u>2,624,441</u>
29,367	467	(143,644)	(44,882)	(333,720)	11,895	(1,105,413)
-	-	155,350	-	344,500	-	764,486
-	(1,604)	-	-	-	-	(306,406)
-	<u>(1,604)</u>	<u>155,350</u>	<u>-</u>	<u>344,500</u>	<u>-</u>	<u>458,080</u>
29,367	(1,137)	11,706	(44,882)	10,780	11,895	(647,333)
379,136	1,137	264,154	1,658,806	228,566	207,248	4,426,868
<u>\$408,503</u>	<u>\$ -</u>	<u>\$275,860</u>	<u>\$1,613,924</u>	<u>\$239,346</u>	<u>\$219,143</u>	<u>\$3,779,535</u>

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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 – 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.

Office Equipment Replacement – 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 the financing of street maintenance projects.

Surface Water Management – to account for the financing of surface water infrastructure and wetland bank activity.

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

Park and Trail Improvements – to account for park and trail improvement activities.

Comp Plan Update – this fund accounts for the financing sources received and expenditures incurred to update the City’s Comprehensive Plan.

Pheasant Run Reconstruction – to account for the financing of the Pheasant Run street reconstruction project.

2024 Street Reconstruction – to account for the financing of the 2024 Street Reconstruction project.

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	301 Closed Bond	401 Building and Facilities	403 Office Equipment Replacement	405 Dedicated Parks
Assets				
Cash and investments	\$456,027	\$2,475,199	\$55,500	\$1,374,743
Advances to other funds	50,299	-	-	-
Taxes receivable:				
Due from county	-	-	-	-
Special assessments receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Leases receivable	-	1,165,913	-	-
Interfund loan receivable	-	738,060	-	-
Total assets	\$506,326	\$4,379,172	\$55,500	\$1,374,743
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$15,732	\$210	\$110,889
Advances from other funds	-	-	-	-
Retainage payable	-	-	-	-
Unearned revenue	-	2,500	-	-
Interfund loan payable	-	-	-	-
Total liabilities	-	18,232	210	110,889
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Lease related	-	1,165,913	-	-
Total deferred inflows of resources	-	1,165,913	-	-
Fund balance:				
Restricted	-	-	-	1,263,854
Assigned	506,326	3,195,027	55,290	-
Unassigned	-	-	-	-
Total fund balance	506,326	3,195,027	55,290	1,263,854
Total liabilities, deferred inflows of resources, and fund balance	\$506,326	\$4,379,172	\$55,500	\$1,374,743

CITY OF LINO LAKES, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2024

	418 Tax Increment <u>Financing 1-11</u>	419 Tax Increment <u>Financing 1-12</u>	430 Tax Increment <u>Financing 1-13</u>	421 Pavement Management
Assets				
Cash and investments	\$928	\$411,910	\$4,414	\$461,730
Advances to other funds	-	-	-	151,701
Taxes receivable:				
Due from county	48	-	167,905	-
Special assessments receivable:				
Due from county	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Leases receivable	-	-	-	-
Interfund loan receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$976</u>	<u>\$411,910</u>	<u>\$172,319</u>	<u>\$613,431</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$176	\$ -	\$159,619	\$34,380
Advances from other funds	-	-	-	-
Retainage payable	-	-	-	17,389
Unearned revenue	-	-	-	-
Interfund loan payable	1,297,170	-	-	-
Total liabilities	<u>1,297,346</u>	<u>-</u>	<u>159,619</u>	<u>51,769</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Lease related	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted	-	411,910	12,700	-
Assigned	-	-	-	561,662
Unassigned	(1,296,370)	-	-	-
Total fund balance	<u>(1,296,370)</u>	<u>411,910</u>	<u>12,700</u>	<u>561,662</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$976</u>	<u>\$411,910</u>	<u>\$172,319</u>	<u>\$613,431</u>

422 Surface Water Management	423 Street Reconstruction	425 Park and Trail Improvements	484 Comp Plan Update	487 Pheasant Run Reconstruction	488 2024 Street Reconstruction	Total Nonmajor Capital Project Funds
\$2,616,260	\$473,867	\$161,393	\$ -	\$ -	\$ -	\$8,491,971
-	-	-	-	-	-	202,000
-	-	-	-	-	-	167,953
140	461	-	-	-	-	601
306	-	-	-	-	-	306
147,557	10,776	-	-	-	-	158,333
-	-	-	-	-	-	1,165,913
-	-	-	-	-	-	738,060
<u>\$2,764,263</u>	<u>\$485,104</u>	<u>\$161,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,925,137</u>
\$3,305	\$ -	\$ -	\$48,225	\$ -	\$67,246	\$439,782
-	-	-	50,299	-	151,701	202,000
-	-	-	-	-	-	17,389
-	-	-	-	-	-	2,500
-	-	-	-	-	-	1,297,170
<u>3,305</u>	<u>-</u>	<u>-</u>	<u>98,524</u>	<u>-</u>	<u>218,947</u>	<u>1,958,841</u>
147,863	10,776	-	-	-	-	158,639
-	-	-	-	-	-	1,165,913
<u>147,863</u>	<u>10,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,324,552</u>
-	-	-	-	-	-	1,688,464
2,613,095	474,328	161,393	-	-	-	7,567,121
-	-	-	(98,524)	-	(218,947)	(1,613,841)
<u>2,613,095</u>	<u>474,328</u>	<u>161,393</u>	<u>(98,524)</u>	<u>-</u>	<u>(218,947)</u>	<u>7,641,744</u>
<u>\$2,764,263</u>	<u>\$485,104</u>	<u>\$161,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,925,137</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, 2024

	301 Closed Bond	401 Building and Facilities	403 Office Equipment Replacement	405 Dedicated Parks	417 Tax Increment Financing 1-10
Revenues:					
General property taxes	\$ -	\$ -	\$25,000	\$ -	\$ -
Tax increment	-	-	-	-	-
Special assessments	-	-	-	-	-
Charges for services	-	215,220	-	476,944	-
Investment earnings	23,321	87,857	2,105	53,613	16
Total revenues	<u>23,321</u>	<u>303,077</u>	<u>27,105</u>	<u>530,557</u>	<u>16</u>
Expenditures:					
Current:					
General government	38,966	55,812	137,791	-	-
Public safety	-	-	2,887	-	-
Public works	-	-	2,252	-	-
Culture and recreation	-	-	1,443	6,021	-
Community development	-	-	1,701	-	1,536
Capital outlay:					
Public works	-	-	-	-	-
Culture and recreation	-	-	-	599,636	-
Total expenditures	<u>38,966</u>	<u>55,812</u>	<u>146,074</u>	<u>605,657</u>	<u>1,536</u>
Revenues over (under) expenditures	<u>(15,645)</u>	<u>247,265</u>	<u>(118,969)</u>	<u>(75,100)</u>	<u>(1,520)</u>
Other financing sources (uses):					
Transfers in	73,877	-	114,945	-	-
Transfers out	(14,945)	-	-	-	-
Proceeds from sale of capital assets	-	-	1,125	-	-
Total other financing sources (uses)	<u>58,932</u>	<u>-</u>	<u>116,070</u>	<u>-</u>	<u>-</u>
Net change in fund balance	43,287	247,265	(2,899)	(75,100)	(1,520)
Fund balance - January 1	<u>463,039</u>	<u>2,947,762</u>	<u>58,189</u>	<u>1,338,954</u>	<u>1,520</u>
Fund balance - December 31	<u><u>\$506,326</u></u>	<u><u>\$3,195,027</u></u>	<u><u>\$55,290</u></u>	<u><u>\$1,263,854</u></u>	<u><u>\$0</u></u>

418 Tax Increment Financing 1-11	419 Tax Increment Financing 1-12	430 Tax Increment Financing 1-13	421 Pavement Management	422 Surface Water Management	423 Street Reconstruction
\$ -	\$ -	\$ -	\$990,000	\$ -	\$ -
438,215	228,686	335,811	-	-	-
-	-	-	-	565,461	11,558
-	-	-	-	-	-
3,415	8,899	80	2,108	105,267	21,289
<u>441,630</u>	<u>237,585</u>	<u>335,891</u>	<u>992,108</u>	<u>670,728</u>	<u>32,847</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	221,250	22,814	-
-	-	-	-	-	-
10,928	97,633	325,361	-	-	-
-	-	-	1,851,717	-	-
-	-	-	-	-	-
<u>10,928</u>	<u>97,633</u>	<u>325,361</u>	<u>2,072,967</u>	<u>22,814</u>	<u>-</u>
<u>430,702</u>	<u>139,952</u>	<u>10,530</u>	<u>(1,080,859)</u>	<u>647,914</u>	<u>32,847</u>
-	-	-	1,471,631	-	-
(1,728,204)	-	-	-	-	(10,070)
-	-	-	-	-	-
<u>(1,728,204)</u>	<u>-</u>	<u>-</u>	<u>1,471,631</u>	<u>-</u>	<u>(10,070)</u>
(1,297,502)	139,952	10,530	390,772	647,914	22,777
1,132	271,958	2,170	170,890	1,965,181	451,551
<u>(\$1,296,370)</u>	<u>\$411,910</u>	<u>\$12,700</u>	<u>\$561,662</u>	<u>\$2,613,095</u>	<u>\$474,328</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, 2024

	425 Park and Trail Improvements	484 Comp Plan Update	487 Pheasant Run Reconstruction	488 2024 Street Reconstruction	Total Nonmajor Capital Project Funds
Revenues:					
General property taxes	\$90,000	\$ -	\$ -	\$ -	\$1,105,000
Tax increment	-	-	-	-	1,002,712
Special assessments	-	-	-	-	577,019
Charges for services	-	-	-	-	692,164
Investment earnings	9,552	815	2,175	-	320,512
Total revenues	<u>99,552</u>	<u>815</u>	<u>2,175</u>	<u>-</u>	<u>3,697,407</u>
Expenditures:					
Current:					
General government	-	153,939	-	-	386,508
Public safety	-	-	-	-	2,887
Public works	-	-	-	-	246,316
Culture and recreation	34,072	-	-	-	41,536
Community development	-	-	-	-	437,159
Capital outlay:					
Public works	-	-	36,494	175,280	2,063,491
Culture and recreation	140,000	-	-	-	739,636
Total expenditures	<u>174,072</u>	<u>153,939</u>	<u>36,494</u>	<u>175,280</u>	<u>3,917,533</u>
Revenues over (under) expenditures	<u>(74,520)</u>	<u>(153,124)</u>	<u>(34,319)</u>	<u>(175,280)</u>	<u>(220,126)</u>
Other financing sources (uses):					
Transfers in	-	36,590	10,070	-	1,707,113
Transfers out	-	-	-	-	(1,753,219)
Proceeds from sale of capital assets	-	-	-	-	1,125
Total other financing sources (uses)	<u>-</u>	<u>36,590</u>	<u>10,070</u>	<u>-</u>	<u>(44,981)</u>
Net change in fund balance	(74,520)	(116,534)	(24,249)	(175,280)	(265,107)
Fund balance - January 1	<u>235,913</u>	<u>18,010</u>	<u>24,249</u>	<u>(43,667)</u>	<u>7,906,851</u>
Fund balance - December 31	<u>\$161,393</u>	<u>(\$98,524)</u>	<u>\$0</u>	<u>(\$218,947)</u>	<u>\$7,641,744</u>

STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

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

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

CITY OF LINO LAKES, MINNESOTA
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$18,230,746	\$18,597,344	\$22,868,259	\$24,640,555
Restricted	8,635,293	13,342,852	11,730,147	10,579,817
Unrestricted	13,888,120	10,187,254	12,017,212	16,577,520
Total governmental activities net position	\$40,754,159	\$42,127,450	\$46,615,618	\$51,797,892
Business-type activities:				
Net investment in capital assets	\$29,127,829	\$31,860,610	\$31,831,950	\$32,709,079
Unrestricted	14,672,630	13,863,447	14,846,045	15,570,827
Total business-type activities net position	\$43,800,459	\$45,724,057	\$46,677,995	\$48,279,906
Primary government:				
Net investment in capital assets	\$47,358,575	\$50,457,954	\$54,700,209	\$57,349,634
Restricted	8,635,293	13,342,852	11,730,147	10,579,817
Unrestricted	28,560,750	24,050,701	26,863,257	32,148,347
Total primary government net position	\$84,554,618	\$87,851,507	\$93,293,613	\$100,077,798

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

2019	2020	2021	2022	2023	2024
\$28,433,053	\$31,960,308	\$38,987,698	\$43,292,333	\$48,061,305	\$50,860,601
12,390,431	13,446,203	13,889,250	10,200,962	9,398,180	7,378,391
17,640,035	18,686,238	21,975,414	21,078,214	21,364,755	25,568,337
<u>\$58,463,519</u>	<u>\$64,092,749</u>	<u>\$74,852,362</u>	<u>\$74,571,509</u>	<u>\$78,824,240</u>	<u>\$83,807,329</u>
\$36,390,820	\$43,366,197	\$43,566,016	\$49,792,563	\$50,119,172	\$53,198,585
16,237,228	16,054,144	16,425,602	14,574,403	15,375,587	18,243,689
<u>\$52,628,048</u>	<u>\$59,420,341</u>	<u>\$59,991,618</u>	<u>\$64,366,966</u>	<u>\$65,494,759</u>	<u>\$71,442,274</u>
\$64,823,873	\$75,326,505	\$82,553,714	\$93,084,896	\$98,180,477	\$104,059,186
12,390,431	13,446,203	13,889,250	10,200,962	9,398,180	7,378,391
33,877,263	34,740,382	38,401,016	35,652,617	36,740,342	43,812,026
<u>\$111,091,567</u>	<u>\$123,513,090</u>	<u>\$134,843,980</u>	<u>\$138,938,475</u>	<u>\$144,318,999</u>	<u>\$155,249,603</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$2,016,351	\$2,456,864	\$2,395,633	\$2,345,386
Public safety	5,135,865	6,567,523	5,166,538	4,749,394
Public works	7,971,712	6,228,893	5,492,395	5,384,522
Culture and recreation	-	-	-	-
Conservation of natural resources	186,111	216,905	200,016	201,590
Community development	432,268	454,144	459,455	576,794
Interest and fees on long-term debt	632,876	831,529	518,897	414,607
Total governmental activities expenses	<u>16,375,183</u>	<u>16,755,858</u>	<u>14,232,934</u>	<u>13,672,293</u>
Business-type activities:				
Water	1,394,897	1,367,693	1,245,249	1,332,755
Sewer	2,089,842	1,850,962	1,901,821	1,964,471
Storm water	-	-	-	-
Total business-type activities expenses	<u>3,484,739</u>	<u>3,218,655</u>	<u>3,147,070</u>	<u>3,297,226</u>
Total primary government expenses	<u><u>\$19,859,922</u></u>	<u><u>\$19,974,513</u></u>	<u><u>\$17,380,004</u></u>	<u><u>\$16,969,519</u></u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$818,468	\$520,231	\$550,117	\$562,816
Public safety	199,498	1,359,426	2,249,152	1,591,658
Public works	603,866	865,327	801,633	448,009
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Operating grants and contributions	526,107	722,858	1,106,014	861,429
Capital grants and contributions	1,176,732	5,046,307	4,141,383	5,187,023
Total governmental activities program revenues	<u>3,324,671</u>	<u>8,514,149</u>	<u>8,848,299</u>	<u>8,650,935</u>
Business-type activities:				
Charges for services:				
Water	1,014,836	1,094,897	1,150,834	1,217,589
Sewer	1,621,633	1,659,322	1,698,963	1,753,712
Storm water	-	-	-	-
Operating grants and contributions	263,024	-	-	-
Capital grants and contributions	3,035,031	1,543,947	836,029	1,242,032
Total business-type activities	<u>5,934,524</u>	<u>4,298,166</u>	<u>3,685,826</u>	<u>4,213,333</u>
Total primary government program revenues	<u><u>\$9,259,195</u></u>	<u><u>\$12,812,315</u></u>	<u><u>\$12,534,125</u></u>	<u><u>\$12,864,268</u></u>

Table 2
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2019	2020	2021	2022	2023	2024
\$2,466,130	\$4,197,819	\$2,828,407	\$3,117,688	\$3,041,049	\$4,134,836
5,053,511	4,867,134	4,706,881	6,512,493	7,130,294	7,045,702
5,810,919	4,118,477	6,260,599	6,377,440	5,604,543	6,218,466
-	-	-	4,029,146	3,350,309	3,283,500
183,982	161,556	178,581	235,376	257,150	732,201
686,421	660,660	791,930	884,336	531,413	287,271
498,587	733,207	654,287	562,248	497,903	410,330
<u>14,699,550</u>	<u>14,738,853</u>	<u>15,420,685</u>	<u>21,718,727</u>	<u>20,412,661</u>	<u>22,112,306</u>
1,322,811	1,532,282	1,621,486	3,019,350	2,027,102	2,130,173
2,002,711	2,199,865	2,186,992	2,347,539	2,535,243	2,989,132
-	-	-	251,478	577,404	409,320
<u>3,325,522</u>	<u>3,732,147</u>	<u>3,808,478</u>	<u>5,618,367</u>	<u>5,139,749</u>	<u>5,528,625</u>
<u>\$18,025,072</u>	<u>\$18,471,000</u>	<u>\$19,229,163</u>	<u>\$27,337,094</u>	<u>\$25,552,410</u>	<u>\$27,640,931</u>
\$612,237	\$587,888	\$892,386	\$699,316	\$507,564	\$434,283
1,255,363	1,235,829	1,688,606	1,616,634	1,279,955	1,489,612
1,273,900	1,106,248	2,528,275	1,574,335	1,544,038	149,389
-	-	-	1,046,848	1,127,355	1,837,741
-	-	-	-	10,000	-
870,532	2,470,024	1,019,752	1,119,449	1,866,131	1,480,903
6,820,419	6,894,207	7,931,093	2,800,604	2,996,602	8,609,291
<u>10,832,451</u>	<u>12,294,196</u>	<u>14,060,112</u>	<u>8,857,186</u>	<u>9,331,645</u>	<u>14,001,219</u>
1,172,580	1,341,559	1,683,290	1,845,312	2,323,763	2,072,108
1,771,143	1,803,231	1,892,040	1,952,299	2,079,761	2,186,487
-	-	-	486,069	552,121	559,217
-	42,152	-	-	59,032	7,589
2,894,794	2,887,266	752,403	5,268,556	8,545	2,119,227
<u>5,838,517</u>	<u>6,074,208</u>	<u>4,327,733</u>	<u>9,552,236</u>	<u>5,023,222</u>	<u>6,944,628</u>
<u>\$16,670,968</u>	<u>\$18,368,404</u>	<u>\$18,387,845</u>	<u>\$18,409,422</u>	<u>\$14,354,867</u>	<u>\$20,945,847</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2015	2016	2017	2018
Net (expense) revenue:				
Governmental activities	(\$13,050,512)	(\$8,241,709)	(\$5,384,635)	(\$5,021,358)
Business-type activities	2,449,785	1,079,511	538,756	916,107
Total primary government, net	(10,600,727)	(7,162,198)	(4,845,879)	(4,105,251)
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	9,243,236	9,343,500	9,753,971	10,229,691
Unrestricted grants and contributions	5,363	91,385	181,712	59,508
Unrestricted investment earnings	112,961	210,142	207,792	369,485
Gain on disposal of capital assets	17,836	66,255	38,022	17,318
Special item - withdrawal from fire district	-	1,333,166	-	-
Transfers	66,834	(914,414)	(308,694)	(472,370)
Total governmental activities	9,446,230	10,130,034	9,872,803	10,203,632
Business-type activities:				
Unrestricted investment earnings	51,167	107,119	106,488	213,434
Gain on disposal of capital assets	-	-	-	-
Transfers	(66,834)	914,414	308,694	472,370
Total business-type activities	(15,667)	1,021,533	415,182	685,804
Total primary government	\$9,430,563	\$11,151,567	\$10,287,985	\$10,889,436
Change in net position:				
Governmental activities	(\$3,604,282)	\$1,888,325	\$4,488,168	\$5,182,274
Business-type activities	2,434,118	2,101,044	953,938	1,601,911
Total primary government change in net position	(\$1,170,164)	\$3,989,369	\$5,442,106	\$6,784,185

GASB 75 was implemented in 2017. OPEB expense for years prior to 2017 was not restated.

Table 2
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2019	2020	2021	2022	2023	2024
(\$3,867,099)	(\$2,444,657)	(\$1,360,573)	(\$12,861,541)	(\$11,081,016)	(\$8,111,087)
2,512,995	2,342,061	519,255	3,933,869	(\$116,527)	1,416,003
(1,354,104)	(102,596)	(841,318)	(8,927,672)	(11,197,543)	(6,695,084)
10,706,977	11,259,043	12,006,161	12,622,388	13,989,700	15,358,404
38,926	47,188	6,587	2,117,908	270,011	2,364
1,029,944	684,384	(171,260)	(1,139,063)	1,554,657	1,517,537
68,472	150,041	387,972	66,852	35,689	143,601
-	-	-	-	-	-
(1,311,593)	(4,066,269)	(109,774)	(1,142,554)	(516,310)	(3,927,730)
10,532,726	8,074,387	12,119,686	12,525,531	15,333,747	13,094,176
523,554	383,963	(86,764)	(645,918)	728,010	603,782
-	-	29,012	-	-	-
1,311,593	4,066,269	109,774	1,142,554	516,310	3,927,730
1,835,147	4,450,232	52,022	496,636	1,244,320	4,531,512
\$12,367,873	\$12,524,619	\$12,171,708	\$13,022,167	\$16,578,067	\$17,625,688
\$6,665,627	\$5,629,730	\$10,759,113	(\$336,010)	\$4,252,731	\$4,983,089
4,348,142	6,792,293	571,277	4,430,505	1,127,793	5,947,515
\$11,013,769	\$12,422,023	\$11,330,390	\$4,094,495	\$5,380,524	\$10,930,604

CITY OF LINO LAKES, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2015	2016	2017	2018
General Fund:				
Nonspendable	\$220,677	\$225,114	\$243,317	\$286,186
Committed	-	-	-	-
Unassigned	5,725,736	6,031,077	6,573,608	6,599,956
Total general fund	<u>\$5,946,413</u>	<u>\$6,256,191</u>	<u>\$6,816,925</u>	<u>\$6,886,142</u>
All other governmental funds:				
Nonspendable	101,177	101,220	101,659	101,998
Restricted	2,637,638	6,502,424	5,289,641	9,824,255
Committed	163,239	170,950	175,401	182,613
Assigned	15,022,852	15,778,480	14,581,669	19,195,652
Unassigned	(3,815,304)	(978,496)	(2,909,173)	(2,935,459)
Total all other governmental funds	<u>\$14,109,602</u>	<u>\$21,574,578</u>	<u>\$17,239,197</u>	<u>\$26,369,059</u>
Total all funds	<u>\$20,056,015</u>	<u>\$27,830,769</u>	<u>\$24,056,122</u>	<u>\$33,255,201</u>

Table 3

2019	2020	2021	2022	2023	2024
\$296,907	\$315,224	\$356,619	\$518,196	\$567,849	\$557,155
443,900	425,000	71,370	58,600	75,667	67,500
6,052,388	6,787,498	7,719,761	7,509,721	7,940,364	8,931,762
<u>\$6,793,195</u>	<u>\$7,527,722</u>	<u>\$8,147,750</u>	<u>\$8,086,517</u>	<u>\$8,583,880</u>	<u>\$9,556,417</u>
102,842	102,076	208,573	152,038	159,611	156,350
6,650,462	8,206,540	8,437,406	8,248,742	7,083,189	6,441,358
175,485	470,047	531,131	254,465	279,968	321,429
19,672,706	18,943,415	19,533,784	19,492,211	20,707,533	22,269,960
(3,171,161)	(3,129,676)	(2,931,318)	(2,688,775)	(2,797,128)	(1,894,957)
<u>\$23,430,334</u>	<u>\$24,592,402</u>	<u>\$25,779,576</u>	<u>\$25,458,681</u>	<u>\$25,433,173</u>	<u>\$27,294,140</u>
<u>\$30,223,529</u>	<u>\$32,120,124</u>	<u>\$33,927,326</u>	<u>\$33,545,198</u>	<u>\$34,017,053</u>	<u>\$36,850,557</u>

CITY OF LINO LAKES, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2015	2016	2017	2018
Revenues:				
Property taxes	\$8,950,507	\$9,369,090	\$9,772,741	\$10,215,761
Licenses and permits	551,202	895,581	1,447,571	1,260,046
Special assessments	703,141	4,400,635	2,283,974	2,005,970
Intergovernmental	679,627	706,944	1,080,953	3,453,300
Charges for services	696,501	1,293,556	1,327,781	1,003,896
Fines and forfeits	127,803	251,653	613,593	137,940
Investment earnings	112,915	210,142	207,792	369,485
Miscellaneous	766,072	417,448	410,640	323,379
Total revenues	12,587,768	17,545,049	17,145,045	18,769,777
Expenditures:				
Current:				
General government	1,643,966	1,845,667	1,952,669	1,948,909
Public safety	11,895,482	4,333,080	4,360,517	4,575,957
Public works	4,779,696	3,203,837	3,414,412	3,148,058
Culture and recreation	-	-	-	-
Conservation of natural resources	191,038	201,635	183,392	199,026
Community development	422,935	425,402	433,144	572,910
Capital outlay	1,566,057	3,044,615	2,152,848	3,469,208
Debt service:				
Principal	2,802,511	2,769,525	8,058,525	3,130,600
Interest and fiscal charges	542,166	816,362	640,029	437,659
Bond issuance costs	62,831	98,906	-	-
Total expenditures	23,906,682	16,739,029	21,195,536	17,482,327
Revenues over (under) expenditures	(11,318,914)	806,020	(4,050,491)	1,287,450
Other financing sources (uses):				
Proceeds from sale of capital assets	54,522	72,182	103,328	49,391
Insurance recovery	-	-	-	-
Issuance of debt	8,606,250	5,464,000	311,000	7,218,900
Premium on bonds issued	114,960	41,497	-	401,193
Transfers in	3,392,971	3,521,180	6,984,443	4,266,440
Transfers out	(3,336,137)	(3,241,959)	(7,122,927)	(4,024,295)
Total other financing sources (uses)	8,832,566	5,856,900	275,844	7,911,629
Special item - withdrawal from fire district	-	1,111,834	-	-
Net change in fund balance	(\$2,486,348)	\$7,774,754	(\$3,774,647)	\$9,199,079
Debt service as a percentage of				
Noncapital expenditures	15.0%	26.2%	45.4%	25.5%
Debt service as a percentage of				
Total expenditures	14.0%	21.4%	41.0%	20.4%

Table 4

2019	2020	2021	2022	2023	2024
\$10,685,592	\$11,232,374	\$12,063,089	\$12,623,407	\$13,986,847	\$15,325,112
941,569	972,450	1,400,755	1,348,912	973,653	1,143,987
1,935,178	987,053	1,597,697	2,156,808	1,025,575	2,264,926
688,389	2,597,744	1,170,678	3,393,074	2,551,769	5,168,490
1,862,803	1,609,627	3,102,712	2,739,431	2,480,170	2,539,647
131,936	160,279	113,359	79,669	92,129	101,657
1,029,944	684,384	(171,260)	(1,139,063)	1,554,657	1,517,537
265,130	246,599	508,253	906,901	934,718	144,436
<u>17,540,541</u>	<u>18,490,510</u>	<u>19,785,283</u>	<u>22,109,139</u>	<u>23,599,518</u>	<u>28,205,792</u>
2,007,741	3,412,600	2,257,879	2,504,260	2,426,747	3,108,922
4,720,122	4,744,173	5,027,661	5,792,661	6,282,216	6,558,432
3,538,624	3,083,366	2,929,603	3,308,439	3,083,106	2,383,537
-	-	-	3,723,278	2,933,374	2,839,288
207,919	160,884	182,247	224,980	249,955	255,761
680,419	665,405	822,007	914,055	514,318	739,702
7,444,939	6,387,441	5,499,595	3,582,771	5,721,645	9,277,960
2,815,075	2,855,000	3,149,000	2,324,360	2,439,885	2,115,475
562,471	629,282	699,782	662,078	602,744	513,966
-	-	49,097	-	-	-
<u>21,977,310</u>	<u>21,938,151</u>	<u>20,616,871</u>	<u>23,036,882</u>	<u>24,253,990</u>	<u>27,793,043</u>
<u>(4,436,769)</u>	<u>(3,447,641)</u>	<u>(831,588)</u>	<u>(927,743)</u>	<u>(654,472)</u>	<u>412,749</u>
77,986	240,842	398,355	48,952	36,943	340,297
711,854	-	-	-	-	-
388,535	4,624,235	1,815,000	-	-	-
-	435,623	102,502	-	-	-
2,777,663	4,122,789	3,240,042	3,371,475	4,054,790	6,420,523
<u>(2,550,941)</u>	<u>(4,079,253)</u>	<u>(2,917,109)</u>	<u>(2,874,812)</u>	<u>(2,965,406)</u>	<u>(4,340,065)</u>
<u>1,405,097</u>	<u>5,344,236</u>	<u>2,638,790</u>	<u>545,615</u>	<u>1,126,327</u>	<u>2,420,755</u>
-	-	-	-	-	-
<u>(\$3,031,672)</u>	<u>\$1,896,595</u>	<u>\$1,807,202</u>	<u>(\$382,128)</u>	<u>\$471,855</u>	<u>\$2,833,504</u>
23.2%	22.4%	24.0%	15.0%	16.4%	13.3%
15.4%	15.9%	18.7%	13.0%	12.5%	9.5%

CITY OF LINO LAKES, MINNESOTA
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

<u>Payable Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Market Value</u>
2015	15,455,516	2,536,783	347,316	18,339,615	43.770	1,694,366,064
2016	15,472,329	2,609,482	359,006	18,440,817	46.019	1,699,288,883
2017	16,480,328	2,767,099	396,378	19,643,805	45.140	1,808,417,118
2018	17,879,879	2,966,548	442,867	21,289,294	42.826	1,959,826,108
2019	18,920,892	3,294,449	471,895	22,687,236	41.817	2,082,803,803
2020	20,781,383	3,686,997	419,457	24,887,837	39.870	2,299,471,394
2021	22,250,844	3,710,390	530,211	26,491,445	40.109	2,435,156,410
2022	23,932,066	3,587,941	388,342	27,908,349	40.154	2,587,650,762
2023	30,377,795	4,642,676	431,544	35,452,015	34.974	3,287,882,335
2024	32,389,089	6,066,250	390,827	38,846,166	36.090	3,524,450,903

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

Source: Anoka County

CITY OF LINO LAKES, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES
 Last Ten Fiscal Years
(rate per \$100 of Tax Capacity)

Table 6

Fiscal Year	City Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct	Centennial School District ISD # 12	Anoka County	Other Taxing Districts		Total Overlapping
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
2021	33.235	6.874	40.109	31.572	31.567	4.420	67.559	107.668
2022	33.262	6.892	40.154	31.074	29.254	4.624	64.952	105.106
2023	30.704	4.270	34.974	25.188	24.176	3.976	53.340	88.314
2024	32.806	3.292	36.098	23.564	25.629	3.412	52.605	88.703

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

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CITY OF LINO LAKES, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2024			2015		
	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
OIVF III Clearwater, LLC	\$760,180	1	1.96%	\$ -	-	-
Biynah MN WI LLC	491,824	2	1.27%	-	-	-
Target Corporation	292,628	3	0.75%	201,790	1	1.10%
Minnegasco Inc	285,708	4	0.74%	-	-	0.00%
Gargaro Properties LLC	274,946	5	0.71%	85,130	7	0.46%
US Home LLC	244,594	6	0.63%	-	-	0.00%
Lynglomsten at Lino Lakes, LLC	221,924	7	0.57%	-	-	0.00%
Marmon/Keystone Corp	176,702	8	0.45%	73,342	8	0.40%
Tomas Commercial Real Estate Holdings LLC	158,352	9	0.41%	-	-	0.00%
Kohls Illinois Inc	131,744	10	0.34%	96,836	6	0.53%
Xcel Energy	-	-	-	186,413	2	1.02%
Lino Lakes Realty LLC	-	-	-	175,742	3	0.96%
Molin Concrete Products	-	-	-	106,606	4	0.58%
Taylor Corporation	-	-	-	97,498	5	0.53%
Centerpoint Energy	-	-	-	69,458	9	0.38%
Lino Lakes Business Center LLC	-	-	-	56,928	10	0.31%
Total	\$3,038,602		7.82%	\$1,149,743		6.27%

Source: Anoka County

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
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%
2021	9,232,367	1,909,448	11,141,815	11,055,781	99.2%
2022	9,790,843	2,028,444	11,819,287	11,777,785	99.6%
2023	11,319,531	1,574,384	12,893,915	12,823,280	99.5%
2024	12,833,204	1,287,724	14,120,928	13,967,447	98.9%

Current year levies and collections include State levy related credits, but do not include tax increment levies and collections.

Table 8

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$55,242	\$8,686,072	100.0%	-	0.0%
35,464	9,058,428	100.0%	-	0.0%
52,167	9,491,855	100.0%	-	0.0%
47,260	9,776,732	100.0%	-	0.0%
74,173	10,055,416	100.0%	-	0.0%
71,260	10,486,882	100.0%	4,636	0.0%
83,958	11,139,739	100.0%	2,076	0.0%
38,629	11,816,414	100.0%	2,873	0.0%
52,751	12,876,031	99.9%	17,884	0.1%
-	13,967,447	98.9%	82,360	0.6%

CITY OF LINO LAKES, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities		
	General Obligation Bonds	Special Assessment Bonds	Other Long-Term Debt
2015	\$16,377,291	\$6,620,000	\$1,720,000
2016	16,780,831	7,795,000	3,165,250
2017	12,896,518	4,905,000	2,174,725
2018	19,291,813	3,890,000	1,271,025
2019	18,057,829	2,855,000	1,064,485
2020	21,533,432	1,805,000	793,720
2021	21,551,462	845,000	434,720
2022	19,631,753	630,000	170,360
2023	17,467,043	415,000	35,475
2024	15,531,224	195,000	-

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

N/A - Personal income information is not yet available for 2024 from the Bureau of Economic Analysis Report

Table 9

Total Primary Government	Percentage of Assessed Market Value	Percentage of Personal Income	Per Capita
\$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%	999
24,132,152	1.05%	0.12%	1,128
22,831,182	0.94%	0.11%	1,075
20,432,113	0.79%	0.09%	943
17,917,518	0.54%	0.08%	815
15,726,224	0.45%	N/A	705

CITY OF LINO LAKES, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government
	General Obligation Bonds	Special Assessment Bonds	
2015	\$16,377,291	\$6,620,000	\$22,997,291
2016	16,780,831	7,795,000	24,575,831
2017	12,896,518	4,905,000	17,801,518
2018	19,291,813	3,890,000	23,181,813
2019	18,057,829	2,855,000	20,912,829
2020	21,533,432	1,805,000	23,338,432
2021	21,551,462	845,000	22,396,462
2022	19,631,753	630,000	20,261,753
2023	17,467,043	415,000	17,882,043
2024	15,531,224	195,000	15,726,224

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

<u>Per Capita (Total)</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of Assessed Market Value</u>	<u>Per Capita (Net)</u>
\$1,121	\$2,813,226	\$20,184,065	1.19%	\$984
1,181	8,420,263	17,711,818	1.04%	851
843	5,171,905	14,570,863	0.81%	690
1,086	4,456,461	19,794,252	1.01%	927
951	4,772,799	17,034,565	0.80%	774
1,091	5,399,895	18,595,307	0.81%	869
1,055	5,241,849	17,154,613	0.70%	808
936	5,147,106	15,114,647	0.58%	698
814	4,428,778	13,453,265	0.41%	612
705	3,778,075	11,948,149	0.34%	535

CITY OF LINO LAKES, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2024

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Anoka County	\$26,490,000	6.4%	\$1,688,976
ISD 12 (Centennial)	72,363,676	43.3%	31,351,780
ISD 624 (White Bear Lake)	423,440,000	3.6%	15,123,583
ISD 831 (Forest Lake)	166,915,000	6.8%	11,429,505
Metropolitan Council	191,435,000	0.6%	1,189,386
Total overlapping			<u>60,783,229</u>
City of Lino Lakes direct debt	16,286,285	100%	<u>16,286,285</u>
Total direct and overlapping debt			<u><u>\$77,069,514</u></u>

*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.

Source: Anoka County/City of Lino Lakes Official Statements

CITY OF LINO LAKES, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Table 12

Legal Debt Margin Calculation for Fiscal Year 2024

Debt limit:	
Market value	\$3,613,469,300
Applicable percentage	3%
Statutory debt limit	<u>108,404,079</u>
Debt applicable to limit:	
Total bonded debt	16,942,509
Less:	
Special assessment bonds	(195,000)
Utility revenue bonds	<u>(5,006,285)</u>
Total debt applicable to limit	<u>11,741,224</u>
Legal debt margin	<u><u>\$96,662,855</u></u>

Legal Debt Margin Calculation for Fiscal Years 2015 Through 2024

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
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	21,347	58,794,783	14,497,838	44,296,945	24.66%	679
2019	21,995	65,496,045	13,637,314	51,858,731	20.82%	620
2020	21,399	71,534,937	13,217,152	58,317,785	18.48%	618
2021	21,236	76,205,334	13,901,182	62,304,152	18.24%	655
2022	21,658	80,410,830	12,287,889	68,122,941	15.28%	567
2023	21,976	100,724,793	11,097,080	89,627,713	11.02%	505
2024	22,322	108,404,079	11,741,224	96,662,855	10.83%	526

CITY OF LINO LAKES, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 13

Fiscal Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2015	20,519	\$16,033,898	\$46,281	7,002	3.6%
2016	20,803	16,466,131	47,119	6,995	3.9%
2017	21,117	17,270,969	48,830	7,122	3.2%
2018	21,347	18,035,585	50,439	7,177	3.2%
2019	21,995	18,995,474	52,535	7,190	3.1%
2020	21,399	20,290,309	55,673	7,274	5.2%
2021	21,236	21,678,422	59,002	7,103	2.7%
2022	21,658	22,268,689	60,371	7,089	2.8%
2023	21,976	23,439,608	62,935	7,059	2.5%
2024	22,322	Not available	Not available	Not available	2.5%

Sources:

- (1) Estimates from Metropolitan Council, except for 2020 which is per the U.S. Census and 2022 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 Financial Statements and Supplementary Information
- (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	2024			2015		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽¹⁾
State of Minnesota Corrections	473	1	19.9%	447	1	22.4%
Molin Concrete	350	2	14.7%	200	3	10.0%
ISD 12 - Centennial School District	321	3	13.5%	391	2	19.6%
Target Corporation	320	4	13.4%	130	7	6.5%
Northern Wholesale	201	5	8.4%	-		0.0%
Distribution Alternatives	190	6	8.0%	-		0.0%
City of Lino Lakes	179	7	7.5%	-		0.0%
North American Composites, Inc	157	8	6.6%	-		0.0%
Rehbein Transit, Inc.	95	9	4.0%	130	8	6.5%
Anoka County Juvenile Center	93	10	3.9%	130	6	6.5%
Curtis 1000	-			162	4	8.1%
Taylor Corporation	-			160	5	8.0%
Kohls	-			123	9	6.2%
YMCA	-			120	10	6.0%
Total	<u>2,379</u>			<u>1,993</u>		

⁽¹⁾The statistic for total City employment is not available, therefore the percentage represents the percentage of the top ten listed.

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,			
	2015	2016	2017	2018
General government:				
Administration	3.50	4.00	4.00	4.00
Finance	3.00	3.50	3.50	3.25
Planning and zoning	1.00	1.00	1.00	1.00
Total general government	7.50	8.50	8.50	8.25
Public safety:				
Police - sworn officers	26.00	27.00	27.00	27.00
Police - civilians	4.00	4.50	4.50	4.00
Fire	1.00	1.50	1.50	1.50
Building inspection	2.00	2.50	2.50	2.50
Total public safety	33.00	35.50	35.50	35.00
Public works:				
Streets	7.00	6.50	6.65	6.65
Fleet	1.00	1.50	1.50	1.50
Government buildings	-	-	-	-
Total public works	8.00	8.00	8.15	8.15
Culture and recreation:				
Parks	5.20	5.20	5.20	5.20
Recreation	3.20	2.20	2.35	1.35
Rookery activity center	-	-	-	-
Total culture and recreation	8.40	7.40	7.55	6.55
Conservation of natural resources:				
Environmental	0.35	0.35	0.35	0.35
Solid waste abatement	0.30	0.30	0.30	0.30
Forestry	0.35	0.35	0.35	0.35
Total conservation of natural resources	1.00	1.00	1.00	1.00
Community development	2.00	2.00	2.00	2.00
Water	2.30	2.30	2.70	3.33
Sewer	2.30	2.30	2.70	3.33
Storm water	-	-	-	-
Total	64.50	67.00	68.10	67.60

Source: City Finance Office

Table 15

Full-Time-Equivalent Employees as of December 31,						
2019	2020	2021	2022	2023	2024	
4.00	4.00	5.00	5.00	4.00	5.00	
3.25	3.10	3.10	2.60	2.60	2.60	
1.00	1.00	1.00	1.00	1.00	1.00	
8.25	8.10	9.10	8.60	7.60	8.60	
27.00	27.00	28.00	28.00	28.00	27.70	
4.00	4.00	5.00	5.50	5.50	6.85	
1.50	1.50	1.50	6.50	6.50	2.45	
3.50	3.50	3.50	4.50	4.50	4.50	
36.00	36.00	38.00	44.50	44.50	41.50	
6.65	6.50	6.25	6.15	6.25	6.25	
1.50	1.50	2.20	2.45	2.55	2.55	
-	-	-	-	0.15	0.15	
8.15	8.00	8.45	8.60	8.95	8.95	
5.20	5.20	4.95	5.35	5.60	5.60	
1.35	0.20	-	0.10	-	-	
-	-	-	7.50	7.00	7.00	
6.55	5.40	4.95	12.95	12.60	12.60	
0.35	0.38	0.38	0.30	0.30	0.30	
0.30	0.25	0.25	0.20	0.20	0.20	
0.35	0.38	0.38	0.25	0.25	0.25	
1.00	1.00	1.00	0.75	0.75	0.75	
2.00	2.00	2.00	1.70	1.70	2.70	
3.33	3.25	3.25	4.05	4.05	4.05	
3.33	3.25	3.25	4.05	4.05	4.05	
-	-	-	1.80	1.80	1.80	
68.60	67.00	70.00	87.00	86.00	85.00	

CITY OF LINO LAKES, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

	2015	2016	2017	2018
General government:				
Elections	1	2	1	2
Registered voters	12,143	13,636	12,624	12,860
Number of votes cast	4,085	11,562	2,165	10,738
Voter participation (registered)	33.6%	84.8%	17.1%	83.5%
Public safety:				
Police:				
Calls for service	6,210	6,210	(2)	(2)
Traffic citations and warnings	2,199	2,199	(2)	(2)
Part I crime rate	1,226	1,091	(2)	(2)
Part II crime rate	2,395	3,635	(2)	(2)
Police:				
Case numbers generated		16,321	18,199	14,487
Avg response time (emergency & non-emergency)		5:26 minutes	4:42 minutes	5:16 minutes
Part I crime offenses		224	176	195
Part II crime offenses		746	808	587
Group A				
Group B				
Clearance rate		1	82%	69%
Fire:				
Fire call load		269	316	356
Fire property loss		694,000	\$325,100	\$205,200
Fire property saved		10,511,300	\$6,342,100	\$1,791,500
Fire inspections		53	117	107
Building inspections:				
Building permits	654	761	5,422 (1)	3,281
Value of building permits	\$26,570,593	\$53,390,619	\$50,984,047	\$50,990,945
Other permits (4)		\$880	985	1,023
Public works:				
General maintenance (hours)	7,839	5,534	6,313	420
Street maintenance (hours)	3,347	4,053	3,765	12,418
Fleet maintenance (hours)	4,322	4,437	3,986	2,648
Snow plowing/sanding (hours)	754	960	928	2,117
Culture and recreation:				
Park maintenance (hours)	8,332	9,698	8,576	9,027
Utilities:				
Water maintenance (hours)	3,240	3,539	3,278	4,080
Sewer maintenance (hours)	3,240	3,539	3,278	4,080
Storm water maintenance (hours)	-	-	-	-

(1) Increase in permits issued due to June 2017 storm damage.

(2) The Public Safety Department modified the metrics maintained for business purposes in 2016.

(3) Transition to FBI Uniform Crime Reporting NIBRS (National Incident Based Reporting System) in 2019.
 January -July 2019 SRS, August-Dec 2019 NIBRS.

(4) Other permits (plumbing, mechanical, etc.) data included in 2020 and presented retroactively back to 2016.

Source: Various City Departments

Table 16

2019	2020	2021	2022	2023	2024
1	4	1	2	2	3
13,312	14,964	14,441	15,082	14,835	15,322
3,075	13,505	1,873	10,584	1,785	14,135
23.1%	90.2%	13.0%	70.2%	12.0%	92.3%
(2)	(2)	(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)	(2)	(2)
13,973	13,214	12,138	12,570	14,488	13,822
5:53 minutes	6:41 minutes	6:46 minutes	6:11 minutes	6:13 minutes	6:07 minutes
93 (3)	(3)	(3)	(3)	(3)	(3)
304 (3)	(3)	(3)	(3)	(3)	(3)
266 (3)	778	729	555	449	409
98 (3)	217	182	195	359	238
60%	48%	56%	53%	71%	62%
379	371	399	585	825	809
\$246,600	\$241,450	\$148,683	\$1,487,543	\$1,187,408	\$2,424,018
\$7,548,100	\$13,682,450	\$1,251,340	\$5,560,915	\$24,954,556	\$8,559,024
98	60	116	38	157	95
1,107	882	969	796	833	847
\$41,766,531	\$51,686,278	\$90,354,190	\$103,040,207	\$55,685,801	\$77,382,798
1,183	1,254	1,451	1,749	1,101	990
7,420	5,407	6,851	6,510	5,389	6,072
4,328	4,317	4,622	3,588	4,491	4,343
3,504	3,390	3,483	3,213	3,542	3,610
2,130	1,232	1,204	1,962	1,471	929
9,610	8,113	8,818	9,406	9,104	10,949
3,944	3,645	4,196	3,998	3,731	4,261
3,944	3,645	4,196	3,998	3,731	4,261
-	-	-	1,760	674	1,300

CITY OF LINO LAKES, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 17

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public works:										
Lights	673	815	838	854	859	859	859	859	925	950
Vehicles	29	39	39	39	39	39	39	39	32	35
City streets (miles)	100.7	100.7	100.7	106.9	108.2	104.6 (1)	106.3	108.4	109.1	110.6
Culture and recreation:										
Parks:										
Asphalt trails (miles)	26.0	29.8	30.0	30.0	30.0	28.0 (2)	29.0	30.2	30.2	3.5
Boardwalk (miles)						0 (2)	-	0.3	0.3	0.3
Concrete trails (miles)						7.0 (2)	8.0	10.3	10.3	10.3
Baseball/Softball fields	20	8	8	8	8	8	8	8	8	8
Basketball courts	6	6	6	7	7	7	7	7	7	7
Fishing pier	1	1	-	-	-	-	-	-	-	-
Park acres	141	140	147	152	152	152	152	152	152	152
Park shelters	6	6	6	7	7	7	7	7	8	8
Parks	18	17	18	19	19	19	19	19	19	19
Pickleball courts	-	-	-	1	1	1	1	5	7	7
Playgrounds	16	15	16	17	17	17	17	17	17	17
Skating rinks	4	4	3	3	3	3	3	3	3	3
Soccer fields	8	6	4	4	4	4	4	4	4	4
Tennis courts	2	2	-	-	1	1	1	3	3	3
Water:										
Distribution system (miles)	74.7	85.6	99.4	89.0	89.5	91.8	94.2	97.6	99.2	101
Water connections	4,542	4,649	4,738	4,919	4,990	5,175	5,324	5,520	5,608	5,814
Gallons pumped (millions)	449	452	494	508	493	547	630	623	736	536
Water tower capacity (millions gallons)	2.0	2.0	2.0	2.0	2.0	2.0	3.5	3.5	3.5	3.5
Number of fire hydrants	1,024	1,024	1,028	942	937	1,013	1,046	1,097	1,116	1306
Sewer:										
Collection system (miles)	77.9	77.9	87.0	79.5	80.1	80.1	82.8	85.4	86.3	89.98
Sewer connections	4,685	4,817	4,976	5,102	5,276	5,439	5,650	5,833	6,028	6,016
Storm water:										
Pipe (miles)	41.4	53.7	54.1	55.0	55.6	49.9 (1)	53.5	54.2	55.4	55.75
Ponds									305	309

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.

FORM OF LEGAL OPINION

(See following pages)

\$ _____
City of Lino Lakes, Minnesota
General Obligation Bonds
Series 2026A

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 Bonds, Series 2026A (the “Bonds”), originally dated May 18, 2026, 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 in part from net revenues of the water and sewer systems of the Issuer, from tax abatement revenues, and 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 for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds 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 Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions set forth in the preceding sentences are 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 the interest thereon be, and 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 in taxable net income for Minnesota income tax purposes, retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. 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.

KUTAKROCK

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 May ____, 2026 at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, 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"). DTC has a Standard & Poor's rating of AA+. 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.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Agent, on 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, Agent, 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 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.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. 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, Security certificates will be printed and delivered to DTC.
12. 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.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

\$ _____
City of Lino Lakes, Minnesota
General Obligation Bonds
Series 2026A

CONTINUING DISCLOSURE CERTIFICATE

May __, 2026

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 Bonds, Series 2026A (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 Bonds, Series 2026A, 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 April __, 2026, 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, 2025, 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. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

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.

(The remainder of this page is intentionally left blank.)

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

Mayor

City Administrator

TERMS OF PROPOSAL

**\$8,355,000* GENERAL OBLIGATION BONDS, SERIES 2026A
CITY OF LINO LAKES, MINNESOTA**

Proposals for the purchase of \$8,355,000* General Obligation Bonds, Series 2026A (the "Bonds") of the City of Lino Lakes, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on April 27, 2026, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444, 469 and 475, as amended, and Minnesota Statutes, Sections 469.1812 through 469.1815, by the City, to finance public infrastructure improvements and utility system improvements in connection with the Otter Lake Road extension project. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated May 18, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$620,000	2033	\$705,000	2038	\$250,000
2029	635,000	2034	730,000	2039	260,000
2030	655,000	2035	750,000	2040	265,000
2031	670,000	2036	770,000	2041	275,000
2032	690,000	2037	795,000	2042	285,000

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, 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 interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 18, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kutak Rock LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that 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 and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not passing upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined or verified, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Preliminary Official Statement and will express no opinion with respect thereto.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$8,254,740 plus accrued interest on the principal sum of \$8,355,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:30 A.M., Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$167,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals 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.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the City Council

City of Lino Lakes, Minnesota

PROPOSAL FORM

The City Council
City of Lino Lakes, Minnesota (the "City")

April 27, 2026

RE: \$8,355,000* General Obligation Bonds, Series 2026A (the "Bonds")
DATED: May 18, 2026

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$8,254,740) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2028	_____ % due 2033	_____ % due 2038
_____ % due 2029	_____ % due 2034	_____ % due 2039
_____ % due 2030	_____ % due 2035	_____ % due 2040
_____ % due 2031	_____ % due 2036	_____ % due 2041
_____ % due 2032	_____ % due 2037	_____ % due 2042

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$167,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about May 18, 2026.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 18, 2026 of the above proposal is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Lino Lakes, Minnesota, on April 27, 2026.

By: _____ By: _____
Title: _____ Title: _____