

CITY OF LITTLE CANADA, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF LITTLE CANADA, MINNESOTA**

**BRENDA MALINOWSKI
DIRECTOR OF FINANCE**

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INTRODUCTORY SECTION



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www.ci.little-canada.mn.us

MAYOR
John Keis

COUNCIL
Rick Montour
Michael McGraw
Tom Fischer
Christian Torkelson

ADMINISTRATOR
Joel R. Hanson

June 11, 2019

City of Little Canada Mayor and City Council
Citizens of Little Canada
Little Canada, Minnesota

Minnesota statutes require all cities to submit an annual audited financial statement to the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report for the City of Little Canada for the year ended December 31, 2018.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants, State Auditor's Office and the state of Minnesota, as well as in accordance with the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control standards that it has established for this purpose. Because the cost of an internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any misstatements.

City of Little Canada's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants appointed by the City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2018 are free from 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 and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements, as of and for the year ended December 31, 2018, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Little Canada was originally part of New Canada Township that was created in 1858. In 1953, a portion of the township was incorporated as the Village of Little Canada. In 1974, pursuant to Minnesota Statutes, Little Canada was designated a statutory city. Little Canada is a northern suburb of St. Paul and located wholly in Ramsey County. The land within the City's boundaries covers 4.48 square miles of which 3.89 square miles is land and .59 square miles is water. The 2010 U.S. Census population for the City was 9,773 which was a .17% decrease from the 2000 census (9,790).

The City operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the City Council composed of an elected mayor and four elected council members. The five-member City Council is responsible for policy-making and legislative authority. The City Council is responsible for, among other things, passing ordinances, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City government. The City Council is elected on a nonpartisan basis. The Mayor serves a two-year term and each of the Council Members is elected for a four-year term. Elections are held in the fall of even numbered years and the Mayor and City Council are elected at-large.

The City provides a variety of municipal services which include: police protection, fire protection, street maintenance, parks and recreation, refuse collection and recycling, building inspection, planning and zoning, public improvements, general administrative services, public water and sewer utilities.

The City's financial planning and control foundation is the annual budget. The budget incorporates the City's financial policies related to operations, management policy, debt management, reserves, investments, and amendments to the overall documents. All departments and agencies of the City submit requests for appropriation to the City Administrator by August of each year. The City Administrator and Finance Director use the requests as the starting point for developing a preliminary balanced budget to be presented to the City Council prior in early September of each year. Before the end of September, the City Council sets the preliminary tax levy, which must take into consideration the maximum tax levy adopted at the annual meeting and must be certified prior to September 30th of each year. This preliminary tax levy can be lowered but not increased. The City Council and staff reviews and refines the preliminary budget and until a final budget is acted upon in December with resultant levy certifications.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment within which City of Little Canada operates.

LOCAL ECONOMY

As part of the Minneapolis/St. Paul metropolitan area, the City has experienced a strong and favorable economic environment for a number of years. The metropolitan region has a strong and diversified business base, including companies with headquarters or divisions located within City of Little Canada's boundaries or in close proximity that include Abott (formerly St. Jude Medical), Slumberland, Frattalone Companies, and Q3. These strengths result from a highly educated work force;

access to high technology; available capital and an excellent transportation system including major state highways and federal interstate highways which allows easy mobility in any direction. The transportation network is a very positive factor in making the City an ideal location for commercial/industrial development and redevelopment.

The City is located in a region with varied economic base which has resulted in an unemployment rate that has consistently remained near or below national and state averages. While the national unemployment rate stood at 3.9% at the end of 2018, Minnesota's unemployment rate was 2.9%, the City has a regional unemployment rate of 2.7% according to the Minnesota Department of Economic Security. Unemployment is expected to remain at or below the state average.

The City is in a strong financial position. Because of its strong mixed use tax base and conservative fiscal policies, the City continued in 2018 to have a tax capacity rate that is 6th lowest out of 19 municipal taxing jurisdictions in the county. The strength of the City's financial condition is also reflected in its bond rating of Aa+ from Standard & Poor's that was achieved in 2014.

LONG-TERM FINANCIAL PLANNING

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan. The Metropolitan Council and state statutes require cities to update their plans every 10 years. The Little Canada Comprehensive Plan serves as a guide for orderly and economic private and public improvement. The scope of the plan is intended to include almost every factor that influences investments or improvements in the City. 2008 marked the completion of the City's most recent Comprehensive Plan. A new plan will be approved in 2019.

The City has long utilized Capital Improvement Planning (CIP) for facilities, equipment, and infrastructure to enable us to plan and fund needed capital expenditures. Typically, this is a five-year program that is updated and approved annually. It should be noted that staff does program expenditures beyond the five-year period to help ensure significant needs beyond the five-year period are not missed. The excess General Fund balance (balance available after complying with the General Fund Balance Policy) is annually allocated to the General Capital Improvement Fund (GCIF). 20% of Local Government Aid (LGA) received from the state of Minnesota also goes into the GCIF rather than the General Fund due to the potential volatility of this revenue source. The City also levies a substantial amount for the Infrastructure Fund in addition to pledging electric franchise fee revenues to help fund street and storm water system construction. By funding a large portion of depreciation from our Water and Sewer funds, we have also provided a stable source of revenue to address infrastructure needs in these areas.

DEVELOPMENT ACTIVITY

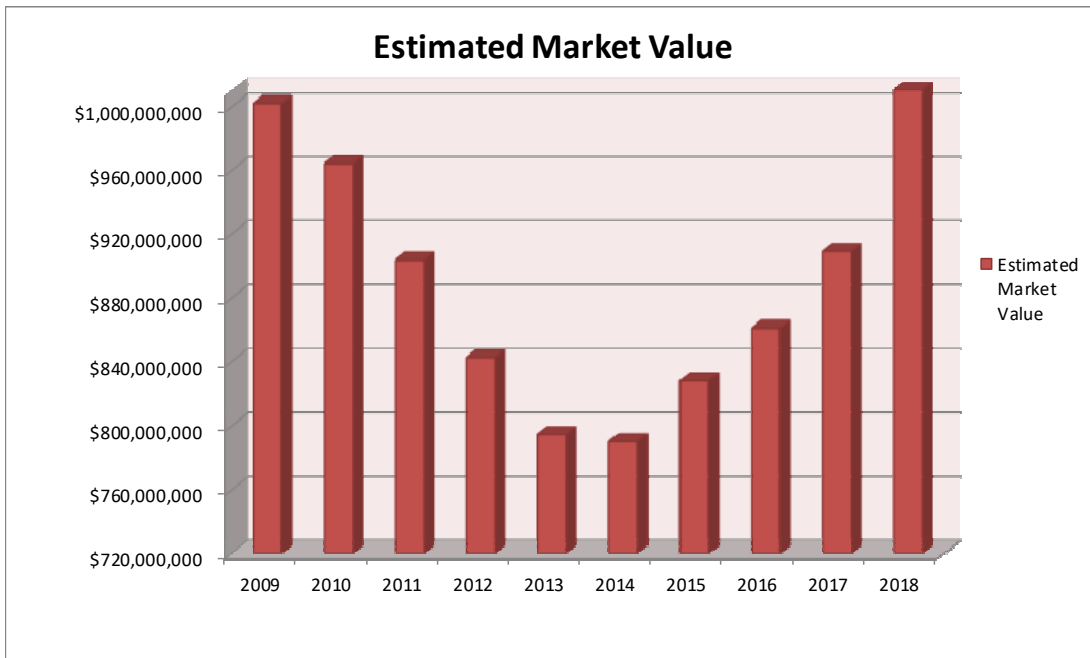
Residential and commercial/industrial new construction increased during 2018 with 260 permits issued with a total valuation of \$16,522,622 as compared to 262 permits with a total value \$7,314,990 in 2017. (126% increase in valuation) The increase was primarily due to an addition and renovation to an elementary school.

The City expects construction activity for 2019 to be similar to 2018 with no major projects on the horizon and few undeveloped residential lots remaining.

The City continues to review strategies regarding community development looking at how to best utilize sites in the City that would be candidates for new development and redevelopment projects.

The City is also evaluating the creation of a housing rehabilitation program to help maintain housing stock.

With the increase in building activity and the continued recovery of the housing market, the City expects to see continued growth in our annual market value as indicated in the chart below.



MAJOR INITIATIVES

Cooperative Efforts with Other Entities/Jurisdictions:

The City contracts with the Little Canada Fire Department for fire services. LCFD is an independent corporation that provides contracted service only to Little Canada.

The City contracts for police protection through the Ramsey County Sheriff's Department. We are one of seven jurisdictions in the County to participate in the relationship. Managers/Administrators of each participant jurisdiction meet monthly to review operations, set budgets, and discuss service level in a cooperative manner that helps keep police costs as low as possible while meeting the public safety needs of our communities.

The City is 1 of 45 jurisdictions that contracts with Roseville for information technology (IT) services. This arrangement creates an "economy of scale" that enables us to obtain excellent services that would be far more expensive for comparable quality.

Water is purchased from St. Paul Regional Water Service (SPRWS). The water is treated and softened before delivery to our customers.

Little Canada provides building inspection services to Falcon Heights. This arrangement allows both communities to provide a responsive and professional service at lower costs than if we each staff our own inspection program.

Water and Sewer Infrastructure:

The City operates and maintains both a water distribution and sanitary sewer collection system. As noted earlier, water is purchased from SPRWS. The City is responsible for maintenance of the water system and all customer relations.

The City's sanitary sewer collection system discharges into several Metropolitan Council Environmental Services (MCES) interceptor sewers for treatment by MCES at the Metro Wastewater treatment plant. The City pays MCES for sanitary sewer treatment charges on a quarterly basis, and these MCES treatment costs are included in the City's sewer billing to residents.

The City continues to strive to eliminate significant sources of inflow and infiltration of ground water into the City's sanitary sewer system. Past efforts have included a sump pump inspection program, televising of city sewer mains and repairs of system leaks, and lining of sewer services in high water table areas. We are also starting to televise sewer service lines. Because the MCES charges are based on measured flow, any reduction of inflow and infiltration results in lower charges to the City and our customers.

The City has one water tower to serve the needs of the community. The water tower also generates significant revenue through leases to telecommunications providers to meet their antenna needs. The antenna revenue generated by the water tower in 2018 was \$75,726.

RELEVANT FINANCIAL POLICIES

Financial trends in this millennium indicate the City will have experienced an increased reliance on service fees and property taxes as key funding sources for operations and capital improvements. In Little Canada's case, our fully developed status means building and development related fees need to be estimated conservatively to avoid huge fluctuations in revenue. Interest income on existing fund balances will likely remain low for the foreseeable future due to national monetary policies.

Through constant monitoring of operations and performance and through agile responses to changing conditions, the City has been able to maintain its financial condition despite external challenges. Conservative financial management policy has directed the City's finances for many years and in 2007, they were formalized in written form. These policies are under current review by the City.

STATISTICAL SECTION

The statistical section presents comparative statistical data for the past 10 years, and other pertinent information involving taxes, revenues, expenditures, and bonded debt. The unaudited data should be of interest to investors of City of Little Canada bonds, financial institutions, or others interested in financial statistics of municipal governments.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Canada for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. This was the third year that the City applied for and received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. I would like to express my appreciation to all of those who assisted and contributed to the preparation of this report. Recognition is also extended to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of City of Little Canada's financial operations.

Respectfully submitted,

A handwritten signature in black ink that reads "Christopher Heineman". The signature is written in a cursive style with a large initial "C" and a long horizontal flourish at the end.

Christopher Heineman
City Administrator

**CITY OF LITTLE CANADA, MINNESOTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2018**

CITY COUNCIL AND OTHER OFFICIALS

	<u>Term Expires</u>
John Keis, Mayor	December 31, 2018
Tom Fischer, Council Member	December 31, 2018
Michael McGraw, Council Member	December 31, 2020
Rick Montour, Council Member	December 31, 2020
Christian Torkelson, Council Member	December 31, 2018

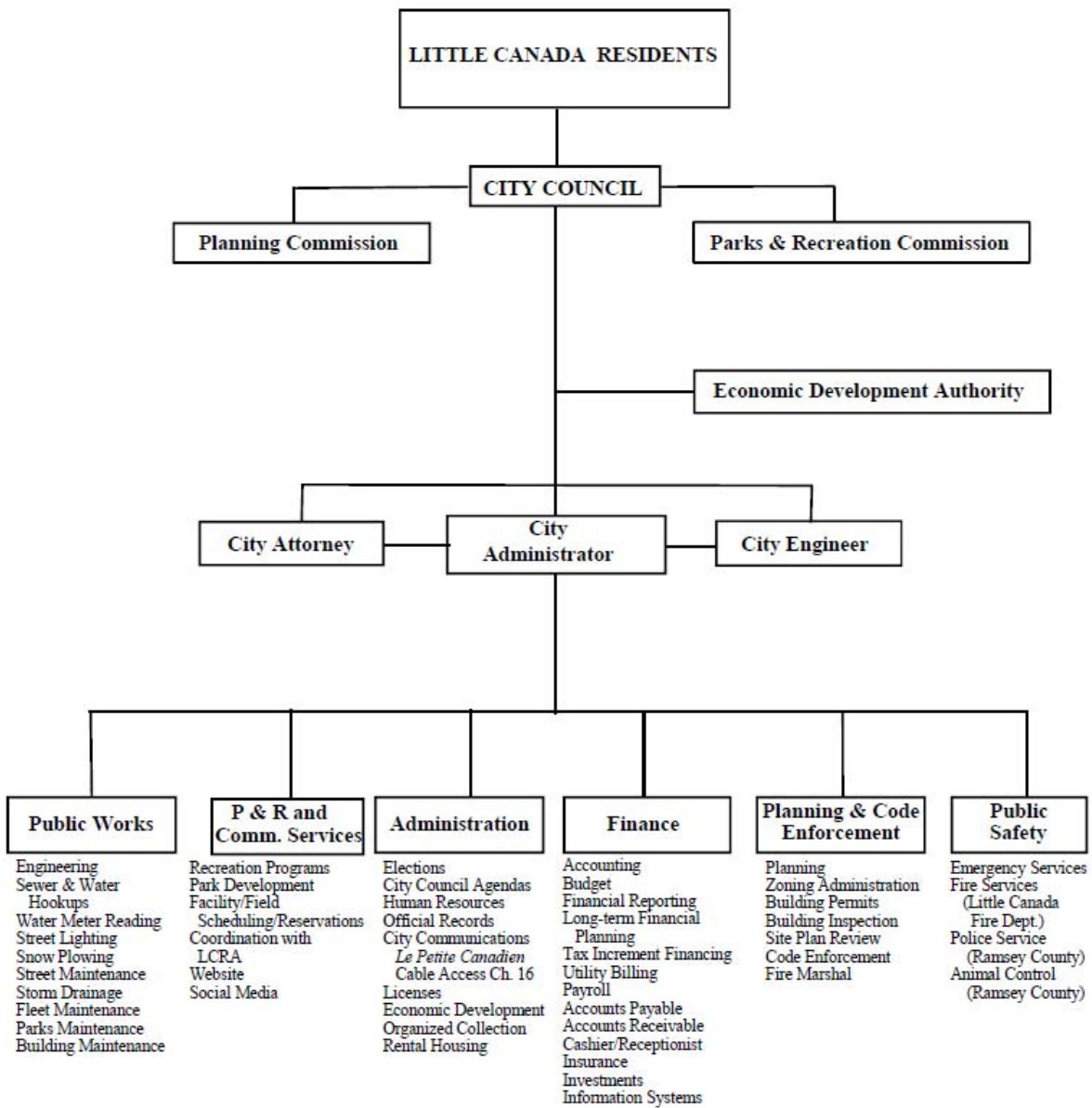
CITY OFFICIALS

Chris Heineman	City Administrator
Brenda Malinowski	Finance Director

**CITY OF LITTLE CANADA, MINNESOTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2018**



City of Little Canada
Organizational Chart
December 31, 2018



CITY OF LITTLE CANADA, MINNESOTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2018



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Little Canada
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council
City of Little Canada, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Little Canada, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Little Canada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Little Canada as of December 31, 2018, 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.

Report on Prior Year Summarized Information

We have previously audited the City of Little Canada's 2017 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and we have expressed an unmodified opinion on those audited financial statements in our report dated June 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Matters (Continued)

Other Information

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Little Canada's basic financial statements for the year ended December 31, 2017, which are not presented with the accompanying financial statements. In our report dated June 4, 2018, we expressed unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Little Canada's basic financial statements as a whole. The Combining statements and individual nonmajor fund financial statements, for the year ended December 31, 2017, 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 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2017 combining and individual nonmajor fund financial statements, are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Honorable Mayor and the City Council
City of Little Canada, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2018, on our consideration of the City of Little Canada'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 result of that testing, and not to provide an opinion on the effectiveness of the City of Little Canada'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 Little Canada's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 11, 2019

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

As management of the City of Little Canada, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The net position of the City's governmental activities decreased by \$4,685,599 as a result of current year operations. Net position was \$41,475,365 at year-end.
- The net position of the City's business-type activities decreased by \$212,624 as a result of current year operations. Net position was \$9,831,563 at year-end.
- The fund balance of the General Fund increased by \$186,168 (or 7.3%) during the year to \$2,719,171 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$13,837,198.
- At the end of the current fiscal year, the City of Little Canada had total long-term debt outstanding of \$5,199,814. This is a decrease of \$1,872,862. The City called \$1,345,000 in debt in 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other 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 private sector businesses.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases 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 to 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. delinquent taxes and special assessments).

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property 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 include general government, public safety, public works, and community services. The business-type activities of the City include enterprises for water operating and sewer operating.

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. The funds of the City are divided into three categories - governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions 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 the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The fund financial statements present information for each major governmental fund in separate columns. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its General Fund, special revenue funds, and proprietary funds. Budget-to-actual comparisons for the General Fund and all special revenue funds are provided in this financial report.

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

Proprietary funds 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 each of the enterprise funds which are considered to be major funds of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – Combining statements and schedules for nonmajor funds are presented immediately following the notes to basic financial statements.

The following is a summary of the City's net position:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 18,702,695	\$ 19,659,262	\$ 2,379,601	\$ 2,202,068	\$ 21,082,296	\$ 21,861,330
Capital Assets	29,463,793	34,626,759	8,109,979	8,484,312	37,573,772	43,111,071
Total Assets	48,166,488	54,286,021	10,489,580	10,686,380	58,656,068	64,972,401
Deferred Outflows of Resources	94,360	155,690	77,924	109,058	172,284	264,748
Long-Term Liabilities	5,139,234	6,991,841	492,156	80,834	5,199,814	7,072,675
Other Liabilities	1,498,371	1,133,267	121,666	561,395	2,051,613	1,694,662
Total Liabilities	6,637,605	8,125,108	613,822	642,229	7,251,427	8,767,337
Deferred Inflows of Resources	147,878	155,639	122,119	109,022	269,997	264,661
Net Position:						
Net Investment in Capital Assets	25,481,497	29,029,105	8,109,979	8,484,312	33,591,476	37,513,417
Restricted	4,622,305	5,247,575	-	-	4,622,305	5,247,575
Unrestricted	11,371,563	11,884,284	1,721,584	1,559,875	13,093,147	13,444,159
Total Net Position	\$ 41,475,365	\$ 46,160,964	\$ 9,831,563	\$ 10,044,187	\$ 51,306,928	\$ 56,205,151

The City's net investment in capital assets is \$33,591,476 or 65.5% of the total net position, and reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are 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.

An additional portion of the City's net position, \$4,622,305 or 9.1% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$13,093,147 or 25.5% may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City has historically been financially conservative, managing revenues and expenditures/expenses to assure the operation of a balanced budget. This conservative approach and the sound financial position the City has attained, have resulted in the City's excellent bond ratings: AA+ for all general obligation bond issues.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

The following is a summary of the City's change in net position:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,251,983	\$ 3,931,500	\$ 3,070,546	\$ 3,012,949	\$ 5,322,529	\$ 6,944,449
Operating Grants and Contributions	287,601	268,981	-	-	287,601	268,981
Capital Grants and Contributions	680,448	1,224,118	40,740	284,231	721,188	1,508,349
General Revenues:						
Property Taxes	3,265,748	3,037,308	-	-	3,265,748	3,037,308
Other Taxes	378,923	898,922	-	-	378,923	898,922
Contributions Not Restricted to Specific Programs	435,682	395,398	-	-	435,682	395,398
Unrestricted Investment Earnings	299,521	316,795	21,740	27,547	321,261	344,342
Other	14,920	14,663	9,056	6,863	23,976	21,526
Total Revenues	7,614,826	10,087,685	3,142,082	3,331,590	10,756,908	13,419,275
EXPENSES						
General Government	1,868,590	739,788	-	-	1,868,590	739,788
Public Safety	2,241,544	2,257,152	-	-	2,241,544	2,257,152
Public Works	2,420,772	2,442,796	-	-	2,420,772	2,442,796
Community Services	1,274,088	1,128,254	-	-	1,274,088	1,128,254
Interest on Long-Term Debt	289,276	325,328	-	-	289,276	325,328
Water	-	-	1,574,293	1,631,920	1,574,293	1,631,920
Sewer	-	-	1,480,413	1,434,384	1,480,413	1,434,384
Total Expenses	8,094,270	6,893,318	3,054,706	3,066,304	11,148,976	9,959,622
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS AND TRANSFERS	(479,444)	3,194,367	87,376	265,286	(392,068)	3,459,653
Special Item	(4,506,155)	-	-	-	(4,506,155)	-
Transfers	300,000	300,000	(300,000)	(300,000)	-	-
Total Special Items and Transfers	(4,206,155)	300,000	(300,000)	(300,000)	(4,506,155)	-
CHANGE IN NET POSITION	(4,685,599)	3,494,367	(212,624)	(34,714)	(4,898,223)	3,459,653
Net Position - Beginning of Year	46,160,964	42,666,597	10,044,187	10,078,901	56,205,151	52,745,498
NET POSITION - END OF YEAR	\$ 41,475,365	\$ 46,160,964	\$ 9,831,563	\$ 10,044,187	\$ 51,306,928	\$ 56,205,151

Overall revenues from governmental activities decreased \$2,472,859. The fairly dramatic decrease in governmental activities revenues can be attributed to the reimbursement that the City received from the County in 2017 for the Centerville Road Project (\$2,409,488).

Governmental activities expenses increased 17.4% between 2017 and 2018 with the largest increase in General Government. General Government expenses had increases related to TIF development activities. Some of these TIF expenses were related to Pay as you go payments, and some of these expenses were to establish two new TIF Districts. These expenses were funded with tax increment revenues.

The special item of \$4,506,155 relates to the removal of two road reconstruction projects that were completed in prior years. These two projects (Little Canada Road from 35E to Edgerton and Centerville Road) were projects led by the City of two County Roads. The City incurred the costs for these two projects and was later reimbursed by the County for these two projects.

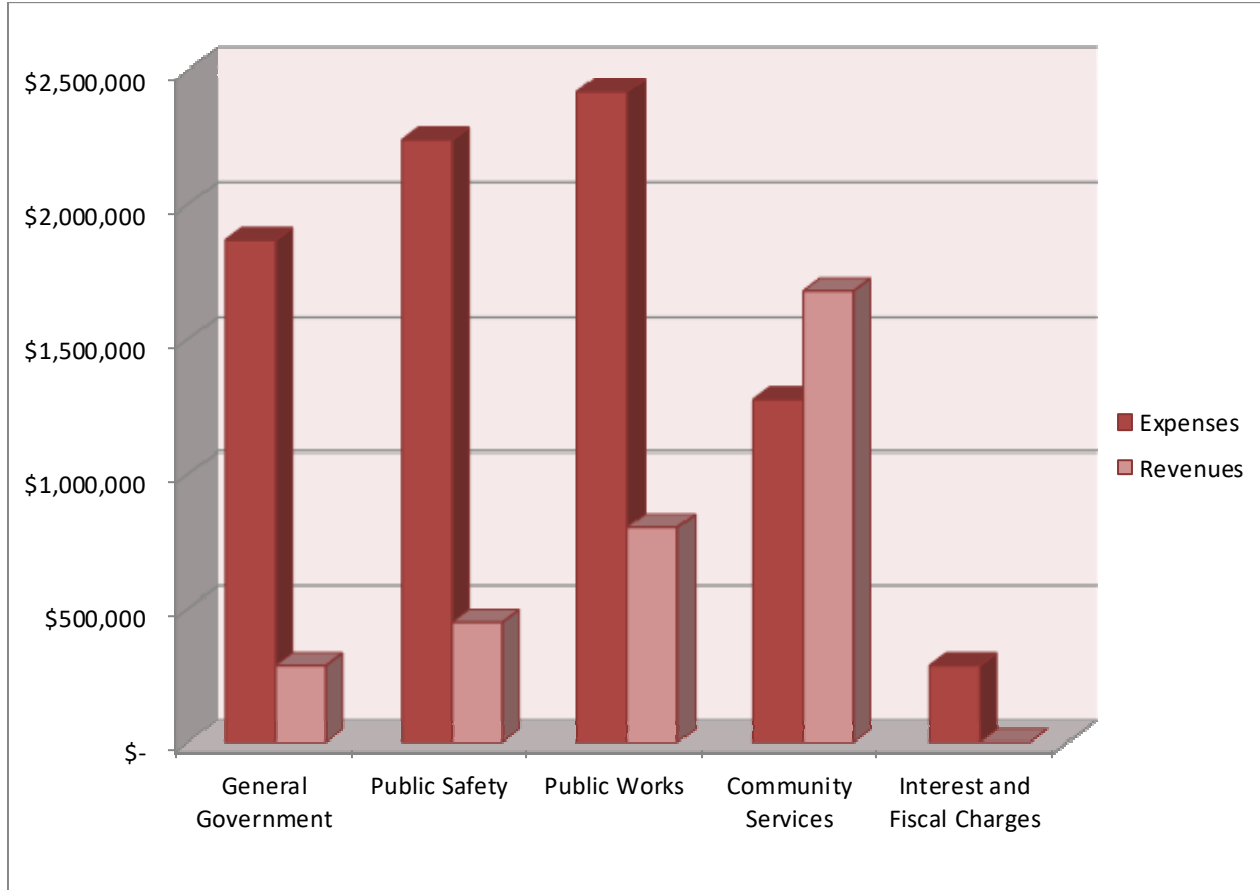
The business-type activities, primarily the City's utility operations, showed a slight decrease in net position.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Governmental Activities

The following graph depicts the various governmental activities and shows the expenses and program revenues directly related to those activities:

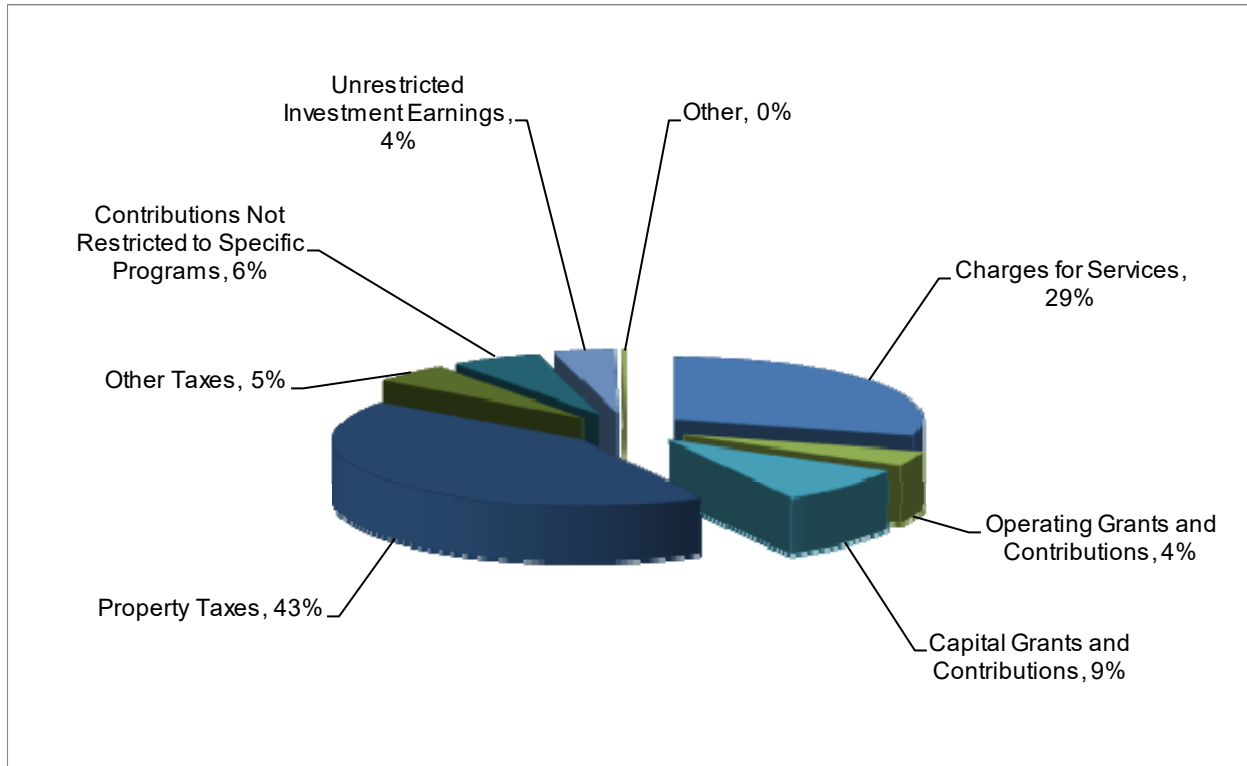
Program Expenses and Revenues – Governmental Activities



**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

The graph below shows the governmental activities and their income and clearly reflects the need for property taxes to supplement the activities of the City.

Revenues by Source – Governmental Activities

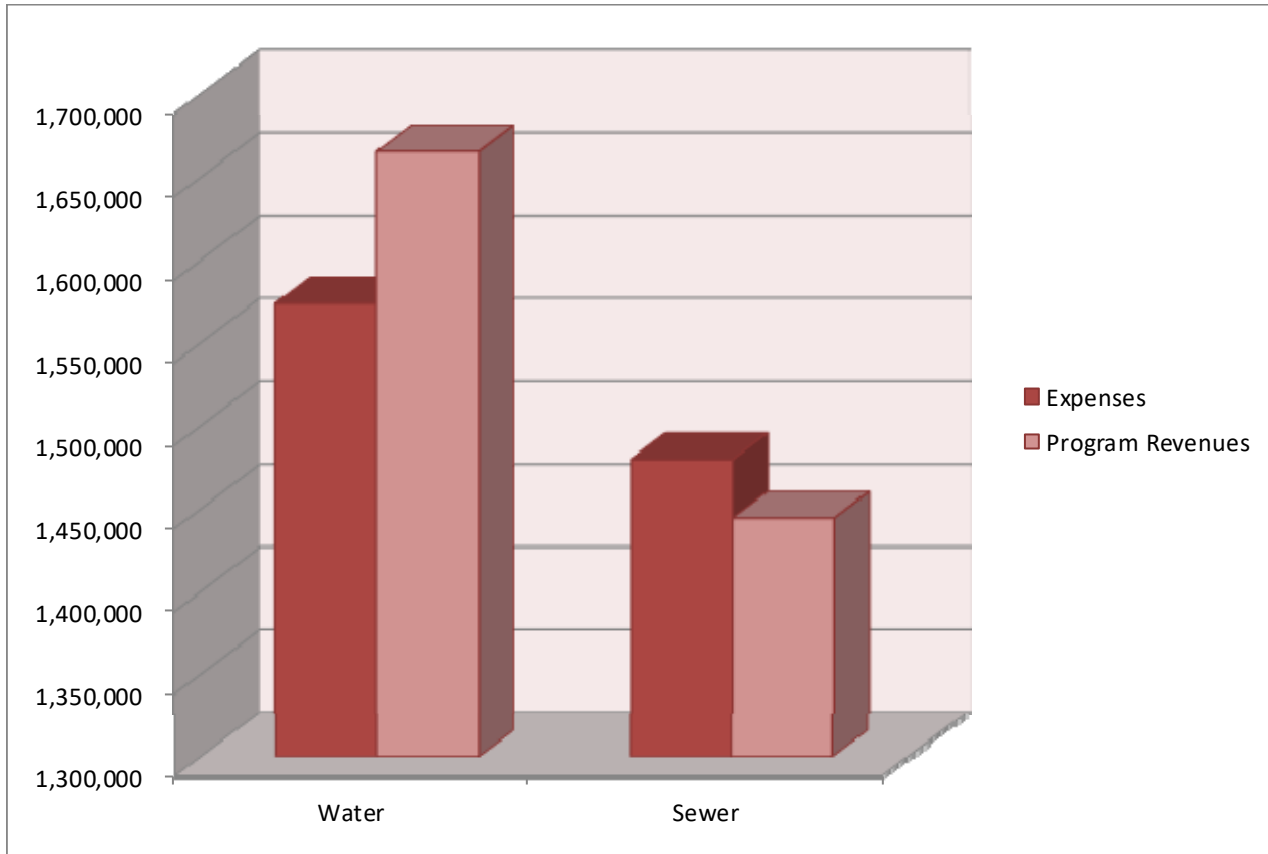


**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Business-Type Activities

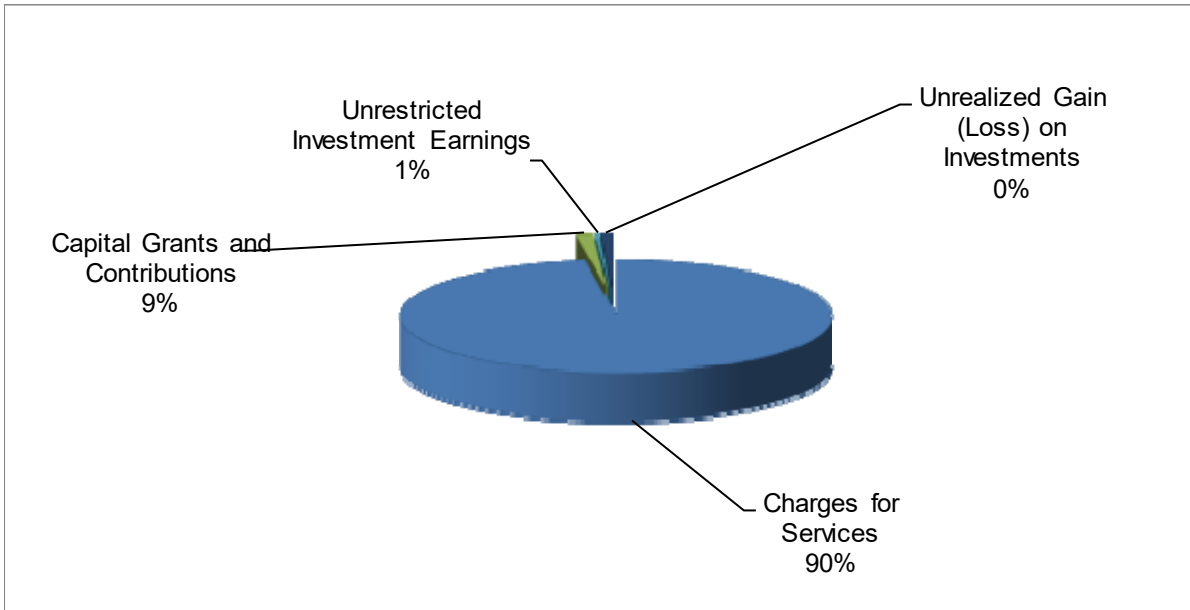
Business-type activities had an overall decrease in net position of \$212,624. One of the biggest expenses is depreciation (noncash expense) within the water and sewer funds. Operating costs increased \$46,029 in the Sewer Fund offset by a decrease in of \$57,627 in operating costs for the Water Fund.

Program Expenses and Revenues – Business-Type Activities



**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Program Expenses and Revenues – Business-Type Activities (Continued)



General Fund

The General Fund is the main operating fund of the City. Its primary revenue source in 2018 was property taxes at 78.2% of the total revenue, followed by licenses and permits at 7.9% and intergovernmental revenue at 7.87%. The total fund balance increased by \$186,168 during the current fiscal year 2018, resulting from an excess of revenue over expenditures of \$90,385 combined with net transfers in of \$95,783. The unassigned fund balance of \$1,992,378 at the end of 2018 represents 53.8% of total General Fund expenditures for the year 2018. The overall fund balance of \$2,719,171 represents 73.4% of 2018 General Fund expenditures (interfund loans and prepaids account for the differences between unassigned and total fund balances).

Other Major Governmental Funds

The Canabury Square Condominiums HIA fund balance at the end of 2018 was (\$1,058,508), a decrease of \$1,012,788 during the year due to the calling and repayment of the 2009A Bonds in 2019. The bond was replaced with an interfund loan in order to realize interest rate savings. In addition, the interfund loan will allow residents to pay-off the special assessments early.

The Rice/LC Road Improvements fund had a decrease in fund balance of \$682,988 in 2018 to arrive at an ending fund balance of \$1,837,938. This decrease was due to expenditures and transfers out exceeding tax increment collections for the year.

The Water and Sewer Equipment Replacement fund had a decrease in fund balance of \$97,888 in 2018 to arrive at an ending fund balance of \$2,414,415. This decrease was due to planned capital outlay including inspection services and maintenance at the City's water tower.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

The Infrastructure CIP fund had an increase in fund balance of \$197,979 during 2018 to arrive at an ending fund balance of \$2,440,050. This increase is primarily attributable to the higher special assessment prepayments than anticipated.

The Economic Development fund had a decrease in fund balance of \$526,996, to arrive at an ending fund balance of (\$493,365). This deficit will be recovered when future loan payments are received from a developer.

Proprietary Funds

At the end of the year, total net position of the Water and Sewer funds total \$9,831,563 or \$212,624 less than 2017, primarily due to a decrease in contributed assets in 2018 compared to 2017. Unrestricted net position increased \$161,709 due to increased revenues (rate increase) and decreased expenses.

Budgetary Highlights

General Fund

There were not any adjustments to the Original Budget.

The actual results were different than the final budget amounts. Large differences are as follows:

- Total General Fund revenues exceeded the budget by \$115,194. The biggest budget variances for revenue categories were within Property Taxes and Rents and Refunds.
 - Property Taxes were \$104,493 greater than anticipated property tax collections due to a higher collection rate than budgeted. Since the City exercises a conservative budget approach, a 97.5% collection rate is used for budgeting property taxes, but the City experienced a 98.61% collection rate for 2018.
 - Rents and Refunds were less than the budget by \$77,618 since the budgeted sheriffs reimbursement was not received in time to be recorded as current revenue. This reimbursement is recorded as a deferred inflow of resources. However, a higher than anticipated building inspection reimbursement from the City of Falcon Heights offset some of the credit.
- Total General Fund Expenditures were under budget by \$97,434. The biggest positive budget variance for expenditure categories was in Public Works, due to lower than anticipated sealcoating costs. The City did not perform sealcoating in 2018 in order to analyze the cost benefit of the sealcoating program.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2018 is as follows:

	Capital Assets at Year-End (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,620,111	\$ 3,620,111	\$ 103,301	\$ 103,301	\$ 3,723,412	\$ 3,723,412
Construction in Progress	3,203,677	8,782,220	10,030	10,030	3,213,707	8,792,250
Buildings and Building Improvements	7,374,815	7,213,968	-	-	7,374,815	7,213,968
Improvements Other than Buildings	616,411	372,314	-	-	616,411	372,314
Streets and Infrastructure	40,116,983	38,927,656	-	-	40,116,983	38,927,656
Distribution/Collection Systems	-	-	18,509,672	18,509,672	18,509,672	18,509,672
Machinery and Equipment	5,576,190	5,594,988	750,234	698,533	6,326,424	6,293,521
Total Capital Assets	60,508,187	64,511,257	19,373,237	19,321,536	79,881,424	83,832,793
Less: Accumulated Depreciation	(31,044,394)	(29,884,498)	(11,263,258)	(10,837,224)	(42,307,652)	(40,721,722)
Total Capital Assets, Net	<u>\$ 29,463,793</u>	<u>\$ 34,626,759</u>	<u>\$ 8,109,979</u>	<u>\$ 8,484,312</u>	<u>\$ 37,573,772</u>	<u>\$ 43,111,071</u>

Additional details of capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, notes payable, and compensated absences payable outstanding of \$5,199,814. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City. In 2018, no property tax levy was used to support any debt.

	Outstanding Debt at Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 3,925,000	\$ 4,185,000	\$ -	\$ -	\$ 3,925,000	\$ 4,185,000
Tax Increment Bonds	965,000	1,165,000	-	-	965,000	1,165,000
Improvement Bonds	-	1,345,000	-	-	-	1,345,000
Notes Payable	104,243	136,996	-	-	104,243	136,996
Compensated Absences	87,695	92,191	60,580	80,835	148,275	173,026
Bond Premium (Discount), Net	57,296	67,654	-	-	57,296	67,654
Total Outstanding Debt	<u>\$ 5,139,234</u>	<u>\$ 6,991,841</u>	<u>\$ 60,580</u>	<u>\$ 80,835</u>	<u>\$ 5,199,814</u>	<u>\$ 7,072,676</u>

In 2018, the City called the 2009A G.O. Taxable Housing Improvement Bonds in the amount of \$1,345,000. This was done to realize interest savings and to allow residents to pre-pay special assessments. Additional details of long-term debt activity for the year can be found in Note 6 of the notes to basic financial statements.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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 City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, City of Little Canada, 515 Little Canada Road East, Little Canada, Minnesota 55117.

BASIC FINANCIAL STATEMENTS

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 13,667,774	\$ 1,482,596	\$ 15,150,370
Cash and Investments Held by Trustee	1,263	-	1,263
Accrued Interest Receivable	35,567	-	35,567
Accounts Receivable	369,226	769,510	1,138,736
Property Taxes Receivable:			
Delinquent	66,936	-	66,936
Due from County	128,365	-	128,365
Special Assessments Receivable	3,203,104	-	3,203,104
Due from Other Governments	202,096	57,829	259,925
Prepaid Items	11,209	69,666	80,875
Notes Receivable	600,000	-	600,000
Property Held for Resale	417,155	-	417,155
Capital Assets:			
Nondepreciable	6,823,788	113,331	6,937,119
Depreciable	22,640,005	7,996,648	30,636,653
Total Assets	<u>48,166,488</u>	<u>10,489,580</u>	<u>58,656,068</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pensions	94,360	77,924	172,284
LIABILITIES			
Accounts and Contracts Payable	797,961	116,927	914,888
Accrued Salaries and Fringes	34,405	-	34,405
Accrued Interest Payable	50,392	-	50,392
Deposits	3,877	-	3,877
Unearned Revenue	6,821	-	6,821
Due to Other Governmental Units	82,306	4,739	87,045
Long-Term Liabilities:			
Net Pension Liability	522,609	431,576	954,185
Other Due Within One Year	526,471	5,306	531,777
Other Due in More Than One Year	4,612,763	55,274	4,668,037
Total Liabilities	<u>6,637,605</u>	<u>613,822</u>	<u>7,251,427</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pensions	147,878	122,119	269,997
NET POSITION			
Net Investment in Capital Assets	25,481,497	8,109,979	33,591,476
Restricted for:			
Debt Service	78,563	-	78,563
Tax Increments	3,347,659	-	3,347,659
Fire Equipment	281,329	-	281,329
Park Acquisition	876,459	-	876,459
Charitable Gambling	38,295	-	38,295
Unrestricted	11,371,563	1,721,584	13,093,147
Total Net Position	<u>\$ 41,475,365</u>	<u>\$ 9,831,563</u>	<u>\$ 51,306,928</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,868,590	\$ 253,121	\$ 35,976	\$ -	\$ (1,579,493)	\$ -	\$ (1,579,493)
Public Safety	2,241,544	348,628	60,554	40,046	(1,792,316)	-	(1,792,316)
Public Works	2,420,772	14,040	148,186	640,402	(1,618,144)	-	(1,618,144)
Community Services	1,274,088	1,636,194	42,885	-	404,991	-	404,991
Interest and Fiscal Charges	289,276	-	-	-	(289,276)	-	(289,276)
Total Governmental Activities	8,094,270	2,251,983	287,601	680,448	(4,874,238)	-	(4,874,238)
Business-Type Activities:							
Water	1,574,293	1,641,723	-	24,430	-	91,860	91,860
Sewer	1,480,413	1,428,823	-	16,310	-	(35,280)	(35,280)
Total Business-Type Activities	3,054,706	3,070,546	-	40,740	-	56,580	56,580
Total Primary Government	\$ 11,148,976	\$ 5,322,529	\$ 287,601	\$ 721,188	(4,874,238)	56,580	(4,817,658)
General Revenues:							
Property Taxes, Levied for General Purposes					3,265,748	-	3,265,748
Tax Increments					378,923	-	378,923
Grants and Contributions Not Restricted					435,682	-	435,682
Unrestricted Investment Earnings					299,521	21,740	321,261
Other					14,920	9,056	23,976
Special Item					(4,506,155)	-	(4,506,155)
Transfers					300,000	(300,000)	-
Total General Revenues, Special Items, and Transfers					188,639	(269,204)	(80,565)
Change in Net Position					(4,685,599)	(212,624)	(4,898,223)
Net Position - Beginning of Year					46,160,964	10,044,187	56,205,151
Net Position - End of Year					\$ 41,475,365	\$ 9,831,563	\$ 51,306,928

See accompanying Notes to Basic Financial Statements.

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**CITY OF LITTLE CANADA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	General Fund (101)	Canabury Square Condominiums HIA (362)	Rice/LC Road Development (440)	Water/Sewer Equipment Replacement (604)
ASSETS				
Cash and Investments	\$ 1,958,073	\$ -	\$ 2,166,397	\$ 834,857
Cash and Investments Held by Trustee	-	-	-	-
Accrued Interest Receivable	35,567	-	-	-
Property Taxes Receivable:				
Delinquent	64,525	-	-	-
Due from County	88,987	6,716	-	-
Delinquent Tax Increment	-	-	-	-
Accounts (Net of Allowance)	11,558	-	-	-
Special Assessments Receivable	-	1,458,471	34,253	61,254
Special Assessments Due from County	-	54,102	-	-
Due from Other Governmental Units	202,096	-	-	-
Prepays	8,769	-	-	-
Property Held for Resale	-	-	70,401	-
Advances to Other Funds	718,024	-	-	1,592,981
Note Receivable	-	-	-	-
Total Assets	\$ 3,087,599	\$ 1,519,289	\$ 2,271,051	\$ 2,489,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 56,107	\$ 3,840	\$ 398,860	\$ 13,423
Accrued Salaries Payable	34,405	-	-	-
Due to Other Governmental Units	59,095	-	-	-
Deposits	3,877	-	-	-
Unearned Revenue	2,470	-	-	-
Advances from Other Funds	-	1,115,486	-	-
Total Liabilities	155,954	1,119,326	398,860	13,423
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes and Assessments	64,525	1,458,471	34,253	61,254
Unavailable Revenue - Other	147,949	-	-	-
Total Deferred Inflows of Resources	212,474	1,458,471	34,253	61,254
FUND BALANCE				
Nonspendable	726,793	-	-	-
Restricted	-	-	1,837,938	-
Committed	-	-	-	-
Assigned	-	-	-	2,414,415
Unassigned	1,992,378	(1,058,508)	-	-
Total Fund Balance	2,719,171	(1,058,508)	1,837,938	2,414,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,087,599	\$ 1,519,289	\$ 2,271,051	\$ 2,489,092

See accompanying Notes to Basic Financial Statements.

Infrastructure CIP (450)	Economic Development (105)	Other Governmental Funds	Total Governmental Funds	
			2018	2017
\$ 2,460,109	\$ 62,906	\$ 6,185,432	\$ 13,667,774	\$ 13,763,136
-	-	1,263	1,263	1,263
-	-	-	35,567	32,646
2,411	-	-	66,936	80,561
19,742	-	10,594	126,039	84,361
-	-	2,326	2,326	24,686
99,889	-	257,779	369,226	302,764
1,488,067	-	80,870	3,122,915	3,662,516
26,087	-	-	80,189	-
-	-	-	202,096	175,981
-	-	2,440	11,209	13,269
-	-	346,754	417,155	1,518,079
-	-	-	2,311,005	1,357,147
-	600,000	-	600,000	-
<u>\$ 4,096,305</u>	<u>\$ 662,906</u>	<u>\$ 6,887,458</u>	<u>\$ 21,013,700</u>	<u>\$ 21,016,409</u>
\$ 165,776	\$ 3,375	\$ 156,580	\$ 797,961	\$ 360,683
-	-	-	34,405	20,976
-	-	23,211	82,306	22,418
-	-	-	3,877	6,283
-	-	4,351	6,821	7,379
-	552,896	642,623	2,311,005	1,357,147
<u>165,776</u>	<u>556,271</u>	<u>826,765</u>	<u>3,236,375</u>	<u>1,774,886</u>
1,490,479	-	83,196	3,192,178	3,767,096
-	600,000	-	747,949	-
<u>1,490,479</u>	<u>600,000</u>	<u>83,196</u>	<u>3,940,127</u>	<u>3,767,096</u>
-	-	2,440	729,233	1,103,303
-	-	2,797,522	4,635,460	5,490,150
-	-	687,800	687,800	726,268
2,440,050	-	3,243,994	8,098,459	7,402,374
-	(493,365)	(754,259)	(313,754)	752,332
<u>2,440,050</u>	<u>(493,365)</u>	<u>5,977,497</u>	<u>13,837,198</u>	<u>15,474,427</u>
<u>\$ 4,096,305</u>	<u>\$ 662,906</u>	<u>\$ 6,887,458</u>	<u>\$ 21,013,700</u>	<u>\$ 21,016,409</u>

**CITY OF LITTLE CANADA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	2018	2017
Total Fund Balances for Governmental Funds	\$ 13,837,198	\$ 15,474,427
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 3,620,111	
Construction in Progress	3,203,677	
Buildings and Building Improvements	7,374,815	
Improvements Other than Buildings	616,411	
Streets and Infrastructure	40,116,983	
Equipment and Furniture	5,576,190	
Total Capital Assets	60,508,187	
Less: Accumulated Depreciation	(31,044,394)	
	29,463,793	34,626,759
Some of the City's receivables (including property taxes, special assessments and other long-term receivables) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		
	3,940,127	3,767,096
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position.		
	(50,392)	(81,070)
The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balance at year-end are:		
Net Pension Liability	(522,609)	
Deferred Inflows of Resources - Pensions	(147,878)	
Deferred Outflows of Resources - Pensions	94,360	
	(576,127)	(634,407)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position.		
Bonds Payable	(4,890,000)	
Notes Payable	(104,243)	
Unamortized Premiums	(57,296)	
Compensated Absence Payable	(87,695)	
	(5,139,234)	(6,991,841)
Total Net Position of Governmental Activities	\$ 41,475,365	\$ 46,160,964

See accompanying Notes to Basic Financial Statements.

CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	General Fund	Canabury Square Condominiums HIA (362)	Rice/LC Road Development (440)	Water/Sewer Equipment Replacement (604)
REVENUE				
Property Taxes	\$ 2,965,801	\$ -	\$ -	\$ -
Tax Increment Collections	-	-	(19,757)	-
Refunds and Reimbursements	86,547	-	-	-
Licenses and Permits	300,059	-	-	-
Intergovernmental Revenue	298,423	-	-	-
Special Assessments	-	421,855	-	-
Charges for Services	28,801	-	-	-
Franchise Tax	-	-	-	-
Fines and Forfeitures	48,569	-	-	-
Investment Earnings	62,775	-	33,999	71,588
Contributions and Donations	-	-	-	-
Miscellaneous Revenue	1,752	-	-	-
Total Revenue	<u>3,792,727</u>	<u>421,855</u>	<u>14,242</u>	<u>71,588</u>
EXPENDITURES				
Current:				
General Government	559,215	-	404,995	-
Public Safety	2,311,243	-	-	-
Public Works	381,806	-	-	65,311
Community Service	450,078	729	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Works	-	-	-	177,095
Community Service	-	-	-	-
Debt Service:				
Principal Retirement	-	1,351,661	-	-
Interest and Fiscal Charges	-	82,253	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>3,702,342</u>	<u>1,434,643</u>	<u>404,995</u>	<u>242,406</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	90,385	(1,012,788)	(390,753)	(170,818)
OTHER FINANCE SOURCES (USES)				
Transfers In	100,283	-	-	300,000
Transfers Out	(4,500)	-	(292,235)	(227,070)
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Finance Sources (Uses)	<u>95,783</u>	<u>-</u>	<u>(292,235)</u>	<u>72,930</u>
NET CHANGE IN FUND BALANCES	186,168	(1,012,788)	(682,988)	(97,888)
FUND BALANCES				
Beginning of Year	<u>2,533,003</u>	<u>(45,720)</u>	<u>2,520,926</u>	<u>2,512,303</u>
End of Year	<u>\$ 2,719,171</u>	<u>\$ (1,058,508)</u>	<u>\$ 1,837,938</u>	<u>\$ 2,414,415</u>

See accompanying Notes to Basic Financial Statements.

Infrastructure CIP (450)	Economic Development (105)	Other Governmental Funds	Total Governmental Funds	
			2018	2017
\$ 156,325	\$ -	\$ 172,690	\$ 3,294,816	\$ 3,030,586
-	-	487,619	467,862	932,165
-	-	-	86,547	188,387
356,925	-	-	656,984	643,841
517	-	345,482	644,422	591,857
525,868	-	38,181	985,904	1,022,706
14,040	-	444,334	487,175	474,145
-	-	123,529	123,529	135,557
-	-	-	48,569	44,707
34,795	10,775	85,589	299,521	316,795
-	-	140,461	140,461	102,107
14,920	29,925	160,117	206,714	2,635,766
<u>1,103,390</u>	<u>40,700</u>	<u>1,998,002</u>	<u>7,442,504</u>	<u>10,118,619</u>
-	-	450,155	1,414,365	714,251
-	-	-	2,311,243	2,185,949
3,938	-	9,488	460,543	533,914
-	556,960	507,716	1,515,483	899,477
-	-	497,635	497,635	1,153,009
887,385	-	-	1,064,480	2,033,466
-	-	17,378	17,378	-
-	-	511,433	1,863,094	622,069
-	10,736	225,756	318,745	362,261
-	-	1,290	1,290	447
<u>891,323</u>	<u>567,696</u>	<u>2,221,328</u>	<u>9,464,733</u>	<u>8,504,843</u>
212,067	(526,996)	(223,326)	(2,022,229)	1,613,776
-	-	785,135	1,185,418	1,713,060
(14,088)	-	(347,525)	(885,418)	(1,413,060)
-	-	85,000	85,000	74,101
<u>(14,088)</u>	<u>-</u>	<u>522,610</u>	<u>385,000</u>	<u>374,101</u>
197,979	(526,996)	299,284	(1,637,229)	1,987,877
<u>2,242,071</u>	<u>33,631</u>	<u>5,678,213</u>	<u>15,474,427</u>	<u>13,486,550</u>
<u>\$ 2,440,050</u>	<u>\$ (493,365)</u>	<u>\$ 5,977,497</u>	<u>\$ 13,837,198</u>	<u>\$ 15,474,427</u>

**CITY OF LITTLE CANADA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	2018	2017
Net Change in Fund Balances-Total Governmental Funds	\$ (1,637,229)	\$ 1,987,877
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays - Improvement Costs	\$ 1,244,397	
Special Item	(4,506,155)	
Loss on Disposal of Capital Assets	(6,138)	
Proceeds from the Sale of Capital Assets	(85,000)	
Depreciation Expense	(1,810,070)	(5,162,966)
		834,847
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
Amortization of Bond Premium	10,358	
Repayment of Notes Payable	32,753	
Repayment of Bond Principal	1,805,000	
Change in Accrued Interest Expense	30,678	1,878,789
		646,310
<p>Delinquent and certain other property taxes and special assessments receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources and excluded from revenues in the governmental funds.</p>		
Deferred Inflows of Resources - December 31, 2018	3,940,127	
Deferred Inflows of Resources - December 31, 2017	3,767,096	173,031
		(30,251)
<p>Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.</p>		
		58,280
		64,577
<p>In the statement of activities, compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2017, compensated absence payable and other post employment benefits payable changed.</p>		
	4,496	(8,993)
Change in Net Position of Governmental Activities	\$ (4,685,599)	\$ 3,494,367

See accompanying Notes to Basic Financial Statements.

CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017

	Business-Type Activities			
	Water (601)	Sewer (602/603)	2018 Totals	2017 Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 636,653	\$ 845,943	\$ 1,482,596	\$ 1,255,307
Receivables:				
General Customers	341,678	417,079	758,757	802,488
Other	5,458	5,295	10,753	9,166
Due from Other Governmental Units:				
Certified to County	31,678	26,151	57,829	59,354
Other Assets	2,241	67,425	69,666	75,753
Total Current Assets	<u>1,017,708</u>	<u>1,361,893</u>	<u>2,379,601</u>	<u>2,202,068</u>
CAPITAL ASSETS				
Permanent Easements	-	103,301	103,301	103,301
Construction	3,965	6,065	10,030	10,030
Equipment	487,718	245,143	732,861	699,474
Mains and Systems	10,851,976	7,675,069	18,527,045	18,508,731
Total	<u>11,343,659</u>	<u>8,029,578</u>	<u>19,373,237</u>	<u>19,321,536</u>
Less: Accumulated Depreciation	<u>(6,656,064)</u>	<u>(4,607,194)</u>	<u>(11,263,258)</u>	<u>(10,837,224)</u>
Net Capital Assets	4,687,595	3,422,384	8,109,979	8,484,312
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pensions	38,499	39,425	77,924	109,058
Total Assets and Deferred Outflows of Resources	<u>\$ 5,743,802</u>	<u>\$ 4,823,702</u>	<u>\$ 10,567,504</u>	<u>\$ 10,795,438</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 68,763	\$ 48,164	\$ 116,927	\$ 111,634
Due to Other Governmental Units	4,739	-	4,739	5,333
Compensated Absences Payable	2,615	2,691	5,306	4,863
Total Current Liabilities	<u>76,117</u>	<u>50,855</u>	<u>126,972</u>	<u>121,830</u>
NONCURRENT LIABILITIES				
Compensated Absences Payable	27,226	28,048	55,274	75,971
Net Pension Liability	213,223	218,353	431,576	444,428
Total Noncurrent Liabilities	<u>240,449</u>	<u>246,401</u>	<u>486,850</u>	<u>520,399</u>
Total Liabilities	316,566	297,256	613,822	642,229
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pensions	60,334	61,785	122,119	109,022
NET POSITION				
Net Investment in Capital Assets	4,687,595	3,422,384	8,109,979	8,484,312
Unrestricted	679,307	1,042,277	1,721,584	1,559,875
Total Net Position	<u>5,366,902</u>	<u>4,464,661</u>	<u>9,831,563</u>	<u>10,044,187</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,743,802</u>	<u>\$ 4,823,702</u>	<u>\$ 10,567,504</u>	<u>\$ 10,795,438</u>

See accompanying Notes to Basic Financial Statements.

CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities			
	Water (601)	Sewer (602/603)	2018 Totals	2017 Totals
OPERATING REVENUE				
General Customers	\$ 1,562,366	\$ 1,428,823	\$ 2,991,189	\$ 2,926,717
Other	150	-	150	500
Meter Sales	3,481	-	3,481	12,918
Total Operating Revenue	<u>1,565,997</u>	<u>1,428,823</u>	<u>2,994,820</u>	<u>2,940,135</u>
OPERATING EXPENSES				
Personnel Services	316,077	323,021	639,098	695,626
MCES - Sewer Service Charge	-	856,644	856,644	824,799
Purchased Water	891,518	-	891,518	922,471
Supplies, Services, and Other Charges	116,062	125,350	241,412	210,557
Depreciation	250,636	175,398	426,034	412,851
Total Operating Expenses	<u>1,574,293</u>	<u>1,480,413</u>	<u>3,054,706</u>	<u>3,066,304</u>
OPERATING LOSS	(8,296)	(51,590)	(59,886)	(126,169)
NONOPERATING REVENUE				
Investment Earnings	8,611	13,129	21,740	27,547
Rental of City Property	75,726	-	75,726	72,814
Miscellaneous Revenue	4,720	4,336	9,056	6,863
Total Nonoperating Revenue	<u>89,057</u>	<u>17,465</u>	<u>106,522</u>	<u>107,224</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	80,761	(34,125)	46,636	(18,945)
Transfers Out	(200,000)	(100,000)	(300,000)	(300,000)
Capital Contributions	<u>24,430</u>	<u>16,310</u>	<u>40,740</u>	<u>284,231</u>
CHANGES IN NET POSITION	(94,809)	(117,815)	(212,624)	(34,714)
NET POSITION				
Beginning of Year	<u>5,461,711</u>	<u>4,582,476</u>	<u>10,044,187</u>	<u>10,078,901</u>
End of Year	<u>\$ 5,366,902</u>	<u>\$ 4,464,661</u>	<u>\$ 9,831,563</u>	<u>\$ 10,044,187</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities - Enterprise Funds			2017
	Water	Sewer	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 1,600,759	\$ 1,446,786	\$ 3,047,545	\$ 2,862,070
Cash Paid to Suppliers	(1,013,973)	(964,815)	(1,978,788)	(1,983,815)
Cash Paid to Employees	(310,442)	(317,531)	(627,973)	(602,579)
Net Cash Provided by Operating Activities	<u>276,344</u>	<u>164,440</u>	<u>440,784</u>	<u>275,676</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to/from Other Funds	(200,000)	(100,000)	(300,000)	(300,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(10,961)	-	(10,961)	(12,074)
Rent Proceeds	<u>75,726</u>	<u>-</u>	<u>75,726</u>	<u>72,814</u>
Net Cash Provided by Capital and Related Financing Activities	64,765	-	64,765	60,740
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	<u>8,611</u>	<u>13,129</u>	<u>21,740</u>	<u>27,547</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,720	77,569	227,289	63,963
Cash and Cash Equivalents - Beginning of the Year	<u>486,933</u>	<u>768,374</u>	<u>1,255,307</u>	<u>1,191,344</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 636,653</u>	<u>\$ 845,943</u>	<u>\$ 1,482,596</u>	<u>\$ 1,255,307</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Loss	\$ (8,296)	\$ (51,590)	\$ (59,886)	\$ (126,169)
Adjustments to Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation	250,636	175,398	426,034	412,851
Miscellaneous Revenue	4,720	4,336	9,056	6,863
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in:				
Accounts Receivable	29,343	9,050	38,393	(88,627)
Prepaid Items	(90)	6,177	6,087	(2,324)
Due from Other Governmental Units	699	4,577	5,276	3,699
Deferred Outflows of Resources - Pensions	15,354	15,780	31,134	90,061
Increase (Decrease) in:				
Accounts Payable	(5,709)	-	(5,709)	(10,121)
Due to Other Governmental Units	(594)	11,002	10,408	(13,543)
Compensated Absences Payable	(9,981)	(10,273)	(20,254)	1,088
Net Pension Liability	(6,237)	(6,615)	(12,852)	(37,302)
Deferred Inflows of Resources - Pensions	6,499	6,598	13,097	39,200
Net Cash Provided by Operating Activities	<u>\$ 276,344</u>	<u>\$ 164,440</u>	<u>\$ 440,784</u>	<u>\$ 275,676</u>
NONCASH TRANSACTIONS				
Capital Contribution from Governmental Activities	<u>\$ 24,430</u>	<u>\$ 16,310</u>	<u>\$ 40,740</u>	<u>\$ 38,700</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 45,254	\$ 41,376
Due from Developers	3,707	20,086
Accounts Receivable	6,340	6,340
Total Assets	\$ 55,301	\$ 67,802
LIABILITIES		
Accounts Payable	\$ 55,301	\$ 2,101
Developer Deposits	-	65,701
Total Liabilities	\$ 55,301	\$ 67,802

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Little Canada, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and four elected trustees or council members, exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all the affairs relating to the City.

The financial statements and the accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by GAAP, these financial statements include the City (the primary government) and any component units. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The Little Canada Economic Development Authority (EDA) is a legally separate entity created to provide financing for economic development within the City of Little Canada. The governing board of the EDA is appointed by the City council and is substantially the same as the City Council. There is also a financially beneficial relationship between the EDA and the City. For these reasons the EDA has been included in the financial statements as a blended component unit, with its funds reports as though they are funds of the City. The EDA does not prepare separate financial statements.

There are no other organizations that, when considered, would be included in the financial statements as a component unit.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except fiduciary funds. Since, by definition, fiduciary fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial statements. 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 sales, fees, and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function (see Note 5). Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. 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. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. 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 City's enterprise funds are charges to customers for sales and services. The operating expenses for the 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.

Fiduciary fund financial statements use the accrual basis of accounting. Agency funds, the City's only fiduciary type, are custodial in nature (assets equal liabilities) and do not have a measurement focus.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Canabury Square Condominiums HIA Debt Service Fund – This fund is used to account for the debt service associated with housing improvement area project costs for the Canabury Square condominiums.

Rice/LC Road Development Capital Project Fund – This fund is used to account for project costs and the related financing for the Rice Street/Little Canada Road redevelopment project.

Water/Sewer Equipment Replacement Capital Project Fund – This fund is used to account for funds set aside from the City's water and sewer operating utilities as well as other government sources of revenue to be used for future equipment replacement and capital costs.

Infrastructure CIP Capital Project Fund – This fund is used to account for accumulating reserve balances as bond issues are fully redeemed.

Economic Development – Used to account for amounts received and spent on community development activities.

The City reports the following major enterprise funds:

Water Operating Fund – This fund is used to account for the provision of water services to the residents and business of the City.

Sewer Operating Fund – This fund is used to account for the provision of sewer services to the residents and business of the City.

The City also reports the following fund type:

Agency Fund – The Developers Deposit Fund accounts for pass-through types of expenditures relating to prospective developers.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General and all Special Revenue Funds. Budgeted expenditure appropriations lapse at year-end.

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

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 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 Special Revenue Funds.
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 Proprietary 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 improvement projects (subject to statutory purchasing requirements) 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 total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., salaries, wages and benefits, supplies, services, capital outlay) within each activity.
9. The City Council may authorize the transfer of budgeted amounts between City funds.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments

Cash and investment balances of the primary government and component unit 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.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools that meet the criteria of GASB Statement No. 70 are valued at amortized cost. If any external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31.

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

G. Receivables

All miscellaneous accounts receivable are shown at net of an allowance for doubtful accounts. Since the City is generally able to certify delinquent utility bills to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on those receivables. Receivables not expected to be collected within one year include delinquent taxes, special assessments, and certain amounts due from other governmental units. Any such receivables that are not considered to be available to finance current expenditures are offset by a deferred inflow of resources in the governmental fund financial statements.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

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 spreads levies over all taxable property in the City and 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 on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year. Revenues are generally accrued and recognized in the year collectible. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The City has no ability to enforce payment of property taxes by property owners, the County possesses this authority.

In 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.

In the governmental fund financial statements the City recognizes current and delinquent taxes received by the City in July, December, and January as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) are classified as taxes due from the County. The portion of taxes not received by the City by January is classified as delinquent and is fully offset by deferred inflows of resources.

I. Special Assessments

Special assessments are levied against the 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. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasons recreational land in which event the property is subject to such sale after five years.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Special Assessments (Continued)

In the governmental-wide financial statements the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. In the fund financial statements current and delinquent special assessments received by the City are recognized as revenue for the current year. All remaining delinquent and deferred special assessments receivable are offset by deferred inflows of resources in the governmental funds.

J. Inventories

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The City does not maintain material amounts of inventories of goods and supplies.

K. Prepaid Items

Certain payments 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.

L. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, infrastructure (utility systems, roads, bridges, sidewalks, and similar items), and intangible assets such as easements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the case of the initial capitalization of general infrastructure (those reported by governmental activities) the City chose to include all such items, regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the infrastructure to the acquisition year or estimated acquisition year).

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Buildings	40 Years
Other Improvements	5 to 25 Years
Machinery and Equipment	5 to 15 Years
Infrastructure – Streets	25 Years
Infrastructure – Water and Sewer	50 Years

M. Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned by unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. For the governmental activities, compensated absences are generally liquidated by the General Fund.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Pension Liability

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

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position/Fund Balance

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

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

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

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

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

Assigned – consists of internally imposed constraints. The City adopted a formal fund balance policy which gives authority to assign fund balances to the Finance Director and/or City Administrator.

Unassigned – is the residual classification for the General Fund and also reflects the negative residual amounts in other funds.

When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted first, then unrestricted fund balance.

When committed, assigned, or unassigned amounts are available for use, it is the City's policy to use committed first, than assigned, and finally unassigned amounts.

Q. Interfund Transactions

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

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2018.

S. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type of item, deferred outflows related to pensions, which qualifies for reporting in this category. See Note 7 for additional detail.

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category. The first, unavailable revenues, arises under a modified accrual basis of accounting and therefore is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The City also reports deferred inflows related to pensions on its statement of net position. See Note 7 for additional detail.

T. Use of Estimates

The preparation of financial statements in accordance with 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.

U. Reclassifications

Certain prior year numbers have been reclassified to conform to current year presentation.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Comparative Totals

The basic financial statements, required supplementary information and combining and individual fund nonmajor financial statements and schedules, include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the City's financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Investments	\$ 14,955,335
Deposits	240,952
Cash on Hand	600
Total	<u><u>\$ 15,196,887</u></u>

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

Cash and Investments	\$ 15,150,370
Cash and Investments - Held by Trustee	1,263
Cash and Investments - Agency Funds	45,254
Total Cash and Investments	<u><u>\$ 15,196,887</u></u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At year-end, the carrying amount of the City's deposits was \$240,952 while the balance on the bank records was \$240,952. At December 31, 2018, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City's agent in the City's name.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>
Negotiable Certificates of Deposit with Maturities at	
Purchase of Greater Than 1 Year	\$ 4,228,395
Federal Home Loan Mortgage Corporation	2,219,810
Municipal Bonds	1,803,865
Total Investments Measured at Fair Value	<u>\$ 8,252,070</u>
<u>Investments Measured at Amortized Cost</u>	<u>Amortized Cost</u>
Negotiable Certificates of Deposit with Maturities at	
Purchase of Less Than 1 Year	\$ 245,000
Money Market Funds	2,581,810
Minnesota Municipal Money Market (4M Fund)	3,876,455
Total Investments Measured at Amortized Cost	<u>\$ 6,703,265</u>

Investments are subject to various risks, the following of which are considered the most significant:

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy states the City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not address custodial credit risk. However, investments in securities are held by the City’s broker-dealers of which \$1,500,000 is insured through SIPC. The broker-dealers have provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer’s accounts.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

A schedule of the maturities and ratings of the City’s investments as of December 31, 2018 is as follows:

Investment Type	Total	Less Than 1	1 to 5	5 to 10	Rating
Negotiable Certificates of Deposit	\$ 4,473,395	\$ 723,000	\$ 3,520,801	\$ 229,594	Not Rated
Federal Home Loan Mortgage Corporation	2,219,810	-	2,219,810	-	AA+
Municipal Bonds	1,803,865	-	1,803,865	-	AA-/A1
Money Market Funds	2,581,810	2,581,810	-	-	Not Rated
Minnesota Municipal Money Market (4M Fund)	3,876,455	3,876,455	-	-	Not Rated
Total Investments	<u>\$ 14,955,335</u>	<u>\$ 7,181,265</u>	<u>\$ 7,544,476</u>	<u>\$ 229,594</u>	

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5% or more) in the securities of a single issuer. The City places no limit on the amount the City may invest in any one issuer.

At December 31, 2018, the City had the following investments which individually comprise more than 5% of the City’s total investments:

	Amount	Percentage of Investments
Minnesota Municipal Money Market (4M Fund)	\$ 3,876,455	25.92%

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures.

The City follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Investment Type	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than 1 Year	\$ -	\$ 4,228,395	\$ -	\$ 4,228,395
Federal Home Loan Mortgage Corporation	-	2,219,810	-	2,219,810
Municipal Bonds	-	1,803,865	-	1,803,865
Total Investments Measured at Fair Value	\$ -	\$ 8,252,070	\$ -	8,252,070
Investments Measured at Amortized Cost				6,703,265
Total Investments				\$ 14,955,335

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2018 are as follows:

	General Fund	Rice/LC Road Development	Infrastructure CIP	Water/Sewer Equipment Replacement	Canabury Squares Condominiums HIA	Nonmajor Funds	Total
Property Taxes/Tax Increment Receivable	\$ 153,512	\$ -	\$ 22,153	\$ -	\$ 6,716	\$ 12,920	\$ 195,301
Special Assessments Receivable	-	34,253	1,488,067	61,254	1,458,471	80,870	3,122,915
Advances to Other Funds	718,024	-	-	1,592,981	-	-	2,311,005
Total	<u>\$ 871,536</u>	<u>\$ 34,253</u>	<u>\$ 1,510,220</u>	<u>\$ 1,654,235</u>	<u>\$ 1,465,187</u>	<u>\$ 93,790</u>	<u>\$ 5,629,221</u>

NOTE 4 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are considered not available to liquidate liabilities for the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Special Assessments	Other	Total
Major Funds:				
General Fund	\$ 64,525	\$ -	\$ 147,949	\$ 212,474
Rice/LC Road Development	-	34,253	-	34,253
Infrastructure CIP	2,411	1,488,068	-	1,490,479
Canabury Square Condos HIA	-	1,458,471	-	1,458,471
Water/Sewer Equipment Replacement	-	61,254	-	61,254
Economic Development	-	-	600,000	600,000
Nonmajor Funds	2,326	80,870	-	83,196
Total	<u>\$ 69,262</u>	<u>\$ 3,122,916</u>	<u>\$ 747,949</u>	<u>\$ 3,940,127</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,620,111	\$ -	\$ -	\$ 3,620,111
Construction in Progress	8,782,220	778,077	(6,356,620)	3,203,677
Total Capital Assets, Not Being Depreciated	<u>12,402,331</u>	<u>778,077</u>	<u>(6,356,620)</u>	<u>6,823,788</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	7,213,968	160,847	-	7,374,815
Other Improvements	372,314	244,097	-	616,411
Machinery and Equipment	5,594,988	146,375	(165,173)	5,576,190
Streets	38,927,656	1,765,466	(576,139)	40,116,983
Total Capital Assets, Being Depreciated	<u>52,108,926</u>	<u>2,316,785</u>	<u>(741,312)</u>	<u>53,684,399</u>
Accumulated Depreciation for:				
Buildings and Building Improvements	(2,164,332)	(180,349)	-	(2,344,681)
Other Improvements	(168,352)	(17,564)	-	(185,916)
Machinery and Equipment	(2,896,855)	(274,225)	165,173	(3,005,907)
Streets	(24,654,959)	(1,337,932)	485,001	(25,507,890)
Total Accumulated Depreciation	<u>(29,884,498)</u>	<u>(1,810,070)</u>	<u>650,174</u>	<u>(31,044,394)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,224,428</u>	<u>506,715</u>	<u>(91,138)</u>	<u>22,640,005</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,626,759</u>	<u>\$ 1,284,792</u>	<u>\$ (6,447,758)</u>	<u>\$ 29,463,793</u>

The decrease in construction in progress includes \$4,506,155 in capital assets transferred to Ramsey County. See Note 19 for additional information.

B. Changes in Capital Assets Used in Business-Type Activities

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Permanent Easements	\$ 103,301	\$ -	\$ -	\$ 103,301
Construction in Progress	10,030	-	-	10,030
Total Capital Assets, Not Being Depreciated	<u>113,331</u>	<u>-</u>	<u>-</u>	<u>113,331</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	698,533	51,701	-	750,234
Distribution and Collection System	18,509,672	-	-	18,509,672
Total Capital Assets, Being Depreciated	<u>19,208,205</u>	<u>51,701</u>	<u>-</u>	<u>19,259,906</u>
Accumulated Depreciation for:				
Machinery and Equipment	(370,983)	(10,490)	-	(381,473)
Distribution and Collection System	(10,466,241)	(415,544)	-	(10,881,785)
Total Accumulated Depreciation	<u>(10,837,224)</u>	<u>(426,034)</u>	<u>-</u>	<u>(11,263,258)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,370,981</u>	<u>(374,333)</u>	<u>-</u>	<u>7,996,648</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,484,312</u>	<u>\$ (374,333)</u>	<u>\$ -</u>	<u>\$ 8,109,979</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

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

Governmental Activities:

General Government	\$ 91,635
Public Safety	104,311
Public Works	1,549,560
Community Services	<u>64,564</u>
Total Depreciation Expense, Governmental Activities	<u><u>\$ 1,810,070</u></u>

Business-Type Activities:

Water	\$ 250,636
Sewer	<u>175,398</u>
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 426,034</u></u>

NOTE 6 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2018:

Description	Issue Date	Final Maturity Date	Interest Rate	Authorized and Issued	Balance - End of Year
Governmental Activities:					
Tax Increment Bonds:					
Tax Increment Bonds of 2001A	06/29/01	12/01/22	7.10%	\$ 3,000,000	\$ 965,000
General Obligation Bonds:					
G.O. Bonds of 2014A	03/11/14	02/01/34	2.98%	3,400,000	2,835,000
G.O. Refunding Bonds of 2015A	06/23/15	02/01/26	2.00%	<u>1,335,000</u>	<u>1,090,000</u>
Total				<u>4,735,000</u>	<u>3,925,000</u>
Total Bonded Indebtedness				7,735,000	4,890,000
Ramsey County Notes Payable:					
Canabury Condos Note	02/17/10	02/01/25	2.00%	170,900	37,050
Canabury Square Condos Note	05/14/10	02/01/25	2.00%	99,100	46,123
Fleur Royale Note	02/17/10	02/01/20	2.00%	<u>130,000</u>	<u>21,070</u>
Total				<u>400,000</u>	<u>104,243</u>
Unamortized Bond Premium					57,296
Compensated Absences					<u>87,695</u>
Total Governmental Activities				<u><u>\$ 8,135,000</u></u>	<u><u>\$ 5,139,234</u></u>
Business-Type Activities:					
Compensated Absences					<u>\$ 60,580</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 4,185,000	\$ -	\$ (260,000)	\$ 3,925,000	\$ 270,000
Tax Increment Bonds	1,165,000	-	(200,000)	965,000	215,000
Improvement Bonds	1,345,000	-	(1,345,000)	-	-
Plus: Unamortized Premiums	67,654	-	(10,358)	57,296	-
Total Bonds Payable	6,762,654	-	(1,815,358)	4,947,296	485,000
Canabury Condos Note	49,362	-	(12,312)	37,050	12,557
Canabury Square Condos Note	52,784	-	(6,661)	46,123	6,794
Fleur Royale Note	34,850	-	(13,780)	21,070	14,054
Compensated Absences	92,191	72,633	(77,129)	87,695	8,066
Total Governmental Activities	6,991,841	72,633	(1,925,240)	5,139,234	526,471
Business-Type Activities:					
Compensated Absences	80,835	55,116	(75,371)	60,580	5,306
Total Debt	\$ 7,072,676	\$ 127,749	\$ (2,000,611)	\$ 5,199,814	\$ 531,777

Compensated absences are generally liquidated in the General Fund for governmental activities and for business-type activities they are liquidated in the fund they are accrued (water and sewer).

C. Future Minimum Debt Payments

Annual debt service requirements to maturity for long-term debt are as follows:

<u>Year Ending December 31,</u>	Governmental Activities					
	Tax Increment Bonds		Notes Payable		General Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 215,000	\$ 71,985	\$ 33,405	\$ 1,927	\$ 270,000	\$ 104,778
2020	230,000	56,290	26,829	1,258	275,000	99,328
2021	250,000	39,270	19,135	787	280,000	93,778
2022	270,000	20,520	7,212	468	285,000	87,753
2023	-	-	7,356	323	295,000	81,178
2024-2028	-	-	10,306	208	1,290,000	301,003
2029-2033	-	-	-	-	1,005,000	142,825
2034-2038	-	-	-	-	225,000	4,500
Totals	\$ 965,000	\$ 188,065	\$ 104,243	\$ 4,971	\$ 3,925,000	\$ 915,143

D. Revenues Pledged

Tax Increment Bonds of 2001A – The City has pledged future tax increment revenue to repay the \$3,000,000 Bonds issued in June 2001. Proceeds from the bonds provided financing for various infrastructure improvements in TIF District No. 3-2. Incremental property taxes were projected to produce 67% of the debt service requirements over the life of the bond issue. Total principal and interest remaining on the bonds is \$1,153,065, payable through December 2022. For the current year, principal and interest paid and total tax increment revenues were \$286,385 and \$286,580, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Revenues Pledged (Continued)

Canabury Condos Note – The City has pledged future housing improvement assessment revenue to repay the note payable to Ramsey County issued in 2010. Proceeds from the note provided financing for the 2009 Housing Improvement Area Project – Canabury Condos. Housing improvement assessments were projected to produce 100% of the debt service requirements over the life of the note. Total principal and interest remaining on the note is \$38,731, payable through 2021. For the current year, principal and interest paid and total housing improvement assessment revenues were \$13,244 and \$9,914, respectively.

Canabury Square Condos Note – The City has pledged future housing improvement assessment revenue to repay the note payable to Ramsey County issued in 2010. Proceeds from the note provided financing for the 2010 Housing Improvement Area Project – Canabury Square Condos. Housing improvement assessments were projected to produce 100% of the debt service requirements over the life of the note. Total principal and interest remaining on the note is \$49,234, payable through 2025. For the current year, principal and interest paid and total housing improvement assessment revenues were \$7,680 and \$11,800, respectively.

Fleur Royale Note – The City has pledged future housing improvement assessment revenue to repay the note payable to Ramsey County issued in 2010. Proceeds from the note provided financing for the 2010 Housing Improvement Area Project – Fleur Royale. Housing improvement assessments were projected to produce 100% of the debt service requirements over the life of the note. Total principal and interest remaining on the note is \$21,577, payable through 2020. For the current year, principal and interest paid and total housing improvement assessment revenues were \$14,408 and \$28,267, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City of Little Canada participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined-benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined-benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2018. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2018. The City contributions to the GERF for the year ended December 31, 2018 were \$86,397. The City contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2018, the City reported a liability of \$954,185 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund during PERA's fiscal year ending June 30, 2018. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$31,362. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was .0172%, an increase of .0003% from June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$58,927 for its proportionate share of the GERF's pension expense. In addition the City recognized pension expense of \$31,362 (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to GERF during the City's calendar year ended December 31, 2018. At December 31, 2018, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 25,256	\$ 27,829
Changes in Actuarial Assumptions	91,149	107,213
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	97,503
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	13,777	37,452
City Contributions Subsequent to the Measurement Date	42,102	-
Total	<u>\$ 172,284</u>	<u>\$ 269,997</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

1. GERS Pension Costs (Continued)

A total of \$42,102 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, 2019. 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 Expenses Amount</u>
2019	\$ 11,244
2020	(58,312)
2021	(72,832)
2022	(19,915)
Thereafter	-

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.70% per Year
Active Member Payroll Growth	3.25% per Year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2018:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36%	5.10%
International Equity	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Totals	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City's Proportionate Share of the GERS Net Pension Liability	\$ 1,550,674	\$ 954,185	\$ 461,802

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

NOTE 8 DEFINED CONTRIBUTION PENSION PLANS

A. Public Employees Defined Contribution Plan

Three council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA).

Funding Policy

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of the salary which is matched by the elected official's employer. For ambulance services personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of the 1% of the assets in each member's account annually.

Total contributions made by the City and plan members in 2018, 2017, and 2016 were \$1,180, \$1,180, and \$896, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

The City does not provide postemployment benefits other than permitting retired employees to continue in the City's group health insurance plan, as required by Minnesota Statutes. The retiree is required to pay 100% of the premium. The premium charged is a single common premium for both active and retired employees. This practice has the potential to create an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees (implicit rate subsidy).

The City has determined the liability resulting from an implicit rate subsidy is not material and, therefore, not included in these financial statements.

NOTE 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

The City had the following interfund transfers:

	Transfer In			Total
	General Fund	Water/Sewer Equipment Replacement	Other Governmental	
Transfer Out:				
General Fund	\$ -	\$ -	\$ 4,500	\$ 4,500
Rice/LC Road Development	5,655	-	286,580	292,235
Infrastructure CIP	-	-	14,088	14,088
Water/Sewer Equip. Replacement	-	-	227,070	227,070
Other Governmental	94,628	-	252,897	347,525
Water Fund	-	200,000	-	200,000
Sewer Fund	-	100,000	-	100,000
Total	<u>\$ 100,283</u>	<u>\$ 300,000</u>	<u>\$ 785,135</u>	<u>\$ 1,185,418</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS (CONTINUED)

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. All of the 2018 transfers are considered routine and consistent with previous practice and policies.

Four interfund loans were approved by the City to provide cash flow for certain improvements within TIF District 6-1, TIF District 7-1, Canabury Square Condominiums HIA, and Economic Development. Amounts due to/from other funds cover deficit cash balances. A summary at December 31, 2018 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major Funds:		
General Fund	\$ 718,024	\$ -
Canabury Square Condominiums HIA	-	1,115,486
Water/Sewer Equipment Replacement	1,592,981	-
Economic Development	-	552,896
Nonmajor Funds:		
TIF #6-1	-	615,218
TIF #7-1 Suite Living	-	27,405
Total	\$ 2,311,005	\$ 2,311,005

NOTE 11 TAX ABATEMENTS

The City of Little Canada has established a tax abatement program pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815. As part of the City's program the City enters into agreements through the use of tax increment financing districts under Minnesota Statutes 469.174 to 469.179 (the Tax Increment Act). Under these statutes the City annually abates taxes collected above the district's base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight, and providing affordable housing.

For fiscal year ended December 31, 2018, the City has one agreement established under Minnesota Statutes Section 469.174 to 469.179 in the form of a pay-as-you-go note with an apartment complex. This agreement resulted in property taxes totaling \$139,132 being abated in 2018.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 12 COMMITMENTS AND CONTINGENT LIABILITIES

A. Litigation

The City has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City, remotely recoverable by plaintiffs.

B. Federal and State Funds

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are 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, 2018.

C. 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 would have a material effect on the financial statements.

NOTE 13 DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefitting 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 the full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2018.

At December 31, 2018, future scheduled tax levies for all bonds outstanding totaled \$2,941,850. The City is currently working to eliminate the debt levies over time.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 FUND BALANCES

A. Classifications

A summary of the governmental fund balance classifications at December 31, 2018 is as follows:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
General Fund:	\$ -	\$ -	\$ -	\$ -	\$ 1,992,378	\$ 1,992,378
Prepaid Items	8,769	-	-	-	-	8,769
Advances to Other Funds	718,024	-	-	-	-	718,024
Total General Fund	<u>726,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,992,378</u>	<u>2,719,171</u>
Canabury Square Condominiums HIA	-	-	-	-	(1,058,508)	(1,058,508)
Rice/LC Road Development:						
Tax Increment	-	1,837,938	-	-	-	1,837,938
Water/Sewer Equipment Replacement:						
Advances to Other Funds	-	-	-	1,592,981	-	1,592,981
Capital Improvements	-	-	-	821,434	-	821,434
Infrastructure CIP:						
Capital Improvements	-	-	-	2,440,050	-	2,440,050
Economic Development	-	-	-	-	(493,365)	(493,365)
Total Other Major Funds	<u>-</u>	<u>1,837,938</u>	<u>-</u>	<u>4,854,465</u>	<u>(1,551,873)</u>	<u>5,140,530</u>
Nonmajor Funds:						
Prepaid Items	2,440	-	-	-	-	2,440
Debt Service	-	90,026	-	-	-	90,026
Tax Increment	-	1,511,413	-	-	-	1,511,413
Fire Equipment	-	281,329	-	-	-	281,329
Park Acquisition	-	876,459	-	-	-	876,459
Charitable Gambling	-	38,295	-	-	-	38,295
Cable	-	-	449,533	-	-	449,533
Parks and Recreation	-	-	41,216	-	-	41,216
Recycling	-	-	197,051	-	-	197,051
Park Acquisition	-	-	-	303,951	-	303,951
Fire Equipment	-	-	-	651,407	-	651,407
Redevelopment	-	-	-	389,822	-	389,822
Capital Improvements	-	-	-	1,898,814	-	1,898,814
Deficit Fund Balance	-	-	-	-	(754,259)	(754,259)
Total Nonmajor Funds	<u>2,440</u>	<u>2,797,522</u>	<u>687,800</u>	<u>3,243,994</u>	<u>(754,259)</u>	<u>5,977,497</u>
Total Fund Balances Governmental Funds	<u>\$ 729,233</u>	<u>\$ 4,635,460</u>	<u>\$ 687,800</u>	<u>\$ 8,098,459</u>	<u>\$ (313,754)</u>	<u>\$ 13,837,198</u>

B. Fund Balance Policy

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 42.5-65% of the subsequent year’s budgeted expenditures. At December 31, 2018, the unassigned fund balance of the General Fund was 50.93% of the subsequent year’s budgeted expenditures. A large portion of the fund balance is in the form of nonspendable advances to other funds.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 15 STEWARDSHIP AND ACCOUNTABILITY

At December 31, 2018, individual funds with deficit fund balances/net position are as follows:

Fund	Amounts	The deficit fund balances will be resolved through
Major Governmental Funds:		
Canabury Condos HIA	\$ (1,058,508)	Future special assessment payments
Economic Development	(493,365)	Future loan payments from developer
Nonmajor Governmental Funds:		
TIF #6-1	(613,168)	Future TIF Revenue
TIF #7-1	(27,645)	Future TIF Revenue
TIF #7-2	(8,300)	Future TIF Revenue

NOTE 16 CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities which are deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issue. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, ten series of industrial revenue bonds, two series of educational facilities revenue bonds, one series of community service revenue bonds, and two senior housing revenue-refunding bonds were outstanding. The aggregate principal amount payable for the fifteen series could not be determined; however, their original issue amounts totaled \$85,558,947.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 17 COMMITMENTS

During 2002, the City issued the Tax Increment Revenue Note of 2002 in the principal sum of \$1,050,000. This note is not reflected in the financial statements of the City because the note is not a General Obligation of the City and is payable solely from available tax increments. The note reads in part as follows:

The payment amounts due hereon shall be payable solely from tax increments (the Tax Increments) from the City's Tax Increment Financing District No. 3-3 (the Tax Increment District) within its Municipal Development District No. 3 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.179, as the same may be amended or supplemented from time-to-time (the Tax Increment Act).

This note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of or interest of this note and property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

During 2012, the City issued the Tax Increment Revenue Note of 2012 in the principal sum of \$530,237. This note is not reflected in the financial statements of the City because the note is not a General Obligation of the City and is payable solely from available tax increments. The note reads in part as follows:

The payment amounts due hereon shall be payable solely from tax increments (the Tax Increments) from the City's Tax Increment Financing District No. 5-1 (the Tax Increment District) within its Municipal Development District No. 5 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.179, as the same may be amended or supplemented from time-to-time (the Tax Increment Act), which are remitted or remaining after (a) the principal of an interest on the bonds have been paid in full, (b) the City has fully reimbursed itself from tax increments for any City Phase III shortfall amount, and (c) payment of the guaranty note in full (the Available Tax Increments).

This note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of or interest of this note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 18 ANTENNA LEASES

The City receives revenue from agreements for the lease of space above its water tower to two communications companies. The space is used for antennas and other equipment (of the lessee) necessary to provide radio communications. For accounting purposes, the leases are considered operating leases. Lease revenue for the year ended December 31, 2018 totaled \$108,702.

<u>Future Lease Receipts</u>	<u>Amounts</u>
2019	\$ 59,749

NOTE 19 SPECIAL ITEM

In 2013, the City entered into an agreement with Ramsey County for the reconstruction of Little Canada Road, a road that is in the City but owned and maintained by the County. Under the agreement the City of Little Canada would administer and pay for the project. Ramsey County would then reimburse the City for the costs of the project.

The City entered into an additional agreement with Ramsey County in 2014 for the reconstruction of Centerville Road, which is also a road that is within the City but owned and maintained by the County. Similar to the Little Canada Road agreement, the terms of this agreement included the City administering and overseeing the project and the County reimbursing the City for the costs of the project.

Both of these projects were fully completed in 2018 and a capital contribution from the City in the form of a special item is shown on the statement of activities. The City agreed to these arrangements in order to have these roads reconstructed quicker than would have occurred if the County had administered and overseen the project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LITTLE CANADA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	2018			Over (Under) Final Budget	2017 Actual Amounts
	Budgeted Amounts		Actual		
	Original	Final			
REVENUE					
Property Taxes:					
Current and Delinquent	\$ 2,849,760	\$ 2,849,760	\$ 2,954,253	\$ 104,493	\$ 2,655,369
Mobile Home and Other	10,000	10,000	11,548	1,548	13,316
Total Property Taxes	<u>2,859,760</u>	<u>2,859,760</u>	<u>2,965,801</u>	<u>106,041</u>	<u>2,668,685</u>
Licenses and Permits	230,920	230,920	300,059	69,139	285,045
Intergovernmental Revenue:					
State:					
Market Value Homestead Credit	-	-	-	-	108
Local Government Aid	88,296	88,296	86,901	(1,395)	148,315
Fire Aid	55,000	55,000	60,554	5,554	61,255
MSA	110,530	110,530	124,045	13,515	110,530
Other State Aids	2,782	2,782	2,782	-	2,782
County:					
Waste Recycling Grant	24,141	24,141	24,141	-	24,674
Total Intergovernmental Revenues	<u>280,749</u>	<u>280,749</u>	<u>298,423</u>	<u>17,674</u>	<u>347,664</u>
Charges for Services:					
Customer Collections	5,239	5,239	18,427	13,188	15,762
Parks and Recreation	9,000	9,000	9,106	106	10,052
Administrative Charges	7,600	7,600	1,268	(6,332)	1,411
Total Charges for Services	<u>21,839</u>	<u>21,839</u>	<u>28,801</u>	<u>6,962</u>	<u>27,225</u>
Fines and Forfeits	39,000	39,000	48,569	9,569	44,707
Investment Earnings	81,000	81,000	62,775	(18,225)	79,121
Miscellaneous Revenues:					
Rents and Refunds	164,165	164,165	86,547	(77,618)	188,387
Miscellaneous Revenue	100	100	1,752	1,652	2,488
Total Miscellaneous Revenues	<u>164,265</u>	<u>164,265</u>	<u>88,299</u>	<u>(75,966)</u>	<u>190,875</u>
Total Revenue	3,677,533	3,677,533	3,792,727	115,194	3,643,322

CITY OF LITTLE CANADA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

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EXPENDITURES

General Government:					
Mayor and City Council	\$ 83,685	\$ 83,685	\$ 78,721	\$ (4,964)	\$ 77,536
Elections	17,250	17,250	15,281	(1,969)	2,739
Administration	150,470	150,470	142,502	(7,968)	134,225
Attorney	105,595	105,595	82,292	(23,303)	84,235
Engineering	21,340	21,340	25,831	4,491	20,119
Planning and Zoning	154,810	154,810	153,354	(1,456)	143,969
Insurance	31,730	31,730	30,608	(1,122)	29,174
City Hall	31,100	31,100	30,626	(474)	27,280
Total General Government	<u>595,980</u>	<u>595,980</u>	<u>559,215</u>	<u>(36,765)</u>	<u>519,277</u>
Public Safety:					
Police Protection	1,588,461	1,588,461	1,611,979	23,518	1,483,522
Fire:					
Pension Plan - City and State	86,000	86,000	91,554	5,554	92,255
Other Current	373,545	373,545	372,846	(699)	362,680
Fire Marshall	28,840	28,840	22,000	(6,840)	23,494
Protective Inspections	206,810	206,810	209,445	2,635	220,493
Civil Defense	2,560	2,560	1,637	(923)	2,167
Animal Control	2,500	2,500	1,782	(718)	1,338
Total Public Safety	<u>2,288,716</u>	<u>2,288,716</u>	<u>2,311,243</u>	<u>22,527</u>	<u>2,185,949</u>
Public Works:					
Street Maintenance	299,230	299,230	249,041	(50,189)	270,128
Storm Sewers	6,600	6,600	5,683	(917)	28,593
Street Lighting	61,000	61,000	64,525	3,525	61,433
Recycling/Sanitation	20,200	20,200	20,431	231	18,581
City Garage	33,050	33,050	31,576	(1,474)	29,468
Tree Trimming	6,000	6,000	10,550	4,550	4,507
Total Public Works	<u>426,080</u>	<u>426,080</u>	<u>381,806</u>	<u>(44,274)</u>	<u>412,710</u>
Community Service:					
Recreation and Parks	458,470	458,470	423,252	(35,218)	388,028
Youth Services Bureau	21,110	21,110	20,265	(845)	18,349
Old Fire Station	9,420	9,420	6,561	(2,859)	6,742
Total Community Service	<u>489,000</u>	<u>489,000</u>	<u>450,078</u>	<u>(38,922)</u>	<u>413,119</u>
Total Expenditures	<u>3,799,776</u>	<u>3,799,776</u>	<u>3,702,342</u>	<u>(97,434)</u>	<u>3,531,055</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(122,243)	(122,243)	90,385	212,628	112,267
OTHER FINANCE SOURCES (USES)					
Transfer In	105,400	105,400	100,283	(5,117)	102,008
Transfers Out	-	-	(4,500)	(4,500)	(513,788)
Total Other Finance Sources (Uses)	<u>105,400</u>	<u>105,400</u>	<u>95,783</u>	<u>(9,617)</u>	<u>(411,780)</u>
NET CHANGE IN FUND BALANCES	\$ (16,843)	\$ (16,843)	186,168	\$ 203,011	(299,513)
FUND BALANCES					
Beginning of Year			2,533,003		2,832,516
End of Year			<u>\$ 2,719,171</u>		<u>\$ 2,533,003</u>

CITY OF LITTLE CANADA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	2018			Over (Under) Final Budget	2017
	Budgeted Amounts		Actual		Actual
	Original	Final			Amounts
REVENUE					
Other Revenue:					
Investment Earnings	\$ -	\$ -	\$ 10,775	\$ 10,775	\$ 412
Miscellaneous Revenue	-	-	29,925	29,925	18,438
Total Revenue	-	-	40,700	40,700	18,850
EXPENDITURES					
Current:					
Community Services	-	-	556,960	556,960	-
Interest Expense	-	-	10,736	10,736	-
Total Miscellaneous	-	-	567,696	567,696	-
EXCESS OF REVENUE OVER EXPENDITURES	-	-	(526,996)	(526,996)	18,850
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(526,996)	\$ 40,700	18,850
FUND BALANCES					
Beginning of Year			33,631		14,781
End of Year			\$ (493,365)		\$ 33,631

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual in Excess of Budget</u>
General Fund:			
General Government:			
Engineering	\$ 21,340	\$ 25,831	\$ 4,491
Public Safety:			
Police Protection	1,588,461	1,611,979	23,518
Fire			
Pension Plan - City and State	86,000	91,554	5,554
Protective Inspections	206,810	209,445	2,635
Public Works:			
Street Lighting	61,000	64,525	3,525
Recycling/Sanitation	20,200	20,431	231
Tree Trimming	6,000	10,550	4,550

**CITY OF LITTLE CANADA, MINNESOTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2018**

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

	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
City's Proportion of the Net Pension Liability	0.0172%	0.0169%	0.0177%	0.0189%	0.0209%
City's Proportionate Share of the Net Pension Liability	\$ 954,185	\$ 1,078,886	\$ 1,437,152	\$ 979,496	\$ 981,777
State's Proportionate Share of the Net Pension Liability Associated with the City	31,362	13,538	-	-	-
Total	<u>\$ 985,547</u>	<u>\$ 1,092,424</u>	<u>\$ 1,437,152</u>	<u>\$ 979,496</u>	<u>\$ 981,777</u>
City's Covered Payroll	\$ 1,160,624	\$ 1,086,457	\$ 1,109,852	\$ 1,117,363	\$ 1,099,159
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	82.21%	99.30%	129.49%	87.66%	89.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.53%	75.90%	68.90%	78.20%	78.70%

* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.
Ten years of data is not yet available but years will be added going forward until ten years are presented.

**CITY OF LITTLE CANADA, MINNESOTA
PERA SCHEDULE OF THE CITY CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2018**

**GERF Schedule of City Contributions
Last Four Fiscal Years**

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 86,397	\$ 84,726	\$ 80,064	\$ 84,688	\$ 81,379
Contributions in Relation to the Statutorily Required Contribution	(86,397)	(84,726)	(80,064)	(84,688)	(81,379)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,151,960	\$ 1,129,680	\$ 1,067,520	\$ 1,129,173	\$ 1,122,463
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.25%

Ten years of data is not yet available but years will be added going forward until ten years are presented.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds	
				2018	2017
ASSETS					
Cash and Investments	\$ 546,281	\$ 95,202	\$ 5,543,949	\$ 6,185,432	\$ 5,861,784
Cash and Investments Held by Trustee	-	1,263	-	1,263	1,263
Accounts Receivable (Net of Allowance)	202,487	-	55,292	257,779	197,962
Property Taxes Receivable:					
Due from County	-	183	10,411	10,594	9,556
Delinquent Taxes	-	-	2,326	2,326	-
Special Assessments Receivable	-	40,192	40,678	80,870	113,003
Prepays	-	-	2,440	2,440	4,880
Property Held for Resale	-	-	346,754	346,754	1,027,678
	<u>-</u>	<u>-</u>	<u>346,754</u>	<u>346,754</u>	<u>1,027,678</u>
Total Assets	<u>\$ 748,768</u>	<u>\$ 136,840</u>	<u>\$ 6,001,850</u>	<u>\$ 6,887,458</u>	<u>\$ 7,216,126</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 33,406	\$ 6,622	\$ 116,552	\$ 156,580	\$ 60,500
Advances from Other Funds	-	-	642,623	642,623	639,682
Due to Other Governmental Units	23,211	-	-	23,211	21,592
Unearned Revenue	4,351	-	-	4,351	4,351
Total Liabilities	<u>60,968</u>	<u>6,622</u>	<u>759,175</u>	<u>826,765</u>	<u>726,125</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes and Assessments	-	40,192	43,004	83,196	116,086
FUND BALANCE					
Nonspendable	-	-	2,440	2,440	4,880
Restricted	-	90,026	2,707,496	2,797,522	2,702,111
Committed	687,800	-	-	687,800	726,268
Assigned	-	-	3,243,994	3,243,994	2,915,113
Unassigned	-	-	(754,259)	(754,259)	25,543
Total Fund Balance	<u>687,800</u>	<u>90,026</u>	<u>5,199,671</u>	<u>5,977,497</u>	<u>6,373,915</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 748,768</u>	<u>\$ 136,840</u>	<u>\$ 6,001,850</u>	<u>\$ 6,887,458</u>	<u>\$ 7,216,126</u>

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds	
				2018	2017
REVENUE					
Property Taxes	\$ -	\$ -	\$ 172,690	\$ 172,690	\$ 140,531
Tax Increment Collections	-	-	487,619	487,619	350,528
Intergovernmental	-	-	345,482	345,482	243,733
Special Assessments	-	9,914	28,267	38,181	40,206
Charges for Services	444,334	-	-	444,334	436,760
Franchise Tax	123,529	-	-	123,529	135,557
Other Revenue:					
Investment Earnings	8,498	84	77,007	85,589	100,500
Contributions and Donations	-	-	140,461	140,461	102,107
Miscellaneous Revenue	15,732	-	144,385	160,117	210,077
Total Revenue	592,093	9,998	1,395,911	1,998,002	1,759,999
EXPENDITURES					
Current:					
General Government	-	-	450,155	450,155	186,213
Public Works	-	-	9,488	9,488	7,313
Community Service	498,582	-	9,134	507,716	485,643
Capital Outlay	17,378	-	497,635	515,013	1,153,009
Debt Service:					
Principal Retirement	-	472,312	39,121	511,433	480,547
Interest	-	197,395	28,361	225,756	249,754
Other Fiscal Charges	-	1,290	-	1,290	447
Miscellaneous	-	477	-	477	-
Total Expenditures	515,960	671,474	1,033,894	2,221,328	2,562,926
EXCESS (DEFICIENCY)(OF REVENUE OVER (UNDER) EXPENDITURES	76,133	(661,476)	362,017	(223,326)	(802,927)
OTHER FINANCE SOURCES (USES)					
Transfers In	-	657,948	127,187	785,135	1,229,745
Transfers Out	(80,970)	-	(266,555)	(347,525)	(257,208)
Proceed from Sale of Capital Assets	-	-	85,000	85,000	74,101
Total Other Finance Sources (Uses)	(80,970)	657,948	(54,368)	522,610	1,046,638
NET CHANGE IN FUND BALANCES	(4,837)	(3,528)	307,649	299,284	243,711
FUND BALANCES					
Beginning of Year	692,637	93,554	4,892,022	5,678,213	6,130,204
End of Year	\$ 687,800	\$ 90,026	\$ 5,199,671	\$ 5,977,497	\$ 6,373,915

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for revenue derived from specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

Parks and Recreation – Used to account for amounts received and related expenditures for the City's parks and recs activity.

Cable TV Fund – Used to account for amounts received and related expenditures for the City's membership in a regional cable commission.

Recycling/Trash Fund – Used to account for amounts received and related expenditures for the City's recycling program.

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	Parks and Recreation (201)	Cable TV (202)	Recycling/ Trash (203)	Total Nonmajor Special Revenue Funds	
				2018	2017
ASSETS					
Cash and Investments	\$ 46,440	\$ 420,767	\$ 79,074	\$ 546,281	\$ 587,703
Accounts Receivable	-	30,553	171,934	202,487	195,587
Total Assets	\$ 46,440	\$ 451,320	\$ 251,008	\$ 748,768	\$ 783,290
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 873	\$ 1,787	\$ 30,746	\$ 33,406	\$ 31,079
Due to Other Governmental Units	-	-	23,211	23,211	21,592
Unearned Revenue	4,351	-	-	4,351	4,351
Total Liabilities	5,224	1,787	53,957	60,968	57,022
FUND BALANCE					
Committed	41,216	449,533	197,051	687,800	726,268
Total Liabilities and Fund Balance	\$ 46,440	\$ 451,320	\$ 251,008	\$ 748,768	\$ 783,290

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	Parks and Recreation (201)	Cable TV (202)	Recycling/ Trash (203)	Total Nonmajor Special Revenue Funds	
				2018	2017
REVENUE					
Charges for Service	\$ 26,154	\$ -	\$ 418,180	\$ 444,334	\$ 436,760
Franchise Fees	-	123,529	-	123,529	135,557
Investment Earnings	799	6,271	1,428	8,498	11,876
Miscellaneous Revenue	15,434	-	298	15,732	19,574
Total Revenue	<u>42,387</u>	<u>129,800</u>	<u>419,906</u>	<u>592,093</u>	<u>603,767</u>
EXPENDITURES					
Current:					
Community Services	26,504	76,479	395,599	498,582	476,513
Capital Outlay	-	17,378	-	17,378	-
Total Expenditures	<u>26,504</u>	<u>93,857</u>	<u>395,599</u>	<u>515,960</u>	<u>476,513</u>
EXCESS OF REVENUE OVER EXPENDITURES	15,883	35,943	24,307	76,133	127,254
OTHER FINANCE USES					
Transfers Out	(15,970)	(35,000)	(30,000)	(80,970)	(60,815)
NET CHANGE IN FUND BALANCES	(87)	943	(5,693)	(4,837)	66,439
FUND BALANCES					
Beginning of Year	41,303	448,590	202,744	692,637	659,829
End of Year	<u>\$ 41,216</u>	<u>\$ 449,533</u>	<u>\$ 197,051</u>	<u>\$ 687,800</u>	<u>\$ 726,268</u>

**CITY OF LITTLE CANADA, MINNESOTA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	2018			Over (Under) Final Budget	2017
	Budgeted Amounts		Actual		Actual
	Original	Final			Amounts
REVENUE					
Charges for Services	\$ 31,105	\$ 31,105	\$ 26,154	\$ (4,951)	\$ 42,656
Other Revenue:					
Investment Earnings	500	500	799	299	1,120
Miscellaneous Revenue	-	-	15,434	15,434	950
Total Revenue	<u>31,605</u>	<u>31,605</u>	<u>42,387</u>	<u>10,782</u>	<u>44,726</u>
EXPENDITURES					
Current:					
Community Services	<u>26,268</u>	<u>26,268</u>	<u>26,504</u>	<u>236</u>	<u>26,915</u>
EXCESS OF REVENUE OVER EXPENDITURES	5,337	5,337	15,883	10,546	17,811
OTHER FINANCE USES					
Transfers Out	<u>(16,000)</u>	<u>(16,000)</u>	<u>(15,970)</u>	<u>30</u>	<u>(15,815)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (10,663)</u>	<u>\$ (10,663)</u>	(87)	<u>\$ 10,576</u>	1,996
FUND BALANCES					
Beginning of Year			<u>41,303</u>		<u>39,307</u>
End of Year			<u>\$ 41,216</u>		<u>\$ 41,303</u>

**CITY OF LITTLE CANADA, MINNESOTA
CABLE TV SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	2018			Over (Under) Final Budget	2017
	Budgeted Amounts		Actual		Actual
	Original	Final			Amounts
REVENUE					
Franchise Fees	\$ 136,000	\$ 136,000	\$ 123,529	\$ (12,471)	\$ 135,557
Other Revenue:					
Investment Earnings	3,023	3,023	6,271	3,248	8,426
Total Revenue	<u>139,023</u>	<u>139,023</u>	<u>129,800</u>	<u>(9,223)</u>	<u>143,983</u>
EXPENDITURES					
Current:					
Community Services	93,905	93,905	76,479	(17,426)	81,331
Capital Outlay	8,700	8,700	17,378	8,678	-
Total Expenditures	<u>102,605</u>	<u>102,605</u>	<u>93,857</u>	<u>(8,748)</u>	<u>81,331</u>
EXCESS OF REVENUE OVER EXPENDITURES	36,418	36,418	35,943	(475)	62,652
OTHER FINANCE USES					
Transfers Out	(35,000)	(35,000)	(35,000)	-	(30,000)
NET CHANGE IN FUND BALANCES	<u>\$ 1,418</u>	<u>\$ 1,418</u>	943	<u>\$ (475)</u>	32,652
FUND BALANCES					
Beginning of Year			<u>448,590</u>		<u>415,938</u>
End of Year			<u>\$ 449,533</u>		<u>\$ 448,590</u>

**CITY OF LITTLE CANADA, MINNESOTA
 RECYCLING/TRASH SPECIAL REVENUE FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2018
 WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	2018			Over (Under) Final Budget	2017
	Budgeted Amounts		Actual		Actual
	Original	Final			Amounts
REVENUE					
Charges for Services	\$ 402,100	\$ 402,100	\$ 418,180	\$ 16,080	\$ 394,104
Other Revenue:					
Investment Earnings	950	950	1,428	478	1,918
Miscellaneous Revenue	-	-	298	298	186
Total Revenue	<u>403,050</u>	<u>403,050</u>	<u>419,906</u>	<u>16,856</u>	<u>396,208</u>
EXPENDITURES					
Current:					
Community Services	<u>385,950</u>	<u>385,950</u>	<u>395,599</u>	<u>9,649</u>	<u>368,267</u>
EXCESS OF REVENUE OVER EXPENDITURES	17,100	17,100	24,307	7,207	27,941
OTHER FINANCE SOURCES (USES)					
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (12,900)</u>	<u>\$ (12,900)</u>	(5,693)	<u>\$ 7,207</u>	12,941
FUND BALANCES					
Beginning of Year			<u>202,744</u>		<u>189,803</u>
End of Year			<u>\$ 197,051</u>		<u>\$ 202,744</u>

NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal charges on various City bond issues.

Canabury Condos Notes – Used to account for amounts received and related debt service expenditures of the Canabury Condos Notes.

\$900,000 Improvement G.O. Bonds 2008A – Used to account for amounts received and related debt service expenditures of the 2008A G.O. Improvement Bonds.

\$3,400,000 G.O. Bonds 2014A – Used to account for amounts received and related debt service expenditures of the 2014A G.O. Bonds.

\$1,335,000 G.O. Refunding Bonds 2015A – Used to account for amounts received and related debt service expenditures of the 2015A G.O. Refunding Bonds.

\$3,000,000 TIF Bonds of 2001A – Used to account for amounts received and related debt service expenditures of the 2001A Tax Increment Bonds.

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	General Obligation				Tax Increment	2018 Totals	2017 Totals
	Canabury Condos Notes (375)	G.O. TIF Bonds 2008A (309)	G.O Bonds 2014A (310)	G.O. Refunding Bonds 2015A (320)	\$ 3,000,000 TIF Bonds of 2001A (314)		
ASSETS							
Cash and Investments	\$ 12,271	\$ -	\$ 82,931	\$ -	\$ -	\$ 95,202	\$ 91,681
Cash and Investments Held by Trustee	-	1,263	-	-	-	1,263	1,263
Property Taxes Receivable:							
Due from County	183	-	-	-	-	183	610
Assessments Receivable:							
Special Deferred	40,192	-	-	-	-	40,192	48,997
Total Assets	\$ 52,646	\$ 1,263	\$ 82,931	\$ -	\$ -	\$ 136,840	\$ 142,551
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ 6,622	\$ -	\$ -	\$ -	\$ -	\$ 6,622	\$ -
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Taxes and Assessments	40,192	-	-	-	-	40,192	48,997
FUND BALANCE							
Restricted	5,832	1,263	82,931	-	-	90,026	93,554
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 52,646	\$ 1,263	\$ 82,931	\$ -	\$ -	\$ 136,840	\$ 142,551

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	General Obligation				Tax	2018 Totals	2017 Totals
	Canabury Condos Notes (375)	G.O. TIF Bonds 2008A (309)	\$ 3,400,000 G.O Bonds 2014A (310)	2015A (320)	\$ 3,000,000 Increment TIF Bonds of 2001A (314)		
REVENUE							
Special Assessments:							
Current and Delinquent	\$ 9,914	\$ -	\$ -	\$ -	\$ -	\$ 9,914	\$ 7,537
Investment Earnings	84	-	-	-	-	84	161
Total Revenue	9,998	-	-	-	-	9,998	7,698
EXPENDITURES							
Debt Service:							
Principal Retirement	12,312	-	140,000	120,000	200,000	472,312	467,055
Interest	932	-	86,425	23,653	86,385	197,395	217,672
Other Fiscal Charges	-	-	645	645	-	1,290	-
Miscellaneous	282	-	-	-	195	477	447
Total Debt Service	13,526	-	227,070	144,298	286,580	671,474	685,174
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,528)	-	(227,070)	(144,298)	(286,580)	(661,476)	(677,476)
OTHER FINANCE SOURCES							
Transfers In	-	-	227,070	144,298	286,580	657,948	685,799
NET CHANGE IN FUND BALANCES	(3,528)	-	-	-	-	(3,528)	8,323
FUND BALANCES							
Beginning of Year	9,360	1,263	82,931	-	-	93,554	85,231
End of Year	\$ 5,832	\$ 1,263	\$ 82,931	\$ -	\$ -	\$ 90,026	\$ 93,554

NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor capital project funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Ten Percent Charitable Gambling – Used to account for amounts received and related to the City's charitable gambling contributions used for community service projects.

General Capital Improvements – Used to account for major capital improvement/acquisition projects.

TIF #5-1 St. Jude – Used to account for project costs associated with St. Jude expansion and other redevelopment along Rice Street and Highway 36 funded by tax increment financing.

Park Acquisition – Used to account for amounts received and related to park acquisition fees.

Fire Equipment Replacement – Used to account for amounts received and related to fire department equipment.

Fleur Royal Condos HIA– Used to account for amounts received and related expenditures of the Fleur Royale Condos.

TIF #2-1 Kandice Heights – Used to account for amounts received and related project expenditures of TIF District #2-2 – Kandice Heights.

Owasso/Woodlyn Redevelopment Area – Used to account for amounts received and related expenditures of the Owasso/Woodlyn Redevelopment Area.

TIF #3-3 The Lodge – Used to account for amounts received and related project expenditures of TIF District #3-3 – The Lodge.

TIF #6-1 – Used to account for amounts received and related project expenditures of TIF #6-1.

TIF #7-1 Suite Living - Used to account for amounts received and related project expenditures of TIF #7-1 – Suite Living.

TIF #7-2 Bix Produce - Used to account for amounts received and related project expenditures of TIF #7-2 – Bix Produce.

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**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017**

	Ten Percent Charitable Gambling (408)	General Capital Improvements (400)	TIF #5-1 St. Jude (460)	Park Acquisition (456)	Fire Equipment Replacement (457)	Fleur Royale Condos HIA (463)
ASSETS						
Cash and Investments	\$ 53,846	\$ 1,828,098	\$ 71,878	\$ 1,180,410	\$ 928,098	\$ 20,742
Accounts Receivable	4,924	50,000	-	-	-	-
Property Taxes Receivable:						
Due from County	-	74	-	-	4,638	3,649
Delinquent Taxes	-	-	-	-	2,326	-
Special Assessment Receivable:						
Delinquent Special Assessments	-	-	-	-	-	10,670
Deferred Taxes	-	-	-	-	-	26,608
Special Deferred	-	-	-	-	-	3,400
Prepaid Items	-	2,440	-	-	-	-
Property Held for Resale	-	30,000	-	-	-	-
Total Assets	\$ 58,770	\$ 1,910,612	\$ 71,878	\$ 1,180,410	\$ 935,062	\$ 65,069
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts and Contracts Payable	\$ 20,475	\$ 9,358	\$ -	\$ -	\$ -	\$ 7,204
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	20,475	9,358	-	-	-	7,204
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Taxes and Assessments	-	-	-	-	2,326	40,678
FUND BALANCE						
Nonspendable	-	2,440	-	-	-	-
Restricted	38,295	-	71,878	876,459	281,329	-
Assigned	-	1,898,814	-	303,951	651,407	-
Unassigned	-	-	-	-	-	17,187
Total Fund Balance	38,295	1,901,254	71,878	1,180,410	932,736	17,187
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 58,770	\$ 1,910,612	\$ 71,878	\$ 1,180,410	\$ 935,062	\$ 65,069

TIF #2-1 Kandice Heights (464)	Owasso/ Woodlyn Redevelopment Area (474)	TIF #3-3 The Lodge (441)	TIF #6-1 (470)	TIF #7-1 Suite Living (471)	TIF #7-2 Bix Produce (472)	Total Nonmajor Capital Projects Funds	
						2018	2017
\$ 744,648	\$ 268,898	\$ 447,331	\$ -	\$ -	\$ -	\$ 5,543,949	\$ 5,182,400
-	-	368	-	-	-	55,292	2,375
-	-	-	2,050	-	-	10,411	8,946
-	-	-	-	-	-	2,326	-
-	-	-	-	-	-	10,670	7,338
-	-	-	-	-	-	26,608	53,377
-	-	-	-	-	-	3,400	3,291
-	-	-	-	-	-	2,440	4,880
316,754	-	-	-	-	-	346,754	1,027,678
<u>\$ 1,061,402</u>	<u>\$ 268,898</u>	<u>\$ 447,699</u>	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,001,850</u>	<u>\$ 6,290,285</u>
\$ -	\$ 1,409	\$ 69,566	\$ -	\$ 240	\$ 8,300	\$ 116,552	\$ 29,421
-	-	-	615,218	27,405	-	642,623	639,682
-	1,409	69,566	615,218	27,645	8,300	759,175	669,103
-	-	-	-	-	-	43,004	67,089
-	-	-	-	-	-	2,440	4,880
1,061,402	-	378,133	-	-	-	2,707,496	2,608,557
-	389,822	-	-	-	-	3,243,994	2,915,113
-	(122,333)	-	(613,168)	(27,645)	(8,300)	(754,259)	25,543
<u>1,061,402</u>	<u>267,489</u>	<u>378,133</u>	<u>(613,168)</u>	<u>(27,645)</u>	<u>(8,300)</u>	<u>5,199,671</u>	<u>5,554,093</u>
<u>\$ 1,061,402</u>	<u>\$ 268,898</u>	<u>\$ 447,699</u>	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,001,850</u>	<u>\$ 6,290,285</u>

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**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017**

	Ten Percent Charitable Gambling (408)	General Capital Improvements (400)	TIF #5-1 St. Jude (460)	Park Acquisition (456)	Fire Equipment Replacement (457)	Fleur Royale Condos HIA (463)
REVENUE						
Tax Increments	\$ -	\$ 10,000	\$ 216,854	\$ -	\$ -	\$ -
Property Taxes	-	21,676	-	-	151,014	-
Intergovernmental	-	345,482	-	-	-	-
Special Assessments:						
Current and Delinquent	-	-	-	-	-	28,267
Investment Earnings	1,958	24,835	5,929	15,930	10,982	88
Contributions	41,515	-	-	58,900	40,046	-
Miscellaneous Revenue	-	111,409	-	-	-	-
Total Revenue	<u>43,473</u>	<u>513,402</u>	<u>222,783</u>	<u>74,830</u>	<u>202,042</u>	<u>28,355</u>
EXPENDITURES						
Current:						
General Government	-	94,032	2,962	360	-	-
Public Works	-	9,488	-	-	-	-
Community Service	6,500	2,439	-	-	-	195
Capital Outlay:						
General Government	-	40,370	-	-	-	-
Public Works	-	74,230	-	-	-	-
Public Safety	-	36,959	-	-	26,520	-
Community Service	-	319,556	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	13,780
Interest and Fiscal Charges	-	-	20,547	-	-	851
Total Expenditures	<u>6,500</u>	<u>577,074</u>	<u>23,509</u>	<u>360</u>	<u>26,520</u>	<u>14,826</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	36,973	(63,672)	199,274	74,470	175,522	13,529
OTHER FINANCE SOURCES (USES)						
Transfers In	-	127,187	-	-	-	-
Transfers Out	(113,099)	-	(146,424)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	85,000	-
Total Other Finance Sources (Uses)	<u>(113,099)</u>	<u>127,187</u>	<u>(146,424)</u>	<u>-</u>	<u>85,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(76,126)	63,515	52,850	74,470	260,522	13,529
FUND BALANCES						
Beginning of Year	<u>114,421</u>	<u>1,837,739</u>	<u>19,028</u>	<u>1,105,940</u>	<u>672,214</u>	<u>3,658</u>
End of Year	<u>\$ 38,295</u>	<u>\$ 1,901,254</u>	<u>\$ 71,878</u>	<u>\$ 1,180,410</u>	<u>\$ 932,736</u>	<u>\$ 17,187</u>

TIF #2-1 Kandice Heights (464)	Owasso/ Woodlyn Redevelopment Area (474)	TIF #3-3 The Lodge (441)	TIF #6-1 (470)	TIF #7-1 Suite Living (471)	TIF #7-2 Bix Produce (472)	Total Nonmajor Capital Projects Funds	
						2018	2017
\$ -	\$ -	\$ 181,826	\$ 78,939	\$ -	\$ -	\$ 487,619	\$ 350,528
-	-	-	-	-	-	172,690	140,531
-	-	-	-	-	-	345,482	243,733
-	-	-	-	-	-	28,267	32,669
10,515	1,410	5,360	-	-	-	77,007	88,463
-	-	-	-	-	-	140,461	102,107
-	32,976	-	-	-	-	144,385	190,503
<u>10,515</u>	<u>34,386</u>	<u>187,186</u>	<u>78,939</u>	<u>-</u>	<u>-</u>	<u>1,395,911</u>	<u>1,148,534</u>
1,017	172,231	141,510	2,688	27,055	8,300	450,155	186,213
-	-	-	-	-	-	9,488	7,313
-	-	-	-	-	-	9,134	9,130
-	-	-	-	-	-	40,370	679,094
-	-	-	-	-	-	74,230	369,913
-	-	-	-	-	-	63,479	-
-	-	-	-	-	-	319,556	104,002
-	-	-	25,341	-	-	39,121	13,492
-	6,373	-	-	590	-	28,361	32,082
<u>1,017</u>	<u>178,604</u>	<u>141,510</u>	<u>28,029</u>	<u>27,645</u>	<u>8,300</u>	<u>1,033,894</u>	<u>1,401,239</u>
9,498	(144,218)	45,676	50,910	(27,645)	(8,300)	362,017	(252,705)
-	-	-	-	-	-	127,187	543,946
(1,811)	-	(3,214)	(2,007)	-	-	(266,555)	(196,393)
-	-	-	-	-	-	85,000	74,101
<u>(1,811)</u>	<u>-</u>	<u>(3,214)</u>	<u>(2,007)</u>	<u>-</u>	<u>-</u>	<u>(54,368)</u>	<u>421,654</u>
7,687	(144,218)	42,462	48,903	(27,645)	(8,300)	307,649	168,949
<u>1,053,715</u>	<u>411,707</u>	<u>335,671</u>	<u>(662,071)</u>	<u>-</u>	<u>-</u>	<u>4,892,022</u>	<u>5,385,144</u>
<u>\$ 1,061,402</u>	<u>\$ 267,489</u>	<u>\$ 378,133</u>	<u>\$ (613,168)</u>	<u>\$ (27,645)</u>	<u>\$ (8,300)</u>	<u>\$ 5,199,671</u>	<u>\$ 5,554,093</u>

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2018**

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
ASSETS				
Cash	\$ 41,376	\$ 78,271	\$ 4,110	\$ 45,254
Due from Developers	20,086	3,707	20,086	3,707
Accounts Receivable	6,340	-	-	6,340
	<u>67,802</u>	<u>-</u>	<u>-</u>	<u>6,340</u>
Total Assets	<u>\$ 67,802</u>	<u>\$ 81,978</u>	<u>\$ 24,196</u>	<u>\$ 55,301</u>
LIABILITIES				
Developer Deposits	\$ 65,701	\$ 58,185	\$ 53,603	\$ -
Accounts Payable	2,101	55,301	2,101	55,301
	<u>67,802</u>	<u>113,486</u>	<u>55,704</u>	<u>55,301</u>
Total Liabilities	<u>\$ 67,802</u>	<u>\$ 113,486</u>	<u>\$ 55,704</u>	<u>\$ 55,301</u>

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Source: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

**CITY OF LITTLE CANADA, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 23,037,412	\$ 23,630,170	\$ 22,944,302	\$ 23,408,876	\$ 24,608,426	\$ 18,307,783	\$ 22,521,602	\$ 27,235,568	\$ 29,029,105	\$ 25,481,497
Restricted	7,177,698	3,535,605	1,410,563	11,232,234	1,873,860	5,167,835	4,098,590	6,817,513	5,247,575	4,622,305
Unrestricted	6,034,822	7,208,435	9,870,232	9,557,697	9,956,070	13,173,072	10,712,592	8,613,516	11,634,405	11,371,563
Total Governmental Activities Net Position	\$ 36,249,932	\$ 34,374,210	\$ 34,225,097	\$ 44,198,807	\$ 36,438,356	\$ 36,648,690	\$ 37,332,784	\$ 42,666,597	\$ 45,911,085	\$ 41,475,365
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,666,902	\$ 8,718,731	\$ 8,920,826	\$ 9,170,340	\$ 9,330,564	\$ 9,261,283	\$ 8,966,437	\$ 8,600,858	\$ 8,484,312	\$ 8,109,979
Unrestricted	1,260,459	1,282,820	1,343,157	1,457,763	1,458,574	1,524,741	1,368,591	1,478,043	1,559,875	1,721,584
Total Business-Type Activities Net Position	\$ 9,927,361	\$ 10,001,551	\$ 10,263,983	\$ 10,628,103	\$ 10,789,138	\$ 10,786,024	\$ 10,335,028	\$ 10,078,901	\$ 10,044,187	\$ 9,831,563
Primary Government:										
Net Investment in Capital Assets	\$ 31,704,314	\$ 32,348,901	\$ 31,865,128	\$ 32,579,216	\$ 33,938,990	\$ 27,569,066	\$ 31,488,039	\$ 35,836,426	\$ 37,513,417	\$ 33,591,476
Restricted	7,177,698	3,535,605	1,410,563	11,232,234	1,873,860	5,167,835	4,098,590	6,817,513	5,247,575	4,622,305
Unrestricted	7,295,281	8,491,255	11,213,389	11,015,460	11,414,644	14,697,813	12,081,183	10,091,559	13,194,280	13,093,147
Total Primary Government Net Position	\$ 46,177,293	\$ 44,375,761	\$ 44,489,080	\$ 54,826,910	\$ 47,227,494	\$ 47,434,714	\$ 47,667,812	\$ 52,745,498	\$ 55,955,272	\$ 51,306,928

**CITY OF LITTLE CANADA, MINNESOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
General Government	\$ 1,010,875	\$ 721,455	\$ 596,329	\$ 580,636	\$ 1,232,438	\$ 1,249,420	\$ 731,727	\$ 863,508	\$ 989,667	\$ 1,868,590
Public Safety	1,714,678	1,840,111	1,892,711	1,880,189	1,918,113	1,855,021	2,052,997	2,164,959	2,257,152	2,241,544
Public Works	2,388,971	2,001,579	2,510,796	1,987,029	2,290,440	2,109,119	1,921,717	2,078,129	2,406,904	2,420,772
Community Services	3,643,603	5,203,571	1,272,828	1,191,065	1,065,886	1,183,221	951,271	1,054,644	1,128,254	1,274,088
Interest and Fiscal Charges	410,519	450,282	583,009	462,333	409,478	414,322	463,871	381,324	325,328	289,276
Total Governmental Activities Expenses	9,168,646	10,216,998	6,855,673	6,101,252	6,916,355	6,811,103	6,121,583	6,542,564	7,107,305	8,094,270
Business-Type Activities:										
Water	1,361,812	1,310,768	1,414,254	1,505,735	1,578,265	1,647,546	1,434,649	1,575,608	1,631,920	1,574,293
Sewer	1,242,208	1,195,010	1,289,788	1,407,955	1,427,872	1,176,551	1,260,916	1,327,205	1,434,384	1,480,413
Total Business-Type Activities Expenses	2,604,020	2,505,778	2,704,042	2,913,690	3,006,137	2,824,097	2,695,565	2,902,813	3,066,304	3,054,706
Total Primary Government Expenses	\$ 11,772,666	\$ 12,722,776	\$ 9,559,715	\$ 9,014,942	\$ 9,922,492	\$ 9,635,200	\$ 8,817,148	\$ 9,445,377	\$ 10,173,609	\$ 11,148,976
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 108,501	\$ 181,772	\$ 275,974	\$ 178,487	\$ 123,724	\$ 134,941	\$ 162,726	\$ 168,944	\$ 202,180	\$ 253,121
Public Safety	349,530	294,470	338,867	247,385	266,566	273,458	416,622	590,694	329,752	348,628
Streets	163,539	203,131	285,053	364,826	178,742	20,310	479,325	976,979	2,419,648	14,040
Parks and Recreation	663,304	690,661	744,583	1,018,559	992,462	919,138	957,752	1,137,228	979,920	1,636,194
Operating Grants and Contributions	173,326	225,985	167,490	374,573	919,636	259,590	283,767	279,581	268,981	287,601
Capital Grants and Contributions	7,215,199	2,363,069	633,754	278,098	2,422,795	740,823	285,557	3,133,441	1,224,118	680,448
Total Governmental Activities Program Revenues	8,673,399	3,959,088	2,445,721	2,461,928	4,903,925	2,348,260	2,585,749	6,286,867	5,424,599	3,220,032
Business-Type Activities:										
Charges for Services:										
Water	1,283,746	1,261,646	1,384,428	1,517,083	1,538,520	1,512,217	1,518,762	1,559,185	1,604,792	1,641,723
Sewer	1,120,933	1,161,317	1,249,912	1,382,853	1,365,920	1,239,136	1,270,560	1,316,749	1,408,157	1,428,823
Capital Grants and Contributions	51,764	196,509	-	-	-	-	-	38,700	284,231	40,740
Total Business-Type Activities Program Revenues	2,456,443	2,619,472	2,634,340	2,899,936	2,904,440	2,751,353	2,789,322	2,914,634	3,297,180	3,111,286
Total Primary Government Program Revenues	\$ 11,129,842	\$ 6,578,560	\$ 5,080,061	\$ 5,361,864	\$ 7,808,365	\$ 5,099,613	\$ 5,375,071	\$ 9,201,501	\$ 8,721,779	\$ 6,331,318

**CITY OF LITTLE CANADA, MINNESOTA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenue (Expense):										
Governmental Activities	\$ (495,247)	\$ (6,257,910)	\$ (4,409,952)	\$ (3,639,324)	\$ (2,012,430)	\$ (4,462,843)	\$ (3,535,834)	\$ (255,697)	\$ (1,682,706)	\$ (4,874,238)
Business-Type Activities	(147,577)	113,694	(69,702)	(13,754)	(101,697)	(72,744)	93,757	11,821	230,876	56,580
Total Primary Government Net Expense	\$ (642,824)	\$ (6,144,216)	\$ (4,479,654)	\$ (3,653,078)	\$ (2,114,127)	\$ (4,535,587)	\$ (3,442,077)	\$ (243,876)	\$ (1,451,830)	\$ (4,817,658)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 2,325,353	\$ 2,460,542	\$ 2,537,389	\$ 2,629,617	\$ 2,718,580	\$ 2,832,040	\$ 2,892,772	\$ 2,907,828	\$ 3,037,308	\$ 3,265,748
Tax Increment Collections	833,106	1,010,917	983,279	1,161,766	1,005,500	1,015,993	962,001	1,173,985	898,922	378,923
Unrestricted Grants and Contributions	537,721	210,849	214,121	208,873	200,237	349,079	382,816	391,125	395,398	435,682
Other General Revenues	207,795	283,195	352,787	72,148	14,052	23,145	54,272	21,202	14,663	14,920
Investment Earnings	447,414	444,303	474,220	329,020	128,565	476,640	287,683	286,814	316,795	299,521
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	1,000	5,000	508,556	(35,892)	(4,506,155)
Transfers	37,823	67,382	(300,957)	(346,087)	(257,258)	(24,720)	198,571	300,000	300,000	300,000
Total Governmental Activities	4,389,212	4,477,188	4,260,839	4,055,337	3,809,676	4,673,177	4,783,115	5,589,510	4,927,194	188,639
Business-Type Activities:										
Other General Revenues	9,926	3,502	6,893	10,611	3,080	4,852	6,187	7,815	6,863	9,056
Investment Earnings	19,259	24,376	24,284	21,176	2,394	40,058	25,414	24,237	27,547	21,740
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	(37,823)	(67,382)	300,957	346,087	257,258	24,720	(198,571)	(300,000)	(300,000)	(300,000)
Total Business-Type Activities	(8,638)	(39,504)	332,134	377,874	262,732	69,630	(166,970)	(267,948)	(265,590)	(269,204)
Total Primary Government	\$ 4,380,574	\$ 4,437,684	\$ 4,592,973	\$ 4,433,211	\$ 4,072,408	\$ 4,742,807	\$ 4,616,145	\$ 5,321,562	\$ 4,661,604	\$ (80,565)
Change in Net Position:										
Governmental Activities	\$ 3,893,965	\$ (1,780,722)	\$ (149,113)	\$ 416,013	\$ 1,797,246	\$ 210,334	\$ 1,247,281	\$ 5,333,813	\$ 3,244,488	\$ (4,685,599)
Business-Type Activities	(156,215)	74,190	262,432	364,120	161,035	(3,114)	(73,213)	(256,127)	(34,714)	(212,624)
Total Primary Government	\$ 3,737,750	\$ (1,706,532)	\$ 113,319	\$ 780,133	\$ 1,958,281	\$ 207,220	\$ 1,174,068	\$ 5,077,686	\$ 3,209,774	\$ (4,898,223)

**CITY OF LITTLE CANADA, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 4,758	\$ 4,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,508,608	2,399,720	-	-	-	-	-	-	-	-
Nonspendable	-	-	4,920	5,133	8,844	4,855	1,313,019	1,252,059	1,098,423	726,793
Unassigned	-	-	2,779,608	2,642,522	2,191,138	2,399,847	1,183,140	1,580,457	1,434,580	1,992,378
Total General Fund	\$ 1,513,366	\$ 2,404,586	\$ 2,784,528	\$ 2,647,655	\$ 2,199,982	\$ 2,404,702	\$ 2,496,159	\$ 2,832,516	\$ 2,533,003	\$ 2,719,171
All Other Governmental Funds:										
Reserved	\$ 578,888	\$ 1,516,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	747,335	803,143	-	-	-	-	-	-	-	-
Capital Projects Funds	11,200,409	6,584,128	-	-	-	-	-	-	-	-
Nonspendable	-	-	19,696	17,169	14,640	41,235	9,800	296,318	4,880	2,440
Restricted	-	-	1,398,505	1,655,427	1,799,622	5,141,330	5,337,152	4,851,410	5,240,271	4,635,460
Committed	-	-	1,084,081	1,205,829	909,090	985,743	615,306	659,829	726,268	687,800
Assigned	-	-	7,852,358	7,095,434	8,280,277	6,642,969	7,360,977	5,721,705	7,402,374	8,098,459
Unassigned	-	-	(770,144)	(635,956)	(1,158,849)	(1,162,575)	(1,040,759)	(875,228)	(682,248)	(2,306,132)
Total All Other Governmental Funds	\$ 12,526,632	\$ 8,904,014	\$ 9,584,496	\$ 9,337,903	\$ 9,844,780	\$ 11,648,702	\$ 12,282,476	\$ 10,654,034	\$ 12,691,545	\$ 11,118,027

Source: City's financial records.

Note: The City began to use new categories when it implemented GASB 54 in fiscal year 2011. Prior years were not retroactively reclassified.

**CITY OF LITTLE CANADA, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 3,136,333	\$ 3,451,156	\$ 3,641,991	\$ 3,763,961	\$ 3,737,292	\$ 3,862,959	\$ 3,817,392	\$ 4,227,584	\$ 3,962,751	\$ 3,762,678
Refunds and Reimbursements	182,911	195,087	646,812	166,467	1,713,977	124,223	271,260	207,300	188,387	86,547
Licenses and Permits	239,957	249,930	306,885	202,081	219,861	562,968	716,247	904,927	643,841	656,984
Intergovernmental	927,181	1,430,111	370,739	366,560	702,837	537,770	580,382	2,289,007	591,857	644,422
Charges for Services	671,287	671,491	762,629	658,254	640,900	467,915	509,380	519,062	474,145	487,175
Franchise Tax	198,538	272,464	337,787	335,798	336,567	125,594	127,865	133,804	135,557	123,529
Fines	48,566	44,652	37,697	45,304	46,705	46,571	40,325	42,311	44,707	48,569
Investment Earnings	447,414	444,303	474,220	329,020	128,565	490,497	302,870	286,814	316,795	299,521
Special Assessments	3,113,255	1,416,871	1,092,087	904,966	1,047,045	1,380,810	1,092,822	1,302,179	1,022,706	985,904
Contributions and Donations	34,819	42,710	38,010	25,770	150,929	102,235	136,826	294,559	102,107	140,461
Miscellaneous	55,648	45,858	104,090	150,505	39,320	68,782	539,253	972,767	2,635,766	206,714
Total Revenues	9,055,909	8,264,633	7,812,947	6,948,686	8,763,998	7,770,324	8,134,622	11,180,314	10,118,619	7,442,504
Expenditures:										
General Government	980,819	686,643	568,468	549,247	1,199,753	610,946	532,783	725,713	964,130	1,414,365
Public Safety	1,600,806	1,745,868	1,796,670	1,771,291	1,821,496	1,914,846	1,976,340	2,029,462	2,185,949	2,311,243
Public Works	1,076,772	2,238,550	2,172,169	1,215,013	1,597,274	348,496	465,709	424,927	533,914	460,543
Community Services	3,579,944	5,140,376	1,208,269	1,019,037	995,854	908,230	919,326	925,496	899,477	1,515,483
Capital Outlay	2,276,450	419,455	114,163	478,224	2,447,618	4,773,436	3,944,063	6,469,797	3,186,475	1,579,493
Debt Service:										
Principal	395,000	960,647	590,357	2,058,742	528,406	525,100	690,792	876,470	622,069	1,863,094
Interest	425,914	459,071	549,892	488,365	411,671	369,763	475,330	428,465	362,261	318,745
Fiscal Charges	59,805	-	2,535	2,233	2,722	22,020	21,615	625	447	1,290
Bond Issue Costs	-	-	-	-	-	72,776	45,280	-	-	477
Total Expenditures	10,395,510	11,650,610	7,002,523	7,582,152	9,004,794	9,545,613	9,071,238	11,880,955	8,754,722	9,464,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,339,601)	(3,385,977)	810,424	(633,466)	(240,796)	(1,775,289)	(936,616)	(700,641)	1,363,897	(2,022,229)
Other Financing Sources (Uses):										
Transfers In	951,754	2,033,213	1,989,981	2,918,140	2,270,044	1,025,322	1,956,117	1,801,318	1,713,060	1,185,418
Transfers Out	(851,754)	(1,778,634)	(1,739,981)	(2,668,140)	(1,970,044)	(725,322)	(1,656,117)	(1,501,318)	(1,413,060)	(885,418)
Bonds Issued	2,220,000	-	-	-	-	3,400,000	1,335,000	-	-	-
Premium on Bonds Issued	-	-	-	-	-	82,931	21,847	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	(1,400,000)	-	-
Notes Issued	-	400,000	-	-	-	-	-	-	-	-
Insurance Recovery	19,181	-	-	-	-	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-	1,000	5,000	508,556	74,101	85,000
Total Other Financing Sources (Uses)	2,339,181	654,579	250,000	250,000	300,000	3,783,931	1,661,847	(591,444)	374,101	385,000
Net Change in Fund Balances	\$ 999,580	\$ (2,731,398)	\$ 1,060,424	\$ (383,466)	\$ 59,204	\$ 2,008,642	\$ 725,231	\$ (1,292,085)	\$ 1,737,998	\$ (1,637,229)
Debt Service as a Percentage of Noncapital Expenditures	10.1%	14.7%	20.2%	38.1%	16.1%	15.6%	21.9%	23.3%	16.3%	26.5%

**CITY OF LITTLE CANADA, MINNESOTA
TAX REVENUE BY SOURCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increments</u>	<u>Total</u>
2009	\$ 2,325,353	\$ 833,106	\$ 3,158,459
2010	2,460,542	1,010,917	3,471,459
2011	2,537,389	983,279	3,520,668
2012	2,629,617	1,161,766	3,791,383
2013	2,718,580	1,005,500	3,724,080
2014	2,832,040	1,015,993	3,848,033
2015	2,892,772	962,002	3,854,774
2016	2,907,828	1,173,985	4,081,813
2017	3,037,308	898,922	3,936,230
2018	3,265,748	378,923	3,644,671

**CITY OF LITTLE CANADA, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>All Other Property</u>	<u>Total Tax Capacity</u>	<u>Less: Fiscal Disparity Contribution</u>	<u>Adjusted Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2009	\$ 12,589,795	\$ 125,709	\$ 12,715,504	\$ (1,062,282)	\$ 11,653,222	21.278	\$ 1,002,105,500	1.27
2010	12,324,513	124,607	12,449,120	(1,358,498)	11,090,622	23.389	964,151,900	1.29
2011	11,528,070	130,756	11,658,826	(1,441,790)	10,217,036	26.533	903,783,300	1.29
2012	10,871,142	135,695	11,006,837	(1,447,842)	9,558,995	28.062	842,506,600	1.31
2013	10,220,221	151,775	10,371,996	(1,485,006)	8,886,990	30.935	794,711,000	1.31
2014	10,107,563	154,770	10,262,333	(1,345,914)	8,916,419	31.407	790,339,600	1.30
2015	10,443,362	165,951	10,609,313	(1,262,817)	9,346,496	30.696	827,861,800	1.28
2016	10,844,959	172,523	11,017,482	(1,319,451)	9,698,031	30.331	861,567,300	1.28
2017	11,460,787	183,565	11,644,352	(1,225,805)	10,418,547	28.903	908,971,000	1.28
2018	12,596,568	193,397	12,789,965	(760,936)	12,029,029	26.664	991,123,400	1.29

Source: Ramsey County Assessing Department

**CITY OF LITTLE CANADA, MINNESOTA
DIRECT AND OVERLAPPING TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Little Canada			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total City	ISD No. 623	Ramsey County	Special Districts	
2008	21.018	–	21.018	10.146	44.134	7.976	83.274
2009	19.897	1.381	21.278	10.630	46.496	8.364	86.768
2010	23.389	–	23.389	13.065	50.478	8.817	95.749
2011	26.533	–	26.533	14.566	54.678	9.279	105.056
2012	28.062	–	28.062	17.065	61.316	10.650	117.093
2013	30.935	–	30.935	15.464	65.240	11.520	123.159
2014	31.407	0.916	32.323	16.251	63.735	11.978	124.287
2015	30.696	–	30.696	17.180	58.922	11.233	118.031
2016	30.331	–	30.331	20.958	58.885	11.158	121.332
2017	28.903	–	28.903	18.894	55.850	10.385	114.032
2018	26.664	–	26.664	34.396	53.962	10.169	125.191

Source: Ramsey County Assessing Department

**CITY OF LITTLE CANADA, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
St. Jude Medical, Inc.	\$ 442,197	1	3.46	\$ 529,070	1	4.16
Montreal Courts Apartments LLC	315,240	2	2.46	299,375	3	2.35
GPE LLC	216,984	3	1.70			
Bigos Cedars Lakeside LLC	207,208	4	1.62	140,000	9	1.10
Xcel Energy	115,944	5	0.91	155,508	5	1.22
Lodge at Little Canada LLC	112,714	6	0.88			
Vorandesota, LLC	100,960	7	0.79			
FAE CRW Little Canada LLC	85,600	8	0.67			
Little Canada Senior Properties LLC	85,000	9	0.66	132,050	6	1.04
Market Place Center LLC	81,695	10	0.64	159,250	8	1.25
Larson Enterprises				275,970	2	2.17
TWO S Properties Inc.				164,156	4	1.29
Bellaire Properties LLC				137,134	7	1.08
IUPAT District 82 Bldg Corp.				131,515	10	1.03
Total	\$ 1,763,542		13.79 %	\$ 2,124,028		16.70 %

Source: Ramsey County Assessor's Office

**CITY OF LITTLE CANADA, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 2,475,331	\$ 2,402,260	97.05	\$ 73,071	\$ 2,475,331	100.00
2010	2,559,623	2,496,601	97.54	59,688	2,556,289	99.87
2011	2,660,453	2,604,098	97.88	54,489	2,658,587	99.93
2012	2,660,453	2,599,986	97.73	50,492	2,650,478	99.63
2013	2,712,864	2,672,767	98.52	39,787	2,712,554	99.99
2014	2,794,384	2,762,314	98.85	9,461	2,771,775	99.19
2015	2,878,351	2,841,267	98.71	24,147	2,865,414	99.55
2016	2,946,318	2,930,802	99.47	6,102	2,936,904	99.68
2017	3,031,116	2,983,945	98.44	27,854	3,011,799	99.36
2018	3,241,895	3,196,816	98.61	-	3,196,816	98.61

**CITY OF LITTLE CANADA, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Taxable General Obligation Tax Increment Bonds	Notes Payable	Revenue Bonds	General Obligation Bonds			
2009	\$ 5,110,000	\$ 4,745,000	\$ -	\$ -	\$ -	\$ 9,855,000	2.05%	982
2010	4,800,000	4,140,000	449,353	-	-	9,389,353	2.10%	961
2011	4,425,000	4,005,000	368,597	-	-	8,798,597	1.90%	894
2012	2,655,000	3,770,000	314,855	-	-	6,739,855	1.93%	675
2013	2,456,458	3,505,000	261,449	-	-	6,222,907	1.93%	641
2014	5,716,436	3,225,000	231,349	-	-	9,172,785	1.99%	925
2015	6,697,743	2,930,000	220,338	-	-	9,848,081	2.11%	991
2016	6,016,344	1,355,000	168,863	-	-	7,540,207	1.54%	746
2017	5,597,654	1,165,000	137,318	-	-	6,899,972	1.37%	682
2018	3,982,296	965,000	104,243	-	-	5,051,539	0.93%	486

Note: Information on education level was only available in 2010 census data.

Data sources

(1) Metropolitan Council Estimate in non census years. 2010 based on census data.

**CITY OF LITTLE CANADA, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2009	\$ 9,855,000	\$ 344,494	\$ 9,510,506	0.95	948
2010	8,940,000	3,151	8,936,849	0.93	914
2011	8,430,000	18,109	8,411,891	0.93	855
2012	6,425,000	13,568	6,411,432	0.76	642
2013	5,961,458	18,056	5,943,402	0.75	612
2014	8,941,436	99,547	8,841,889	1.12	892
2015	9,627,743	1,412,903	8,214,840	0.99	826
2016	7,371,344	85,231	7,286,113	0.85	721
2017	6,762,654	93,554	6,669,100	0.73	659
2018	4,947,296	90,026	4,857,270	0.49	468

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF LITTLE CANADA, MINNESOTA
DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2018**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
City of Little Canada	\$ 5,051,539	100.00 %	\$ 5,051,539
Overlapping Debt:			
School Districts:			
ISD No. 623 (Roseville)	173,740,000	15.28%	26,541,557
ISD No. 624 (White Bear Lake)	85,805,000	1.34%	1,147,794
Ramsey County	153,827,000	2.04%	3,133,024
Metropolitan Council	185,340,000	0.56%	1,030,962
Total Overlapping Debt			<u>31,853,337</u>
Total Direct and Overlapping Debt			<u>\$ 36,904,876</u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Note: 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 government'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 1: Ramsey County

Source 2: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

**CITY OF LITTLE CANADA, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Debt Limit	\$ 30,063,165	\$ 28,924,557	\$ 27,113,499	\$ 25,275,198	\$ 23,841,330	\$ 23,710,188	\$ 24,835,854	\$ 25,847,019	\$ 27,269,130	\$ 29,733,702
Total Net Debt Applicable to Limit	900,000	820,000	740,000	660,000	575,000	3,060,000	1,447,097	2,274,769	2,169,769	2,059,974
Legal Debt Margin	\$ 29,163,165	\$ 28,104,557	\$ 26,373,499	\$ 24,615,198	\$ 23,266,330	\$ 20,650,188	\$ 23,388,757	\$ 23,572,250	\$ 25,099,361	\$ 27,673,728
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.99%	2.83%	2.73%	2.61%	2.41%	12.91%	5.83%	8.80%	7.96%	6.93%

Legal Debt Margin Calculation for Fiscal Year 2018

Market Value	\$ 991,123,400
Debt Limit (3% of Market Value) ⁽¹⁾	\$ 29,733,702
Debt Applicable to Limit:	
General Obligation Bonds	2,150,000
Less Amount Set Aside for Repayment of General Obligation Debt	<u>90,026</u>
Total Net Debt Applicable to Limit	<u>2,059,974</u>
Legal Debt Margin	<u>\$ 27,673,728</u>

(1) The debt limit percentage increased in 2008 from 2% to 3%.

Note: Under the City's finance law, the City's outstanding general obligation debt should not exceed 3% of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF LITTLE CANADA, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment District #623 (3)</u>	<u>School Enrollment District #624 (3)</u>	<u>Unemployment Rate (4)</u>
2009	10,036	\$ 480,353,068	\$ 47,863	6,546	8,371	7.6
2010	9,773	446,401,321	45,677	6,562	8,258	7.5
2011	9,839	462,511,712	47,008	6,652	8,250	6.6
2012	9,987	485,937,459	48,657	6,848	8,174	5.7
2013	9,704	447,587,296	46,124	6,998	8,147	4.9
2014	9,912	461,195,448	46,529	7,123	8,179	3.9
2015	9,941	467,415,879	47,019	7,530	8,220	3.6
2016	10,101	489,464,157	48,457	7,547	8,761	3.6
2017	10,120	503,824,200	49,785	7,548	9,068	3.3
2018	10,386	543,094,326	52,291	7,655	8,860	2.7

Note: Information on education level was only available in 2010 census data.

Data sources

- (1) Metropolitan Council Estimate in non census years. 2010 based on census data.
- (2) The per capita personal income used is for that of Ramsey County, in which the city resides.
- (3) Minnesota Department of Education, as reported by ISD No. 623 and No. 624
- (4) Minnesota Department of Economic Security; Ramsey County average for non-census years. 2010 based on census data.

**CITY OF LITTLE CANADA, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD No. 623 (Roseville)	1,159	1	20%	150	4	3%
Abbott (2)	1,126	2	19%	575	1	10%
Slumberland, Inc.	400	3	7%	429	2	8%
Quicksilver Express Courier	300	4	5%	200	3	4%
Frattalone Excavating	230	5	4%	150	5	3%
Real Estate Masters	110	6	2%			0%
Joe's Sporting Goods	100	7	2%	75	9	1%
ARCH Language Network	71	8	1%			0%
Express Image	70	9	1%			0%
Culver's	70	10	1%			0%
The House (Active Sports, Inc.)			0%	110	7	2%
US Recordings, Inc.			0%	135	6	2%
Kath Fuel Oil Service			0%	85	8	2%
McKesson Drug			0%	70	10	1%
Total	3,636		62%	1,979		36%

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

(2) Formerly St. Jude Medical

**CITY OF LITTLE CANADA, MINNESOTA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	6.2	6.3	6.3	6.3	5.8	5.8	5.6	5.5	5.5	5.6
Public Safety	2.5	1.8	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
Public Works:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance	5.0	5.0	5.0	5.0	5.4	5.4	5.0	5.1	4.5	4.5
Parks and Recreation:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.0	1.2	1.5
Maintenance	3.5	3.5	3.5	3.5	3.7	3.7	3.2	3.2	3.5	3.5
Total	20.2	19.6	19.3	19.3	19.4	19.4	17.8	17.8	17.7	18.1

Source: City Budget Office

**CITY OF LITTLE CANADA, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police: (Contracted with Ramsey County Sheriff)										
Calls for Service	4,372	4,841	4,340	4,813	4,740	6,458	7,626	6,983	7,195	N/A
Building/Zoning:										
Building Permits Issued	329	280	269	281	229	259	594	302	262	260
Land Use Applications	28	33	18	17	8	20	17	17	16	15
Water:										
Connections	2,492	2,496	2,517	2,665	2,530	2,538	2,550	2,562	2,567	2,571
Annual Water Pumped (Thousands of Gallons)	391,265	352,338	358,145	375,278	373,346	353,219	344,782	347,800	351,866	262,060
Wastewater:										
Connections	2,451	2,399	2,410	2,409	2,411	2,419	2,431	2,442	2,447	2,450
Annual Sewer Flow (Thousands of Gallons)	398,400	447,800	554,900	330,300	349,800	393,100	358,200	343,300	345,400	349,600

N/A: Not Available

Sources: Various City Departments

**CITY OF LITTLE CANADA, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Streets (Miles)	74	74	74	74	74	74	74	74	74	74
Streetlights	368	368	368	368	368	368	368	368	368	370
Parks:										
Parks Acreage	88	88	88	88	88	88	90	90	90	90
Parks	8	8	8	8	8	8	9	9	9	9
Water:										
Water Mains (Miles)	39	39	39	39	39	39	39	39	39	39
Booster Stations	1	1	1	1	1	1	1	1	1	1
Water Tower	1	1	1	1	1	1	1	1	1	1
Maximum Daily Capacity (Thousands of Gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewer:										
Sanitary Sewers (Miles)	35	35	35	35	35	35	35	35	35	35
Pumping Stations	8	8	8	8	8	8	9	9	9	9

Note: No capital asset indicators are available for the general government functions.

Sources: Various City Departments